



DRIVE

FOR EXCELLENCE



Forward-Looking Statements

Certain statements contained in this presentation constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “seek,” “may,” “could” 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: product demand; energy prices; weather; competition; credit market conditions; access to available and feasible financing; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; war and the prospect of war, including terrorist activity; inflation; the ability to hire and retain qualified employees; construction delays; the compromising of confidentiality, availability or integrity of information, including cyber attacks; and raw material costs of suppliers.

Certain of these risks are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of this Annual Report on Form 10-K for the year ended August 25, 2018, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ from those contemplated by such forward-looking statements, and events described above and in the “Risk Factors” could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results.



Agenda

- Overview
- Industry Trends
- AutoZone Strengths
- AutoZone Growth Initiatives
- The Sector Leader



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.

Company Overview

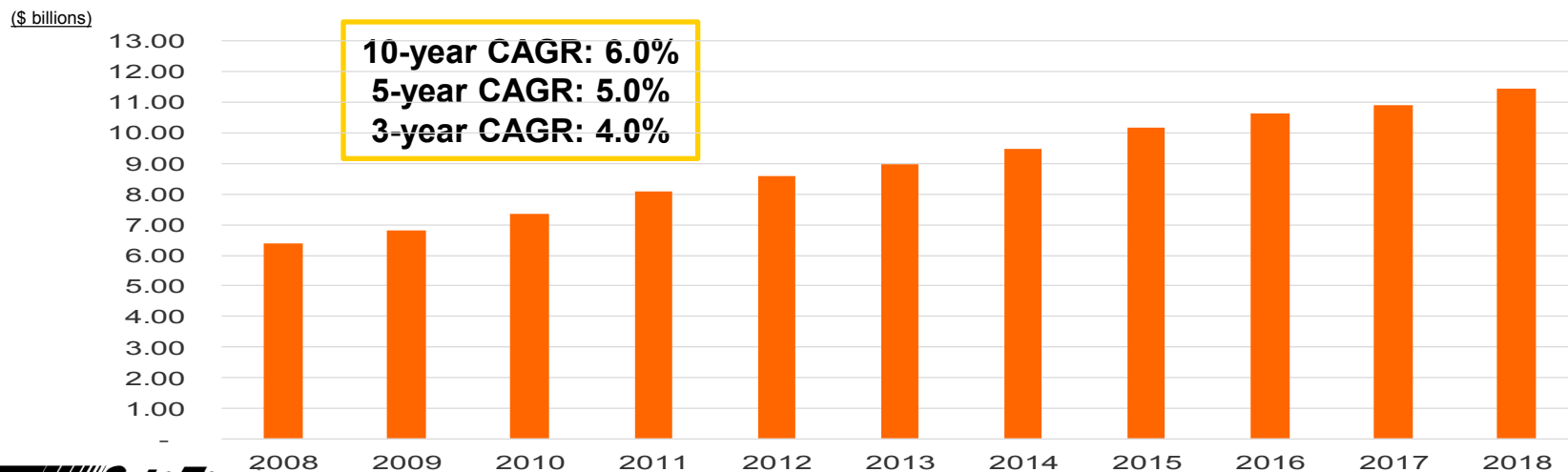
Extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products

- As of Q4 FY2018, AZO operated 5,618 stores in 50 states, the District of Columbia and Puerto Rico in the U.S., and 564 stores in Mexico, and 20 stores in Brazil
- As of Q4 FY2018, 4,741 U.S. stores also had commercial sales programs (84%)
- FY2018, net sales: \$11.2 billion and adjusted EBITDA of \$2.5 billion*

