



# Standard Motor Products, Inc.

3<sup>rd</sup> Quarter 2024

Earnings Call | October 30, 2024



# 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 October 30, 2024 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.

❖ Welcome & Introduction

Tony Cristello, VP Investor Relations

❖ Overview & Market Trends

Eric Sills, CEO

❖ Financial Results & Balance Sheet

Nathan Iles, CFO

❖ Final Comments

Eric Sills, CEO

❖ Q&A

All

# Q3 & YTD P&L Summary – Segments<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,				NINE MONTHS ENDED SEPTEMBER 30,						
	2024		2023		2024		2023				
<b><u>Vehicle Control</u></b>											
Revenue	\$	200.9		\$	190.9	\$	575.1	\$	559.3		
Gross Margin		65.7	32.7%		60.9	31.9%	184.5	32.1%	179.4	32.1%	
Selling, General & Administrative		34.9	17.4%		34.8	18.2%	105.9	18.4%	101.6	18.2%	
Factoring Expenses		8.1	3.9%		8.0	4.2%	24.2	4.2%	22.7	4.1%	
<b>Operating Income</b>	<b>\$</b>	<b>22.6</b>	11.3%	<b>\$</b>	<b>18.1</b>	9.5%	<b>\$</b>	<b>54.4</b>	<b>\$</b>	<b>55.1</b>	9.9%
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>26.5</b>	13.2%	<b>\$</b>	<b>21.8</b>	11.4%	<b>\$</b>	<b>65.4</b>	<b>\$</b>	<b>66.4</b>	11.9%
<b><u>Temperature Control</u></b>											
Revenue	\$	126.0		\$	123.6		\$	322.1	\$	293.1	
Gross Margin		42.3	33.6%		37.8	30.6%	98.6	30.6%	83.5	28.5%	
Selling, General & Administrative		19.1	15.1%		18.0	14.6%	52.5	16.3%	48.3	16.5%	
Factoring Expenses		6.8	5.5%		6.6	5.3%	14.1	4.4%	13.4	4.6%	
<b>Operating Income</b>	<b>\$</b>	<b>16.4</b>	13.1%	<b>\$</b>	<b>13.2</b>	10.6%	<b>\$</b>	<b>32.0</b>	<b>\$</b>	<b>21.7</b>	7.4%
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>18.5</b>	14.7%	<b>\$</b>	<b>14.7</b>	11.9%	<b>\$</b>	<b>37.6</b>	<b>\$</b>	<b>25.0</b>	8.5%
<b><u>Engineered Solutions</u></b>											
Revenue	\$	72.4		\$	71.8		\$	223.3	\$	215.1	
Gross Margin		13.4	18.5%		16.1	22.4%	39.2	17.6%	44.4	20.6%	
Selling, General & Administrative		8.1	11.2%		8.8	12.3%	25.5	11.5%	25.2	11.7%	
<b>Operating Income</b>	<b>\$</b>	<b>5.3</b>	7.3%	<b>\$</b>	<b>7.3</b>	10.1%	<b>\$</b>	<b>13.7</b>	<b>\$</b>	<b>19.2</b>	8.9%
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>8.6</b>	11.9%	<b>\$</b>	<b>11.2</b>	15.6%	<b>\$</b>	<b>24.2</b>	<b>\$</b>	<b>28.8</b>	13.4%

<sup>(1)</sup> 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.



