



Genuine Parts Co. (GPC)

Updated February 21st, 2025, by Josh Arnold

Key Metrics

Current Price:	\$123	5 Year CAGR Estimate:	11.2%	Market Cap:	\$17 B
Fair Value Price:	\$119	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	03/07/25 ¹
% Fair Value:	103%	5 Year Valuation Multiple Estimate:	-0.6%	Dividend Payment Date:	04/02/25
Dividend Yield:	3.3%	5 Year Price Target	\$183	Years Of Dividend Growth:	69
Dividend Risk Score:	A	Retirement Suitability Score:	A	Rating:	Buy

Overview & Current Events

Genuine Parts Company was founded in 1928 and since that time, it has grown into a sprawling conglomerate that sells automotive and industrial parts, electrical materials, and general business products. Its global span reaches throughout North America, Australia, New Zealand, and Europe and is comprised of more than 3,000 locations. It has about 63,000 employees and trades with a market capitalization of \$17 billion, with about \$24 billion in annual revenue. Genuine Parts is also a Dividend King, having raised its dividend for an incredible 69 consecutive years.

Genuine Parts posted fourth quarter and full-year earnings on February 18th, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to \$1.61, which was six cents ahead of estimates. Revenue was up 3.3% year-over-year to \$5.8 billion, beating estimates by \$90 million.

The company noted acquisitions added 3.2% to sales, forex translation added 0.6%, and comparable sales fell 0.5%. The quarter also included one additional selling day, which positively impacted sales growth by 1.1%.

Industrial sales were down 1.2% to \$2.1 billion, on a -1.7% comparable sales performance, -0.3% forex translation, and +0.8% from acquisitions. Global automotive segment sales were up 6.1%, with +4.6% from acquisitions, 1.3% from forex translation, and +0.2% from comparable sales.

Adjusted gross profit was up 50 basis points as a percentage of sales to 36.9%. The company generated operating cash flow of \$1.3 billion for the full year. Genuine Parts ended the year with \$2 billion in total liquidity, including \$480 million in cash and \$1.5 billion in revolving credit facility availability.

Management forecasts sales growth of 2% to 4% for this year, and earnings-per-share of \$7.75 to \$8.25. We've initiated 2025 with an estimate of \$7.95.

The company also boosted its dividend by 3%, its 69th consecutive year of dividend increases.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$4.63	\$4.59	\$4.71	\$5.68	\$5.69	\$5.27	\$6.91	\$8.34	\$9.33	\$8.16	\$7.95	\$12.23
DPS	\$2.46	\$2.63	\$2.70	\$2.88	\$3.05	\$3.16	\$3.28	\$3.58	\$3.80	\$4.00	\$4.12	\$5.78
Shares²	150	148	147	147	146	144	142	142	139	139	139	137

Earnings-per-share growth has seen stops and starts but over the long-term, Genuine Parts delivers. The company's businesses are all what could be considered staples as it serves businesses and consumers in areas where there is likely to be demand for the long run. The company's acquisitions have led the way in terms of growth and will continue to do so moving forward. We are forecasting 9% annualized earnings-per-share growth for the next five years in a normalization from what should be fairly low earnings in 2025. The company's nearly constant acquisitions should help keep the top line moving, but we note significant margin deterioration of late in both of its primary segments. We note margins improved late in 2024, but investors should monitor whether that continues into this year.

¹ Estimated date

² Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Genuine Parts’ pipeline of new acquisitions should keep the trend of higher revenue in place for the foreseeable future, with sales growth being the primary driver of earnings-per-share growth moving forward, in concert with a small amount of share repurchases.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	19.5	20.8	19.2	17.0	17.8	17.1	17.7	20.8	14.8	14.3	15.5	15.0
Avg. Yld.	2.7%	2.8%	3.0%	3.0%	3.0%	3.5%	2.7%	2.0%	2.7%	3.4%	3.3%	3.1%

Genuine Parts’ price-to-earnings ratio rose steadily in the period from 2009 to 2017, moving from 13.8 to 19.2 in that time frame. The stock now trades for 15.5 times our earnings estimate for this year as earnings estimate growth is outpacing the share price. With the price-to-earnings ratio below our long-term fair value estimate at 15, we see a small annual headwind to total returns from the valuation. We note we’ve reduced the fair value estimate multiple on heavily revised guidance on the assumption investors will pay less for GPC for the foreseeable future.

Genuine Parts is famous for its dividend, as its 69 consecutive years of increases makes it a Dividend King. The current yield of 3.3% is slightly elevated relative to historical norms.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	52%	56%	57%	51%	54%	60%	47%	43%	41%	49%	52%	47%