* Adjusted for \$323MM in SG&A charges taken in FY2018



Historical Net Sales

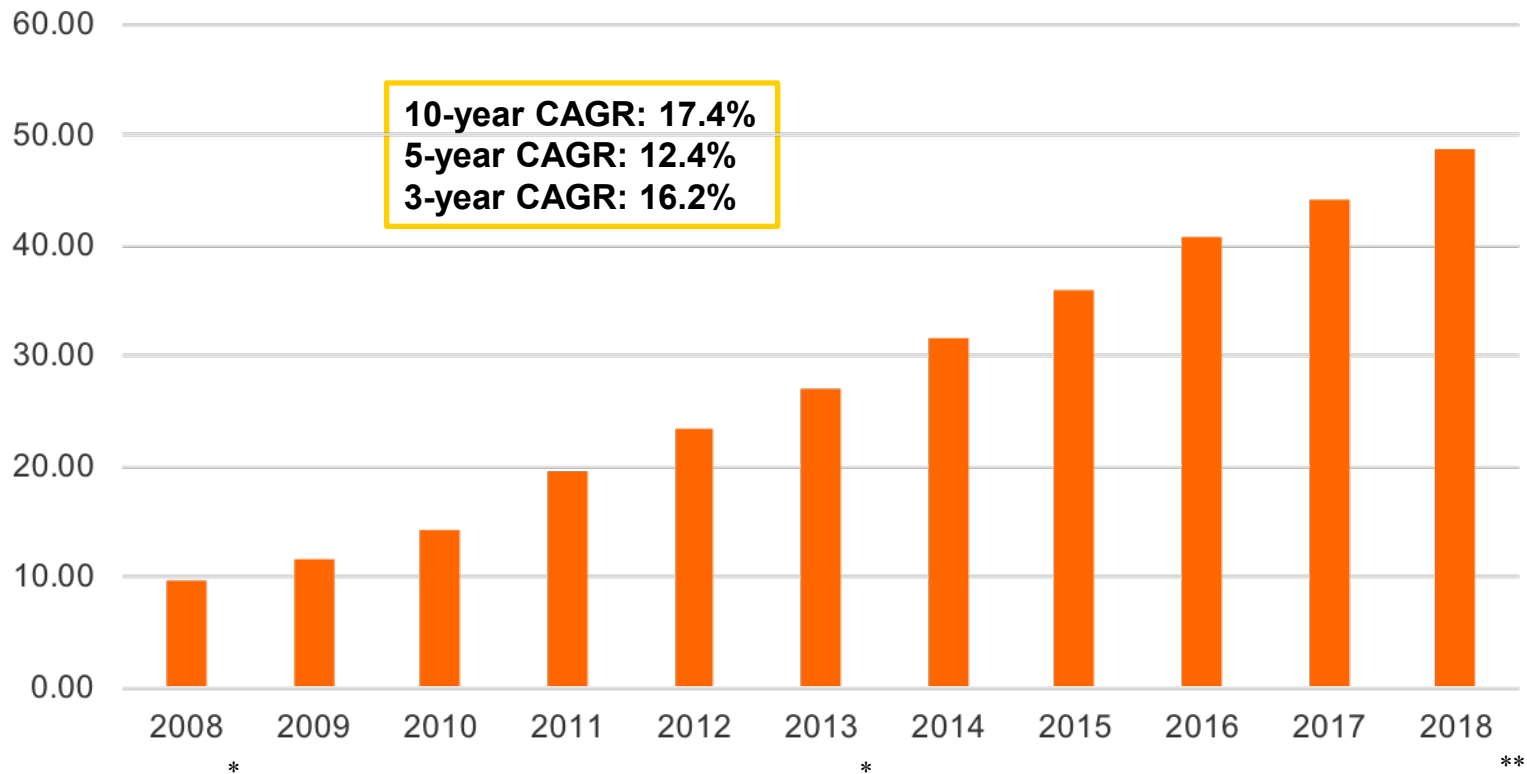


Financial Results

AZO: Record EPS

(FY ending August)

