

**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): May 21, 2019

AutoZone, Inc.

(Exact Name of Registrant as Specified in Charter)

Nevada
(State or Other Jurisdiction of Incorporation)

1-10714
(Commission File Number)

62-1482048
(I.R.S. Employer Identification Number)

123 South Front Street, Memphis, Tennessee 38103
(Address of Principal Executive Offices) (Zip Code)

(901) 495-6500
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | AZO | New York Stock Exchange |

Item 2.02. Results of Operations and Financial Condition.

On May 21, 2019, AutoZone, Inc. issued a press release announcing its earnings for the fiscal quarter ended May 4, 2019, which is furnished as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

The following exhibits are furnished with this Current Report pursuant to Item 2.02:

(d) Exhibits

[99.1](#) [Press Release dated May 21, 2019](#)

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.

AutoZone, Inc.

Date: May 21, 2019

By: /s/ William T. Giles

William T. Giles

Chief Financial Officer and Executive Vice President - Finance, Information
Technology

AutoZone 3rd Quarter Same Store Sales Increase 3.9%; EPS Increases 19.2% to \$15.99

MEMPHIS, Tenn., May 21, 2019 (GLOBE NEWSWIRE) -- AutoZone, Inc. (NYSE: AZO) today reported net sales of \$2.8 billion for its third quarter (12 weeks) ended May 4, 2019, an increase of 4.6% from the third quarter of fiscal 2018 (12 weeks). Domestic same store sales, or sales for stores open at least one year, increased 3.9% for the quarter.

Net income for the quarter increased 10.7% over the same period last year to \$405.9 million, while diluted earnings per share increased 19.2% to \$15.99 per share from \$13.42 per share in the year-ago quarter. Net income and earnings per share benefited from a lower effective income tax rate.

For the quarter, gross profit, as a percentage of sales, was 53.6% (versus 53.5% the same period last year). The increase in gross margin was attributable to the impact of the sale of two businesses completed in the prior year (29 bps), partially offset by lower merchandise margins driven primarily by a shift in mix. Operating expenses, as a percentage of sales, were 33.9% (versus 33.0% the same period last year), with deleverage primarily due to increased domestic store payroll (69 bps).

Under its share repurchase program, AutoZone repurchased 472 thousand shares of its common stock for \$466.0 million during the third quarter, at an average price of \$987 per share. At the end of the third quarter, the Company had \$1.169 billion remaining under its current share repurchase authorization.

The Company's inventory increased 8.0% over the same period last year, driven by new stores and increased product placement. Inventory per location was \$688 thousand versus \$658 thousand last year and \$690 thousand last quarter. Net inventory, defined as merchandise inventories less accounts payable, on a per location basis, was a negative \$58 thousand versus negative \$48 thousand last year and negative \$58 thousand last quarter.

"I want to thank and congratulate all AutoZoners for their efforts in delivering solid results for our third fiscal quarter. Their commitment to providing superior service again resulted in strong quarterly sales results with solid performance in DIY while our Commercial business growth rate accelerated again. Our industry fundamentals remain strong and the industry data available to us shows we are improving our market share position. And, we continue to be excited about the initiatives we have underway to further enhance our inventory availability, to continue to accelerate our Commercial business and to meet our customers how, when and where they want to be met with our omni-channel efforts. As we continue to invest in our business, we remain committed to our disciplined approach of increasing operating earnings and cash flow, and utilizing our balance sheet and capital effectively," said Bill Rhodes, Chairman, President and Chief Executive Officer.

During the quarter ended May 4, 2019, AutoZone opened 35 new stores in the U.S., eight stores in Mexico and three stores in Brazil. As of May 4, 2019, the Company had 5,686 stores in 50 states in the U.S., the District of Columbia and Puerto Rico, 576 stores in Mexico, and 25 stores in Brazil for a total count of 6,287.

AutoZone is the leading retailer and a leading distributor of automotive replacement parts and accessories in the United States. Each AutoZone 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 through www.alldata.com. Additionally, we sell automotive hard parts, maintenance items, accessories, and non-automotive products through www.autozone.com and our commercial customers can make purchases through www.autozonepro.com. AutoZone does not derive revenue from automotive repair or installation.

