

# Standard Motor Products, Inc.

Acquisition of Nissens Automotive

July 10<sup>th</sup>, 2024



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.

In addition, we use metrics such as Adjusted EBITDA throughout this presentation, which is a non-GAAP measure.

You are urged to review all of our filings with the SEC and our press releases from time to time for details of risks and uncertainties 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.

# Benefits of the Acquisition of Nissens for SMP Shareholders

 Creates an aftermarket leader in North America and Europe across our key product categories

 Expands SMP's product portfolio of powertrain-neutral and EV-specific categories

 Enhances customer and geographic diversity

 Adds a strong management team with a clear culture fit with SMP

 Delivers meaningful cost synergies and significant cross-selling potential

 Highly accretive in the first full year of the transaction

## Nissens at a glance

- Nissens is a manufacturer and distributor of thermal management and engine efficiency parts for the automotive aftermarket
- Founded in 1921, and headquartered in Horsens, Denmark
- Manufacturing facilities in Slovakia and Denmark
- Operates through three distinct brands:



**Nissens** brand targeting the premium segments of the passenger vehicle (PV), light commercial vehicle (LCV) as well as the heavy commercial vehicle (HCV) aftermarket



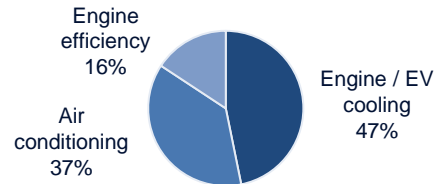
**AVA** brand targeting the value segment of the passenger vehicle and light commercial vehicle aftermarket



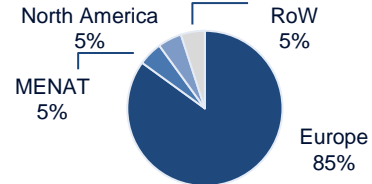
**Highway** brand is a specialized business unit for developing the value segments of heavy commercial and agriculture

## Net sales split<sup>2</sup>

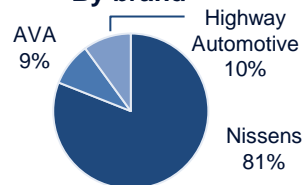
### By product category



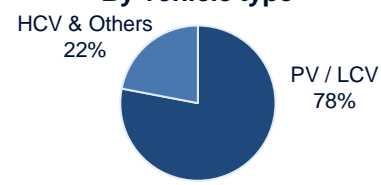
### By geography



### By brand



### By vehicle type



## Nissens by the numbers



**3**  
Strong brands covering premium and value segments



**>15,000**  
SKUs



**17**  
distribution centers / warehouses



**2**  
Manufacturing facilities

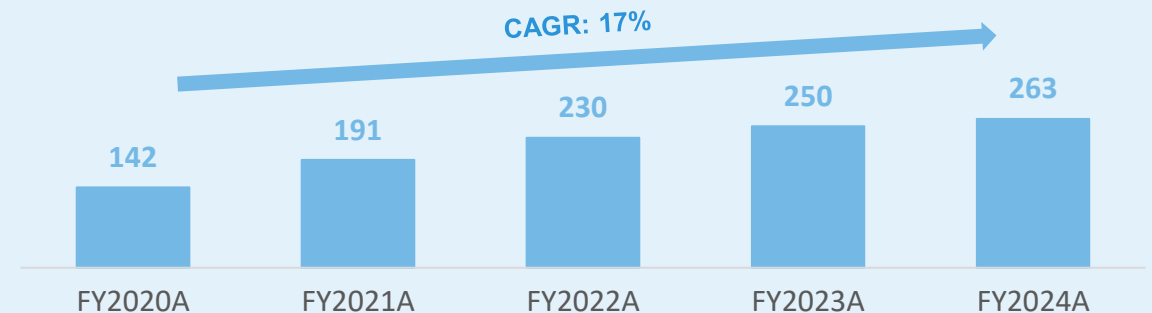


**>90%**  
parc coverage<sup>1</sup>



**500+**  
employees

## Historical net sales<sup>3</sup> (\$mm)



<sup>1</sup> For main product groups; <sup>2</sup> Metrics calendarized to 12/31 and in USD using EUR to USD exchange rate of 1.08; <sup>3</sup> Represents Nissens' fiscal year ended 4/30; metrics converted to USD using EUR to USD exchange rate of 1.08

