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O REILLY AUTOMOTIVE INC
Form 8-K
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FOR IMMEDIATE RELEASE

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O'REILLY AUTOMOTIVE REPORTS RECORD SALES AND EARNINGS FOR THE THIRD QUARTER AND
COMPARABLE STORE SALES OF 8.3%

Springfield, MO, October 28, 2003 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the third quarter of 2003, representing 40 quarters of record revenues and earnings for O'Reilly since becoming a public company in April 1993.

Net income for the third quarter ended September 30, 2003, totaled \$29.5 million, up 22.6% from \$24.1 million for the same period in 2002. Diluted earnings per common share for the third quarter of 2003 increased 20.0% to \$0.54 on 54.9 million shares compared to \$0.45 for the third quarter of 2002 on 53.7 million shares. Product sales for the third quarter ended September 30, 2003, totaled \$412.2 million, up 14.6% from \$359.6 million for the same period a year ago. Gross profit for the third quarter of 2003 increased to \$175.7 million (or 42.6% of product sales) from \$152.2 million (or 42.3% of product sales) for the third quarter of 2002, representing an increase of 15.4%.

Net income for the first nine months of 2003 totaled \$76.2 million, up 20.4% from \$63.3 million for the same period a year ago. Diluted earnings per common share for the first nine months of 2003 increased 18.6% to \$1.40 on 54.3 million shares versus \$1.18 a year ago on 53.7 million shares. Product sales for the first nine months of 2003 totaled \$1.14 billion, up 14.7% from \$998.2 million in the first nine months of the previous year. Gross profit for the first nine months of 2003 increased to \$482.3 million (or 42.1% of product sales) from \$422.4 million (or 42.3% of product sales) for the first nine months of 2002, representing an increase of 14.2%.

Comparable store product sales for stores open at least one year increased 8.3% and 7.2% for the third quarter and first nine months of 2003, respectively.

"The hard work and dedication of Team O'Reilly can be seen in yet another record breaking quarter," stated David O'Reilly, co-chairman and chief executive officer. "An operating margin of 11.7%, net margin of 7.2% and comparable store sales of 8.3% highlighted this quarter's results. Our positive free cash flow has allowed us to reduce our outstanding indebtedness by more than \$80 million this year. We are also excited to have expanded into Virginia this quarter, bringing our presence to 18 contiguous states."

The Company will host a conference call Wednesday, October 29, 2003, at 10:00 a.m. central time to discuss its results as well as future expectations. The call will be available by web cast at www.oreillyauto.com, www.vcall.com or www.streetevents.com. Investors may listen to the conference call live on the Company web site, www.oreillyauto.com, by clicking "News". A replay will also be available on the web site shortly after the call.

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O'Reilly Automotive is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, serving both the do-it-yourself and professional installer markets. Founded in 1957 by the O'Reilly family, the Company operated 1,074 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Tennessee, Texas and Virginia as of September 30, 2003.

The Company claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements discuss, among other things, expected growth, store development and expansion strategy, business strategies, future revenues and future performance. These forward-looking statements are based on estimates, projections, beliefs and assumptions and are not guarantees of future events and results. Such statements are subject to risks, uncertainties and assumptions, including, but not limited to, competition, product demand, the market for auto parts, the economy in general, inflation, consumer debt levels, governmental approvals and regulations, our ability to hire and retain qualified employees, risks associated with the integration of acquired businesses, weather, terrorist activities, war and the threat of war. Actual results may materially differ from anticipated results described in these forward-looking statements. Please refer to the Risk Factors sections of the Company's Form 10-K for the year ended December 31, 2002, for more details.

