



AutoZone Announces Fiscal 1998 Net Income Up 17%; EPS Up 16%; Fourth Quarter Net Income and EPS Up 13%; Fourth Quarter Sales Exceed \$1 Billion

October 5, 1998

MEMPHIS, Tenn., Oct. 5 /PRNewswire/ -- AutoZone, Inc. (NYSE: AZO), today reported net income for the 16 weeks ended August 29, 1998, of \$92.1 million, an increase of 13% from \$81.5 million for the fiscal fourth quarter of 1997. Diluted earnings per share increased 13% to 60 cents from 53 cents. Sales for the quarter rose 29% to \$1.22 billion from \$946 million a year earlier. Comparable store sales, or sales at stores opened prior to the start of fiscal 1997, were flat, compared to an increase of 8% in the prior year quarter.

For fiscal 1998, AutoZone reported net income of \$227.9 million, an increase of 17% from \$195.0 million for fiscal 1997. Diluted earnings per share increased 16% to \$1.48 from \$1.28. Sales for the year rose 20% to \$3.24 billion from \$2.69 billion a year earlier. Comparable store sales increased 2%, compared to an increase of 8% in 1997. Financial results for the fourth quarter include the operations of Chief Auto Parts from the date of acquisition, June 29, 1998, and the operations of TruckPro, acquired on May 1, 1998.

"This past year we've faced the challenges and opportunities of industry consolidation," said John C. Adams Jr., chairman and chief executive officer. "Acquisitions helped us increase our store count by 50% in fiscal 1998, and we're working very hard to bring these new stores to higher levels of customer service, sales and profitability. We are pleased to announce we have reached a real estate agreement to purchase 100 Express stores from Pep Boys. These stores are located throughout the U.S. and will be operated as AutoZone stores as soon as we can effect the conversion.

"We expect fiscal 1999 to be a year where we make significant progress in bringing our newly acquired stores up to AutoZone standards. We're just finishing the remodeling of the former Auto Palace stores, we're just beginning the conversion of Chief stores to the AutoZone name and we're starting to roll out a new TruckPro prototype. By this time next year, all acquired stores should be through the transition phase and helping us build momentum for future growth.

"We're also looking forward to the grand opening of our first test store outside of the United States. Our Nuevo Laredo store in northern Mexico will open shortly, and we'll be testing several other border area stores in the coming months. These efforts will be directed by Steve Valentine, our new senior vice president -- international. Steve was previously senior vice president -- systems technology and support, and chief information officer."

During the quarter, AutoZone acquired 560 Chief Auto Parts stores, opened 5 new Chief stores and closed 22; in addition, the company opened 113 new and replaced 3 AutoZone stores. For the year, the company opened 275 net new AutoZone stores and 12 replacement stores in addition to purchasing and converting 111 Auto Palace stores and acquiring 43 TruckPro stores.

AutoZone sells auto and light truck parts, chemicals and accessories through 2,114 AutoZone stores in 38 states and 543 Chief stores in 5 states. AutoZone also sells heavy-duty truck parts through 43 TruckPro stores in 14 states, and automotive diagnostic and repair software through ALLDATA.

Certain statements contained in this press release are forward-looking statements. These statements discuss, among other things, expected growth, domestic and international development and expansion strategy, business strategies and future performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including without limitation, competition, product demand, domestic and international economies, government approvals, the ability to hire and retain qualified employees, the ability to convert acquired stores in a timely and profitable manner, and the weather. Actual results may materially differ from anticipated results.

AUTOZONE FISCAL 4TH QUARTER FINANCIAL HIGHLIGHTS (In Thousands, Except Per-Share Data)

| | 16 Weeks Ended August 29, 1998 | 16 Weeks Ended August 30, 1997 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Net Sales | \$1,216,890 | \$946,388 |
| Gross profit | \$507,873 | \$395,915 |
| Operating profit | \$155,120 | \$133,461 |
| Income before income taxes | \$146,663 | \$130,573 |
| Net income | \$92,063 | \$81,523 |
| Net income per share: | | |
| Basic | \$0.60 | \$0.54 |
| Diluted | \$0.60 | \$0.53 |
| Weighted average shares: | | |
| Basic | 152,515 | 151,146 |
| Diluted | 154,432 | 152,892 |
| | Fiscal Year Ended August 29, 1998 | Fiscal Year Ended August 30, 1997 |
| Net sales | \$3,242,922 | \$2,691,440 |

| | | |
|-----------------------|-------------|-------------|
| Gross profit | \$1,353,075 | \$1,132,144 |
| Operating profit | \$382,307 | \$321,351 |
| Income before | | |
| income taxes | \$364,103 | \$312,508 |
| Net income | \$227,903 | \$195,008 |
| Net income per share: | | |
| Basic | \$1.50 | \$1.29 |
| Diluted | \$1.48 | \$1.28 |
| Weighted average | | |
| shares: | | |
| Basic | 152,160 | 150,726 |
| Diluted | 154,070 | 152,535 |