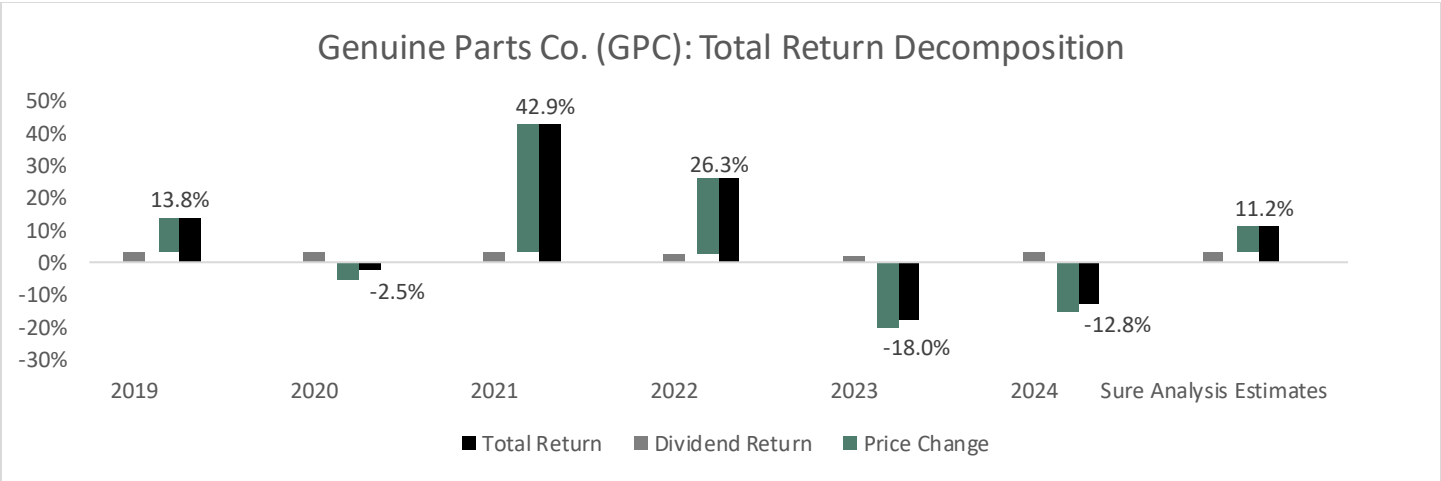
Genuine Parts’ payout ratio had been quite steady between 50% and 60% of earnings for many years, and is there again today. We see the dividend rising at roughly the pace of earnings growth, keeping the payout ratio at around half of earnings in the years to come, consistent with the past decade.

Genuine Parts’ competitive advantages include its wide array of industries and customers served, geographic reach and the fact that it sells what amount to industrial staples. Genuine Parts is still prone to earnings declines during recessions but performs relatively well; this is a defensive stock for a retailer/wholesaler.

Final Thoughts & Recommendation

Overall, Genuine Parts Company looks overvalued based upon its current valuation. Given this, we are expecting total annual returns of 11.2% for the next five years. Returns could accrue from the current 3.3% yield and 9% earnings growth, as well as a fractional headwind from the valuation. Given this total return outlook, we’re reiterating the stock at a buy rating after 2024 results, but note there is significant uncertainty ahead given 2025 guidance.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	15,280	15,340	16,309	16,832	17,522	16,537	18,871	22,096	23,091	23,487
Gross Profit	4,556	4,600	4,906	5,520	5,860	5,655	6,634	7,740	8,291	8,524
Gross Margin	29.8%	30.0%	30.1%	32.8%	33.4%	34.2%	35.2%	35.0%	35.9%	36.3%
SG&A Exp.	3,277	3,392	3,726	4,241	4,578	4,387	5,163	5,758	6,167	6,643
D&A Exp.	142	147	168	228	257	273	291	348	351	408
Operating Profit	1,124	1,049	999	1,035	1,011	972	1,163	1,614	1,747	1,443
Op. Margin	7.4%	6.8%	6.1%	6.1%	5.8%	5.9%	6.2%	7.3%	7.6%	3.8%
Net Profit	706	687	617	810	621	(29)	899	1,183	1,317	904
Net Margin	4.6%	4.5%	3.8%	4.8%	3.5%	-0.2%	4.8%	5.4%	5.7%	2.9%
Free Cash Flow	1,050	785	658	919	614	1,866	992	1,127	923	684
Income Tax	418	387	393	245	213	216	302	390	426	272

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	8,145	8,859	12,412	12,683	14,646	13,440	14,352	16,495	17,968	19,283
Cash & Equivalents	212	243	315	334	277	990	715	653	1,102	480
Accounts Receivable	1,822	1,939	2,422	2,494	2,440	1,557	1,798	2,189	2,223	2,183
Inventories	3,000	3,210	3,771	3,609	3,444	3,506	3,890	4,442	4,677	5,514
Goodwill & Int. Ass.	1,362	1,575	3,554	3,540	3,786	3,416	3,322	4,401	4,528	4,696
Total Liabilities	4,986	5,652	8,948	9,211	10,950	10,222	10,849	12,691	13,551	14,931
Accounts Payable	2,822	3,081	3,635	3,996	3,948	4,128	4,805	5,457	5,500	5,924
Long-Term Debt	625	875	3,245	3,143	3,426	2,677	2,409	3,329	3,906	4,284
Shareholder's Equity	3,147	3,194	3,412	3,450	3,675	3,205	3,491	3,790	4,401	4,337
LTD/E Ratio	0.20	0.27	0.95	0.91	0.93	0.84	0.69	0.88	0.89	0.99

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.6%	8.1%	5.8%	6.5%	4.5%	-0.2%	6.5%	7.7%	7.6%	4.9%
Return on Equity	21.9%	21.7%	18.7%	23.6%	17.4%	-0.8%	26.8%	32.5%	32.0%	20.6%
ROIC	18.0%	17.5%	11.4%	12.2%	9.0%	-0.4%	15.2%	18.1%	17.0%	10.7%
Shares Out.	150	148	147	147	146	144	142	142	141	140
Revenue/Share	100.2	102.40	110.42	114.31	119.67	113.96	130.84	155.25	163.72	168.16
FCF/Share	6.88	5.24	4.46	6.24	4.19	12.86	6.88	7.92	6.54	4.90

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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