AutoZone will host a conference call this morning, Tuesday, May 21, 2019, 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 Thursday, June 20, 2019, 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 adjustments to reflect return on invested capital, adjusted debt, adjusted debt to EBITDAR and cash flow before share repurchases. 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 capital structure in order to maintain its investment grade credit ratings 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 constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," "seek," "may," "could" 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: product demand; energy prices; weather; competition; credit market conditions; access to available and feasible financing; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; war and the prospect of war, including terrorist activity; inflation; the ability to hire and retain qualified employees; construction delays; the compromising of confidentiality, availability or integrity of information, including cyber attacks; and raw material costs of suppliers. Certain of these risks are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of the Annual Report on Form 10-K for the year ended August 25, 2018, and these Risk Factors should be read carefully. 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 events described above and in the “Risk Factors” 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.

Contact Information:

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AutoZone's 3rd Quarter Highlights - Fiscal 2019

Condensed Consolidated Statements of Operations

3rd Quarter, FY2019

(in thousands, except per share data)

| | GAAP Results | |
|--------------------------------------|-----------------------|-----------------------|
| | 12 Weeks Ended | 12 Weeks Ended |
| | May 4, 2019 | May 5, 2018 |
| Net sales | \$ 2,783,006 | \$ 2,660,152 |
| Cost of sales | 1,290,986 | 1,237,178 |
| Gross profit | 1,492,020 | 1,422,974 |
| Operating, SG&A expenses | 944,497 | 877,209 |
| Operating profit (EBIT) | 547,523 | 545,765 |
| Interest expense, net | 43,239 | 41,958 |
| Income before taxes | 504,284 | 503,807 |
| Income taxes ⁽¹⁾ | 98,335 | 137,086 |
| Net income | <u>\$ 405,949</u> | <u>\$ 366,721</u> |
| Net income per share: | | |
| Basic | \$ 16.35 | \$ 13.62 |
| Diluted | \$ 15.99 | \$ 13.42 |
| Weighted average shares outstanding: | | |
| Basic | 24,836 | 26,926 |
| Diluted | 25,394 | 27,329 |

⁽¹⁾The Company's effective tax rate was 19.5% for the twelve weeks ended May 4, 2019 and 27.2% for the comparable prior year period. Third quarter fiscal 2019 and 2018 include \$13.1M and \$0.4M in tax benefits from stock option exercises, respectively.

Year-To-Date 3rd Quarter, FY2019

(in thousands, except per share data)

| | GAAP Results | |
|-----------------------------|-----------------------|-----------------------|
| | 36 Weeks Ended | 36 Weeks Ended |
| | May 4, 2019 | May 5, 2018 |
| Net sales | \$ 7,875,307 | \$ 7,662,309 |
| Cost of sales | 3,640,706 | 3,596,442 |
| Gross profit | 4,234,601 | 4,065,867 |
| Operating, SG&A expenses | 2,799,239 | 2,846,250 |
| Operating profit (EBIT) | 1,435,362 | 1,219,617 |
| Interest expense, net | 123,608 | 120,186 |
| Income before taxes | 1,311,754 | 1,099,431 |
| Income taxes ⁽²⁾ | 259,762 | 162,177 |
| Net income | <u>\$ 1,051,992</u> | <u>\$ 937,254</u> |
| Net income per share: | | |

| | | | | |
|--------------------------------------|----|--------|----|--------|
| Basic | \$ | 41.73 | \$ | 34.32 |
| Diluted | \$ | 40.92 | \$ | 33.75 |
| Weighted average shares outstanding: | | | | |
| Basic | | 25,210 | | 27,306 |
| Diluted | | 25,711 | | 27,769 |

(2) The Company's effective tax rate was 19.8% for the thirty-six weeks ended May 4, 2019 and 14.8% for the comparable prior year period. Fiscal 2019 and 2018 include \$38.2M and \$27.2M in tax benefits from stock option exercises, respectively. Additionally, prior year-to-date results were negatively impacted by asset impairments of \$193.2M (pre-tax) recognized in the second quarter of fiscal 2018 related to the sale of two businesses completed in the prior year, and benefited from Tax Reform (effective January 1, 2018)

Selected Balance Sheet Information

(in thousands)

| | May 4, 2019 | May 5, 2018 | August 25, 2018 |
|-----------------------------|-------------|-------------|-----------------|
| Cash and cash equivalents | \$ 174,058 | \$ 218,386 | \$ 217,824 |
| Merchandise inventories | 4,325,659 | 4,005,820 | 3,943,670 |
| Current assets | 4,971,340 | 4,671,277 | 4,635,869 |
| Property and equipment, net | 4,324,930 | 4,122,966 | 4,218,400 |
| Total assets | 9,773,740 | 9,301,769 | 9,346,980 |
| Accounts payable | 4,693,094 | 4,296,677 | 4,409,372 |
| Current liabilities | 5,316,889 | 4,918,336 | 5,028,681 |
| Total debt | 5,151,917 | 4,954,697 | 5,005,930 |
| Stockholders' deficit | (1,589,513) | (1,361,603) | (1,520,355) |
| Working capital | (345,549) | (247,059) | (392,812) |