# Q3 & YTD P&L Summary – Consolidated<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,				NINE MONTHS ENDED SEPTEMBER 30,							
	2024		2023		2024		2023					
<b><u>Consolidated Results</u></b>												
Revenue	\$	399.3	\$	386.4	\$	1,120.5	\$	1,067.5				
Gross Margin		121.4	30.4%	114.8	29.7%	322.3	28.8%	307.3	28.8%			
Selling, General & Administrative		67.3	16.9%	65.2	16.9%	200.1	17.9%	187.2	17.5%			
Factoring Expenses		14.9	3.7%	14.6	3.8%	38.3	3.4%	36.1	3.4%			
<b>Operating Income</b>	<b>\$</b>	<b>39.2</b>	<b>9.8%</b>	<b>\$</b>	<b>35.0</b>	<b>9.1%</b>	<b>\$</b>	<b>83.9</b>	<b>7.5%</b>			
<b>Net Earnings from Continuing Operations</b>	<b>\$</b>	<b>28.3</b>		<b>\$</b>	<b>24.7</b>		<b>\$</b>	<b>59.9</b>	<b>\$</b>	<b>56.6</b>		
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>48.7</b>	<b>12.2%</b>	<b>\$</b>	<b>44.0</b>	<b>11.4%</b>	<b>\$</b>	<b>111.1</b>	<b>9.9%</b>	<b>\$</b>	<b>108.3</b>	<b>10.1%</b>
<b>Interest Expense</b>	<b>\$</b>	<b>3.1</b>		<b>\$</b>	<b>3.6</b>		<b>\$</b>	<b>8.0</b>	<b>\$</b>	<b>10.8</b>		
<b>Diluted Earnings per Share</b>	<b>\$</b>	<b>1.28</b>		<b>\$</b>	<b>1.11</b>		<b>\$</b>	<b>2.70</b>	<b>\$</b>	<b>2.55</b>		

<sup>(1)</sup> 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)

	SEPTEMBER 30,		DECEMBER 31,
	2024	2023	2023
<b><u>Working Capital Stats</u></b>			
Accounts Receivable, Net	\$ 217.1	\$ 208.1	\$ 160.3
Inventories	\$ 503.0	\$ 479.8	\$ 507.1
<b><u>Cash Flow Stats (YTD)</u></b>			
Operating cash flows	\$ 78.2	\$ 132.9	
Capex	\$ (34.1)	\$ (18.0)	
M&A	\$ -	\$ (4.0)	
Dividends	\$ (19.0)	\$ (18.8)	
Share repurchases	\$ (10.4)	\$ -	
Net Change in Debt	\$ (13.4)	\$ (92.1)	
<b><u>Debt &amp; Leverage</u></b>			
Total debt	\$ 142.8	\$ 147.6	\$ 156.2
Cash	\$ 26.3	\$ 28.5	\$ 32.5
Net debt	\$ 116.5	\$ 119.1	\$ 123.7
LTM Adjusted EBITDA	\$ 129.4	\$ 140.2	\$ 126.7
Leverage ratio	0.9x	0.8x	1.0x
Remaining revolver borrowing capacity	\$ 287.7	\$ 344.0	\$ 334.2
Delayed draw term loans <sup>(1)</sup>	\$ 311.6	\$ -	\$ -
Total Liquidity	\$ 625.6	\$ 372.5	\$ 366.7

<sup>(1)</sup> Delayed draw term loan facilities will become available to fund the acquisition of Nissens Automotive at closing.



# Q&A Session

# Appendix





# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
<b><u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 26,581	\$ 24,859	\$ 54,424	\$ 55,915
RESTRUCTURING AND INTEGRATION EXPENSES	3,023	177	5,774	1,383
ACQUISITION EXPENSES	(207)	-	2,204	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(380)	(312)	(380)	(312)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(732)	(46)	(2,074)	(360)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 28,285</u>	<u>\$ 24,678</u>	<u>\$ 59,948</u>	<u>\$ 56,626</u>
<b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.20	\$ 1.12	\$ 2.45	\$ 2.52
RESTRUCTURING AND INTEGRATION EXPENSES	0.14	-	0.26	0.06
ACQUISITION EXPENSES	(0.01)	-	0.10	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.02)	(0.01)	(0.02)	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.03)	-	(0.09)	(0.02)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 1.28</u>	<u>\$ 1.11</u>	<u>\$ 2.70</u>	<u>\$ 2.55</u>



