



AutoZone Fourth Quarter EPS Up 62% Over Prior Year Adjusted EPS; Same Store Sales Up 7%; Total Fiscal 2002 EPS of \$4.00; ROIC Improves to 19.8%

September 25, 2002

MEMPHIS, Tenn., Sep 25, 2002 /PRNewswire-FirstCall via COMTEX/ -- AutoZone, Inc. (NYSE: AZO), today reported fourth quarter earnings per share of \$1.73, a 62% increase from earnings per share of \$1.07 before restructuring and impairment charges in the fourth quarter of fiscal 2001. Including the charges in the fourth quarter of fiscal 2001, EPS increased 621% from \$0.24. Sales for the fourth fiscal quarter (17 weeks) ended August 31, 2002, increased 12% to \$1.84 billion from \$1.64 billion reported for the year ago quarter (16 weeks). Excluding the fiscal 2001 sales of TruckPro, which was sold in December, total sales increased 16%. Same store sales, or sales for domestic auto parts stores open at least one year, increased 6.6% during the quarter. Gross margin for the quarter, as a percent of sales, increased 1.94 percentage points to 45.7%. Net operating expenses were 28.8% of sales, resulting in a record quarterly operating margin of 16.9%.

For the year (53 weeks), AutoZone reported diluted earnings per share of \$4.00, an increase of 68% from \$2.38 in fiscal 2001 (52 weeks), excluding the nonrecurring charges in the prior year. Including the charges, reported earnings per share were up 160%. The \$4.00 EPS is double the \$2.00 per share earned in fiscal 2000. Annual sales rose 10.5% to \$5.32 billion from \$4.82 billion in the prior year; excluding the sales of TruckPro, total sales increased 13%. Same store sales for the year increased 8.8%. Gross margin as a percent of sales increased by 2.19 percentage points to 44.6%. Net operating expenses declined to 30.1% of sales, resulting in a record annual operating margin of 14.5%. Driven by strong earnings and declining working capital, return on invested capital reached 19.8%, while cash flow before share repurchases was \$730 million.

"We are very pleased with our exceptional performance this year," said Steve Odland, Chairman, President, and Chief Executive Officer. "It took a concerted effort from all AutoZoners to make this happen. Clearly our focus on reminding consumers to maintain their cars and beginning to capture the \$60 billion annual undone maintenance has been successful."

In the fourth quarter, AutoZone opened 30 new auto parts stores in the U.S., replaced 3 and closed 14. For the year, AutoZone opened 102 new auto parts stores in the U.S., replaced 15 and closed 53 for an end-of-year store count of 3,068. In addition, 12 new auto parts stores were opened in Mexico in the fourth quarter, for a total of 18 new stores in Mexico for the year. At year end, AutoZone had a total of 39 stores in Mexico.

During the quarter, AutoZone's Board of Directors authorized an increase in the share repurchase program of \$300 million to an aggregate authorization of \$2.3 billion. As of the end of the fourth quarter, aggregate share repurchases were \$2.086 billion or 61.9 million shares, including \$150 million or 2.2 million shares under forward purchase contracts. For the quarter, AutoZone repurchased 4.3 million shares at a cost of \$287 million or \$66.13 per share. For the year, AutoZone repurchased 12.6 million shares at a cost of \$699 million or \$55.51 per share. Subsequent to year end, the company purchased 1.1 million shares in partial settlement of the forward purchase contract outstanding at August 31, 2002, at an average cost of \$69.91 per share.

Steve Odland, Chairman and CEO and Michael Archbold, CFO, confirm they will be certifying AutoZone's fiscal 2002 results when AutoZone files its Form 10-K, which is due November 29, 2002.

AutoZone will host a one-hour conference call Wednesday, September 25, 2002, beginning at 9 a.m. (CDT) to discuss this press release and the outlook for fiscal 2003. Investors may listen to the conference call live and review supporting slides on the AutoZone website, www.AutoZone.com, by clicking "About Us," "Investor Relations," "Conference Calls," or by going directly to <http://www.AutoZone.com/Investors>. The call will also be available by dialing (712) 271-3887. A replay of the call and slides will be available on AutoZone's website. In addition, a replay of the call will be available by dialing (402) 998-1323 through Tuesday, October 1, 2002.

