



# ***DRIVE***

## ***FOR EXCELLENCE***



# Forward-Looking Statements

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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.



# Second Quarter Fiscal 2019 Conference Call

February 26, 2019



*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.***

# Second Quarter FY 2019 P&L

in millions (excluding EPS and percentages)	12 Weeks Ended	12 Weeks Ended	B/(W)	
	2/9/2019	2/10/2018		
Net Sales	\$ 2,451	\$ 2,413	+	1.6%
Gross Margin	54.1%	52.9%	+	115 bps
Operating Expense Ratio	37.7%	44.4%	+	667 bps
Operating Profit (EBIT)	\$ 400	\$ 205	+	95.0%
Operating (EBIT) Margin	16.3%	8.5%	+	782 bps
Interest	\$ 41	\$ 39	-	5.1%
Tax Rate	17.8%	-74.7%		
Net Income	\$ 295	\$ 290	+	1.8%
Diluted Shares	25.6	27.9	+	8.0%
Diluted EPS	\$ 11.49	\$ 10.38	+	10.7%

# YTD Second Quarter FY 2019 P&L

	24 Weeks Ended		24 Weeks Ended		
	2/9/2019		2/10/2018		B/(W)
in millions (excluding EPS and percentages)					
<b>Net Sales</b>	\$	<b>5,092</b>	\$	<b>5,002</b>	<b>+ 1.8%</b>
<b>Gross Margin</b>		<b>53.9%</b>		<b>52.8%</b>	<b>+ 102 bps</b>
<b>Operating Expense Ratio</b>		<b>36.4%</b>		<b>39.4%</b>	<b>+ 294 bps</b>
<b>Operating Profit (EBIT)</b>	\$	<b>888</b>	\$	<b>674</b>	<b>31.8%</b>
<b>Operating (EBIT) Margin</b>		<b>17.4%</b>		<b>13.5%</b>	<b>+ 396 bps</b>
<b>Interest</b>	\$	<b>80</b>	\$	<b>78</b>	<b>- 2.7%</b>
<b>Tax Rate</b>		<b>20.0%</b>		<b>4.2%</b>	
<b>Net Income</b>	\$	<b>646</b>	\$	<b>571</b>	<b>+ 13.2%</b>
<b>Diluted Shares</b>		<b>25.9</b>		<b>28.0</b>	<b>+ 7.6%</b>
<b>Diluted EPS</b>	\$	<b>24.97</b>	\$	<b>20.38</b>	<b>+ 22.5%</b>



## Growth Priorities

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

# Q2 New Store Highlights

	<u>Stores</u>	<u>Square Ft (000s)</u>	<u>Square Ft/ Store</u>		<u>Stores</u>	<u>Square Ft (000s)</u>	<u>Square Ft/ Store</u>
<b>Domestic</b>				<b>TOTAL AUTOZONE STORES</b>			
Beginning Domestic Stores	5,631	36,836	<b>6,542</b>	Beginning Stores:	6,218	41,180	6,623
New Domestic Stores:	20	134		New Stores	23	155	
<b>Ending Domestic Stores:</b>	<b>5,651</b>	<b>36,970</b>	<b>6,542</b>	<b>Ending Stores:</b>	<b>6,241</b>	41,335	<b>6,623</b>
<b>Relocated Domestic stores</b>	-			<b>Relocated Domestic stores</b>	-		

## Stores

### **MEXICO**

Beginning Mexico Stores:	567
New Mexico Stores	1
<b>Ending Mexico Stores:</b>	<b>568</b>

## Stores

### **BRAZIL**

Beginning Brazil Stores:	20
New Brazil Stores	2
<b>Ending Brazil Stores:</b>	<b>22</b>





## Growth Priorities

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

# Q2 Commercial Highlights

	# of Commercial <u>Programs</u>	
<b>Total Commercial Programs</b>	<b>4,788</b>	
<b>% increase in programs vs. LY</b>	<b>3.1%</b>	
	<b>2nd</b>	
	<b><u>Quarter</u></b>	<b><u>Trailing 4 Qtrs</u></b>
<b>Domestic Commercial Sales:</b>	<b>\$514.6</b>	<b>\$2,328.5</b>
<b>(\$ millions)</b>		
<b>% increase in sales</b>	<b>12.9%</b>	<b>9.9%</b>
	<b>2nd</b>	
	<b><u>Quarter</u></b>	<b><u>Trailing 4 Qtrs</u></b>
<b>Domestic Avg Wkly \$/Program</b>	<b>\$9.0</b>	<b>\$9.5</b>
<b>(\$ thousands)</b>		
<b>% increase*</b>	<b>9.5%</b>	<b>5.8%</b>

# Q2 FY 2019 Total Cash Flow

(\$ Millions)	12 weeks ended <u>2/9/2019</u>	12 weeks ended <u>2/10/2018</u>	24 weeks ended <u>2/9/2019</u>	24 weeks ended <u>2/10/2018</u>
Net (decrease) increase in cash and cash equivalents	\$ (56)	\$ 31	\$ (22)	\$ (5)
Less (decrease)/increase in debt	(46)	59	104	(40)
Add back share repurchases	<u>350</u>	<u>175</u>	<u>847</u>	<u>527</u>
Cash flow before share repurchases & changes in debt	<u>\$ 340</u>	<u>\$ 147</u>	<u>\$ 721</u>	<u>\$ 562</u>
Ending debt	<u>\$ 5,111</u>	<u>\$ 5,044</u>	<u>\$ 5,111</u>	<u>\$ 5,044</u>

# Balance Sheet Highlights

(\$ Millions)	As of <u>2/9/2019</u>	As of <u>2/10/2018</u>		<u>H/(L)</u>
Inventory	\$ 4,305	\$ 4,086	+	5.4%
Inventory/location	\$ 690	\$ 671	+	2.8%
Inventory, net of payables	\$ (364)	\$ (280)		
Inv., net of payables/location	\$ (58)	\$ (46)		
Inventory turns	1.3x	1.3x		
Working capital	\$ (337)	\$ (121)		
Net fixed assets	\$ 4,270	\$ 4,081	+	4.6%
Debt	\$ 5,111	\$ 5,044	+	1.3%
Stockholders' Deficit	\$ (1,594)	\$ (1,331)	-	19.8%

\*FY2018 includes businesses AutoAnything and IMC that were sold in second half of fiscal 2018

# 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
  - Increased engagement of store management
  - 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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