TOTAL EPS \$ GROWTH

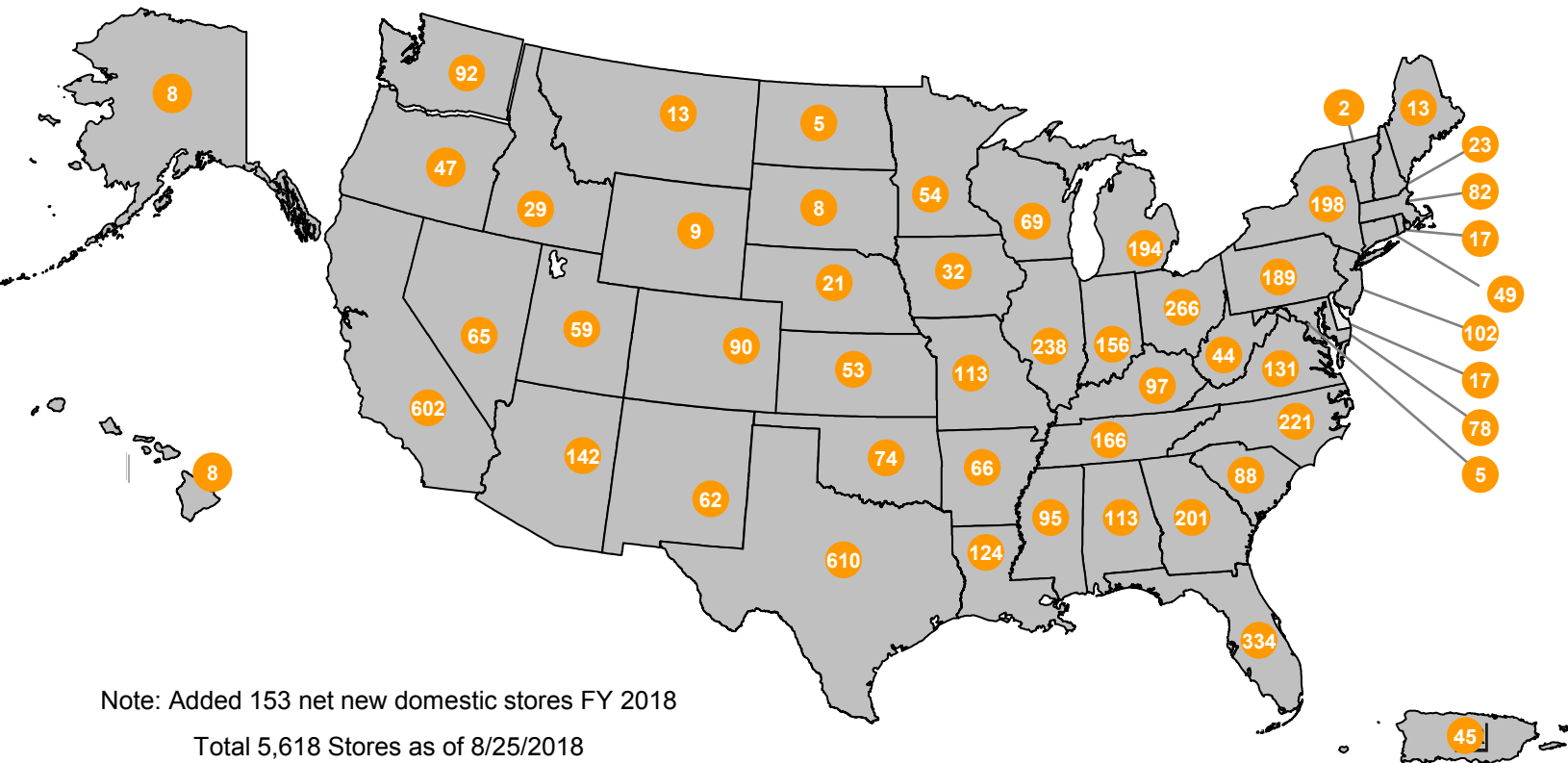


* 2008 & 2013 exclude 53rd week for comparison purposes

** 2018 EPS was impacted by \$323MM in pre-tax charges related to the sale of two businesses and the termination of the company's pension plan, partially offset by the lower effective tax rate due to recent tax reform

