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O REILLY AUTOMOTIVE INC
Form 8-K
April 24, 2003

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

April 22, 2003

Date of Report

O'REILLY AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Missouri

44-0618012

(State or other jurisdiction of
incorporation or organization)

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

233 S. Patterson
Springfield, Mo 65802

(Address of principal executive offices) (Zip Code)

(417)862-6708

Registrant's telephone number, including area code

Item 9. Regulation FD Disclosure/Results of Operations and Financial Condition
O'Reilly Automotive, Inc. announced on April 22, 2003 its first quarter 2003
results. The press release is attached hereto as Exhibit 99.1 and is
incorporated herein by reference.

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.

O'REILLY AUTOMOTIVE, INC.

/s/ James R. Batten

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

April 23, 2003

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EXHIBIT INDEX

99.1 Press Release dated April 22, 2003

FOR IMMEDIATE RELEASE

For further information contact:

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

O'REILLY AUTOMOTIVE REPORTS COMPARABLE STORE SALES OF 6.2% AND RECORD FIRST QUARTER SALES AND EARNINGS

Springfield, MO, April 22, 2003 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the first quarter of 2003, representing 38 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, 2003, totaled \$19.7 million, up 18.5% from \$16.6 million for the same period in 2002. Diluted earnings per common share for the first quarter of 2003 increased 19.4% to \$0.37 on 53.8 million shares compared to \$0.31 for the first quarter of 2002 on 53.6 million shares. Product sales for the three months ended March 31, 2003, totaled \$339.5 million, up 14.9% from \$295.5 million for the same period a year ago. Gross profit for the first quarter of 2003 increased to \$140.9 million (or 41.5% of product sales) from \$126.0 million (or 42.7% of product sales) for the first quarter of 2002, representing an increase of 11.8%. Operating, Selling, General and Administrative ("OSG&A") expenses increased to \$107.6 million (or 31.7% of product sales) for the first quarter 2003 from \$97.4 million (or 33.0% of product sales) for the first quarter 2002.

Comparable store product sales for stores open at least one year increased 6.2% and 3.6% for the first quarter of 2003 and 2002, respectively.

David O'Reilly, co-chairman and chief executive officer, stated, "We are pleased with the 6.2% comparable store sales and the financial results for the quarter despite the uncertainties in the economy. Our company-wide cost control initiatives resulted in a 130 basis point drop in OSG&A expenses as a percent of product sales for the first quarter 2003 compared to 2002. Additionally, we generated \$25.2 million in free cash flow [cash provided by operating activities less capital expenditures] in the first quarter of 2003."

Ted Wise, co-president, stated, "We opened 30 new stores and completed five relocations and four renovations this quarter. We expect to open a total of 130 new stores this year, approximately 60-70% of which will be in our southeastern markets."

The Company will host a conference call Wednesday, April 23, 2003, at 10:00 a.m. central time to discuss its results as well as future expectations. The call will be available by webcast at www.oreillyauto.com, www.vcall.com or www.streetevents.com. Investors may listen to the conference call live on the Company Web site, www.oreillyauto.com, by clicking "Investor Information," then "Conference Calls." A replay will also be available on the Web site shortly after the call.

O'Reilly Automotive is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United

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States, serving both the do-it-yourself and professional installer markets. Founded in 1957 by the O'Reilly family, the Company operated 1,011 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Tennessee and Texas as of March 31, 2003.

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, 2002, for more details. O'Reilly Automotive 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.

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

| | March 31, 2003 | December 31, 2002 |
|---|----------------------|----------------------|
| | ----- (Unaudited) | ----- (Note) |
| | In thousands | |
| Assets | | |
| Current assets: | | |
| Cash | \$ 19,744 | 29,333 |
| Accounts receivable, net | 51,644 | 45,421 |
| Amounts receivable from vendors | 47,684 | 42,918 |
| Inventory | 502,506 | 504,098 |
| Deferred income taxes | -- | 5,040 |
| Other current assets | 5,014 | 4,235 |
| | ----- | ----- |
| Total current assets | 626,592 | 631,045 |
| Property and equipment, at cost | 523,440 | 491,523 |
| Accumulated depreciation and amortization | 147,788 | 137,922 |
| | ----- | ----- |
| Net property and equipment | 375,652 | 353,601 |
| Notes receivable | 1,861 | 1,880 |
| Other assets | 24,558 | 22,893 |
| | ----- | ----- |
| Total assets | \$ 1,028,663 | \$ 1,009,419 |
| | ===== | ===== |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Income taxes payable | \$ 10,998 | \$ 9,798 |

