

**Genuine Parts Company and Subsidiaries**  
**Consolidated Balance Sheets**  
(In Thousands, Except Share Data and per Share Amounts)

	As of December 31,	
	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 276,992	\$ 333,547
Trade accounts receivable, net	2,635,155	2,493,636
Merchandise inventories, net	3,831,183	3,609,389
Prepaid expenses and other current assets	1,195,286	1,139,118
Total current assets	7,938,616	7,575,690
Goodwill	2,293,519	2,128,776
Other intangible assets, net	1,568,926	1,411,642
Deferred tax assets	54,851	29,509
Operating lease assets	1,075,969	—
Other assets	498,965	510,192
Property, plant and equipment, net	1,214,783	1,027,231
Total assets	\$ 14,645,629	\$ 12,683,040
<b>Liabilities and equity</b>		
Current liabilities:		
Trade accounts payable	\$ 4,106,163	\$ 3,995,789
Current portion of debt	624,043	711,147
Other current liabilities	1,553,063	1,088,428
Dividends payable	110,851	105,369
Total current liabilities	6,394,120	5,900,733
Long-term debt	2,802,056	2,432,133
Operating lease liabilities	825,567	—
Pension and other post-retirement benefit liabilities	249,832	235,228
Deferred tax liabilities	232,902	196,843
Other long-term liabilities	445,652	446,112
Equity:		
Preferred stock, par value \$1 per share — authorized 10,000,000 shares; none issued	—	—
Common stock, par value \$1 per share - authorized 450,000,000 shares; issued and outstanding - 2019 - 145,378,158 shares and 2018 - 145,936,613 shares	145,378	145,937
Additional paid-in capital	98,777	78,380
Accumulated other comprehensive loss	(1,141,308)	(1,115,078)
Retained earnings	4,571,860	4,341,212
Total parent equity	3,674,707	3,450,451
Noncontrolling interests in subsidiaries	20,793	21,540
Total equity	3,695,500	3,471,991
Total liabilities and equity	\$ 14,645,629	\$ 12,683,040

See accompanying notes.

**Genuine Parts Company and Subsidiaries**  
**Consolidated Statements of Income and Comprehensive Income**  
**(In Thousands, Except per Share Amounts)**

	Year Ended December 31,		
	2019	2018	2017
Net sales	\$ 19,392,305	\$ 18,735,073	\$ 16,308,801
Cost of goods sold	13,076,036	12,751,286	11,402,403
Gross margin	6,316,269	5,983,787	4,906,398
Operating expenses:			
Selling, administrative, and other expenses	4,934,167	4,615,290	3,726,233
Depreciation and amortization	270,288	241,635	167,691
Provision for doubtful accounts	14,905	17,147	13,932
Restructuring costs	112,184	—	—
Goodwill impairment charge	81,968	—	—
Total operating expenses	5,413,512	4,874,072	3,907,856
Non-operating expenses (income):			
Interest expense	95,711	101,925	41,486
Other	(66,011)	(67,822)	(52,212)
Special termination costs	42,757	—	—
Total non-operating expenses (income)	72,457	34,103	(10,726)
Income before income taxes	830,300	1,075,612	1,009,268
Income taxes	209,215	265,138	392,511
Net income	\$ 621,085	\$ 810,474	\$ 616,757
Basic net income per common share	\$ 4.26	\$ 5.53	\$ 4.19
Diluted net income per common share	\$ 4.24	\$ 5.50	\$ 4.18
Weighted average common shares outstanding	145,736	146,657	147,140
Dilutive effect of stock options and nonvested restricted stock awards	681	584	561
Weighted average common shares outstanding — assuming dilution	146,417	147,241	147,701
Net income	\$ 621,085	\$ 810,474	\$ 616,757
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	38,246	(233,235)	137,694
Net gain (loss) on cash flow and net investment hedges, net of income taxes of 2019 — \$16,600; 2018 — \$10,398; 2017 — \$9,711	13,617	28,114	(17,388)
Pension and postretirement benefit adjustments, net of income taxes of 2019 — \$5,036; 2018 — \$21,297; 2017 — \$20,539	44,433	(57,365)	40,123
Other comprehensive income (loss), net of tax	96,296	(262,486)	160,429
Comprehensive income	\$ 717,381	\$ 547,988	\$ 777,186

See accompanying notes.