As of August 31, 2002, AutoZone sells auto and light truck parts, chemicals and accessories through 3,068 AutoZone stores in 44 states plus the District of Columbia, 39 AutoZone stores in Mexico and online at AutoZone.com. AutoZone also sells automotive diagnostic and repair software through ALLDATA, and alldatadiy.com.

Certain statements contained in this press release are forward-looking statements. These statements discuss, among other things, business strategies and future performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including, without limitation, competition, product demand, the economy, inflation, gasoline prices, consumer debt levels, war and the prospect of war, including terrorist activity, and availability of commercial transportation. Please refer to the Form 10-Q for the fiscal quarter ended May 4, 2002, for more information related to these risks. Actual results may materially differ from anticipated results. AutoZone undertakes no obligation to publicly release any revisions to any forward-looking statements contained in this press release to reflect events or circumstances occurring after the date of this release or to reflect the occurrence of unanticipated events.

AutoZone's 4th Quarter Highlights- Fiscal 2002

Condensed Consolidated Statements of Operations
(in thousands, except per share data)

| 17 Weeks Ended August 31, 2002 | 16 Weeks Ended August 25, 2001 | 53 Weeks Ended August 31, 2002 | 52 Weeks Ended August 25, 2001 |
|---|---|---|---|
|---|---|---|---|

| | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Net sales | \$1,843,337 | \$1,640,663 | \$5,325,510 | \$4,818,185 |
| Cost of goods sold | 1,000,970 | 952,850 | 2,950,123 | 2,804,896 |
| Gross profit | 842,367 | 687,813 | 2,375,387 | 2,013,289 |
| Operating expenses | 530,445 | 494,547 | 1,604,379 | 1,498,909 |
| Restructuring and impairment charges | -- | 121,489 | -- | 126,689 |
| Operating profit | 311,922 | 71,777 | 771,008 | 387,691 |
| Interest expense, net | 24,736 | 28,300 | 79,860 | 100,665 |
| Income before taxes | 287,186 | 43,477 | 691,148 | 287,026 |
| Taxes | 109,200 | 17,000 | 263,000 | 111,500 |
| Net income | \$177,986 | \$26,477 | \$428,148 | \$175,526 |
| Net income per share: | | | | |
| Basic | \$1.77 | \$0.24 | \$4.10 | \$1.56 |
| Diluted | \$1.73 | \$0.24 | \$4.00 | \$1.54 |
| Shares outstanding: | | | | |
| Basic | 100,356 | 109,468 | 104,446 | 112,834 |
| Diluted | 102,827 | 111,415 | 107,111 | 113,801 |

Selected Balance Sheet Information
(in thousands)

| | August 31, 2002 | August 25, 2001 |
|-----------------------------|-----------------|-----------------|
| Merchandise inventories | \$1,375,584 | \$1,242,896 |
| Current assets | 1,450,128 | 1,328,511 |
| Property and equipment, net | 1,661,728 | 1,710,443 |
| Total assets | 3,477,791 | 3,432,512 |
| Accounts payable | 1,145,533 | 945,666 |
| Current liabilities | 1,533,571 | 1,266,654 |
| Stockholders' equity | 689,127 | 866,213 |
| Debt | 1,194,517 | 1,225,402 |
| Working capital | (83,443) | 61,857 |

Selected Cash Flow Information
(in thousands)

| | 17 Weeks Ended August 31, 2002 | 16 Weeks Ended August 25, 2001 | 53 Weeks Ended August 31, 2002 | 52 Weeks Ended August 25, 2001 |
|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Depreciation & amortization | \$35,758 | \$39,639 | \$118,255 | \$131,333 |
| Capital spending | \$35,394 | \$31,991 | \$117,239 | \$169,296 |
| Cash flow before share repurchases | \$343,158 | \$271,834 | \$729,868 | \$390,632 |
| Share repurchases | \$286,541 | \$104,507 | \$698,983 | \$366,097 |

Other Selected Financial Information
(in thousands)

| | August 31, 2002 | August 25, 2001 |
|------------------------------------|-----------------|-----------------|
| Cumulative share repurchases (\$): | | |
| On balance sheet | \$1,935,716 | \$1,236,733 |
| Forward contracts | 150,058 | 131,092 |
| Total | \$2,085,774 | \$1,367,825 |