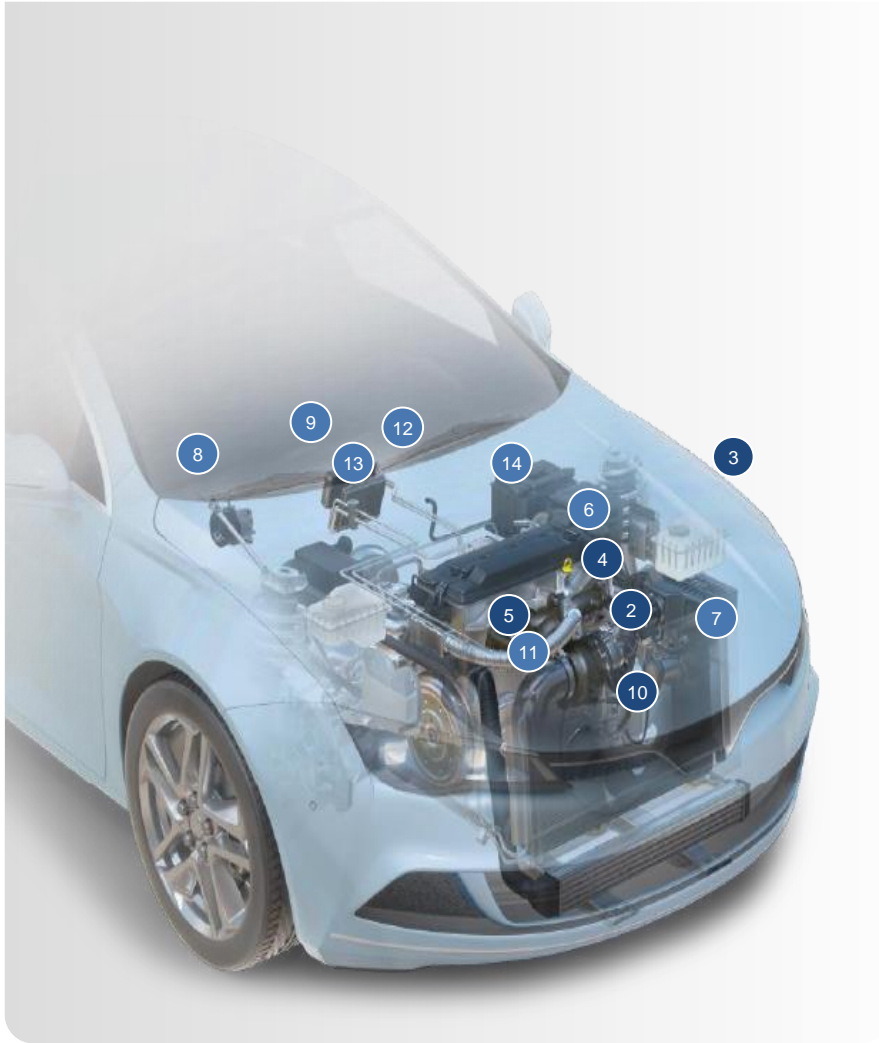


# Leading Product Offering Across Multiple Categories

	 <b>Engine / EV Cooling (EC)</b>	 <b>Air Conditioning (AC)</b>	 <b>Engine Efficiency (EE)</b>
<b>% of Net Sales<sup>1</sup></b>	47%	37%	16%
<b>Description</b>	Powertrain cooling systems maintain a constant engine performance and prevent overheating	Air conditioning systems regulate the temperature of the air inside the vehicle	Products to enhance engine efficiency and reduce emissions
<b>Portfolio coverage<sup>2</sup></b>	<b>&gt;200</b> Products added annually <b>&gt;16,200</b> Unique OE numbers covered <b>&gt;3,600</b> SKU count	<b>&gt;200</b> Products Added annually <b>&gt;16,350</b> Unique OE numbers covered <b>&gt;3,700</b> SKU count	<b>&gt;200</b> Products added annually <b>&gt;8,100</b> Unique OE numbers covered <b>&gt;1,450</b> SKU count
<b>Product groups</b>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Radiators</p> </div> <div style="text-align: center;"> <p><b>Primary</b></p> </div> <div style="text-align: center;"> <p>Oil coolers</p> </div> </div> <hr style="border-top: 1px dashed #ccc;"/> <div style="text-align: center;"> <p><b>Other</b></p> <p>Electric water pumps, temperature sensors, expansion tanks, and fan clutches</p> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>AC compressors</p> </div> <div style="text-align: center;"> <p><b>Primary</b></p> </div> <div style="text-align: center;"> <p>Condensers</p> </div> </div> <hr style="border-top: 1px dashed #ccc;"/> <div style="text-align: center;"> <p><b>Other</b></p> <p>Blowers, fans, pressure sensors, evaporators, expansion valves, and heaters</p> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Turbochargers</p> </div> <div style="text-align: center;"> <p><b>Primary</b></p> </div> <div style="text-align: center;"> <p>Intercoolers</p> </div> </div> <hr style="border-top: 1px dashed #ccc;"/> <div style="text-align: center;"> <p><b>Other</b></p> <p>EGR valves &amp; modules, EGR coolers and oil feed pipes</p> </div>
<b>Relevance in vehicle parc</b>	ICE ↑      PHEV ↑      EV ↑	ICE ↑      PHEV ↑      EV ↑	ICE ↑      PHEV ↑      EV ↓

