

Genuine Parts Company Reports Sales And Earnings For The First Quarter Ended March 31, 2017

**- Company Reports Sales of \$3.9 Billion and Earnings Per Share of \$1.08 -
- Raises 2017 Earnings Per Share Outlook -**

ATLANTA, April 19, 2017 /PRNewswire/ -- Genuine Parts Company (NYSE: GPC) announced today first quarter sales and earnings for the quarter ended March 31, 2017.

Sales for the first quarter ended March 31, 2017 were \$3.91 billion, a 5% increase compared to \$3.72 billion for the same period in 2016. Net income for the first quarter was \$160.2 million compared to \$158.0 million recorded for the same period in the previous year. Earnings per share on a diluted basis were \$1.08, up 3% from \$1.05 for the first quarter last year.

Paul Donahue, President and Chief Executive Officer, commented, "We are pleased that our total sales increase in the first quarter of 2017 represents positive sequential sales improvement and is our strongest quarterly growth since the fourth quarter of 2014. As a diversified global distributor, we benefited from strong total sales growth in our international automotive, industrial, electrical and office operations. The strength in these areas was partially offset by the headwinds in our U.S. automotive business, which we are working to overcome."

First quarter sales for the Automotive Group were up 3%, including an approximate 0.5% comparable sales increase. Sales at Motion Industries, our Industrial Group, were up 7%, including a 3% comparable sales increase, and sales at EIS, our Electrical/Electronic Group, were up 5%, with comparable sales up 2.5%. Sales for S.P. Richards, our Office Products Group, were up 9% for the quarter, including a 2.5% decrease in comparable sales.

Mr. Donahue concluded, "It is encouraging that our overall growth was driven by sales increases across all four of our businesses, with positive comparable sales in all but one segment. Our teams have worked hard to position the Company for stronger growth and remain focused on key sales and cost initiatives to build on our first quarter performance as we move forward in the year. We are excited by the future growth prospects across our broad platform, and will continue to support this growth with a strong balance sheet, solid cash flows and effective capital allocation intended to maximize shareholder value."

2017 Outlook

The Company expects sales to be up 3% to 4% for the full year, which is unchanged from the initial guidance, and is raising its outlook for diluted earnings per share to \$4.75 to \$4.85 compared to the initial outlook of \$4.70 to \$4.80.

Conference Call

Genuine Parts Company will hold a conference call today at 1:00 a.m. EDT to discuss the results of the quarter and the future outlook. Interested parties may listen to the call on the Company's website, www.genpt.com, by clicking "Investors", or by dialing 800-949-2163, conference ID 2672294. A replay will also be available on the Company's website or at 844-512-2921, conference ID 2672294, two hours after the completion of the call until 12:00 a.m. Eastern time on May 3, 2017.

Forward Looking Statements

Some statements in this report, 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 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 may include, among other things, the Company's ability to successfully implement its business initiatives in each of its four business segments; slowing demand for the Company's products; changes in legislation or government regulations or policies; changes in general economic conditions, including unemployment, inflation or deflation; changes in tax policies; volatile exchange rates; high energy costs; uncertain credit markets and other macro-economic conditions; competitive product, service and pricing pressures; the ability to maintain favorable vendor arrangements and relationships; disruptions in our vendors' operations; the Company's ability to successfully integrate its acquired businesses; the uncertainties and costs of litigation; disruptions caused by a failure or breach of the Company's information systems, as well as other risks and uncertainties discussed in the Company's Annual Report on Form 10-K for 2016 and from time to time in the Company's subsequent 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 subsequent Forms 10-K, 10-Q, 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, Mexico and Australasia. The Company also distributes industrial replacement parts in the U.S., Canada and Mexico through its Motion Industries subsidiary. S. P. Richards Company, the Office Products Group, distributes business products 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 March 31,

2017 2016

(Unaudited)

(in thousands, except per share data)

| | | |
|--|-------------------|-------------------|
| Net sales | \$3,905,641 | \$3,718,267 |
| Cost of goods sold | <u>2,749,920</u> | <u>2,613,796</u> |
| Gross profit | 1,155,721 | 1,104,471 |
| Operating expenses: | | |
| Selling, administrative & other expenses | 873,814 | 823,172 |
| Depreciation and amortization | <u>38,132</u> | <u>34,654</u> |
| | 911,946 | 857,826 |
| Income before income taxes | 243,775 | 246,645 |
| Income taxes | <u>83,615</u> | <u>88,620</u> |
| Net income | <u>\$ 160,160</u> | <u>\$ 158,025</u> |
| Basic net income per common share | \$1.08 | \$1.06 |
| Diluted net income per common share | \$1.08 | \$1.05 |
| Weighted average common shares outstanding | 148,154 | 149,593 |
| Dilutive effect of stock options and | | |
| non-vested restricted stock awards | <u>634</u> | <u>749</u> |
| Weighted average common shares outstanding – assuming dilution | <u>148,788</u> | <u>150,342</u> |

GENUINE PARTS COMPANY and SUBSIDIARIES
SEGMENT INFORMATION AND FINANCIAL HIGHLIGHTS

Three Months Ended March 31,

2017 2016

(Unaudited)

(in thousands)

Net sales:

| | | |
|---------------------------------|--------------------|--------------------|
| Automotive | \$1,998,383 | \$1,932,178 |
| Industrial | 1,232,082 | 1,152,627 |
| Office Products | 519,005 | 476,654 |
| Electrical/Electronic Materials | 184,417 | 175,847 |
| Other (1) | <u>(28,246)</u> | <u>(19,039)</u> |
| Total net sales | <u>\$3,905,641</u> | <u>\$3,718,267</u> |