**Genuine Parts Company and Subsidiaries**  
**Consolidated Statements of Equity**  
(In Thousands, Except Share Data and per Share Amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Parent Equity	Non- controlling Interests in Subsidiaries	Total Equity
	Shares	Amount						
Balance at January 1, 2017	148,410,422	\$ 148,410	\$ 56,605	\$ (1,013,021)	\$ 4,001,734	\$ 3,193,728	\$ 13,628	\$ 3,207,356
Net income	—	—	—	—	616,757	616,757	—	616,757
Other comprehensive income, net of tax	—	—	—	160,429	—	160,429	—	160,429
Cash dividends declared, \$2.70 per share	—	—	—	—	(396,891)	(396,891)	—	(396,891)
Share-based awards exercised, including tax benefit of \$3,134	131,232	132	(5,371)	—	—	(5,239)	—	(5,239)
Share-based compensation	—	—	16,892	—	—	16,892	—	16,892
Purchase of stock	(1,889,039)	(1,889)	—	—	(171,635)	(173,524)	—	(173,524)
Noncontrolling interest activities	—	—	—	—	—	—	38,376	38,376
Balance at December 31, 2017	146,652,615	146,653	68,126	(852,592)	4,049,965	3,412,152	52,004	3,464,156
Net income	—	—	—	—	810,474	810,474	—	810,474
Other comprehensive loss, net of tax	—	—	—	(262,486)	—	(262,486)	—	(262,486)
Cash dividends declared, \$2.88 per share	—	—	—	—	(422,352)	(422,352)	—	(422,352)
Share-based awards exercised, including tax benefit of \$4,232	235,058	235	(10,462)	—	—	(10,227)	—	(10,227)
Share-based compensation	—	—	20,716	—	—	20,716	—	20,716
Purchase of stock	(951,060)	(951)	—	—	(91,032)	(91,983)	—	(91,983)
Cumulative effect from adoption of ASU No. 2014-09, net of tax	—	—	—	—	(5,843)	(5,843)	—	(5,843)
Noncontrolling interest activities	—	—	—	—	—	—	(30,464)	(30,464)
Balance at December 31, 2018	145,936,613	145,937	78,380	(1,115,078)	4,341,212	3,450,451	21,540	3,471,991
Net income	—	—	—	—	621,085	621,085	—	621,085
Other comprehensive income, net of tax	—	—	—	96,296	—	96,296	—	96,296
Cash dividends declared, \$3.05 per share	—	—	—	—	(444,372)	(444,372)	—	(444,372)
Share-based awards exercised, including tax benefit of \$4,920	240,568	240	(11,653)	—	—	(11,413)	—	(11,413)
Share-based compensation	—	—	32,050	—	—	32,050	—	32,050
Purchase of stock	(799,023)	(799)	—	—	(73,388)	(74,187)	—	(74,187)
Cumulative effect from adoption of ASU No. 2018-02	—	—	—	(122,526)	122,526	—	—	—
Cumulative effect from adoption of ASU No. 2016-02, net of tax	—	—	—	—	4,797	4,797	—	4,797
Noncontrolling interest activities	—	—	—	—	—	—	(747)	(747)
Balance at December 31, 2019	<u>145,378,158</u>	<u>\$ 145,378</u>	<u>\$ 98,777</u>	<u>\$ (1,141,308)</u>	<u>\$ 4,571,860</u>	<u>\$ 3,674,707</u>	<u>\$ 20,793</u>	<u>\$ 3,695,500</u>

See accompanying notes.

**Genuine Parts Company and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In Thousands)

	Year Ended December 31		
	2019	2018	2017
<b>Operating activities</b>			
Net income	\$ 621,085	\$ 810,474	\$ 616,757
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	270,288	241,635	167,691
Excess tax benefits from share-based compensation	(4,920)	(4,232)	(3,134)
Deferred income taxes	(70,932)	3,891	65,990
Share-based compensation	32,050	20,716	16,892
Realized currency and other divestiture losses	41,499	—	—
Gain on equity investment	(38,663)	—	—
Goodwill impairment charge	81,968	—	—
Other operating activities	(13,801)	1,579	(18,040)
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(116,145)	(72,041)	(19,273)
Merchandise inventories, net	(66,202)	(73,173)	(9,923)
Trade accounts payable	70,679	364,639	61,474
Other short-term assets and liabilities	10,212	(97,864)	(1,544)
Other long-term assets and liabilities	74,892	(50,460)	(61,847)
Net cash provided by operating activities	892,010	1,145,164	815,043
<b>Investing activities</b>			
Purchases of property, plant and equipment	(297,869)	(232,422)	(156,760)
Proceeds from sale of property, plant and equipment	24,772	14,665	21,275
Proceeds from divestitures of businesses	434,609	—	—
Acquisitions of businesses and other investing activities	(724,718)	(278,367)	(1,494,795)
Net cash used in investing activities	(563,206)	(496,124)	(1,630,280)
<b>Financing activities</b>			
Proceeds from debt	5,037,168	5,064,291	6,630,294
Payments on debt	(4,897,769)	(5,124,265)	(4,350,222)
Payments on acquired debt of AAG	—	—	(833,775)
Share-based awards exercised	(11,413)	(10,227)	(5,239)
Dividends paid	(438,890)	(415,983)	(395,475)
Purchase of stock	(74,187)	(91,983)	(173,524)
Other financing activities	(871)	(30,663)	—
Net cash (used in) provided by financing activities	(385,962)	(608,830)	872,059
Effect of exchange rate changes on cash	603	(21,562)	15,198
Net (decrease) increase in cash and cash equivalents	(56,555)	18,648	72,020
Cash and cash equivalents at beginning of year	333,547	314,899	242,879
Cash and cash equivalents at end of year	\$ 276,992	\$ 333,547	\$ 314,899

**Supplemental disclosures of cash flow information**

Cash paid during the year for:

Income taxes	\$ 303,736	\$ 236,536	\$ 298,827
Interest	\$ 95,281	\$ 102,131	\$ 38,401

See accompanying notes.