



# Genuine Parts Co. (GPC)

Updated October 27<sup>th</sup>, 2025, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$131	<b>5 Year CAGR Estimate:</b>	7.1%	<b>Market Cap:</b>	\$18.2 B
<b>Fair Value Price:</b>	\$115	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	12/06/25 <sup>1</sup>
<b>% Fair Value:</b>	114%	<b>5 Year Valuation Multiple Estimate:</b>	-2.6%	<b>Dividend Payment Date:</b>	01/02/26
<b>Dividend Yield:</b>	3.1%	<b>5 Year Price Target</b>	\$161	<b>Years Of Dividend Growth:</b>	69
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## 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 \$18.2 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 third quarter earnings on October 21<sup>st</sup>, 2025, and results were mixed. Adjusted earnings-per-share came to \$1.98, which missed by a penny. Revenue was up 5% year-over-year to \$6.3 billion, beating estimates by \$180 million. Sales were up due to a 2.3% increase in comparable sales, a 1.8% gain from acquisitions, and a 0.8% tailwind from forex translation.

The Industrial segment saw sales gain 4.6% to \$2.3 billion, which was due to a 3.7% increase in comparable sales, a 1.1% gain from acquisitions, and a 0.2% unfavorable impact from forex.

Automotive segment sales were 5% higher to \$4 billion. This was due to a 2.3% benefit from acquisitions, a 1.6% increase in comparable sales, and a 1.1% favorable impact from forex.

Cash flow from operations came to \$511 million in the first nine months of the year, and ended the quarter with \$431 million in cash and equivalents.

We now have an estimate of \$7.65 in adjusted earnings-per-share for this year.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$4.63	\$4.59	\$4.71	\$5.68	\$5.69	\$5.27	\$6.91	\$8.34	\$9.33	\$8.16	<b>\$7.65</b>	<b>\$10.73</b>
<b>DPS</b>	\$2.46	\$2.63	\$2.70	\$2.88	\$3.05	\$3.16	\$3.28	\$3.58	\$3.80	\$4.00	<b>\$4.12</b>	<b>\$5.26</b>
<b>Shares<sup>2</sup></b>	150	148	147	147	146	144	142	142	139	139	<b>139</b>	<b>137</b>

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 7% 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 were virtually flat in 2025.

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

<sup>1</sup> Estimated date

<sup>2</sup> Share count in millions

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amount of share repurchases. The major risk now is sales growth as OEMs see less demand on tariff-related pricing increases, and the margin impacts that could hit GPC as a result.

## 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	17.1	15.0
Avg. Yld.	2.7%	2.8%	3.0%	3.0%	3.0%	3.5%	2.7%	2.0%	2.7%	3.4%	3.1%	3.3%

The price-to-earnings ratio has been fairly steady in recent years under 15. The stock now trades for 17.1 times our earnings estimate for this year after relatively weak Q3 earnings. With the price-to-earnings ratio above 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 3.1% is 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%	54%	49%

