



# Standard Motor Products, Inc.

2<sup>nd</sup> Quarter 2024

Earnings Call | August 1, 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 August 1, 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



# Q2 & YTD P&L Summary – Segments<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED				SIX MONTHS ENDED							
	JUNE 30,		JUNE 30,		JUNE 30,		JUNE 30,					
	2024		2023		2024		2023					
<b><u>Vehicle Control</u></b>												
Revenue	\$	188.7		\$	183.8		\$	374.3		\$	368.4	
Gross Margin		60.0	31.8%		60.1	32.7%		118.9	31.8%		118.6	32.2%
Selling, General & Administrative		35.4	18.8%		32.8	17.8%		71.0	19.0%		66.9	18.0%
Factoring Expenses		8.4	4.4%		7.9	4.3%		16.1	4.3%		14.7	4.0%
<b>Operating Income</b>	<b>\$</b>	<b>16.1</b>	<b>8.5%</b>	<b>\$</b>	<b>19.4</b>	<b>10.5%</b>	<b>\$</b>	<b>31.8</b>	<b>8.5%</b>	<b>\$</b>	<b>37.0</b>	<b>10.1%</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>19.6</b>	<b>10.4%</b>	<b>\$</b>	<b>23.1</b>	<b>12.6%</b>	<b>\$</b>	<b>38.9</b>	<b>10.4%</b>	<b>\$</b>	<b>44.6</b>	<b>12.1%</b>
<b><u>Temperature Control</u></b>												
Revenue	\$	124.5		\$	97.1		\$	196.1		\$	169.5	
Gross Margin		36.6	29.4%		26.5	27.3%		56.3	28.7%		45.7	26.9%
Selling, General & Administrative		18.2	14.5%		16.0	16.4%		33.5	17.1%		30.3	17.8%
Factoring Expenses		5.0	4.1%		4.6	4.8%		7.3	3.7%		6.8	4.1%
<b>Operating Income</b>	<b>\$</b>	<b>13.4</b>	<b>10.8%</b>	<b>\$</b>	<b>5.9</b>	<b>6.1%</b>	<b>\$</b>	<b>15.5</b>	<b>7.9%</b>	<b>\$</b>	<b>8.6</b>	<b>5.0%</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>15.7</b>	<b>12.6%</b>	<b>\$</b>	<b>7.0</b>	<b>7.2%</b>	<b>\$</b>	<b>19.1</b>	<b>9.7%</b>	<b>\$</b>	<b>10.3</b>	<b>6.1%</b>
<b><u>Engineered Solutions</u></b>												
Revenue	\$	76.6		\$	72.2		\$	150.9		\$	143.3	
Gross Margin		14.9	19.4%		14.6	20.3%		25.8	17.1%		28.3	19.7%
Selling, General & Administrative		8.7	11.3%		8.5	11.7%		17.4	11.5%		16.4	11.5%
<b>Operating Income</b>	<b>\$</b>	<b>6.2</b>	<b>8.1%</b>	<b>\$</b>	<b>6.2</b>	<b>8.5%</b>	<b>\$</b>	<b>8.4</b>	<b>5.6%</b>	<b>\$</b>	<b>11.9</b>	<b>8.3%</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>10.1</b>	<b>13.1%</b>	<b>\$</b>	<b>9.4</b>	<b>13.0%</b>	<b>\$</b>	<b>15.6</b>	<b>10.3%</b>	<b>\$</b>	<b>17.6</b>	<b>12.3%</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.



# Q2 & YTD P&L Summary – Consolidated<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,				
	2024		2023		2024		2023		
<b><u>Consolidated Results</u></b>									
Revenue	\$	389.8	\$	353.1	\$	721.2	\$	681.1	
Gross Margin		111.4	28.6%	101.3	28.7%	201.0	27.9%	192.5	28.3%
Selling, General & Administrative		68.1	17.5%	61.3	17.4%	132.8	18.4%	122.0	17.9%
Factoring Expenses		13.4	3.4%	12.5	3.5%	23.4	3.2%	21.5	3.2%
<b>Operating Income</b>	<b>\$</b>	<b>30.0</b>	<b>7.7%</b>	<b>27.4</b>	<b>7.8%</b>	<b>44.8</b>	<b>6.2%</b>	<b>49.1</b>	<b>7.2%</b>
<b>Net Earnings from Continuing Operations</b>	<b>\$</b>	<b>21.7</b>		<b>18.6</b>		<b>31.7</b>		<b>31.9</b>	
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>39.5</b>	<b>10.1%</b>	<b>35.3</b>	<b>10.0%</b>	<b>62.4</b>	<b>8.7%</b>	<b>64.3</b>	<b>9.4%</b>
<b>Interest Expense</b>	<b>\$</b>	<b>2.8</b>		<b>3.3</b>		<b>4.8</b>		<b>7.1</b>	
<b>Diluted Earnings per Share</b>	<b>\$</b>	<b>0.98</b>		<b>0.84</b>		<b>1.42</b>		<b>1.44</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)

