



# Creating Customers for *Life*



First Quarter Earnings Release, FY2014



## Forward-Looking Statements

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Certain statements contained in this presentation are forward-looking statements. Forward-looking statements typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy” and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: credit market conditions; the impact of recessionary conditions; competition; product demand; the ability to hire and retain qualified employees; consumer debt levels; inflation; weather; raw material costs of our suppliers; energy prices; war and the prospect of war, including terrorist activity; availability of consumer transportation; construction delays; access to available and feasible financing; and changes in laws or regulations. Certain of these risks are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of our Annual Report on Form 10-K for the year ended August 31, 2013, and these Risk Factors should be read carefully.



# First Quarter Fiscal 2014 Conference Call

December 10, 2013



*The AutoZone Pledge -*

*AutoZoners always put customers first!*

*We know our parts and products.*

*Our stores look great!*

*We've got the best merchandise at the right price.*



# First Quarter FY 2014 P&L

	12 Weeks Ended		12 Weeks Ended		
in millions (excluding EPS and percentages)	11/23/2013		11/17/2012		B(+)/W(-)
Net Sales	\$	2,094	\$	1,991	+ 5%
Gross Margin		51.9%		51.8%	+ 3 bps
Operating Expense Ratio		33.5%		33.6%	+ 5 bps
Operating Profit (EBIT)	\$	384	\$	363	+ 6%
Operating (EBIT) Margin		18.3%		18.2%	+ 8 bps
Interest	\$	42.4	\$	41.1	- 3%
Tax Rate		36.1%		36.9%	
Net Income	\$	218	\$	203	+ 7%
Diluted Shares		34.7		37.6	+ 8%
Diluted EPS	\$	6.29	\$	5.41	+ 16%



## Growth Priorities

- **U.S. Retail (DIY)**
- Commercial (DIFM)
- International
- Digital Integration



# New Store Highlights

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	<u>1st Quarter</u>	<u>Total Store Count</u>
<b>Beginning Domestic AutoZone Stores:</b>		<b>4,836</b>
New	7	
Relocated	1	
Closed	0	
<b>Ending Domestic AutoZone Stores:</b>		<b>4,843</b>
<b>Domestic stores square footage (000's)</b>		<b>31,458</b>
New Mexico stores	1	
<b>Ending Mexico Stores</b>		<b>363</b>
New Brazil store	1	
<b>Ending Brazil Stores</b>		<b>4</b>
<b>Ending Total Store Count</b>		<b>5,210</b>
<b>Total stores square footage (000's)</b>		<b>34,137</b>
<b>Total stores square footage per store</b>		<b>6,552</b>



## Growth Priorities

- U.S. Retail (DIY)
- **Commercial (DIFM)**
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# Q1 Commercial Highlights

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	<b># of Commercial Programs</b>	
<b>Total Commercial Programs</b>	<b>3,546</b>	
<b>% increase in programs vs. LY</b>	<b>14.8%</b>	
	<b><u>1st</u></b>	<b><u>Trailing</u></b>
	<b><u>Quarter</u></b>	<b><u>Four Quarters</u></b>
<b>Domestic Commercial Sales: (\$ millions)</b>	<b>\$348.7</b>	<b>\$1,501.7</b>
<b>% increase in sales</b>	<b>13.9%</b>	<b>13.0%</b>



# Q1 FY 2014 Total Cash Flow

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<b>\$ Millions</b>	<b>12 weeks ended <u>11/23/2013</u></b>	<b>12 weeks ended <u>11/17/2012</u></b>
Net increase (decrease) in cash and cash equivalents	\$ (16)	\$ (3)
Subtract increase (decrease) in debt	(14)	34
Add back share repurchases	<u>292</u>	<u>317</u>
Cash flow before share repurchases & changes in debt	<u>\$ 289</u>	<u>\$ 280</u>
Ending debt	<u><u>\$ 4,174</u></u>	<u><u>\$ 3,803</u></u>



# Balance Sheet Highlights

<b>\$ Millions</b>	<b><u>11/23/2013</u></b>	<b><u>11/17/2012</u></b>	<b><u>H/(L)</u></b>
<b>Inventory</b>	<b>\$ 2,948</b>	<b>\$ 2,702</b>	<b>+ 9%</b>
<b>Inventory/store</b>	<b>\$ 0.566</b>	<b>\$ 0.537</b>	<b>+ 5%</b>
<b>Inventory, net of payables</b>	<b>\$ (460)</b>	<b>\$ (320)</b>	
<b>Inv., net of payables/store</b>	<b>\$ (0.088)</b>	<b>\$ (0.064)</b>	
<b>Inventory turns</b>	<b>1.6x</b>	<b>1.6x</b>	
<b>Working capital</b>	<b>\$ (963)</b>	<b>\$ (682)</b>	
<b>Net fixed assets</b>	<b>\$ 3,109</b>	<b>\$ 2,890</b>	<b>+ 8%</b>
<b>Debt</b>	<b>\$ 4,174</b>	<b>\$ 3,803</b>	<b>+ 10%</b>
<b>Stockholders' (Deficit)</b>	<b>\$ (1,721)</b>	<b>\$ (1,591)</b>	

# Strong Financial Disciplines



'Creating Customers for Life!'  
Continued EPS growth

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- Grow Retail Sales
  - Refinement of parts coverage
  - Deploy inventory more effectively across network with specific emphasis on utilizing Hub network more effectively
  - Invest in AutoZoner training and retention
  - Make sure our stores look great
  - Make sure we put our customers first in everything we do
  - Customer service will continue to be our key point of differentiation
- Grow Commercial Sales
  - Currently, small % of domestic sales & 2.5%\* market share today
  - Continue focus on building best-in-class B2B sales organization
  - Focused on profitable growth
- Prudently paced International growth
- Relentless focus on managing costs

\*Based on AAIA 2014 Factbook Commercial Industry estimated 2013 size of \$59.377B



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