



AutoZone 3rd Quarter Sales Increase 9.3%; EPS Increases 25.9% to \$3.13

May 27, 2009

MEMPHIS, Tenn., May 27, 2009 (GLOBE NEWSWIRE) -- AutoZone, Inc. (NYSE:AZO) today reported net sales of \$1.7 billion for its third quarter (12 weeks) ended May 9, 2009, an increase of 9.3% from fiscal third quarter 2008 (12 weeks). Domestic same store sales, or sales for stores open at least one year, increased 7.4% for the quarter.

Net income for the quarter increased \$15.1 million, or 9.5%, over the same period last year to \$173.7 million, while diluted earnings per share increased 25.9% to \$3.13 per share from \$2.49 per share in the year-ago quarter.

For the quarter, gross profit, as a percentage of sales, was 50.2% (versus 50.2% last year). Gross margin benefited by approximately 15 basis points through leverage of distribution costs due to improved efficiencies and lower fuel costs, but was offset by the impact of promotional activities.

Operating expenses, as a percentage of sales, were 31.8% (versus 32.2% last year). The lower operating expense ratio reflected leverage of store operating expenses due to higher sales volumes, offset in part by approximately 50 basis points from higher incentive compensation and investments to enhance our hub stores.

Under its share repurchase program, AutoZone repurchased 450 thousand shares of its common stock for \$65 million during the third quarter, at an average price of \$145 per share. Year-to-date the Company has purchased \$713 million of stock, at an average price of \$130 per share. The Company has \$396 million remaining under its current share repurchase authorization.

The Company's GAAP inventory increased 6.4% over the same period last year. Inventory per store was \$516 thousand versus \$506 thousand last year, an increase of 2.0%. Net inventory, defined as merchandise inventories less accounts payable, decreased on a per store basis to \$33 thousand from \$56 thousand last year.

"We are pleased to report our eleventh consecutive quarter of double digit earnings per share growth. I would like to thank our AutoZoners across the organization for their commitment to excellence and for their diligence to ensure we meet or exceed our customers' expectations. While the current economic environment, combined with the reduction in fuel prices compared to last year, has clearly been beneficial to our industry's performance, we are very pleased with our organization's ability to capitalize on these favorable trends. At the end of the third quarter, our balance sheet was in excellent condition, and we remain committed to our disciplined approach of growing operating earnings while utilizing our capital effectively," said Bill Rhodes, Chairman, President and Chief Executive Officer.

During the quarter ended May 9, 2009, AutoZone opened 32 new stores, closed one store, and relocated four stores in the U.S. and opened 10 stores in Mexico. As of May 9, 2009, the Company had 4,172 stores in 48 states, the District of Columbia and Puerto Rico in the U.S. and 168 stores in Mexico.

AutoZone is the leading retailer and a leading distributor of automotive replacement parts and accessories in the United States. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. Many stores also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, and public sector accounts. AutoZone also sells the ALLDATA brand diagnostic and repair software. On the web, AutoZone sells diagnostic and repair information, and auto and light truck parts through www.autozone.com. AutoZone does not derive revenue from automotive repair or installation.

AutoZone will host a conference call this morning, Wednesday, May 27, 2009, beginning at 10:00 a.m. (EDT) to discuss its third quarter results. Investors may listen to the conference call live and review supporting slides on the AutoZone corporate website, www.autozoneinc.com by clicking "Investor Relations," "Conference Calls." The call will also be available by dialing (210) 839-8923. 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 (203) 369-1211 through Wednesday, June 3, 2009 at 11:59 p.m. (EDT).

This release includes certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"). These non-GAAP measures include return on invested capital, adjusted debt, and adjusted debt/EBITDAR. The Company believes that the presentation of these non-GAAP measures provides information that is useful to investors as it indicates more clearly the Company's comparative year-to-year operating results, but this information should not be considered a substitute for any measures derived in accordance with GAAP. Management targets the Company's debt levels to a ratio of adjusted debt to EBITDAR and manages cash flows available for share repurchase by monitoring cash flows before share repurchases, as shown on the attached tables. The Company believes this is important information for the management of its debt levels and share repurchases. We have included a reconciliation of this additional information to the most comparable GAAP measures in the accompanying reconciliation tables.

Certain statements contained in this press release are forward-looking statements. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," 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: competition; product demand; the economy; credit markets; the ability to hire and retain qualified employees; consumer debt levels; inflation; weather; raw material costs of our suppliers; energy prices; war and the prospect of war, including terrorist activity; availability of consumer transportation; construction delays; access to available and feasible financing; and changes in laws or regulations. 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 such events 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. Please refer to the Risk Factors section of AutoZone's Form 10-K for the fiscal year ended August 30, 2008, for more information related to those risks.