Operating profit:

| | | |
|---------------------------------|-------------------|-------------------|
| Automotive | \$ 151,757 | \$ 153,710 |
| Industrial | 90,374 | 81,833 |
| Office Products | 31,119 | 34,204 |
| Electrical/Electronic Materials | <u>13,635</u> | <u>14,841</u> |
| Total operating profit | 286,885 | 284,588 |
| Interest expense, net | (6,174) | (4,822) |
| Intangible amortization | (10,806) | (8,760) |
| Other, net | <u>(26,130)</u> | <u>(24,361)</u> |
| Income before income taxes | <u>\$ 243,775</u> | <u>\$ 246,645</u> |

| | | |
|----------------------|------------------|------------------|
| Capital expenditures | <u>\$ 24,806</u> | <u>\$ 11,670</u> |
|----------------------|------------------|------------------|

| | | |
|-------------------------------|------------------|------------------|
| Depreciation and amortization | <u>\$ 38,132</u> | <u>\$ 34,654</u> |
|-------------------------------|------------------|------------------|

(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

| | March 31, | March 31, |
|--|----------------|-------------|
| | <u>2017</u> | <u>2016</u> |
| | (Unaudited) | |
| | (in thousands) | |

ASSETS

CURRENT ASSETS

| | | |
|---|----------------|----------------|
| Cash and cash equivalents | \$ 177,917 | \$ 205,135 |
| Trade accounts receivable, net | 2,084,871 | 1,981,651 |
| Merchandise inventories, net | 3,287,042 | 3,074,641 |
| Prepaid expenses and other current assets | <u>644,232</u> | <u>508,841</u> |

| | | |
|-----------------------------|-----------|-----------|
| TOTAL CURRENT ASSETS | 6,194,062 | 5,770,268 |
|-----------------------------|-----------|-----------|

| | | |
|---|----------------|----------------|
| Goodwill and other intangible assets, less accumulated amortization | 1,608,466 | 1,412,985 |
| Deferred tax assets | 129,539 | 114,917 |
| Other assets | 497,553 | 504,153 |
| Net property, plant and equipment | <u>737,206</u> | <u>648,204</u> |

| | | |
|---------------------|--------------------|--------------------|
| TOTAL ASSETS | <u>\$9,166,826</u> | <u>\$8,450,527</u> |
|---------------------|--------------------|--------------------|

LIABILITIES AND EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------|----------------|----------------|
| Trade accounts payable | \$3,230,985 | \$2,961,318 |
| Current portion of debt | 475,000 | 450,000 |
| Income taxes payable | 65,270 | 46,137 |
| Dividends payable | 99,824 | 98,339 |
| Other current liabilities | <u>708,754</u> | <u>656,132</u> |

| | | |
|----------------------------------|-----------|-----------|
| TOTAL CURRENT LIABILITIES | 4,579,833 | 4,211,926 |
|----------------------------------|-----------|-----------|

| | | |
|---|---------|---------|
| Long-term debt | 550,000 | 250,000 |
| Pension and other post-retirement benefit liabilities | 287,589 | 231,652 |
| Deferred tax liabilities | 49,328 | 50,736 |
| Other long-term liabilities | 467,732 | 462,501 |

| | | |
|-------------------|-----------|-----------|
| Common stock | 147,394 | 149,623 |
| Retained earnings | 4,021,848 | 3,944,626 |

| | | |
|--|--------------------|--------------------|
| Accumulated other comprehensive loss | <u>(950,269)</u> | <u>(862,519)</u> |
| TOTAL PARENT EQUITY | 3,218,973 | 3,231,730 |
| Noncontrolling interests in subsidiaries | <u>13,371</u> | <u>11,982</u> |
| TOTAL EQUITY | <u>3,232,344</u> | <u>3,243,712</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$9,166,826</u> | <u>\$8,450,527</u> |

GENUINE PARTS COMPANY and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,

2017 2016

(Unaudited)

(in thousands)

OPERATING ACTIVITIES:

| | | |
|---|-----------------|-----------------|
| Net income | \$160,160 | \$158,025 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 38,132 | 34,654 |
| Share-based compensation | 2,717 | 4,249 |
| Excess tax benefits from share-based compensation | (1,546) | (5,144) |
| Changes in operating assets and liabilities | <u>(97,643)</u> | <u>(56,739)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 101,820 | 135,045 |

INVESTING ACTIVITIES:

| | | |
|---|------------------|-----------------|
| Purchases of property, plant and equipment | (24,806) | (11,670) |
| Acquisitions and other investing activities | <u>(106,236)</u> | <u>(73,625)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | (131,042) | (85,295) |

FINANCING ACTIVITIES:

| | | |
|--------------------|-----------|---------|
| Proceeds from debt | 1,005,000 | 975,000 |
|--------------------|-----------|---------|

| | | |
|---|------------------|------------------|
| Payments on debt | (855,000) | (900,000) |
| Share-based awards exercised, net of taxes paid | (1,624) | (5,586) |
| Excess tax benefits from share-based compensation | — | 5,144 |
| Dividends paid | (97,584) | (92,596) |
| Purchases of stock | <u>(91,984)</u> | <u>(46,431)</u> |
| NET CASH USED IN FINANCING ACTIVITIES | (41,192) | (64,469) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | <u>5,452</u> | <u>8,223</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (64,962) | (6,496) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>242,879</u> | <u>211,631</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$177,917</u> | <u>\$205,135</u> |

SOURCE Genuine Parts Company

For further information: Carol B. Yancey, Executive Vice President and CFO - (678) 934-5044; Sidney G. Jones, Vice President - Investor Relations - (678) 934-5628

<https://www.genpt.com/2017-04-19-Genuine-Parts-Company-Reports-Sales-And-Earnings-For-The-First-Quarter-Ended-March-31-2017>