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,		LAST TWELVE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED
	2024	2023	2024	2023	2024	2023	DECEMBER 31, 2023
	(Unaudited)		(Unaudited)		(Unaudited)		
<b><u>OPERATING INCOME</u></b>							
GAAP OPERATING INCOME	\$ 37,139	\$ 34,806	\$ 76,744	\$ 82,730			
RESTRUCTURING AND INTEGRATION EXPENSES	3,023	177	5,774	1,383			
ACQUISITION EXPENSES	(1,007)	-	1,404	-			
OTHER (INCOME) EXPENSE, NET	-	(4)	(5)	(74)			
NON-GAAP OPERATING INCOME	<u>\$ 39,155</u>	<u>\$ 34,979</u>	<u>\$ 83,917</u>	<u>\$ 84,039</u>			
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>							
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 36,123	\$ 32,917	\$ 73,927	\$ 74,723	\$ 80,920	\$ 86,025	\$ 81,716
DEPRECIATION AND AMORTIZATION	7,389	7,332	22,008	21,461	29,569	28,864	29,022
INTEREST EXPENSE	3,145	3,621	7,964	10,766	10,485	15,101	13,287
EBITDA	<u>46,657</u>	<u>43,870</u>	<u>103,899</u>	<u>106,950</u>	<u>120,974</u>	<u>129,990</u>	<u>124,025</u>
RESTRUCTURING AND INTEGRATION EXPENSES	3,023	177	5,774	1,383	7,033	3,230	2,642
ACQUISITION EXPENSES	(1,007)	-	1,404	-	1,404	-	-
CUSTOMER BANKRUPTCY CHARGE	-	-	-	-	-	7,002	-
SPECIAL ITEMS	<u>2,016</u>	<u>177</u>	<u>7,178</u>	<u>1,383</u>	<u>8,437</u>	<u>10,232</u>	<u>2,642</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 48,673</u>	<u>\$ 44,047</u>	<u>\$ 111,077</u>	<u>\$ 108,333</u>	<u>\$ 129,411</u>	<u>\$ 140,222</u>	<u>\$ 126,667</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 SEPTEMBER 30, 2024				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 21,029	\$ 16,074	\$ 5,010	\$ (4,974)	\$ 37,139
RESTRUCTURING AND INTEGRATION EXPENSES	1,602	373	257	791	3,023
ACQUISITION EXPENSES	-	-	-	(1,007)	(1,007)
OTHER EXPENSE, NET	-	-	-	-	-
NON-GAAP OPERATING INCOME	<u>\$ 22,631</u>	<u>\$ 16,447</u>	<u>\$ 5,267</u>	<u>\$ (5,190)</u>	<u>\$ 39,155</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 18,844	\$ 16,530	\$ 5,607	\$ (4,858)	\$ 36,123
DEPRECIATION AND AMORTIZATION	3,850	802	2,308	429	7,389
INTEREST EXPENSE	2,166	791	434	(246)	3,145
EBITDA	<u>24,860</u>	<u>18,123</u>	<u>8,349</u>	<u>(4,675)</u>	<u>46,657</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,602	373	257	791	3,023
ACQUISITION EXPENSES	-	-	-	(1,007)	(1,007)
SPECIAL ITEMS	<u>1,602</u>	<u>373</u>	<u>257</u>	<u>(216)</u>	<u>2,016</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 26,462</u>	<u>\$ 18,496</u>	<u>\$ 8,606</u>	<u>\$ (4,891)</u>	<u>\$ 48,673</u>
% of Net Sales	13.2%	14.7%	11.9%		12.2%

# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	THREE MONTHS ENDED SEPTEMBER 30, 2023				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 18,071	\$ 13,054	\$ 7,254	\$ (3,573)	\$ 34,806
RESTRUCTURING AND INTEGRATION EXPENSES	45	107	25	-	177
OTHER INCOME, NET	(3)	-	(1)	-	(4)
NON-GAAP OPERATING INCOME	<u>\$ 18,113</u>	<u>\$ 13,161</u>	<u>\$ 7,278</u>	<u>\$ (3,573)</u>	<u>\$ 34,979</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 15,702	\$ 12,780	\$ 8,078	\$ (3,643)	\$ 32,917
DEPRECIATION AND AMORTIZATION	3,482	908	2,450	492	7,332
INTEREST EXPENSE	2,563	942	620	(504)	3,621
EBITDA	<u>21,747</u>	<u>14,630</u>	<u>11,148</u>	<u>(3,655)</u>	<u>43,870</u>
RESTRUCTURING AND INTEGRATION EXPENSES	45	107	25	-	177
SPECIAL ITEMS	45	107	25	-	177
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 21,792</u>	<u>\$ 14,737</u>	<u>\$ 11,173</u>	<u>\$ (3,655)</u>	<u>\$ 44,047</u>
<i>% of Net Sales</i>	<i>11.4%</i>	<i>11.9%</i>	<i>15.6%</i>		<i>11.4%</i>

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.

# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30, 2024				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 51,685	\$ 31,302	\$ 13,054	\$ (19,297)	\$ 76,744
RESTRUCTURING AND INTEGRATION EXPENSES	2,712	678	654	1,730	5,774
ACQUISITION EXPENSES	-	-	-	1,404	1,404
OTHER INCOME, NET	-	-	(5)	-	(5)
NON-GAAP OPERATING INCOME	<u>\$ 54,397</u>	<u>\$ 31,980</u>	<u>\$ 13,703</u>	<u>\$ (16,163)</u>	<u>\$ 83,917</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 46,226	\$ 32,396	\$ 14,482	\$ (19,177)	\$ 73,927
DEPRECIATION AND AMORTIZATION	10,981	2,480	7,240	1,307	22,008
INTEREST EXPENSE	5,492	2,048	1,804	(1,380)	7,964
EBITDA	<u>62,699</u>	<u>36,924</u>	<u>23,526</u>	<u>(19,250)</u>	<u>103,899</u>
RESTRUCTURING AND INTEGRATION EXPENSES	2,712	678	654	1,730	5,774
ACQUISITION EXPENSES	-	-	-	1,404	1,404
SPECIAL ITEMS	<u>2,712</u>	<u>678</u>	<u>654</u>	<u>3,134</u>	<u>7,178</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 65,411</u>	<u>\$ 37,602</u>	<u>\$ 24,180</u>	<u>\$ (16,116)</u>	<u>\$ 111,077</u>
<i>% of Net Sales</i>	<i>11.4%</i>	<i>11.7%</i>	<i>10.8%</i>		<i>9.9%</i>

# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30, 2023				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 54,719	\$ 20,938	\$ 19,064	\$ (11,991)	\$ 82,730
RESTRUCTURING AND INTEGRATION EXPENSES	484	778	121	-	1,383
OTHER INCOME, NET	(65)	-	(9)	-	(74)
NON-GAAP OPERATING INCOME	<u>\$ 55,138</u>	<u>\$ 21,716</u>	<u>\$ 19,176</u>	<u>\$ (11,991)</u>	<u>\$ 84,039</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 47,994	\$ 19,144	\$ 19,611	\$ (12,026)	\$ 74,723
DEPRECIATION AND AMORTIZATION	10,267	2,439	7,417	1,338	21,461
INTEREST EXPENSE	7,608	2,677	1,616	(1,135)	10,766
EBITDA	<u>65,869</u>	<u>24,260</u>	<u>28,644</u>	<u>(11,823)</u>	<u>106,950</u>
RESTRUCTURING AND INTEGRATION EXPENSES	484	778	121	-	1,383
SPECIAL ITEMS	484	778	121	-	1,383
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 66,353</u>	<u>\$ 25,038</u>	<u>\$ 28,765</u>	<u>\$ (11,823)</u>	<u>\$ 108,333</u>
<i>% of Net Sales</i>	<i>11.9%</i>	<i>8.5%</i>	<i>13.4%</i>		<i>10.1%</i>

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.