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2003	December 31, 2002
	----- (Unaudited)	----- (Note)
	(In thousands)	
Assets		
Current assets:		
Cash	\$ 33,045	\$ 29,333
Accounts receivable, net	55,870	45,421
Amounts receivable from vendors	51,715	42,918
Inventory	538,463	504,098
Deferred income taxes	5,514	5,040
Other current assets	4,719	4,235
	-----	-----
Total current assets	689,326	631,045
Property and equipment, at cost	589,309	491,523
Accumulated depreciation and amortization	167,071	137,922
	-----	-----
Net property and equipment	422,238	353,601
Notes receivable	1,793	1,880
Other assets	27,260	22,893
	-----	-----
Total assets	\$ 1,140,617	\$ 1,009,419
	=====	=====
Liabilities and shareholders' equity		
Current liabilities:		
Income taxes payable	\$ 23,950	\$ 9,798

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Accounts payable	154,767	85,370
Accrued payroll	15,327	15,257
Accrued benefits and withholdings	28,881	19,165
Other current liabilities	25,701	17,150
Current portion of long-term debt	407	682
	-----	-----
Total current liabilities	249,033	147,422
Long-term debt, less current portion	110,216	190,470
Deferred income taxes	25,237	15,939
Other liabilities	7,133	5,064
Shareholders' equity:		
Common stock, \$0.01 par value:		
Authorized shares - 90,000,000		
Issued and outstanding shares -		
54,279,497 at September 30, 2003,		
and 53,371,242 at December 31, 2002	543	534
Additional paid-in capital	291,310	269,030
Retained earnings	457,145	380,960
	-----	-----
Total shareholders' equity	748,998	650,524
	-----	-----
Total liabilities and shareholders' equity	\$ 1,140,617	\$ 1,009,419
	=====	=====

Note: The balance sheet at December 31, 2002, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States.

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

	Three Months Ended September 30,	
	2003	2002
	-----	-----
	(In thousands, e	
Product sales	\$ 412,182	\$ 359,579
Cost of goods sold, including warehouse and distribution expenses	236,529	207,383
Gross profit	175,653	152,196
Operating, selling, general and administrative expenses	127,291	111,473
	-----	-----
Operating income	48,362	40,723
Other expense, net	(1,179)	(1,972)
	-----	-----
Income before income taxes	47,183	38,751

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Provision for income taxes	17,650	14,655
	-----	-----
Net income	\$ 29,533	\$ 24,096
	=====	=====
Net income per common share	\$ 0.55	\$ 0.45
	=====	=====
Net income per common share - assuming dilution	\$ 0.54	\$ 0.45
	=====	=====
Weighted-average common shares outstanding	54,090	53,187
	=====	=====
Adjusted weighted-average common shares outstanding - assuming dilution	54,864	53,715
	=====	=====

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES
SELECTED FINANCIAL INFORMATION
(Unaudited)

	September 30,	
	2003	2002
	-----	-----
Inventory turnover (1)	1.64	1.65
Inventory turnover, net of payables (2)	2.16	1.97
AP to Inventory (3)	28.7%	18.9%
Debt-to-capital (4)	12.9%	20.4%
Return on equity (5)	13.8%	13.6%
Return on assets (6)	9.0%	9.1%
Square footage (in thousands)	6,989	6,150
Store count:		
New stores, net	33	29
Total stores	1,074	958
Total employment	15,660	14,420

	Three Months Ended September 30,	
	2003	2002
	-----	-----
Capital Expenditures	\$ 32,448	\$ 27,266
Depreciation & Amortization	\$ 10,651	\$ 9,691
Interest Expense	\$ 1,546	\$ 2,402
Lease & Rental Expense	\$ 8,559	\$ 8,027
Sales per weighted-average square foot (7)	\$ 57.63	\$ 56.71
Sales per weighted-average store (in thousands) (8)	\$ 380	\$ 369

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES
 RECONCILIATION OF FREE CASH FLOW TO OPERATING CASH FLOW
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(In thousands)			
Net cash provided by operating activities	\$ 59,164	\$ 44,305	\$ 172,119	\$ 105,000
Capital expenditures	32,448	27,266	100,047	72,000
Free cash flow	\$ 26,716	\$ 17,039	\$ 72,072	\$ 33,000