

**Genuine Parts Company and Subsidiaries**  
**Consolidated Balance Sheets**

	December 31	
	2017	2016
	(In Thousands, Except Share Data and per Share Amounts)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	\$ 314,899	\$ 242,879
Trade accounts receivable, net .....	2,421,563	1,938,562
Merchandise inventories, net .....	3,771,089	3,210,320
Prepaid expenses and other current assets .....	805,342	556,670
Total current assets .....	7,312,893	5,948,431
Goodwill .....	2,153,988	956,153
Other intangible assets, less accumulated amortization .....	1,400,392	618,510
Deferred tax assets .....	40,158	132,652
Other assets .....	568,248	475,530
Property, plant, and equipment:		
Land .....	104,049	92,046
Buildings, less accumulated depreciation (2017 — \$317,777; 2016 — \$292,049) .....	371,612	314,268
Machinery and equipment, less accumulated depreciation (2017 — \$726,576; 2016 — \$668,950) .....	461,041	321,810
Net property, plant, and equipment .....	936,702	728,124
	<u>\$12,412,381</u>	<u>\$ 8,859,400</u>
<b>Liabilities and equity</b>		
Current liabilities:		
Trade accounts payable .....	\$ 3,634,859	\$ 3,081,111
Current portion of debt .....	694,989	325,000
Accrued compensation .....	198,048	142,942
Other current liabilities .....	847,129	597,513
Dividends payable .....	99,000	97,584
Total current liabilities .....	5,474,025	4,244,150
Long-term debt .....	2,550,020	550,000
Pension and other post-retirement benefit liabilities .....	229,868	341,510
Deferred tax liabilities .....	193,308	48,326
Other long-term liabilities .....	501,004	468,058
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 — 2017 — 146,652,615 shares and 2016 — 148,410,422 shares .....	146,653	148,410
Additional paid-in capital .....	68,126	56,605
Accumulated other comprehensive loss .....	(852,592)	(1,013,021)
Retained earnings .....	4,049,965	4,001,734
Total parent equity .....	3,412,152	3,193,728
Noncontrolling interests in subsidiaries .....	52,004	13,628
Total equity .....	<u>3,464,156</u>	<u>3,207,356</u>
	<u>\$12,412,381</u>	<u>\$ 8,859,400</u>

See accompanying notes.

**Genuine Parts Company and Subsidiaries**  
**Consolidated Statements of Income and Comprehensive Income**

	Year Ended December 31		
	2017	2016	2015
	(In Thousands, Except per Share Amounts)		
Net sales	<b>\$16,308,801</b>	\$15,339,713	\$15,280,044
Cost of goods sold	<b>11,402,403</b>	10,740,106	10,724,192
Gross margin	<b>4,906,398</b>	4,599,607	4,555,852
Operating expenses:			
Selling, administrative, and other expenses	<b>3,705,136</b>	3,370,833	3,277,390
Depreciation and amortization	<b>167,691</b>	147,487	141,675
Provision for doubtful accounts	<b>13,932</b>	11,515	12,373
Total operating expenses	<b>3,886,759</b>	3,529,835	3,431,438
Non-operating expenses (income) :			
Interest expense	<b>41,486</b>	21,084	21,662
Other	<b>(31,115)</b>	(25,652)	(20,929)
Total non-operating expenses (income)	<b>10,371</b>	(4,568)	733
Income before income taxes	<b>1,009,268</b>	1,074,340	1,123,681
Income taxes	<b>392,511</b>	387,100	418,009
Net income	<b>\$ 616,757</b>	\$ 687,240	\$ 705,672
Basic net income per common share	<b>\$ 4.19</b>	\$ 4.61	\$ 4.65
Diluted net income per common share	<b>\$ 4.18</b>	\$ 4.59	\$ 4.63
Weighted average common shares outstanding	<b>147,140</b>	149,051	151,667
Dilutive effect of stock options and nonvested restricted stock awards	<b>561</b>	753	829
Weighted average common shares outstanding — assuming dilution	<b>147,701</b>	149,804	152,496
Net income	<b>\$ 616,757</b>	\$ 687,240	\$ 705,672
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	<b>137,694</b>	(8,957)	(207,986)
Net investment hedge, net of income taxes of 2017 — \$9,711	<b>(17,388)</b>	—	—
Pension and postretirement benefit adjustments, net of income taxes of 2017 — (\$20,539); 2016 — \$50,144; 2015 — \$5,335	<b>40,123</b>	(73,446)	(2,421)
Other comprehensive income (loss), net of tax	<b>160,429</b>	(82,403)	(210,407)
Comprehensive income	<b>\$ 777,186</b>	\$ 604,837	\$ 495,265

See accompanying notes.

**Genuine Parts Company and Subsidiaries**

**Consolidated Statements of Cash Flows**

	Year Ended December 31		
	2017	2016	2015
	(In Thousands)		
<b>Operating activities</b>			
Net income	\$ 616,757	\$ 687,240	\$ 705,672
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	167,691	147,487	141,675
Excess tax benefits from share-based compensation	(3,134)	(12,021)	(7,024)
Gain on sale of property, plant, and equipment	(3,989)	(15,237)	(3,189)
Deferred income taxes	65,990	33,226	35,544
Share-based compensation	16,892	19,719	17,717
Foreign exchange gain	(14,051)	—	—
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(19,273)	(53,544)	1,974
Merchandise inventories, net	(9,923)	(64,214)	(21,821)
Trade accounts payable	61,474	240,717	331,419
Other short-term assets and liabilities	(1,544)	37,271	967
Other long-term assets and liabilities	(61,847)	(74,566)	(43,561)
	<u>198,286</u>	<u>258,838</u>	<u>453,701</u>
Net cash provided by operating activities	815,043	946,078	1,159,373
<b>Investing activities</b>			
Purchases of property, plant and equipment	(156,760)	(160,643)	(109,544)
Proceeds from sale of property, plant, and equipment	21,275	28,811	8,618
Acquisition of businesses and other investing activities	(1,494,795)	(462,167)	(162,701)
Net cash used in investing activities	(1,630,280)	(593,999)	(263,627)
<b>Financing activities</b>			
Proceeds from debt	6,630,294	4,350,000	3,862,224
Payments on debt	(4,350,222)	(4,100,000)	(4,005,191)
Payments on acquired debt	(833,775)	—	—
Share-based awards exercised, net of taxes paid	(5,239)	(16,147)	(9,572)
Excess tax benefits from share-based compensation	—	12,021	7,024
Dividends paid	(395,475)	(386,863)	(368,284)
Purchase of stock	(173,524)	(181,417)	(292,275)
Net cash provided by (used in) financing activities	872,059	(322,406)	(806,074)
Effect of exchange rate changes on cash	15,198	1,575	(15,771)
Net increase in cash and cash equivalents	72,020	31,248	73,901
Cash and cash equivalents at beginning of year	242,879	211,631	137,730
Cash and cash equivalents at end of year	<u>\$ 314,899</u>	<u>\$ 242,879</u>	<u>\$ 211,631</u>
<b>Supplemental disclosures of cash flow information</b>			
Cash paid during the year for:			
Income taxes	\$ 298,827	\$ 374,865	\$ 352,153
Interest	\$ 38,401	\$ 19,043	\$ 23,687

See accompanying notes.