National U.S. Footprint at YE FY 2018

- Continued opportunity for further expansion

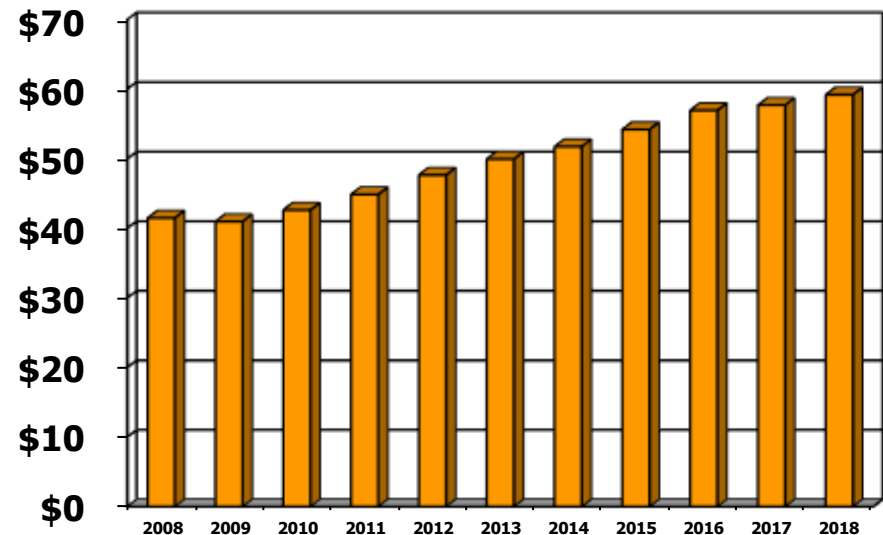


Positive Industry Dynamics: "Do-It-Yourself" Auto Aftermarket

- "Do-It-Yourself" auto aftermarket caters to individuals who maintain, repair and enhance vehicles without the aid of experts or professionals
 - ~\$59 billion per year industry
 - 10-year CAGR of 3.6%
- AutoZone has established a strong market presence within the industry
 - Market share rank: #1

DIY Annual Sales

10-year CAGR: 3.6%

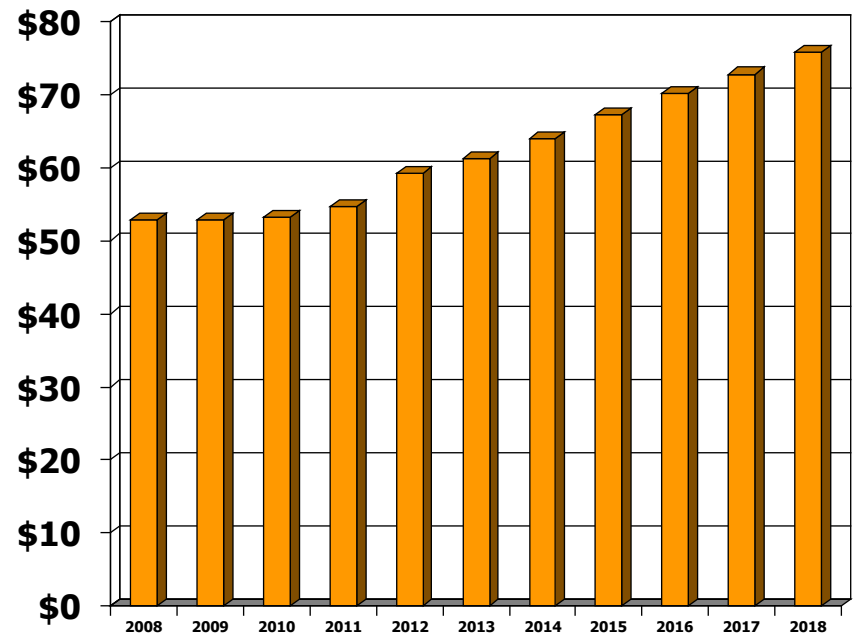


Source: 2019 AutoCare Factbook

Positive Industry Dynamics: "Do-It-For-Me" Commercial Auto Aftermarket

DIFM Annual Sales

10-year CAGR: 3.7%



- "Do-It-For-Me" auto aftermarket caters to individuals who prefer to have experts or professionals perform maintenance and repairs for them

- ~\$76 billion per year industry
- 10-year CAGR of 3.7%
- Highly fragmented industry

- AutoZone continues to establish itself within this market and is focused on growing this segment

- Sales: ~\$2.2 billion*
- Market share: 3%**

• * AutoZone Domestic Commercial FY2018

• ** Source: 2019 AutoCare Factbook

Fourth Quarter FY 2018 P&L*

	16 Weeks Ended		16 Weeks Ended		
in millions (excluding EPS and percentages)	8/25/2018*		8/26/17		B/(W)
Net Sales	\$	3,559	\$	3,513	+ 1.3%
Gross Margin		53.6%		52.8%	+ 83 bps
Operating Expense Ratio*		33.3%		32.6%	- 70 bps
Operating Profit (EBIT)*	\$	722	\$	708	+ 2.0%
Operating (EBIT) Margin*		20.3%		20.1%	+ 13 bps
Interest	\$	54	\$	51	- 5.7%
Tax Rate*		26.0%		33.9%	
Net Income*	\$	494	\$	434	+ 13.8%
Diluted Shares		26.6		28.4	+ 6.2%
Diluted EPS*	\$	18.54	\$	15.27	+ 21.4%

