

ADVANCE AUTO PARTS INC
Form 10-Q
May 31, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 21, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 001-16797

ADVANCE AUTO PARTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

54-2049910
(I.R.S. Employer
Identification No.)

5008 Airport Road, Roanoke, Virginia 24012
(Address of Principal Executive Offices)
(Zip Code)

(540) 362-4911
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report).

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 29, 2007, the registrant had outstanding 106,457,647 shares of Common Stock, par value \$0.0001 per share (the only class of common stock of the registrant outstanding).

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ADVANCE AUTO PARTS, INC. AND SUBSIDIARIES**

Advance Auto Parts, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
April 21, 2007 and December 30, 2006
(in thousands, except per share data)
(unaudited)

| <u>Assets</u> | April 21, 2007 | December 30, 2006 |
|---|---------------------------|------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 16,983 | \$ 11,128 |
| Receivables, net | 89,754 | 97,046 |
| Inventories, net | 1,556,052 | 1,463,340 |
| Other current assets | 29,418 | 40,459 |
| Total current assets | 1,692,207 | 1,611,973 |
| Property and equipment, net of accumulated depreciation of \$706,731 and \$670,571 | 1,016,046 | 994,977 |
| Assets held for sale | 1,448 | 1,548 |
| Goodwill | 33,718 | 33,718 |
| Intangible assets, net | 27,596 | 27,926 |
| Other assets, net | 10,299 | 12,539 |
| | \$ 2,781,314 | \$ 2,682,681 |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Current liabilities: | | |
| Bank overdrafts | \$ 5,707 | \$ 34,206 |
| Current portion of long-term debt | 62 | 67 |
| Financed vendor accounts payable | 118,246 | 127,543 |
| Accounts payable | 768,621 | 651,587 |
| Accrued expenses | 254,859 | 252,975 |
| Other current liabilities | 47,173 | 47,042 |
| Total current liabilities | 1,194,668 | 1,113,420 |
| Long-term debt | 404,150 | 477,173 |
| Other long-term liabilities | 64,537 | 61,234 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, nonvoting, \$0.0001 par value, 10,000 shares authorized; no shares issued or outstanding | - | - |
| Common stock, voting, \$0.0001 par value, 200,000 shares authorized; 106,058 shares issued and outstanding in 2007 and 105,351 issued and outstanding in 2006 | 11 | 11 |
| Additional paid-in capital | 434,420 | 414,153 |

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| | | |
|--|--------------|--------------|
| Accumulated other comprehensive income | 2,846 | 3,472 |
| Retained earnings | 680,682 | 613,218 |
| Total stockholders' equity | 1,117,959 | 1,030,854 |
| | \$ 2,781,314 | \$ 2,682,681 |

The accompanying notes to the condensed consolidated financial statements
are an integral part of these statements.

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Advance Auto Parts, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
For the Sixteen Week Periods Ended
April 21, 2007 and April 22, 2006
(in thousands, except per share data)
(unaudited)

| | Sixteen Week Periods Ended | |
|---|-----------------------------------|---------------------------|
| | April 21, 2007 | April 22, 2006 |
| Net sales | \$ 1,468,120 | \$ 1,393,010 |
| Cost of sales , including purchasing and warehousing costs | 758,717 | 727,842 |
| Gross profit | 709,403 | 665,168 |
| Selling, general and administrative expenses | 574,710 | 538,870 |
| Operating income | 134,693 | 126,298 |
| Other, net: | | |
| Interest expense | (11,274) | (10,163) |
| Other income, net | 342 | 620 |
| Total other, net | (10,932) | (9,543) |
| Income before provision for income taxes | 123,761 | 116,755 |
| Provision for income taxes | 47,660 | 42,674 |
| Net income | \$ 76,101 | \$ 74,081 |
| Basic earnings per share | \$ 0.72 | \$ 0.69 |
| Diluted earnings per share | \$ 0.71 | \$ 0.68 |
| Average common shares outstanding | 105,694 | 107,879 |
| Dilutive effect of share-based compensation | 951 | 1,376 |
| Average common shares outstanding - assuming dilution | 106,645 | 109,255 |