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Standard Motor Products: The Wall Street Analyst Forum Presentation Transcript

Question-and-Answer Session

Unidentified Audience Member

[Question Inaudible]

Larry Sills

Well, we already got most of the pricing hits. There will be a little more next year, but we got most of the pricing hit already.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

Right. But you'll see a little more pricing hit next year.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

Well, that's what I think. I'll repeat what you have to say. The gross margins are more instead of, let's say, 25%, 27% in the traditional aftermarket, they are at least 10 points lower than that in the OES. However, the SG&A is much lower. You have no sales expense to speak of. We have a lot of SG&A, we have sales force, cataloguing, returns, all these things don't exist.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

It gets pretty close. The operating margins, yes, operating profit would be roughly similar to (inaudible), less gross margin, less SG&A, the operating margin roughly the same.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

Right.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

Yes, that's a good script. 25-30 is what people tell you is the right script. At 25-30, people will buy a rebuild, especially in -- not everybody, probably not the people in this room, but?

Unidentified Audience Member

[Question Inaudible]

Larry Sills

But especially [uniting] the costs \$200. So, by the time we get to the car owners, you're talking of \$50 or \$60 savings. That should be the right number, 25-30. 40 would be better, but 25-30 should be okay. Yeah.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

We don't give those.

Unidentified Audience Member

[Question Inaudible]

James Burke

We don't give out forecasts.

Larry Sills

We don't give those out. Sorry.

Unidentified Audience Member

[Question Inaudible]

Larry Sills

10 operating, that's a high number.

James Burke

We think the key driver is within our Engine Management business and the gross margins. That's where we have the significant pull over the years (inaudible). But we feel we can bring that back to the 28%-29%. Then, you can look at the historical model. The company and our position has been that we did our?

Unidentified Audience Member

[Question Inaudible]

Larry Sills

10 is a high number. I don't think we ever had. Did we have a 10 operating, going back?

Unidentified Audience Member

[Question Inaudible]

James Burke

The numbers are readily available.

Larry Sills

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