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O REILLY AUTOMOTIVE INC

Form 8-K

April 29, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 27, 2004

O'REILLY AUTOMOTIVE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Missouri

44-0618012

-----  
(State or Other Jurisdiction  
of Incorporation)

(IRS Employer Identification No.)

233 S. Patterson  
Springfield, Missouri 65802

-----  
(Address of Principal Executive Offices) (Zip Code)

417-862-6708

-----  
(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

-----  
(Former name or former address, if changed since last report.)

ITEM 9. REGULATION FD DISCLOSURE

The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 29, 2004

O'REILLY AUTOMOTIVE, INC.

By:/s/ James R. Batten

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James R. Batten  
Executive Vice President of Finance  
Chief Financial Officer and Treasurer  
(principal financial officer)

EXHIBIT INDEX

| Exhibit<br>Number | Description                        |
|-------------------|------------------------------------|
| 99.1              | Press Release dated April 27, 2004 |

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
Exhibit 99.1

FOR IMMEDIATE RELEASE

For further information contact:

David O'Reilly  
James R. Batten  
(417) 862-3333

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O'REILLY AUTOMOTIVE, INC. REPORTS RECORD FIRST QUARTER SALES AND EARNINGS  
12.4% INCREASE IN COMPARABLE STORE PRODUCT SALES  
32.4% EARNINGS PER SHARE GROWTH

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Springfield, MO, April 27, 2004 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the first quarter of 2004, representing 42 quarters of record revenues and earnings for O'Reilly since becoming a public company in April 1993.

Net income for the first quarter ended March 31, 2004, totaled \$27.1 million, up 37.5% from \$19.7 million for the same period in 2003. Diluted earnings per common share for the first quarter of 2004 increased 32.4% to \$0.49 on 55.4 million shares compared to \$0.37 for the first quarter of 2003 on 53.8 million shares. Product sales for the three months ended March 31, 2004, totaled \$403.3 million, up 18.8% from \$339.5 million for the same period a year ago. Gross profit for the first quarter of 2004 increased to \$169.3 million (or 42.0% of product sales) from \$140.9 million (or 41.5% of product sales) for the first quarter of 2003, representing an increase of 20.1%. Operating, Selling, General and Administrative ("OSG&A") expenses increased to \$125.6 million (or 31.1% of product sales) for the first quarter of 2004 from \$107.6 million (or 31.7% of product sales) for the first quarter of 2003, representing an increase of 16.7%.

Comparable store product sales for stores open at least one year increased 12.4% and 6.2% for the first quarter of 2004 and 2003, respectively.

"This was an outstanding quarter for our team," said David O'Reilly, co-chairman and chief executive officer. "We entered the quarter with great momentum and delivered record results highlighted by the industry-leading 12.4% increase in comparable store product sales and strong earnings performance. We added 23 new

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stores and reduced debt by \$20.0 million. We are pleased with these results and remain enthusiastic about the opportunities that lie ahead in 2004."

The Company will host a conference call Wednesday, April 28, 2004, 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](http://www.oreillyauto.com), [www.vcall.com](http://www.vcall.com) or [www.streetevents.com](http://www.streetevents.com). Investors may listen to the conference call live on the Company's web site, [www.oreillyauto.com](http://www.oreillyauto.com), by clicking "News". A replay will also be available on the web site shortly after the call.

O'Reilly Automotive, Inc. 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 1,132 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 March 31, 2004.

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, 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, 2003, for more details.

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

|   | March 31,<br>2004    | December 31,<br>2003 |
|---|----------------------|----------------------|
|   | -----<br>(Unaudited) | -----<br>(Note)      |
|   | In thousands         |                      |
| <b>Assets</b>                             |                      |                      |
| <b>Current assets:</b>                    |                      |                      |
| Cash                                      | \$ 45,337            | \$ 21,094            |
| Accounts receivable, net                  | 58,068               | 52,235               |
| Amounts receivable from vendors           | 47,673               | 50,695               |
| Inventory                                 | 561,914              | 554,309              |
| Deferred income taxes                     | 427                  | 4,753                |
| Other current assets                      | 9,219                | 4,399                |
|   | -----                | -----                |
| Total current assets                      | 722,638              | 687,485              |
| Property and equipment, at cost           | 663,294              | 626,142              |
| Accumulated depreciation and amortization | 185,550              | 177,084              |
|   | -----                | -----                |
| Net property and equipment                | 477,744              | 449,058              |

