

FORM 8-K

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

March 3, 2004

Date of Report
(Date of earliest event reported)

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

1-10714

(Commission File Number)

62-1482048

(I.R.S. Employer
Identification No.)

**123 South Front Street
Memphis, Tennessee 38103**

(Address of principal executive offices) (Zip Code)

(901) 495-6500

Registrant's telephone number, including area code

(not applicable)

Former name, former address and former fiscal year, if changed since last report.

Item 7. Financial Statements and Exhibits

The following exhibit is furnished with this Current Report pursuant to Item 12:

(c) Exhibits

99.1 Press Release dated March 3, 2004.

Item 12. Results of Operations and Financial Condition

On March 3, 2004, the Company issued a press release announcing earnings for the fiscal quarter ended February 14, 2004, which is furnished as Exhibit 99.1.

SIGNATURES

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 thereunto duly authorized.

AUTOZONE, INC.

By: /s/ Michael G. Archbold

Michael G. Archbold
Senior Vice President and
Chief Financial Officer Customer Satisfaction

Dated: March 3, 2004

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EXHIBIT INDEX

99.1 Press Release dated March 3, 2004

AutoZone EPS up 32% to \$1.04;
Total Sales Up 3.4%;
ROIC Improves to 24.5%

MEMPHIS, Tenn., March 3 /PRNewswire-FirstCall/ — AutoZone, Inc. (NYSE: AZO) today reported sales of \$1.159 billion for its second fiscal quarter (12 weeks) ended February 14, 2004, an increase of 3.4% from fiscal 2003. Same store sales, or sales for domestic stores open at least one year, were flat overall. Retail same store sales were down 1% while AZ Commercial same store sales were up 10%. Gross profit, as a percentage of sales, for the quarter improved by 4.4 percentage points while operating expenses, as a percentage of sales, increased by 3.0 percentage points. This resulted in an operating margin of 14.5%, up 1.4 percentage points from last year. Operating profit increased 14.3% over the prior year.

Net income for the quarter increased by 15.6% to \$91.7 million, and diluted earnings per share, reflecting net income and the benefit of the company share repurchase program, increased 32% to \$1.04 per share from \$0.79 per share reported in the year-ago quarter. During the quarter, the Company experienced no one-time gain from warranty.

Return on invested capital for the trailing four quarters increased to 24.5% from 21.4% the previous year.

For the fiscal year-to-date period (24 weeks), sales were \$2.44 billion, an increase of 4.4% from the prior year, with a same store sales increase of 1% on flat growth in retail same store sales and 13% growth in AZ Commercial same store sales. Year-to-date net income increased 15.9% to \$213.4 million, while diluted earnings per share for the period increased 30.9% to \$2.39 from \$1.83.

Under its ongoing share repurchase program, AutoZone repurchased 4.0 million shares of its common stock for \$337 million during the second quarter. Since 1998, cumulative share repurchases have totaled \$3.2 billion, or 76.7 million shares at an average price of \$42.04 per share.

For the quarter, gross profit, as a percentage of sales, was 48.7% while operating expenses, as a percentage of sales, were 34.1%. During the quarter, gross profit was affected by the accounting required by the Emerging Issues Task Force Issue 02-16, "Accounting by a Customer (including a Reseller) for Cash Consideration Received from a Vendor" (EITF Issue 02-16). AutoZone adopted the new accounting effective January 1, 2003. For the twelve weeks ended February 14, 2004, this resulted in a change in classification of \$29.6 million of vendor funding from operating expenses to cost of goods sold. Excluding the impact of EITF Issue 02-16, gross margin for the quarter would have been 46.1% (versus 44.3% last year) and selling, general and administrative expenses as a percent of sales would have been 31.6% (versus 31.1% last year). This increase in selling, general and administrative expenses as a percent of sales primarily reflects costs associated with the company's initiative to refresh approximately 200 stores during the quarter and to open 62 incremental commercial programs.

The Company reduced its per store inventory levels as of February 14, 2004, to \$443 thousand from \$471 thousand last year. Total inventory was down while total sales were up 3.4%. Net inventory, defined as inventory less accounts payable, declined on a per store level to \$81 thousand from \$140 thousand last year.

During the quarter AutoZone opened 40 new stores in the U.S. and 5 new stores in Mexico. As of February 14, 2004, AutoZone sells auto and light truck parts, chemicals and accessories through 3,299 AutoZone stores in 48 states plus the District of Columbia in the U.S. and 55 AutoZone stores in Mexico and 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 will host a one-hour conference call this morning, Wednesday, March 3, 2004, beginning at 9:00 a.m. (CST) to discuss the first 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) 234-0004. 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) 220-4124 through Wednesday, March 10, 2004, at 10:00 p.m. (CST).