AutoZone's 3rd Quarter Highlights - Fiscal 2009

Condensed Consolidated Statements of Operations

3rd Quarter

(in thousands, except per share data)

GAAP Results

	12 Weeks Ended May 9, 2009	12 Weeks Ended May 3, 2008
Net sales	\$ 1,658,160	\$ 1,517,293
Cost of sales	825,253	755,287
Gross profit	832,907	762,006
Operating, SG&A expenses	527,675	488,972
Operating profit (EBIT)	305,232	273,034
Interest expense, net	31,482	25,331
Income before taxes	273,750	247,703
Income taxes	100,061	89,065
Net income	\$ 173,689	\$ 158,638
Net income per share:		
Basic	\$ 3.18	\$ 2.51
Diluted	\$ 3.13	\$ 2.49
Weighted average shares outstanding:		
Basic	54,652	63,237
Diluted	55,456	63,792

Year-to-date 3rd Quarter, FY 2009

(in thousands, except per share data)

GAAP Results

	36 Weeks Ended May 9, 2009	36 Weeks Ended May 3, 2008
Net sales	\$ 4,584,330	\$ 4,312,192
Cost of sales	2,290,934	2,155,943
Gross profit	2,293,396	2,156,249
Operating, SG&A expenses	1,534,930	1,448,954
Operating profit (EBIT)	758,466	707,295
Interest expense, net	94,554	81,980
Income before taxes	663,912	625,315
Income taxes	242,989	227,455
Net income	\$ 420,923	\$ 397,860
Net income per share:		
Basic	\$ 7.45	\$ 6.24
Diluted	\$ 7.36	\$ 6.19
Weighted Average Shares outstanding:		
Basic	56,498	63,764
Diluted	57,179	64,325

Selected Balance Sheet Information
(in thousands)

	May 9, 2009	May 3, 2008	August 30, 2008
Cash and cash equivalents	\$ 94,287	\$ 81,654	\$ 242,461
Merchandise inventories	2,240,511	2,106,473	2,150,109
Current assets	2,607,984	2,386,938	2,586,301
Property and equipment, net	2,301,794	2,255,741	2,289,656
Total assets	5,296,176	5,026,904	5,257,112
Accounts payable	2,098,308	1,873,706	2,043,271
Current liabilities*	3,135,961	2,383,967	2,519,320
Total debt, including short term	2,405,900	1,932,000	2,250,000
Stockholders' equity	(45,119)	455,829	229,687
Working capital	(527,977)	2,971	66,981

* Current liabilities at May 9, 2009 include \$456.6 million of short term debt obligations (\$300.0 million bank term loan and \$156.6 million in commercial paper borrowings) that we are currently in the process of refinancing on a long term basis. Prior to May 9, 2009, we classified short term debt obligations as long-term as we had the ability and intent to replace these short term obligations with long-term financing under our \$1.0 billion of revolving credit facilities, expiring May 5, 2010. We expect to renegotiate our revolving credit facility during the fourth quarter to extend beyond 12 months, at which time we will reclassify these obligations as long term.

Adjusted Debt / EBITDAR (Trailing 4 Qtrs)	May 9, 2009	May 3, 2008
Net income	\$ 664,670	\$ 615,034
Add: Interest	129,319	120,071
Taxes	381,316	350,559
EBIT	1,175,305	1,085,664
Add: Depreciation	176,074	167,515
Rent expense	179,054	164,106
Option expense	19,249	18,098
EBITDAR	\$ 1,549,682	\$ 1,435,383
Debt	\$ 2,405,900	\$ 1,932,000
Capital lease obligations	57,227	72,943
Add: rent x 6	1,074,324	984,636
Adjusted debt	\$ 3,537,451	\$ 2,989,579
Adjusted debt to EBITDAR	2.3	2.1

Selected Cash Flow Information
(in thousands)

	12 Weeks Ended May 9, 2009	12 Weeks Ended May 3, 2008	36 Weeks Ended May 9, 2009	36 Weeks Ended May 3, 2008
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Depreciation	\$	41,309	\$	38,152	\$	123,273	\$	116,709
Capital spending	\$	61,941	\$	58,371	\$	160,087	\$	153,516

