

Four Seasons, as well as under private labels to select customers. Its Engine Management division (71% of 2010 sales) makes ignition, emission, and fuel-system parts. Temperature Control (27%) produces heater and air-conditioner parts. European Group and ees. Off. & dir. own 14.5% of stock; GAMCO Investors, 14.5%; BlackRock Inc., 6.1% (4/11 proxy). Chrmn. & CEO: Lawrence Sills. Inc.: NY. Addr.: 37-18 Northern Blvd., Long Island City, NY 11101. Tel.: 718-392-0200. Internet: www.smpcorp.com.

Past Past Est'd '07-'09 ANNUAL RATES of change (per sh) 10 Yrs. 5 Yrs. to '14-'16 Sales "Cash Flow" -2.0%-1.0%-14.5% 25.0% Earnings NMF -1.5% -5.0% -8.0% -5.5% 11.5% 6.0% **Book Value** -DIV 041 -

68.3 193.9

343.0

384.7

52.9 12.4

214.8

54.4 58.4

204.6

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY SALES (\$ mill.)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2008	208.1	215.3	202.9	148.9	775.2
2009	172.2	197.5	205.6	160.1	735.4
2010	179.4	231.0	227.5	173.0	810.9
2011	180	240	230	190	840
2012	190	250	240	210	890
Cal-	EARNINGS PER SHARE AE				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2008	.68	d.04	.02	d1.84	d1.14
2009	.04	.30	.25	d.25	.31
2010	.13	.35	.48	.12	1.09
2011	.22	.45	.38	.10	1.15
2012	.35	.35	.50	.10	1.30
Cal-	QUARTERLY DIVIDENDS PAID (B)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2007	.09	.09	.09	.09	.36
2008	.09	.09	.09	.09	.36
2009					
2010	.05	.05	.05	.05	.20
2011	.07				
I	1				1

**Standard Motor Products has been holding up well.** The auto parts distributor posted a 10% increase in revenue last year, driven by an industrywide recovery. Top-line gains will probably be a bit more subdued in 2011. However, demand for aftermarket auto parts should still remain healthy, thanks to an aging car population and the continued consolidation of new auto dealerships. Notably, Standard Motor's two primary business segments have both been making progress, which suggests some general health.

Standard Motor has successfully controlled costs. The operating margin was about 7.5% at the end of 2010, versus only 5.1% a year earlier, and we see room for improvement in 2011. The company continues to reorganize its manufacturing operations, switching production to lowercost locations. Moreover, over the past year, the company reduced its staff size by about 10%, while at the same time adding sales.

Meanwhile, the bottom line is making progress. Standard Motor's earnings progress. recovered sharply in 2010, with a respectable showing in the final quarter. We are

leaving our 2011 estimate of \$1.15 a share unchanged at this time. However, we are introducing an estimate of \$1.30 a share for 2012, representing a 13% annual ad-

The balance sheet is in decent shape. Standard Motor has effectively managed its debt obligations, which should reduce interest expense. Accounts receivable have been heading lower, suggesting that customers are in better financial shape. Inventory has risen a bit, but we think this reflects a sharp upturn in demand over the past several months. The company has also been able to reinstitute its dividend. Furthermore, the recent quarterly increase further indicates a degree of financial health.

These shares remain favorably ranked for year-ahead relative performance. Möreover, our current projections suggest the issue holds good price appreciation potential for the next 3 to 5 years. Investors should note that the Below-Average Safety rank indicates that there is a pronounced element of risk associated with this stock.

Adam Rosner March 25, 2011

(A) Primary earnings through '96, diluted thereafter. Excludes nonrecurring gain/(losses): '97, (\$2.51); '99, (\$¢); '00, (4¢); '03, (19¢); '08, 51¢. Qtly. egs. may not sum to total due to rounding. Next earnings report due late April. (B) Dividend reinstated Q1 '10. Payments historically paid in early March, June, September, December. (C) Includes intangibles. In 2010: \$12.5

million, \$.56 a share. **(D)** In millions. **(E)** Quarterly earnings in '08 and '09 don't add to total due to change in shares outstanding.

Company's Financial Strength Stock's Price Stability R 10 Price Growth Persistence 20 **Earnings Predictability**