This release includes certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"). This information should not be considered a substitute for any measures derived in accordance with GAAP. The Company believes that this information is useful to investors as it indicates more clearly the Company's comparative year-to-year operating results. The financial impact of the adoption of EITF Issue 02-16 was identified as an "adjustment" for comparative purposes. The Company's management uses comparative information regarding the adoption of EITF Issue 02-16 to analyze and compare the Company's underlying operating results. Management also manages the Company's debt levels to a ratio of adjusted debt to EBITDAR, as shown on the attached tables. This is important information for the Company's management of its debt levels. We have included a reconciliation of this information to the most comparable GAAP measures in the accompanying reconciliation tables.

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 the availability of commercial transportation. 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, 2003, for more information related to those risks. 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 2nd Quarter Highlights - Fiscal 2004

Condensed Consolidated Statements of Operations

2nd Quarter, F2004 Only

(in thousands, except per share data)

| | GAAP Results | |
|--------------------------------------|-------------------------------------|-------------------------------------|
| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 |
| Net sales | \$1,159,236 | \$1,120,696 |
| Cost of Sales | 594,925 | 624,697 |
| Gross profit | 564,311 | 495,999 |
| Operating SG&A expenses | 395,785 | 348,501 |
| Operating profit (EBIT) | 168,526 | 147,498 |
| Interest expense, net | 21,922 | 19,633 |
| Income before taxes | 146,604 | 127,865 |
| Taxes | 54,950 | 48,590 |
| Net income | \$ 91,654 | \$ 79,275 |
| Net income per share: | | |
| Basic | \$ 1.06 | \$ 0.81 |
| Diluted | \$ 1.04 | \$ 0.79 |
| Weighted Average Shares outstanding: | | |
| Basic | 86,618 | 98,446 |
| Diluted | 88,028 | 100,393 |

| | Adjustments | |
|--------------------------------------|-------------------------------------|-------------------------------------|
| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 |
| Net sales | \$ — | \$— |
| Cost of Sales | 29,608 | |
| Gross profit | (29,608) | |
| Operating SG&A expenses | (29,608) | |
| Operating profit (EBIT) | — | |
| Interest expense, net | 0 | |
| Income before taxes | — | |
| Taxes | 0 | |
| Net income | \$ — | \$— |
| Net income per share: | | |
| Basic | \$ — | |
| Diluted | \$ — | |
| Weighted Average Shares outstanding: | | |
| Basic | 86,618 | |
| Diluted | 88,028 | |

*Adjusted

| 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 |
|-------------------------------------|-------------------------------------|
|-------------------------------------|-------------------------------------|

| | | |
|--------------------------------------|-------------|-------------|
| Net sales | \$1,159,236 | \$1,120,696 |
| Cost of Sales | 624,533 | 624,697 |
| Gross profit | 534,703 | 495,999 |
| Operating SG&A expenses | 366,177 | 348,501 |
| Operating profit (EBIT) | 168,526 | 147,498 |
| Interest expense, net | 21,922 | 19,633 |
| Income before taxes | 146,604 | 127,865 |
| Taxes | 54,950 | 48,590 |
| Net income | \$ 91,654 | \$ 79,275 |
| Net income per share: | | |
| Basic | \$ 1.06 | \$ 0.81 |
| Diluted | \$ 1.04 | \$ 0.79 |
| Weighted Average Shares outstanding: | | |
| Basic | 86,618 | 98,446 |
| Diluted | 88,028 | 100,393 |

* Adjusted Statement of Operations for F2004 excludes EITF Issue 02-16 impact.

Year-to-date 2nd Quarter, F2004

GAAP Results

| | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Net sales | \$2,441,276 | \$2,339,331 |
| Cost of Sales | 1,263,875 | 1,293,942 |
| Gross profit | 1,177,401 | 1,045,389 |
| Operating SG&A expenses | 793,771 | 709,565 |
| Operating profit (EBIT) | 383,630 | 335,824 |
| Interest expense, net | 42,182 | 38,738 |
| Income before taxes | 341,448 | 297,086 |
| Taxes | 128,050 | 112,900 |
| Net income | \$ 213,398 | \$ 184,186 |
| Net income per share: | | |
| Basic | \$ 2.43 | \$ 1.87 |
| Diluted | \$ 2.39 | \$ 1.83 |
| Weighted Average Shares outstanding: | | |
| Basic | 87,679 | 98,627 |
| Diluted | 89,219 | 100,800 |