* Quarter ending 8/25/2018 adjusted for non-cash, pre-tax, operating expenses of \$130.263MM related to termination of company's pension plan



Growth Priorities

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



Positioned for Continued DIY Share Gains

Retail business (DIY), domestically, continues to gain market share in our industry

- Continuing to open ~150 stores yearly
- Opening more mega hub stores in 2019 to increase parts coverage
- With the benefit of recent tax reform, investing in payroll and technology to provide what our customers expect of us: Wow! Customer Service
- Continually adding new, innovative parts coverage

New Store Highlights

	<u>4th Quarter</u>	<u>Total Location Count</u>
Beginning Domestic Stores:		5,540
New	78	
Relocated	4	
Closed	0	
Ending Domestic Stores:		5,618
Domestic stores square footage (000's)		36,746
New Mexico stores	28	
Ending Mexico Stores		564
New Brazil stores	4	
Ending Brazil Stores		20
Total Stores		6,202
Square footage (000's)		41,066
Square footage per store		6,621



Growth Priorities

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



Q4 Commercial Highlights

	# of Commercial <u>Programs</u>	
Total Commercial Programs	4,741	
% increase in programs vs. LY	3.2%	
	4th	
	<u>Quarter</u>	<u>Trailing 4 Qtrs</u>
Domestic Commercial Sales:	\$731.8	\$2,214.2
(\$ millions)		
% increase in sales	8.8%	7.3%

Positioned for Continued Commercial Growth

Commercial business, domestically, continues to outpace DIY growth

- Gaining share
- Continuing to open programs across country – 84% of domestic stores today have a Commercial program
- Enhancing products and services to achieve first call status for targeted customers
- Focusing on availability – expanding our hub network
- Catering to both small accounts and national players



Balance Sheet Highlights

(\$ Millions)	<u>As of</u> <u>8/25/2018</u>	<u>As of</u> <u>8/26/2017</u>	<u>H/(L)</u>
Inventory	\$ 3,944	\$ 3,882	+ 1.6%
Inventory/location	\$ 636	\$ 644	- 1.2%
Inventory, net of payables	\$ (466)	\$ (287)	
Inv., net of payables/location	\$ (75)	\$ (48)	
Inventory turns	1.3x	1.4x	
Working capital	\$ (393)	\$ (155)	
Net fixed assets	\$ 4,218	\$ 4,031	+ 4.6%
Debt	\$ 5,006	\$ 5,081	- 1.5%
Stockholders' Deficit	\$ (1,520)	\$ (1,428)	- 6.4%

