

Genuine Parts Company

Genuine Parts Company Reports Sales and Earnings for the Fourth Quarter and Year Ended December 31, 2009

PRNewswire-FirstCall
ATLANTA

Genuine Parts Company reports sales and earnings for the fourth quarter and year ended December 31, 2009.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20081002/CLTH108LOGO>)

Tom Gallagher, Chairman, President and Chief Executive Officer, announced today that sales in 2009 were \$10.1 billion, down 9% compared to 2008. Net income for the year was \$399.6 million, a decrease of 16% compared to \$475.4 million in 2008. Earnings per share on a diluted basis were \$2.50, down 14% compared to \$2.92 in 2008.

Mr. Gallagher stated, "The effects of the economic slowdown, which we began to experience in the final quarter of 2008, adversely impacted the results in all four of the business segments throughout 2009. The Automotive Group reported a 2% sales decrease for the year and S.P. Richards, our Office Products Group, was down 5% for 2009. The difficult economy most significantly impacted our two businesses serving the manufacturing sector of the economy. Motion Industries, our Industrial Group, had an 18% sales decrease for the year, and EIS, our Electrical Group, had a 26% decrease."

Mr. Gallagher added, "2009 turned out to be one of the most challenging years in the history of Genuine Parts Company. Fortunately, we were able to maintain a strong balance sheet and finish the year in excellent financial condition. In fact, the Company generated record cash flows in 2009. Additionally, we continue to have confidence in the long-term positive fundamentals for all four of our businesses and we feel that we are positioned to show improved sales and earnings as the economy turns."

Fourth Quarter 2009

Sales decreased 2% to \$2.47 billion in the fourth quarter ended December 31, 2009, compared to \$2.52 billion for the same period in 2008. Diluted earnings per share in the fourth quarter were 62 cents, up 13% compared to 55 cents per share for the fourth quarter of 2008.

In reviewing the quarter, Mr. Gallagher commented, "We are encouraged by the sequential improvement across all of our business segments during the final quarter. In the fourth quarter of 2009, our Automotive sales were up 6%, our Office Products Group was down 4%, our Industrial Group sales were down 11% and our Electrical Group was down 12%."

Mr. Gallagher concluded, "We observed some early signs of improving market conditions in the latter part of 2009 and we feel this bodes well for a stronger performance in 2010. We are fortunate to operate in four good industries."

Conference Call

Genuine Parts Company will hold a conference call today at 11:00 a.m. EST to discuss the results of the quarter, the year and the future outlook. Interested parties may listen to the call on the Company's website, www.genpt.com, by clicking "Investor Services", or by dialing 877-316-2549, conference ID 53858190. A replay will also be available on the Company's website or at 800-642-1687, conference ID 53858190, two hours after the completion of the call until 12:00 a.m. EST on March 3, 2010.

Forward Looking Statements

Some statements in this release, as well as in other materials we file with the Securities and Exchange Commission ("SEC") or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to our future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors include, but are not limited to, the ability to maintain favorable supplier arrangements and relationships, changes in general economic conditions, the growth rate of the market for the Company's products and services, competitive product and pricing pressures, including internet related initiatives, the effectiveness of the Company's promotional, marketing and advertising programs, changes in financial markets, including particularly the capital and credit markets, impairment of financial institutions, changes in laws and regulations, including changes in accounting and taxation guidance, the uncertainties of litigation, as well as other risks and uncertainties discussed from time to time in the Company's filings with the SEC.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our Form 10-Q, 10-K, 8-K and other reports to the SEC.

About Genuine Parts Company

Genuine Parts Company is a distributor of automotive replacement parts in the U.S., Canada and Mexico. The Company also distributes industrial replacement parts in the U.S. and Canada through its Motion Industries subsidiary. S.P. Richards Company, the Office Products Group, distributes business products nationwide in the U.S. and Canada. The Electrical/Electronic Group, EIS, Inc., distributes electrical and electronic components throughout the U.S., Canada and Mexico.