Adjustments

| | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|-------------------------|-------------------------------------|-------------------------------------|
| Net sales | \$ — | \$— |
| Cost of Sales | 51,228 | |
| Gross profit | (51,228) | |
| Operating SG&A expenses | (51,228) | |
| Operating profit (EBIT) | — | |
| Interest expense, net | 0 | |
| Income before taxes | — | |
| Taxes | 0 | |
| Net income | \$ — | \$— |

| | |
|--------------------------------------|--------|
| Net income per share: | |
| Basic | \$ — |
| Diluted | \$ — |
| Weighted Average Shares outstanding: | |
| Basic | 87,679 |
| Diluted | 89,219 |

*Adjusted

| | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Net sales | \$2,441,276 | \$2,339,331 |
| Cost of Sales | 1,315,103 | 1,293,942 |
| Gross profit | 1,126,173 | 1,045,389 |
| Operating SG&A expenses | 742,543 | 709,565 |
| Operating profit (EBIT) | 383,630 | 335,824 |
| Interest expense, net | 42,182 | 38,738 |
| Income before taxes | 341,448 | 297,086 |
| Taxes | 128,050 | 112,900 |
| Net income | \$ 213,398 | \$ 184,186 |
| Net income per share: | | |
| Basic | \$ 2.43 | \$ 1.87 |
| Diluted | \$ 2.39 | \$ 1.83 |
| Weighted Average Shares outstanding: | | |
| Basic | 87,679 | 98,627 |
| Diluted | 89,219 | 100,800 |

* Adjusted Statement of Operations for F2004 excludes EITF Issue 02-16 impact.

Selected Balance Sheet Information (in thousands)

| | February 14, 2004 | February 15, 2003 | August 30, 2003 |
|-----------------------------|----------------------|----------------------|--------------------|
| Merchandise inventories | \$1,487,478 | \$1,490,172 | \$ 1,511,316 |
| Current assets | 1,600,354 | 1,577,914 | 1,584,994 |
| Property and equipment, net | 1,735,505 | 1,662,567 | 1,715,753 |
| Total assets | 3,701,716 | 3,614,582 | 3,680,466 |
| Accounts payable | 1,216,404 | 1,048,077 | 1,321,905 |
| Current liabilities | 1,597,837 | 1,469,797 | 1,675,566 |
| Debt | 1,786,945 | 1,339,542 | 1,546,845 |
| Stockholders' equity | 233,877 | 747,774 | 373,758 |
| Working capital | 2,517 | 108,117 | (90,572) |

Adjusted Debt / EBITDAR (Trailing 4 Qtrs)

| | February 14, 2004 | February 15, 2003 |
|---------------------------|-------------------|-------------------|
| Net income | 546,816 | 464,485 |
| Add: Interest | 88,234 | 80,893 |
| Taxes | 330,553 | 284,801 |
| EBIT | 965,603 | 830,179 |
| Depreciation/Amortization | 107,254 | 112,998 |
| Rent Expense | 114,213 | 103,702 |
| EBITDAR | 1,187,070 | 1,046,879 |
| Debt | 1,786,945 | 1,339,542 |
| Add: Rent x 6 | 685,278 | 622,214 |
| Adjusted Debt | 2,472,223 | 1,961,756 |

Selected Cash Flow Information
(in thousands)

| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 |
|--|-------------------------------------|-------------------------------------|
| Depreciation | \$ 24,392 | \$ 25,243 |
| Capital spending | \$ 40,123 | \$ 31,367 |
| Cash flow before share repurchase: | | |
| Net increase (decrease) in cash and cash equivalents | \$ 47 | \$ 29 |
| Subtract increase (decrease) in debt | 333,600 | 26,450 |
| Subtract share repurchases | (337,218) | (80,972) |
| Cash flow before share repurchases | <u>\$ 3,665</u> | <u>\$ 54,551</u> |

| | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|--|-------------------------------------|-------------------------------------|
| Depreciation | \$ 48,342 | \$ 50,836 |
| Capital spending | \$ 69,478 | \$ 61,832 |
| Cash flow before share repurchase: | | |
| Net increase (decrease) in cash and cash equivalents | \$ (31) | \$ 61 |
| Subtract increase (decrease) in debt | 240,100 | 145,025 |
| Subtract share repurchases | (397,663) | (159,495) |
| Cash flow before share repurchases | <u>\$157,532</u> | <u>\$ 14,531</u> |

| | Trailing 4 Quarters February 14, 2004 | Trailing 4 Quarters February 15, 2003 |
|--|--|--|
| Depreciation | \$ 107,254 | \$ 112,998 |
| Capital spending | \$ 189,888 | \$ 138,449 |
| Cash flow before share repurchase: | | |
| Net increase (decrease) in cash and cash equivalents | \$ 152 | \$ (669) |
| Subtract increase (decrease) in debt | 447,403 | 87,600 |
| Subtract share repurchases | (1,129,263) | (689,267) |
| Cash flow before share repurchases | <u>\$ 682,012</u> | <u>\$ 600,998</u> |