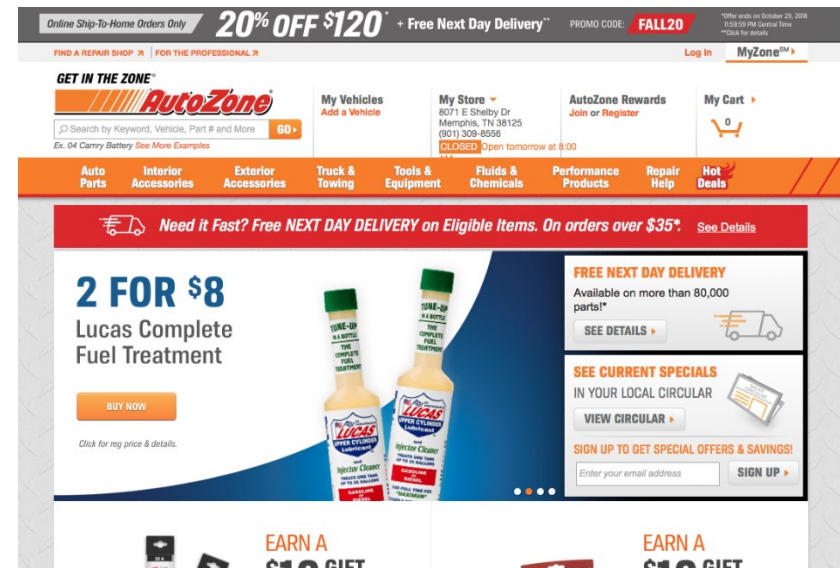
International Growth

- ~10% of total store base is now international
 - Mexico
 - 564 total stores – Q4 FY2018
 - Adding ~40 stores annually
 - Brazil
 - 20 stores – Q4 FY2018
 - Expect to add at least 10 additional stores in FY2019



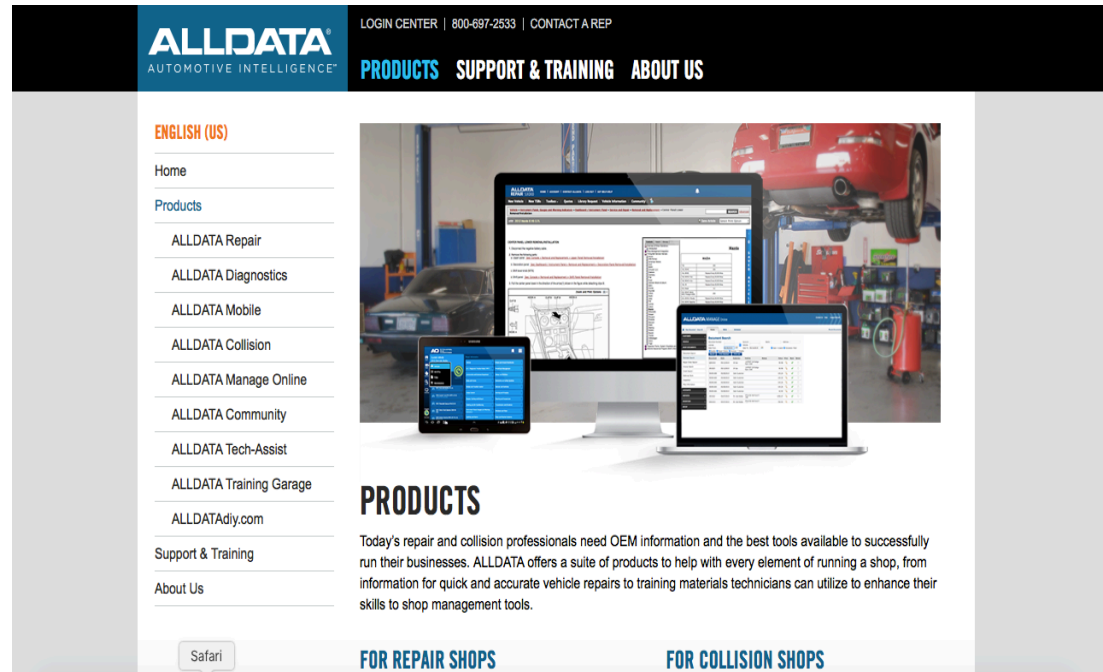
Digital

- AutoZone.com (B2C)
 - Ship to Home and BOPUS
 - New Next Day Delivery (NDD)
 - Provides customers with information and advice
 - Broad product offerings
 - Traffic driver to store
 - Continual focus on improving availability
- AutoZonePro.com (B2B)
 - Increasing online ordering penetration
 - Continuously improving functionality



ALLDATA

- Industry leading suite of products to help with every element of running a shop
- Over 80K customers
- Extending Offerings
 - Repair
 - Diagnostics
 - Mobile
 - Collision
 - Manage Online
 - International expansion



Strong Financial Disciplines

'Live The Pledge'
Continued EPS growth

- Grow Retail Sales
 - Make sure we put our customers first in everything we do
 - Customer service will continue to be our key point of differentiation
 - Improved parts coverage
 - Continue deploying inventory more effectively across network
 - Invest in AutoZoner training and retention
 - Make sure our stores look great
- Grow Commercial Sales
 - Currently, small % of Domestic sales & only 3%* overall market share
 - 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 Auto Care Association 2019 Factbook Commercial Industry estimated 2018 size of \$75.8B



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