Cumulative share repurchases (shares):

| | | |
|-------------------|--------|--------|
| On balance sheet | 59,753 | 47,162 |
| Forward contracts | 2,181 | 3,894 |
| Total | 61,934 | 51,056 |

| | | |
|------------------------------------|--------|---------|
| Shares outstanding, end of quarter | 99,268 | 109,408 |
|------------------------------------|--------|---------|

| | | |
|--------------------------------------|-------|-------|
| After-tax return on invested capital | 19.8% | 14.3% |
|--------------------------------------|-------|-------|

Condensed Consolidated Statements of Operations - Before Restructuring Charges
(in thousands, except per share data)

| | 17 Weeks Ended August 31, 2002 | 16 Weeks Ended August 25, 2001 | 53 Weeks Ended August 31, 2002 | 52 Weeks Ended August 25, 2001 |
|-----------------------|---|---|---|---|
| Net sales | \$1,843,337 | \$1,640,663 | \$5,325,510 | \$4,818,185 |
| Cost of goods sold | 1,000,970 | 922,717 | 2,950,123 | 2,774,763 |
| Gross profit | 842,367 | 717,946 | 2,375,387 | 2,043,422 |
| Operating expenses | 530,445 | 494,547 | 1,604,379 | 1,498,909 |
| Operating profit | 311,922 | 223,399 | 771,008 | 544,513 |
| Interest expense, net | 24,736 | 28,300 | 79,860 | 100,665 |
| Income before taxes | 287,186 | 195,099 | 691,148 | 443,848 |
| Taxes | 109,200 | 76,000 | 263,000 | 172,500 |
| Net income | \$177,986 | \$119,099 | \$428,148 | \$271,348 |
| Net income per share: | | | | |
| Basic | \$1.77 | \$1.09 | \$4.10 | \$2.40 |
| Diluted | \$1.73 | \$1.07 | \$4.00 | \$2.38 |
| Shares outstanding: | | | | |
| Basic | 100,356 | 109,468 | 104,446 | 112,834 |
| Diluted | 102,827 | 111,415 | 107,111 | 113,801 |

AutoZone's 4th Quarter Fiscal 2002
Selected Operating Highlights

Store Count & Square Footage

| | 17 Weeks Ended August 31, 2002 | 16 Weeks Ended August 25, 2001 | 53 Weeks Ended August 31, 2002 | 52 Weeks Ended August 25, 2001 |
|----------------------------------|---|---|---|---|
| Domestic auto parts stores: | | | | |
| Store count: | | | | |
| Stores opened | 30 | 25 | 102 | 107 |
| Stores closed | 14 | -- | 53 | 3 |
| Replacement stores | 3 | 3 | 15 | 16 |
| Total domestic auto parts stores | 3,068 | 3,019 | 3,068 | 3,019 |
| Stores with commercial sales | 2,009 | 1,630 | 2,009 | 1,630 |
| Square footage (in thousands) | 19,683 | 19,377 | 19,683 | 19,377 |
| Auto parts stores in Mexico: | | | | |
| Stores opened | 12 | 5 | 18 | 8 |
| Total auto parts stores | | | | |

| | | | | |
|---|----|----|----|----|
| in Mexico | 39 | 21 | 39 | 21 |
| TruckPro stores (total) | -- | 49 | -- | 49 |
| Note: TruckPro was sold on Dec. 19, 2001 | | | | |

Sales & Inventory Statistics (Domestic auto parts):

| | 17 Weeks Ended August 31, 2002 * | 16 Weeks Ended August 25, 2001 | 53 Weeks Ended August 31, 2002 * | 52 Weeks Ended August 25, 2001 |
|---|---|---|---|---|
| Sales per average store (\$ in thousands) | \$553 | \$519 | \$1,658 | \$1,543 |
| Sales per average sq foot | \$86 | \$81 | \$258 | \$240 |
| Same store sales - rolling 13 periods | | | | |
| Total | 6.6% | 7.7% | 8.8% | 4.4% |
| Retail vs commercial | | | | |
| Retail | 5.4% | 7.3% | 7.9% | 3.8% |
| Commercial | 17.7% | 11.6% | 17.0% | 11.0% |
| Inventory turns: | | | | |
| Based on average inventories | 2.2 X | 2.4 X | | |
| Based on ending inventories | 2.1 X | 2.2 X | | |
| Inventory turns, net of payables: | | | | |
| Based on average inventories | 8.7 X | 7.5 X | | |
| Based on ending inventories | 13.8 X | 10.2 X | | |
| Accounts payable/inventory (total company) | 83% | 76% | | |

* Excludes extra week of sales

SOURCE AutoZone, Inc.

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