Other Selected Financial Information
(in thousands)

| | February 14, 2004 | February 15, 2003 |
|--|--------------------|--------------------|
| Cumulative share repurchases (\$): | | |
| On balance sheet | \$3,224,474 | \$2,095,191 |
| Forward contracts | — | 297,525 |
| Total | <u>\$3,224,474</u> | <u>\$2,392,716</u> |
| Cumulative share repurchases (shares): | | |
| On balance sheet | 76,698 | 62,032 |
| Forward contracts | — | 4,283 |
| Total | <u>76,698</u> | <u>66,315</u> |
| Shares outstanding, end of quarter | 84,756 | 97,857 |

| | | |
|------------------------|--------|-------|
| Return on Equity (ROE) | 111.4% | 56.7% |
|------------------------|--------|-------|

| | Trailing 4 Quarters February 14, 2004 | Trailing 4 Quarters February 15, 2003 |
|--------------------------------------|--|--|
| Return on Invested Capital (ROIC) | 24.5% | 21.4% |

AutoZone's 2nd Quarter Fiscal 2004
Selected Operating Highlights

Store Count & Square Footage

| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|--------------------------------|---|---|---|---|
| Domestic stores: | | | | |
| Store count: | | | | |
| Stores opened | 40 | 30 | 80 | 61 |
| Stores closed | 0 | 6 | 0 | 7 |
| Replacement stores | 0 | 3 | 1 | 4 |
| Total domestic stores | 3,299 | 3,122 | 3,299 | 3,122 |
| Stores with commercial sales | 2,048 | 1,954 | 2,048 | 1,954 |
| Square footage (in thousands): | 20,944 | 19,986 | 20,944 | 19,986 |
| Square footage per store | 6,349 | 6,402 | 6,349 | 6,402 |
| Stores in Mexico: | | | | |
| Stores opened | 5 | 1 | 6 | 2 |
| Total stores in Mexico | 55 | 41 | 55 | 41 |

Sales & Inventory Statistics (Domestic Stores Only):

| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 | Trailing 4 Quarters February 14, 2004 | Trailing 4 Quarters February 15, 2003 |
|---|---|---|--|--|
| Total Retail Sales (\$ in thousands) | \$966,698 | \$948,733 | \$4,691,038 | \$4,577,740* |
| % Increase vs. LY Retail Sales | 2% | 1% | 2% | 6% |
| Total AZ Commercial Sales (\$ in thousands) | \$153,871 | \$137,972 | \$ 711,131 | \$ 584,561* |
| % Increase vs. LY AZ Commercial Sales | 12% | 31% | 22% | 24% |
| Sales per average store (\$ in thousands) | \$ 342 | \$ 349 | \$ 1,683 | \$ 1,676* |
| Sales per average square foot | 54 | 55 | 264 | 261* |

| | 12 Weeks Ended February 14, 2004 | 12 Weeks Ended February 15, 2003 | 24 Weeks Ended February 14, 2004 | 24 Weeks Ended February 15, 2003 |
|--|---|---|---|---|
| Same store sales - rolling 13 periods | | | | |
| Total | 0% | 2% | 1% | 3%* |
| Retail vs. commercial | | | | |
| Retail | (1%) | (1%) | 0% | 1%* |
| Commercial | 10% | 29% | 13% | 29%* |

* For comparison purposes, excludes 53rd week in fiscal 2002.

| | Trailing 4 Quarters February 14, 2004 | Trailing 4 Quarters February 15, 2003 |
|------------------|--|--|
| Inventory turns: | | |

| | | |
|-----------------------------------|-------|------|
| Based on average inventories | 1.9x | 2.1x |
| Based on ending inventories | 2.0x | 2.0x |
| Inventory turns, net of payables: | | |
| Based on average inventories | 10.7x | 8.4x |
| Based on ending inventories | 11.8x | 6.9x |

Inventory Statistics (Total Stores):

| | February 14, 2004 | February 15, 2003 |
|---|----------------------------|----------------------------|
| | as of February 14, 2004 | as of February 15, 2003 |
| Accounts payable/inventory (total company) | 82% | 70% |
| (\$ in thousands) | | |
| Gross Inventory | \$1,487,478 | \$1,490,172 |
| Gross Inventory / Store | \$ 443 | \$ 471 |
| Net Inventory (net of payables) | \$ 271,074 | \$ 442,095 |
| Net Inventory / Store | \$ 81 | \$ 140 |

SOURCE AutoZone, Inc.

-0- 03/03/2004

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/Web site: <http://www.autozone.com> <http://www.autozoneinc.com> /

(AZO)

CO: AutoZone, Inc.

ST: Tennessee

IN: AUT REA

SU: ERN CCA MAV