GENUINE PARTS COMPANY and SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended Dec. 31, Year Ended Dec. 31,
2009 2008 2009 2008

(Unaudited)

(in thousands, except per share data)

| | | | | |
|---|-------------|-------------|--------------|--------------|
| Net sales | \$2,471,214 | \$2,520,190 | \$10,057,512 | \$11,015,263 |
| Cost of goods sold | 1,703,754 | 1,768,401 | 7,047,750 | 7,742,773 |
| | ----- | ----- | ----- | ----- |
| | 767,460 | 751,789 | 3,009,762 | 3,272,490 |
| Selling, administrative & other expenses | 604,719 | 601,555 | 2,365,597 | 2,504,022 |
| | ----- | ----- | ----- | ----- |
| Income before income taxes | 162,741 | 150,234 | 644,165 | 768,468 |
| Income taxes | 63,574 | 62,450 | 244,590 | 293,051 |
| | ----- | ----- | ----- | ----- |
| Net income | \$99,167 | \$87,784 | \$399,575 | \$475,417 |
| | ===== | ===== | ===== | ===== |
| Basic net income per common share | \$.62 | \$.55 | \$2.51 | \$2.93 |
| Diluted net income per common share | \$.62 | \$.55 | \$2.50 | \$2.92 |
| Weighted average common shares outstanding | 159,144 | 159,452 | 159,410 | 162,351 |
| Dilutive effect of stock options and non-vested restricted stock awards | 376 | 457 | 297 | 635 |
| | --- | --- | --- | --- |
| Weighted average common shares outstanding - assuming dilution | 159,520 | 159,909 | 159,707 | 162,986 |
| | ===== | ===== | ===== | ===== |

GENUINE PARTS COMPANY and SUBSIDIARIES SEGMENT INFORMATION AND FINANCIAL HIGHLIGHTS

Three Months Ended Dec. 31, Year Ended Dec. 31,

2009 2008 2009 2008

---- ---- ---- ----

(Unaudited)

(in thousands)

Net sales:

| | | | | |
|---------------------------|-------------|-------------|--------------|--------------|
| Automotive | \$1,264,646 | \$1,194,018 | \$5,225,389 | \$5,321,536 |
| Industrial | 736,582 | 828,364 | 2,885,782 | 3,514,661 |
| Office | | | | |
| Products | 383,849 | 400,347 | 1,639,018 | 1,732,514 |
| Electrical/ Electronic | | | | |
| Materials | 89,702 | 102,177 | 345,808 | 465,889 |
| Other (1) | (3,565) | (4,716) | (38,485) | (19,337) |
| | ----- | ----- | ----- | ----- |
| Total net sales | \$2,471,214 | \$2,520,190 | \$10,057,512 | \$11,015,263 |
| | ===== | ===== | ===== | ===== |

Operating profit:

| | | | | |
|---------------------------|----------|----------|-----------|-----------|
| Automotive | \$75,026 | \$67,468 | \$387,945 | \$385,356 |
| Industrial | 60,240 | 71,871 | 162,353 | 294,652 |
| Office | | | | |
| Products | 27,023 | 29,406 | 126,104 | 144,127 |
| Electrical/ Electronic | | | | |
| Materials | 7,694 | 7,546 | 25,254 | 36,721 |
| | ----- | ----- | ----- | ----- |

| | | | | |
|------------------------|---------|---------|---------|---------|
| Total operating profit | 169,983 | 176,291 | 701,656 | 860,856 |
|------------------------|---------|---------|---------|---------|

| | | | | |
|-----------------------|---------|----------|----------|----------|
| Interest expense, net | (6,602) | (7,970) | (27,112) | (29,847) |
| Other, net | (640) | (18,087) | (30,379) | (62,541) |
| | ----- | ----- | ----- | ----- |

| | | | | |
|----------------------------|-----------|-----------|-----------|-----------|
| Income before income taxes | \$162,741 | \$150,234 | \$644,165 | \$768,468 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|----------------------|----------|----------|----------|-----------|
| Capital expenditures | \$20,085 | \$44,935 | \$69,445 | \$105,026 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|-------------------------------|----------|----------|----------|----------|
| Depreciation and amortization | \$22,917 | \$22,229 | \$90,411 | \$88,698 |
| | ===== | ===== | ===== | ===== |

(1) Represents the net effect of discounts, incentives and freight billed reported as a component of net sales.