<sup>1</sup> CYE 2023A and USD; <sup>2</sup> Shown for the Nissens brand only

## Internal combustion engine (ICE)



### Product groups<sup>1</sup> (detailed)

#### Engine Cooling **EC**

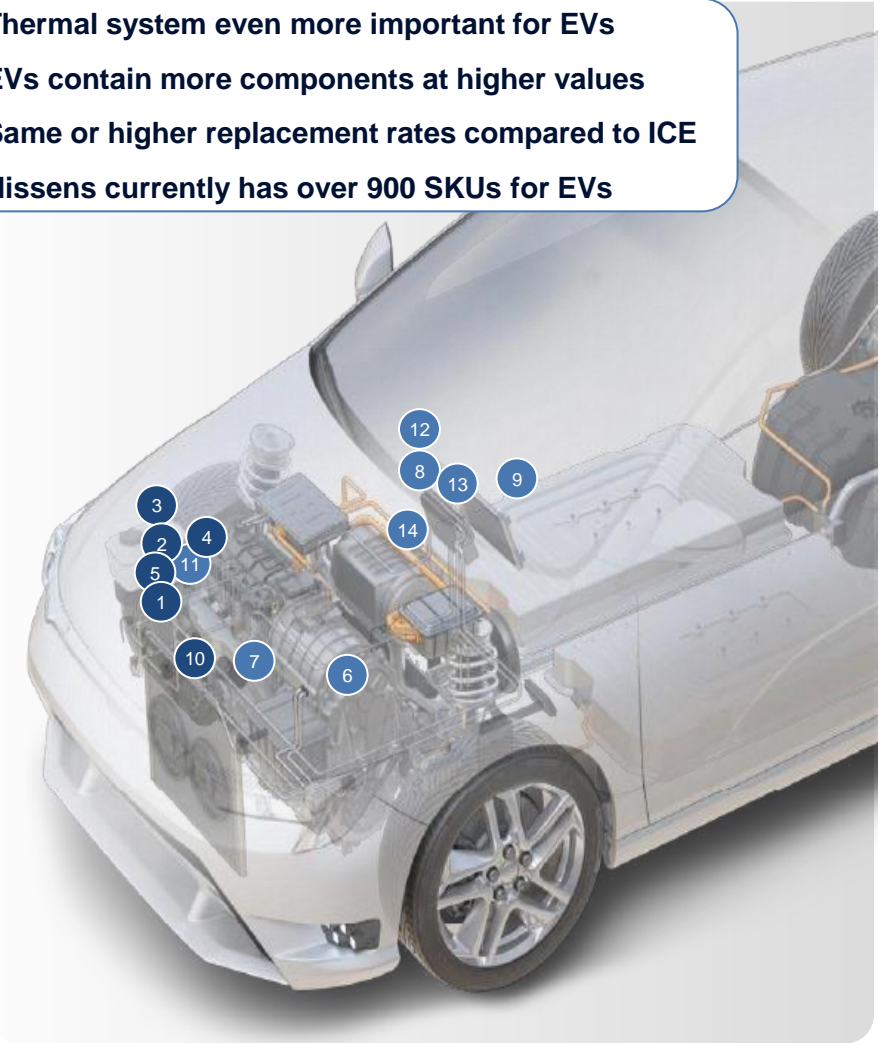
- 1 Radiator
- 2 Oil cooler
- 3 Expansion tanks
- 4 Water pumps
- 5 Temp. sensors

#### Air Conditioning **AC**

- 6 Compressor
- 7 Condenser
- 8 Blower
- 9 Heater
- 10 Fan (EC & AC)
- 11 Receiver dryer
- 12 Evaporator
- 13 Expansion valve
- 14 Pressure sensor