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| | | |
|--|--------------|--------------|
| Accounts payable | 112,552 | 85,370 |
| Accrued payroll | 13,142 | 15,257 |
| Accrued benefits and withholdings | 18,954 | 19,165 |
| Current deferred income taxes | 554 | -- |
| Other current liabilities | 18,869 | 17,150 |
| Current portion of long-term debt | 578 | 682 |
| | ----- | ----- |
| Total current liabilities | 175,647 | 147,422 |
| Long-term debt, less current portion | 155,371 | 190,470 |
| Deferred income taxes | 17,348 | 15,939 |
| Other liabilities | 7,187 | 5,064 |
| Shareholders' equity: | | |
| Common stock, \$0.01 par value: | | |
| Authorized shares - 90,000,000 | | |
| Issued and outstanding shares - | | |
| 53,494,797 at March 31, 2003, | | |
| and 53,371,242 at December 31, 2002 | 535 | 534 |
| Additional paid-in capital | 271,887 | 269,030 |
| Retained earnings | 400,688 | 380,960 |
| | ----- | ----- |
| Total shareholders' equity | 673,110 | 650,524 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 1,028,663 | \$ 1,009,419 |

Note: The balance sheet at December 31, 2002, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

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

| | Three Months Ended March 31, | |
|--|--|------------|
| | 2003 | 2002 |
| | ----- | ----- |
| | (Numbers in thousands, except per share data) | |
| Product sales | \$ 339,475 | \$ 295,489 |
| Cost of goods sold, including warehouse and distribution expenses | 198,529 | 169,461 |
| | ----- | ----- |
| Gross profit | 140,946 | 126,028 |
| Operating, selling, general and administrative expenses | 107,605 | 97,390 |
| | ----- | ----- |
| Operating income | 33,341 | 28,638 |
| Other expense, net | (1,763) | (1,871) |
| | ----- | ----- |
| Income before income taxes | 31,578 | 26,767 |
| Provision for income taxes | 11,850 | 10,125 |

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| | | |
|--|-----------------------------|-----------------------------|
| Net income | ----- \$ 19,728 ===== | ----- \$ 16,642 ===== |
| Net income per common share | ----- \$ 0.37 ===== | ----- \$ 0.31 ===== |
| Net income per common share - assuming dilution | ----- \$ 0.37 ===== | ----- \$ 0.31 ===== |
| Weighted average common shares outstanding | ----- 53,402 ===== | ----- 52,884 ===== |
| Adjusted weighted average common shares outstanding - assuming dilution | ----- 53,753 ===== | ----- 53,607 ===== |

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

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2003 | 2002 |
| | ----- | ----- |
| Inventory turnover (1) | 1.6 | 1.6 |
| Inventory turnover, net of payables (2) | 2.0 | 1.9 |
| AP to Inventory | 22.4% | 15.7% |
| Debt-to-capital | 18.8% | 23.8% |
| Return on equity | 13.6% | 13.4% |
| Return on assets | 8.9% | 8.7% |
| Total employment | 14,563 | 13,251 |
| Miscellaneous (in thousands): | | |
| Capital Expenditures | \$ 32,189 | \$ 21,428 |
| Depreciation & Amortization | \$ 10,381 | \$ 8,484 |
| Interest Expense | \$ 2,287 | \$ 2,437 |
| Lease & Rental Expense | \$ 8,367 | \$ 8,305 |
| Store count: | | |
| New stores, net | 30 | 24 |
| Total stores | 1,011 | 899 |
| Square footage (in thousands) | 6,835 | 6,046 |
| Sales per weighted average square foot | \$ 48.78 | \$ 48.07 |
| Sales per weighted average store (in thousands) | \$ 329 | \$ 323 |

(1) Inventory turnover is calculated as cost of sales for the last 12 months divided by the average of beginning and ending inventory.

(2) Inventory turnover, net of payables is calculated as cost of sales divided by the average of beginning and ending inventory less accounts payable.