Condensed Consolidated Statements of Operations

Adjusted Debt / EBITDAR (Trailing 4 Qtrs)

(in thousands, except adjusted debt to EBITDAR ratio)

| | May 4, 2019 | May 5, 2018 |
|------------------------------------|--------------|--------------|
| Net income | \$ 1,452,274 | \$ 1,371,154 |
| Add: Impairment | - | 193,162 |
| Pension settlement | 130,263 | - |
| Interest | 177,949 | 171,586 |
| Taxes | 396,378 | 384,504 |
| Adjusted EBIT | 2,156,864 | 2,120,406 |
| Add: Depreciation and amortization | 359,111 | 340,154 |
| Rent expense | 320,840 | 314,525 |
| Share-based expense | 45,644 | 38,460 |
| EBITDAR | \$ 2,882,459 | \$ 2,813,545 |
| Debt | \$ 5,151,917 | \$ 4,954,697 |
| Capital lease obligations | 165,541 | 160,452 |
| Add: rent x 6 | 1,925,040 | 1,887,150 |
| Adjusted debt | \$ 7,242,498 | \$ 7,002,299 |
| Adjusted debt to EBITDAR | 2.5 | 2.5 |

Selected Cash Flow Information

(in thousands)

| | 12 Weeks Ended May 4, 2019 | 12 Weeks Ended May 5, 2018 | 36 Weeks Ended May 4, 2019 | 36 Weeks Ended May 5, 2018 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|

| | | | | |
|--|-------------------|-------------------|---------------------|-------------------|
| Depreciation and amortization | \$ 84,888 | \$ 79,754 | \$ 251,118 | \$ 237,091 |
| Capital spending | 118,015 | 112,401 | 313,847 | 327,148 |
| Cash flow before share repurchases: | | | | |
| Decrease in cash and cash equivalents | \$ (21,607) | \$ (70,136) | \$ (43,766) | \$ (74,884) |
| Less increase/(decrease) in debt | 48,000 | (90,000) | 151,500 | (129,600) |
| Add back share repurchases | 466,019 | 399,701 | 1,313,116 | 927,155 |
| Cash flow before share repurchases and changes in debt | <u>\$ 396,412</u> | <u>\$ 419,565</u> | <u>\$ 1,117,850</u> | <u>\$ 981,871</u> |

Other Selected Financial Information
(in thousands, except ROIC)

| | <u>May 4, 2019</u> | <u>May 5, 2018</u> |
|---|---------------------|---------------------|
| Cumulative share repurchases (\$ since fiscal 1998) | \$ 20,731,427 | \$ 18,753,453 |
| Remaining share repurchase authorization (\$) | 1,168,573 | 896,547 |
| Cumulative share repurchases (shares since fiscal 1998) | 146,236 | 143,714 |
| Shares outstanding, end of quarter | 24,611 | 26,662 |
| Trailing 4 Quarters | | |
| | <u>May 4, 2019</u> | <u>May 5, 2018</u> |
| Net income | \$ 1,452,274 | \$ 1,371,154 |
| Adjustments: | | |
| Impairment | - | 193,162 |
| Pension settlement | 130,263 | - |
| Interest expense | 177,949 | 171,586 |
| Rent expense | 320,840 | 314,525 |
| Tax effect* | (144,107) | (184,103) |
| Deferred tax liabilities, net | (1,774) | (136,679) |
| After-tax return | <u>\$ 1,935,445</u> | <u>\$ 1,729,645</u> |
| Average debt** | 5,075,956 | 5,043,061 |
| Average stockholders' deficit** | (1,544,890) | (1,471,968) |
| Add: Rent x 6** | 1,925,040 | 1,887,150 |
| Average capital lease obligations** | 158,701 | 155,729 |
| Pre-tax invested capital | <u>\$ 5,614,807</u> | <u>\$ 5,613,972</u> |
| Return on Invested Capital (ROIC) | 34.5% | 30.8% |

* Effective tax rate over trailing four quarters ended May 4, 2019 is 28.1% for pension settlement and 21.6% for interest and rent expense. Effective tax rate over trailing four quarters ended May 5, 2018, excluding the impact of the revaluation of net deferred tax liabilities, is 28.3% and 24.2% for impairment