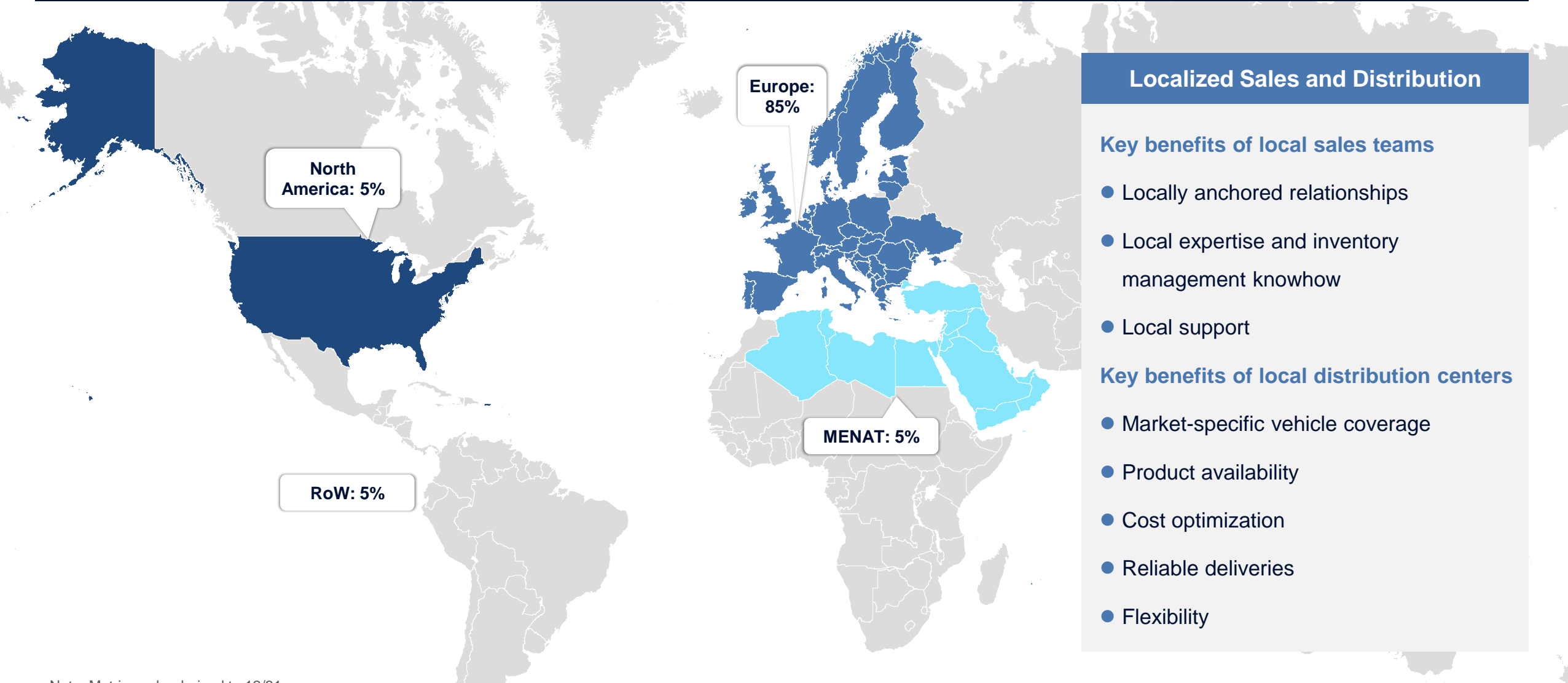
## Electric vehicle (EV)

- Thermal system even more important for EVs
- EVs contain more components at higher values
- Same or higher replacement rates compared to ICE
- Nissens currently has over 900 SKUs for EVs



<sup>1</sup> Non-exhaustive, some parts are not visible in visualization

## Overview of Nissens' Net Sales Split by Region



### Localized Sales and Distribution

#### Key benefits of local sales teams

- Locally anchored relationships
- Local expertise and inventory management knowhow
- Local support

#### Key benefits of local distribution centers

- Market-specific vehicle coverage
- Product availability
- Cost optimization
- Reliable deliveries
- Flexibility



Leading North American supplier for Vehicle Control and Temperature Control products

Leading European supplier for Thermal Management products with a growing array of Vehicle Control (Engine Efficiency) technologies

**Shared go-to-market strategy of being a full-line full-service supplier of professional grade products resonates across the customer base**

Complementary Offerings Across Combined Geographies

\$8-12mm in Expected Cost Synergies

Operational Excellence

✓ Strong opportunities for growth through cross-selling

✓ Bi-directional savings potential

✓ Improved performance through collaboration and best practices



# Transaction Overview

## Purchase Consideration

- SMP to acquire 100% of Nissens Automotive for \$388mm<sup>1</sup> (€360mm)
- Represents approximately 7.5x EBITDA<sup>2</sup> multiple incl. estimated run-rate cost synergies<sup>3</sup>
- 100% cash consideration, financed with existing cash and amended credit facilities