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|  |              |              |
|--|--------------|--------------|
| Notes receivable                           | 23,377       | 24,313       |
| Other assets                               | 29,218       | 26,736       |
|  | -----        | -----        |
| Total assets                               | \$ 1,252,977 | \$ 1,187,592 |
|  | =====        | =====        |
| Liabilities and shareholders' equity       |              |              |
| Current liabilities:                       |              |              |
| Income taxes payable                       | \$ 14,214    | \$ 6,872     |
| Accounts payable                           | 216,536      | 176,513      |
| Accrued payroll                            | 16,883       | 17,307       |
| Accrued benefits and withholdings          | 31,343       | 27,368       |
| Other current liabilities                  | 17,833       | 16,883       |
| Current portion of long-term debt          | 833          | 925          |
|  | -----        | -----        |
| Total current liabilities                  | 297,642      | 245,868      |
| Long-term debt, less current portion       | 100,823      | 120,977      |
| Deferred income taxes                      | 32,578       | 29,448       |
| Other liabilities                          | 7,129        | 7,014        |
| Shareholders' equity:                      |              |              |
| Common stock, \$0.01 par value:            |              |              |
| Authorized shares - 90,000,000             |              |              |
| Issued and outstanding shares -            |              |              |
| 54,784,667 at March 31, 2004,              |              |              |
| and 54,664,976 at December 31, 2003        | 548          | 547          |
| Additional paid-in capital                 | 306,084      | 302,691      |
| Retained earnings                          | 508,173      | 481,047      |
|  | -----        | -----        |
| Total shareholders' equity                 | 814,805      | 784,285      |
|  | -----        | -----        |
| Total liabilities and shareholders' equity | \$ 1,252,977 | \$ 1,187,592 |
|  | =====        | =====        |

Note: The balance sheet at December 31, 2003, 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 for complete financial statements.

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

|   | Three Months Ended<br>March 31, |            |
|---|---------------------------------|------------|
|   | 2004                            | 2003       |
|   | -----                           | -----      |
| Product sales                           | \$ 403,294                      | \$ 339,475 |
| Cost of goods sold, including warehouse |                                 |            |

(Numbers in thousands, except per share data)

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|   |           |           |
|---|-----------|-----------|
| and distribution expenses   | 233,956   | 198,529   |
|   | -----     | -----     |
| Gross profit  | 169,338   | 140,946   |
| Operating, selling, general and administrative expenses                 | 125,566   | 107,605   |
|   | -----     | -----     |
| Operating income  | 43,772    | 33,341    |
| Other expense, net  | (446)     | (1,763)   |
|   | -----     | -----     |
| Income before income taxes  | 43,326    | 31,578    |
| Provision for income taxes  | 16,200    | 11,850    |
|   | -----     | -----     |
| Net income  | \$ 27,126 | \$ 19,728 |
|   | =====     | =====     |
| Net income per common share   | \$ 0.50   | \$ 0.37   |
|   | =====     | =====     |
| Net income per common share - assuming dilution                         | \$ 0.49   | \$ 0.37   |
|   | =====     | =====     |
| Weighted average common shares outstanding                              | 54,694    | 53,402    |
|   | =====     | =====     |
| Adjusted weighted average common shares outstanding - assuming dilution | 55,381    | 53,753    |
|   | =====     | =====     |

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

|   | March 31, |        |
|---|-----------|--------|
|   | 2004      | 2003   |
|   | -----     | -----  |
| Inventory turnover (1)                  | 1.7       | 1.6    |
| Inventory turnover, net of payables (2) | 2.5       | 2.0    |
| AP to Inventory (3)                     | 38.5%     | 22.4%  |
| Debt-to-capital (4)                     | 11.1%     | 18.8%  |
| Return on equity (5)                    | 14.5%     | 13.6%  |
| Return on assets (6)                    | 9.4%      | 8.9%   |
| Square footage (in thousands)           | 7,510     | 6,619  |
| Store count:                            |           |        |
| New stores, net (three months ended)    | 23        | 30     |
| Total stores                            | 1,132     | 1,011  |
| Total employment                        | 16,540    | 14,563 |

Three Months Ended  
March 31,

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|   | 2004<br>----- | 2003<br>----- |
|---|---------------|---------------|
| Other Information (in thousands):                   |               |               |
| Capital Expenditures                                | \$ 40,078     | \$ 32,189     |
| Depreciation & Amortization                         | \$ 10,894     | \$ 10,381     |
| Interest Expense                                    | \$ 895        | \$ 2,287      |
| Lease & Rental Expense                              | \$ 8,833      | \$ 8,367      |
| Sales per weighted-average square foot (7)          | \$ 53.44      | \$ 50.36      |
| Sales per weighted-average store (in thousands) (8) | \$ 354        | \$ 329        |

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

|   | Three Months Ended<br>March 31,<br>----- |               |
|---|--|---------------|
|   | 2004<br>-----                            | 2003<br>----- |
|   | (In thousands)                           |               |
| Net cash provided by operating activities | \$ 82,011                                | \$ 57,344     |
| Capital expenditures                      | 40,078                                   | 32,189        |
| Free cash flow (1) (2)                    | \$ 41,933                                | \$ 25,155     |
|   | =====                                    | =====         |