	JUNE 30,		DECEMBER 31,
	2024	2023	2023
<b><u>Working Capital Stats</u></b>			
Accounts Receivable, Net	\$ 239.3	\$ 218.1	\$ 160.3
Inventories	\$ 508.2	\$ 499.1	\$ 507.1
<b><u>Cash Flow Stats (YTD)</u></b>			
Operating cash flows	\$ (10.1)	\$ 39.4	
Capex	\$ (22.9)	\$ (9.5)	
M&A	\$ -	\$ -	
Dividends	\$ (12.7)	\$ (12.5)	
Share repurchases	\$ (10.4)	\$ -	
Net Change in Debt	\$ 52.0	\$ (16.5)	
<b><u>Debt &amp; Leverage</u></b>			
Total debt	\$ 208.2	\$ 223.2	\$ 156.2
Cash	\$ 26.2	\$ 23.0	\$ 32.5
Net debt	\$ 182.0	\$ 200.2	\$ 123.7
LTM Adjusted EBITDA	\$ 124.8	\$ 138.3	\$ 126.7
Leverage ratio	1.5x	1.4x	1.0x
Remaining borrowing capacity	\$ 279.7	\$ 269.6	\$ 334.2
Total Liquidity	\$ 305.9	\$ 292.7	\$ 366.7



# Q&A Session

# Appendix





# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
<b><u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 17,980	\$ 18,358	\$ 27,843	\$ 31,056
RESTRUCTURING AND INTEGRATION EXPENSES	2,559	294	2,751	1,206
ACQUISITION EXPENSES	2,411	-	2,411	-
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(1,292)	(77)	(1,342)	(314)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 21,658</u>	<u>\$ 18,575</u>	<u>\$ 31,663</u>	<u>\$ 31,948</u>
<b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.81	\$ 0.83	\$ 1.25	\$ 1.40
RESTRUCTURING AND INTEGRATION EXPENSES	0.12	0.01	0.12	0.05
ACQUISITION EXPENSES	0.11	-	0.11	-
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.06)	-	(0.06)	(0.01)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.98</u>	<u>\$ 0.84</u>	<u>\$ 1.42</u>	<u>\$ 1.44</u>



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		LAST TWELVE MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,
	2024	2023	2024	2023			
	(Unaudited)		(Unaudited)		(Unaudited)		
<b>OPERATING INCOME</b>							
GAAP OPERATING INCOME	\$ 24,986	\$ 27,178	\$ 39,605	\$ 47,924			
RESTRUCTURING AND INTEGRATION EXPENSES	2,559	294	2,751	1,206			
ACQUISITION EXPENSES	2,411	-	2,411	-			
OTHER (INCOME) EXPENSE, NET	17	(46)	(5)	(70)			
NON-GAAP OPERATING INCOME	<u>\$ 29,973</u>	<u>\$ 27,426</u>	<u>\$ 44,762</u>	<u>\$ 49,060</u>			
<b>EBITDA WITHOUT SPECIAL ITEMS</b>							
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 24,433	\$ 24,697	\$ 37,804	\$ 41,806	\$ 77,714	\$ 84,580	\$ 81,716
DEPRECIATION AND AMORTIZATION	7,318	7,047	14,619	14,129	29,512	28,534	29,022
INTEREST EXPENSE	2,752	3,283	4,819	7,145	10,961	15,136	13,287
EBITDA	<u>34,503</u>	<u>35,027</u>	<u>57,242</u>	<u>63,080</u>	<u>118,187</u>	<u>128,250</u>	<u>124,025</u>
RESTRUCTURING AND INTEGRATION EXPENSES	2,559	294	2,751	1,206	4,187	3,053	2,642
ACQUISITION EXPENSES	2,411	-	2,411	-	2,411	-	-
CUSTOMER BANKRUPTCY CHARGE	-	-	-	-	-	7,002	-
SPECIAL ITEMS	<u>4,970</u>	<u>294</u>	<u>5,162</u>	<u>1,206</u>	<u>6,598</u>	<u>10,055</u>	<u>2,642</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 39,473</u>	<u>\$ 35,321</u>	<u>\$ 62,404</u>	<u>\$ 64,286</u>	<u>\$ 124,785</u>	<u>\$ 138,305</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 JUNE 30, 2024				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 15,116	\$ 13,197	\$ 5,812	\$ (9,139)	\$ 24,986
RESTRUCTURING AND INTEGRATION EXPENSES	1,009	247	364	939	2,559
ACQUISITION EXPENSES	-	-	-	2,411	2,411
OTHER EXPENSE, NET	-	-	17	-	17
NON-GAAP OPERATING INCOME	<u>\$ 16,125</u>	<u>\$ 13,444</u>	<u>\$ 6,193</u>	<u>\$ (5,789)</u>	<u>\$ 29,973</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 13,067	\$ 13,978	\$ 6,529	\$ (9,141)	\$ 24,433
DEPRECIATION AND AMORTIZATION	3,606	780	2,463	469	7,318
INTEREST EXPENSE	1,899	726	706	(579)	2,752
EBITDA	<u>18,572</u>	<u>15,484</u>	<u>9,698</u>	<u>(9,251)</u>	<u>34,503</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,009	247	364	939	2,559
ACQUISITION EXPENSES	-	-	-	2,411	2,411
SPECIAL ITEMS	<u>1,009</u>	<u>247</u>	<u>364</u>	<u>3,350</u>	<u>4,970</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 19,581</u>	<u>\$ 15,731</u>	<u>\$ 10,062</u>	<u>\$ (5,901)</u>	<u>\$ 39,473</u>
<i>% of Net Sales</i>	<i>10.4%</i>	<i>12.6%</i>	<i>13.1%</i>		<i>10.1%</i>

# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	THREE MONTHS ENDED JUNE 30, 2023				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 19,273	\$ 5,800	\$ 6,163	\$ (4,058)	\$ 27,178
RESTRUCTURING AND INTEGRATION EXPENSES	154	128	12	-	294
OTHER INCOME, NET	(38)	-	(8)	-	(46)
NON-GAAP OPERATING INCOME	<u>\$ 19,389</u>	<u>\$ 5,928</u>	<u>\$ 6,167</u>	<u>\$ (4,058)</u>	<u>\$ 27,426</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 17,235	\$ 5,259	\$ 6,247	\$ (4,044)	\$ 24,697
DEPRECIATION AND AMORTIZATION	3,373	768	2,486	420	7,047
INTEREST EXPENSE	2,304	842	637	(500)	3,283
EBITDA	<u>22,912</u>	<u>6,869</u>	<u>9,370</u>	<u>(4,124)</u>	<u>35,027</u>
RESTRUCTURING AND INTEGRATION EXPENSES	154	128	12	-	294
SPECIAL ITEMS	<u>154</u>	<u>128</u>	<u>12</u>	<u>-</u>	<u>294</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 23,066</u>	<u>\$ 6,997</u>	<u>\$ 9,382</u>	<u>\$ (4,124)</u>	<u>\$ 35,321</u>
<i>% of Net Sales</i>	<i>12.6%</i>	<i>7.2%</i>	<i>13.0%</i>		<i>10.0%</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)

	<b>SIX MONTHS ENDED JUNE 30, 2024</b>				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 30,656	\$ 15,228	\$ 8,044	\$ (14,323)	\$ 39,605
RESTRUCTURING AND INTEGRATION EXPENSES	1,110	305	397	939	2,751
ACQUISITION EXPENSES	-	-	-	2,411	2,411
OTHER INCOME, NET	-	-	(5)	-	(5)
NON-GAAP OPERATING INCOME	<u>\$ 31,766</u>	<u>\$ 15,533</u>	<u>\$ 8,436</u>	<u>\$ (10,973)</u>	<u>\$ 44,762</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 27,382	\$ 15,866	\$ 8,875	\$ (14,319)	\$ 37,804
DEPRECIATION AND AMORTIZATION	7,131	1,678	4,932	878	14,619
INTEREST EXPENSE	3,326	1,257	1,370	(1,134)	4,819
EBITDA	<u>37,839</u>	<u>18,801</u>	<u>15,177</u>	<u>(14,575)</u>	<u>57,242</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,110	305	397	939	2,751
ACQUISITION EXPENSES	-	-	-	2,411	2,411
SPECIAL ITEMS	<u>1,110</u>	<u>305</u>	<u>397</u>	<u>3,350</u>	<u>5,162</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 38,949</u>	<u>\$ 19,106</u>	<u>\$ 15,574</u>	<u>\$ (11,225)</u>	<u>\$ 62,404</u>
<i>% of Net Sales</i>	<i>10.4%</i>	<i>9.7%</i>	<i>10.3%</i>		<i>8.7%</i>

# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	<b>SIX MONTHS ENDED JUNE 30, 2023</b>				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<b><u>OPERATING INCOME</u></b>					
GAAP OPERATING INCOME	\$ 36,648	\$ 7,884	\$ 11,810	\$ (8,418)	\$ 47,924
RESTRUCTURING AND INTEGRATION EXPENSES	439	671	96	-	1,206
OTHER INCOME, NET	(62)	-	(8)	-	(70)
NON-GAAP OPERATING INCOME	<u>\$ 37,025</u>	<u>\$ 8,555</u>	<u>\$ 11,898</u>	<u>\$ (8,418)</u>	<u>\$ 49,060</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 32,292	\$ 6,364	\$ 11,533	\$ (8,383)	\$ 41,806
DEPRECIATION AND AMORTIZATION	6,785	1,531	4,967	846	14,129
INTEREST EXPENSE	5,045	1,735	996	(631)	7,145
EBITDA	<u>44,122</u>	<u>9,630</u>	<u>17,496</u>	<u>(8,168)</u>	<u>63,080</u>
RESTRUCTURING AND INTEGRATION EXPENSES	439	671	96	-	1,206
SPECIAL ITEMS	<u>439</u>	<u>671</u>	<u>96</u>	<u>-</u>	<u>1,206</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 44,561</u>	<u>\$ 10,301</u>	<u>\$ 17,592</u>	<u>\$ (8,168)</u>	<u>\$ 64,286</u>
<i>% of Net Sales</i>	<i>12.1%</i>	<i>6.1%</i>	<i>12.3%</i>		<i>9.4%</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.