GENUINE PARTS COMPANY and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

Dec. 31, Dec. 31,
2009 2008

---- ----
(in thousands)

ASSETS

CURRENT ASSETS

| | | | |
|---|--|-----------|-----------|
| Cash and cash equivalents | | \$336,803 | \$67,777 |
| Trade accounts receivable, net | | 1,187,075 | 1,224,525 |
| Merchandise inventories, net | | 2,214,076 | 2,316,880 |
| Prepaid expenses and other current assets | | 294,874 | 262,238 |
| | | ----- | ----- |

TOTAL CURRENT ASSETS 4,032,828 3,871,420

Goodwill and other intangible assets, less

| | | | |
|--------------------------|--|---------|---------|
| accumulated amortization | | 171,532 | 158,825 |
| Deferred tax asset | | 167,722 | 218,503 |
| Other assets | | 147,583 | 114,337 |

| | | |
|--|--------------------|--------------------|
| Net property, plant and equipment | 485,024 | 423,265 |
| | ----- | ----- |
| TOTAL ASSETS | \$5,004,689 | \$4,786,350 |
| | ===== | ===== |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade accounts payable | \$1,094,347 | \$1,009,423 |
| Income taxes payable | 42,988 | 24,685 |
| Dividends payable | 63,586 | 62,148 |
| Other current liabilities | 207,363 | 190,847 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 1,408,284 | 1,287,103 |
| Long-term debt | 500,000 | 500,000 |
| Other long-term liabilities | 166,836 | 103,264 |
| Retirement and other post-retirement benefit liabilities | 300,197 | 502,605 |
| Noncontrolling interests in subsidiaries | 8,042 | 69,046 |
| Common stock | 158,918 | 159,443 |
| Retained earnings and other | 2,462,412 | 2,164,889 |
| | ----- | ----- |
| TOTAL EQUITY | 2,629,372 | 2,393,378 |
| | ----- | ----- |
| TOTAL LIABILITIES AND EQUITY | \$5,004,689 | \$4,786,350 |
| | ===== | ===== |

NOTE: Certain prior period amounts have been reclassified to conform to the current year presentation.

GENUINE PARTS COMPANY and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended Dec. 31,
2009 2008

---- ----
(in thousands)

| | | |
|---|------------------|------------------|
| OPERATING ACTIVITIES: | | |
| Net income | \$399,575 | \$475,417 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 90,411 | 88,698 |
| Other | 33,404 | (28,546) |
| Changes in operating assets and liabilities | 321,908 | (5,260) |
| | ----- | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 845,298 | 530,309 |
| INVESTING ACTIVITIES: | | |
| Purchases of property, plant and equipment | (69,445) | (105,026) |
| Acquisitions and other | (122,161) | (109,308) |
| Purchase of properties under construction and lease agreement | (72,814) | - |
| | ----- | --- |
| NET CASH USED IN INVESTING ACTIVITIES | (264,420) | (214,334) |
| FINANCING ACTIVITIES: | | |
| Stock options exercised | 1,878 | 821 |
| Excess tax expense from share-based compensation | (684) | (586) |
| Dividends paid | (253,558) | (251,808) |
| Changes in cash overdraft position | (52,000) | 52,000 |
| Purchase of stock | (26,019) | (273,000) |

| | | |
|--|-----------|-----------|
| NET CASH USED IN FINANCING ACTIVITIES | (330,383) | (472,573) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 18,531 | (7,462) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 269,026 | (164,060) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 67,777 | 231,837 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$336,803 | \$67,777 |
| | ===== | ===== |

First Call Analyst:
FCMN Contact:

Photo: <http://www.newscom.com/cgi-bin/prnh/20081002/CLTH108LOGO>

SOURCE: Genuine Parts Company

CONTACT: Jerry W. Nix, Vice Chairman and CFO, +1-770-612-2048; Sidney G. Jones, Vice President - Investor Relations, +1-770-818-4628

Web Site: <http://www.genpt.com/>

<https://www.genpt.com/2010-02-16-Genuine-Parts-Company-Reports-Sales-and-Earnings-for-the-Fourth-Quarter-and-Year-Ended-December-31-2009>