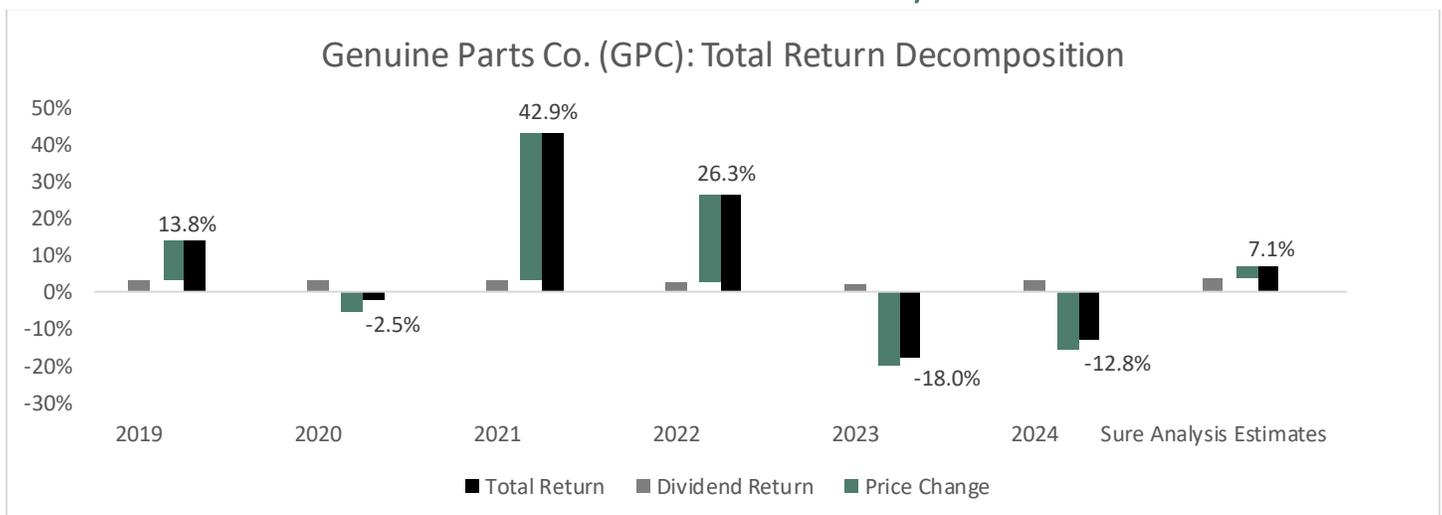
Genuine Parts' payout ratio had been quite steady between 50% and 60% of earnings for many years, and is there again today. We see the dividend rising at roughly the pace of earnings growth, keeping the payout ratio at around half of earnings in the years to come, consistent with the past decade.

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 7.1% for the next five years. Returns could accrue from the current 3.1% yield and 7% earnings growth, as well as a small headwind from the valuation. Given this total return outlook, we are reiterating our hold rating, but note there is significant uncertainty ahead given 2025 guidance, including the impact of tariffs.

## Total Return Breakdown by Year



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## Income Statement Metrics

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

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	8,145	8,859	12,412	12,683	14,646	13,440	14,352	16,495	17,968	19,283
<b>Cash &amp; Equivalents</b>	212	243	315	334	277	990	715	653	1,102	480
<b>Accounts Receivable</b>	1,822	1,939	2,422	2,494	2,440	1,557	1,798	2,189	2,223	2,183
<b>Inventories</b>	3,000	3,210	3,771	3,609	3,444	3,506	3,890	4,442	4,677	5,514
<b>Goodwill &amp; Int. Ass.</b>	1,362	1,575	3,554	3,540	3,786	3,416	3,322	4,401	4,528	4,696
<b>Total Liabilities</b>	4,986	5,652	8,948	9,211	10,950	10,222	10,849	12,691	13,551	14,931
<b>Accounts Payable</b>	2,822	3,081	3,635	3,996	3,948	4,128	4,805	5,457	5,500	5,924
<b>Long-Term Debt</b>	625	875	3,245	3,143	3,426	2,677	2,409	3,329	3,906	4,284
<b>Shareholder's Equity</b>	3,147	3,194	3,412	3,450	3,675	3,205	3,491	3,790	4,401	4,337
<b>LTD/E Ratio</b>	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
<b>Return on Assets</b>	8.6%	8.1%	5.8%	6.5%	4.5%	-0.2%	6.5%	7.7%	7.6%	4.9%
<b>Return on Equity</b>	21.9%	21.7%	18.7%	23.6%	17.4%	-0.8%	26.8%	32.5%	32.0%	20.6%
<b>ROIC</b>	18.0%	17.5%	11.4%	12.2%	9.0%	-0.4%	15.2%	18.1%	17.0%	10.7%
<b>Shares Out.</b>	150	148	147	147	146	144	142	142	141	140
<b>Revenue/Share</b>	100.2	102.40	110.42	114.31	119.67	113.96	130.84	155.25	163.72	168.16
<b>FCF/Share</b>	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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