Cash flow before share repurchases:								
Net increase (decrease) in cash and cash equivalents								
	\$	(13,686)	\$	(11,811)	\$	(148,174)	\$	(5,000)
Subtract increase (decrease) in debt								
		(284,855)		(163,000)		155,900		(3,618)
Subtract share repurchases								
		(65,440)		--		(712,606)		(349,990)
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Cash flow before share repurchases and changes in debt								
	\$	336,609	\$	151,189	\$	408,532	\$	348,608
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				Trailing 4 quarters May 9, 2009		Trailing 4 quarters May 3, 2008		
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Depreciation	\$			176,073	\$	167,515		
Capital spending	\$			250,159	\$	220,230		

Cash flow before share repurchases:								
Net increase (decrease) in cash and cash equivalents								
	\$	12,633	\$	(919)				
Subtract increase (decrease) in debt								
		473,900		(6,942)				
Subtract share repurchases								
		(1,211,812)		(647,413)				
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Cash flow before share repurchases and changes in debt								
	\$	750,545	\$	653,436				
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Other Selected Financial Information
(in thousands)

		May 9, 2009		May 3, 2008
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Cumulative share repurchases (\$)	\$	7,003,520	\$	5,791,708
Remaining share authorization (\$)	\$	396,480	\$	108,292
Cumulative share repurchases (shares)		111,558		102,152
Shares outstanding, end of quarter		54,567		63,268

		Trailing 4 Quarters May 9, 2009		Trailing 4 Quarters May 3, 2008
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Net income	\$	664,670	\$	615,034
Add: After-tax interest		82,175		76,479
After-tax rent		113,780		104,527
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After-tax return		860,625		796,040
Average debt*		2,242,012		2,045,207
Average capital lease obligations*		62,645		52,936
Average equity*		139,142		334,846
Add: rent x 6		1,074,324		984,636

Pre-tax invested capital	\$ 3,518,123	\$ 3,417,625
	=====	=====
Return on Invested Capital (ROIC)	24.5%	23.3%

* All averages are computed by taking trailing 14 periods balances.

AutoZone's 3rd Quarter Fiscal 2009
Selected Operating Highlights

Store Count & Square Footage

	12 Weeks Ended May 9, 2009	12 Weeks Ended May 3, 2008	36 Weeks Ended May 9, 2009	36 Weeks Ended May 3, 2008
Domestic stores:				
Store count:				
Stores opened	32	32	82	100
Stores closed	1	--	2	1
Replacement stores	4	3	6	8
Total domestic stores	4,172	4,032	4,172	4,032
Stores with commercial programs	2,276	2,233	2,276	2,233
Mexico stores:				
Stores opened	10	2	20	7
Total stores in Mexico	168	130	168	130
Total stores chainwide	4,340	4,162	4,340	4,162
Square footage (in thousands):	28,012	26,740		
Square footage per store	6,454	6,425		

Sales Statistics

(\$ in thousands, except sales per average square foot)

	12 Weeks Ended May 9, 2009	12 Weeks Ended May 3, 2008	Trailing 4 quarters May 9, 2009	Trailing 4 quarters May 3, 2008
Total Auto Parts (Domestic and Mexico)				
Total auto parts sales	\$ 1,624,806	\$ 1,485,506	\$ 6,649,892	\$ 6,181,724
% Increase vs. LY	9.4%	2.8%	7.6%	3.3%
Sales per average store	\$ 376	\$ 358	\$ 1,564	\$ 1,516
Sales per				

average square foot	\$	58	\$	56	\$	243	\$	236
Domestic Commercial								
Total domestic commercial sales	\$	188,636	\$	179,774	\$	772,296	\$	728,224
% Increase vs. LY		4.9%		6.3%		6.1%		3.4%
All Other (ALLDATA and E-Commerce)								
All other sales	\$	33,355	\$	31,787	\$	144,951	\$	133,175
% Increase vs. LY		4.9%		9.7%		8.8%		9.1%

	12 Weeks Ended May 9, 2009	12 Weeks Ended May 3, 2008	36 Weeks Ended May 9, 2009	36 Weeks Ended May 3, 2008
Domestic same store sales	7.4%	(0.3%)	3.9%	0.2%

Inventory Statistics (Total Stores)

	as of May 9, 2009	as of May 3, 2008
Accounts payable/inventory	93.7%	88.9%
(\$ in thousands)		
Inventory	\$ 2,240,511	\$ 2,106,473
Inventory per store	\$ 516	\$ 506
Net inventory (net of payables)	\$ 142,203	\$ 232,767
Net inventory / store	\$ 33	\$ 56
	Trailing 4 quarters	
	May 9, 2009	May 3, 2008
Inventory turns	1.6 x	1.5 x

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