## Financial Impact

- Grows SMP's top line by approximately 20% and expands EBITDA margin by 100-150bps
- Run-rate cost synergies of \$8-12mm expected<sup>4</sup>
- Double-digit EPS accretion expected within the first full year
- Significant potential upside from cross-marketing opportunities
- Acquisition expected to generate double-digit ROIC in first full year
- <3.5x net leverage<sup>5</sup> expected at closing, target de-leveraging to <2.0x by the end of 2026

## Financing

- Committed financing provided by J.P. Morgan, Bank of America and Wells Fargo
- SMP intends to extend existing maturities via a new 5-year Revolver and Term Loan A
- Combined company committed to deleveraging and continuing a disciplined capital allocation policy

## Timing

- Expected to close by the end of 2024
- Transaction subject to standard customary closing conditions and regulatory approvals

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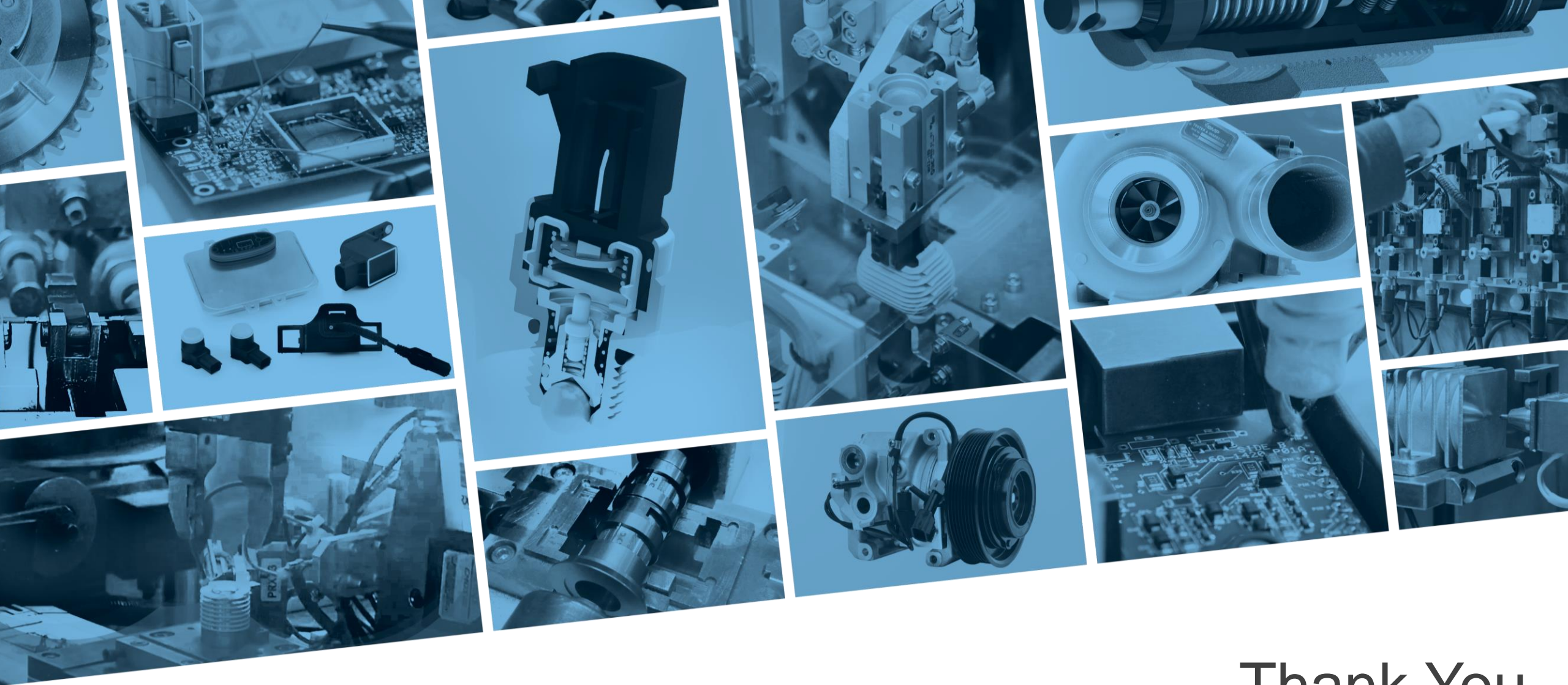
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Thank You