** All averages are computed based on trailing 5 quarter balances.

AutoZone's 3rd Quarter Highlights - Fiscal 2019
Selected Operating Highlights
Condensed Consolidated Statements of Operations

Store Count & Square Footage

| | 12 Weeks Ended May 4, 2019 | 12 Weeks Ended May 5, 2018 | 36 Weeks Ended May 4, 2019 | 36 Weeks Ended May 5, 2018 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| AutoZone Domestic stores (Domestic): | | | | |
| Store count: | | | | |
| Beginning domestic stores | 5,651 | 5,514 | 5,618 | 5,465 |
| Stores opened | 35 | 26 | 68 | 77 |
| Stores closed | - | - | - | 2 |
| Ending domestic stores | <u>5,686</u> | <u>5,540</u> | <u>5,686</u> | <u>5,540</u> |
| Relocated stores | 1 | 2 | 2 | 3 |
| Stores with commercial programs | 4,831 | 4,683 | 4,831 | 4,683 |
| Square footage (in thousands) | 37,203 | 36,216 | 37,203 | 36,216 |
| AutoZone Mexico stores: | | | | |
| Stores opened | 8 | 4 | 12 | 12 |
| Total stores in Mexico | 576 | 536 | 576 | 536 |
| AutoZone Brazil stores: | | | | |
| Stores opened | 3 | - | 5 | 2 |
| Total stores in Brazil | <u>25</u> | <u>16</u> | <u>25</u> | <u>16</u> |
| Total AutoZone stores | <u><u>6,287</u></u> | <u><u>6,092</u></u> | <u><u>6,287</u></u> | <u><u>6,092</u></u> |
| Square footage (in thousands) | 41,653 | 40,294 | 41,653 | 40,294 |
| Square footage per store | 6,625 | 6,614 | 6,625 | 6,614 |

Sales Statistics

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

| | 12 Weeks Ended May 4, 2019 | 12 Weeks Ended May 5, 2018 | Trailing 4 Quarters May 4, 2019 | Trailing 4 Quarters May 5, 2018 |
|--|----------------------------------|----------------------------------|---------------------------------------|---------------------------------------|
| Total AutoZone Stores (Domestic, Mexico and Brazil) | | | | |
| Sales per average store | \$ 436 | \$ 425 | \$ 1,814 | \$ 1,785 |
| Sales per average square foot | \$ 66 | \$ 64 | \$ 274 | \$ 270 |
| Total Auto Parts (Domestic, Mexico, Brazil and IMC) | | | | |
| Total auto parts sales | \$ 2,731,900 | \$ 2,610,485 ⁽¹⁾ | \$ 11,227,486 | \$ 10,849,645 ⁽¹⁾ |
| % Increase vs. LY | 4.7% | 3.2% | 3.5% | 4.2% |
| Domestic Commercial | | | | |
| Total domestic commercial sales | \$ 614,808 | \$ 535,187 | \$ 2,408,148 | \$ 2,154,853 |
| % Increase vs. LY | 14.9% | 7.3% | 11.8% | 6.4% |
| All Other (ALLDATA and AutoAnything) | | | | |
| All other sales | \$ 51,106 | \$ 49,667 ⁽²⁾ | \$ 206,590 | \$ 325,268 ⁽²⁾ |
| % Increase vs. LY | 2.9% | (43.8%) | (36.5%) | (11.2%) |

(1) Results include IMC, which was sold during the third quarter of fiscal 2018 (effective April 4, 2018).

(2) Results include AutoAnything, which was sold during the third quarter of fiscal 2018 (effective February 26, 2018).

| 12 Weeks Ended May 4, 2019 | 12 Weeks Ended May 5, 2018 | 36 Weeks Ended May 4, 2019 | 36 Weeks Ended May 5, 2018 |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|

Domestic same store sales

3.9%

0.6%

3.1%

1.7%

Inventory Statistics (Total Locations)

| | as of May 4, 2019 | as of May 5, 2018 |
|---------------------------------|------------------------------|------------------------------|
| Accounts payable/inventory | 108.5% | 107.3% |
| (\$ in thousands) | | |
| Inventory | \$ 4,325,659 | \$ 4,005,820 |
| Inventory per location | 688 | 658 |
| Net inventory (net of payables) | (367,435) | (290,857) |
| Net inventory / per location | (58) | (48) |
| | Trailing 5 Quarters | |
| | May 4, 2019 | May 5, 2018 |
| Inventory turns | 1.3x | 1.3x |