

AUTOZONE INC
Form 10-Q
March 08, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended February 11, 2012, or

.. **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to .

Commission file number 1-10714

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

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Nevada (State or other jurisdiction of incorporation or organization)	62-1482048 (I.R.S. Employer Identification No.)
123 South Front Street, Memphis, Tennessee (Address of principal executive offices)	38103 (Zip Code)
(901) 495-6500 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 Par Value 38,971,412 shares outstanding as of March 2, 2012.

Table of Contents

TABLE OF CONTENTS

PART I.	<u>FINANCIAL INFORMATION</u>	3
Item 1.	<u>Financial Statements</u>	3
	<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u>	3
	<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>	4
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	5
	<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	6
	<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	13
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
Item 4.	<u>Controls and Procedures</u>	20
Item 4T.	<u>Controls and Procedures</u>	20
PART II.	<u>OTHER INFORMATION</u>	21
Item 1.	<u>Legal Proceedings</u>	21
Item 1A.	<u>Risk Factors</u>	21
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
Item 3.	<u>Defaults Upon Senior Securities</u>	21
Item 4.	<u>Removed and Reserved</u>	21
Item 5.	<u>Other Information</u>	21
Item 6.	<u>Exhibits</u>	22
	<u>SIGNATURES</u>	23
	<u>EXHIBIT INDEX</u>	24

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****AUTOZONE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

<i>(in thousands)</i>	February 11, 2012	August 27, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 103,207	\$ 97,606
Accounts receivable	144,790	140,690
Merchandise inventories	2,577,704	2,466,107
Other current assets	82,863	88,022
Total current assets	2,908,564	2,792,425
Property and equipment:		
Property and equipment	4,488,383	4,371,872
Less: Accumulated depreciation and amortization	(1,763,987)	(1,702,997)
	2,724,396	2,668,875
Goodwill	302,645	302,645
Deferred income taxes	19,685	10,661
Other long-term assets	101,174	94,996
	423,504	408,302
	\$ 6,056,464	\$ 5,869,602
Liabilities and Stockholders Deficit		
Current liabilities:		
Accounts payable	\$ 2,824,873	\$ 2,755,853
Accrued expenses and other	430,588	449,327
Income taxes payable	62,150	25,185
Deferred income taxes	169,618	166,449
Short-term borrowings	29,560	34,082
Total current liabilities	3,516,789	3,430,896
Long-term debt	3,434,800	3,317,600
Other long-term liabilities	400,399	375,338
Commitments and contingencies		
Stockholders deficit:		
Preferred stock, authorized 1,000 shares; no shares issued		
Common stock, par value \$.01 per share, authorized 200,000 shares; 39,452 shares issued and 38,951 shares outstanding as of February 11, 2012; 44,084 shares issued and 40,109 shares outstanding as of	395	441

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August 27, 2011

Additional paid-in capital	588,234	591,384
Retained deficit	(1,605,514)	(643,998)
Accumulated other comprehensive loss	(106,134)	(119,691)
Treasury stock, at cost	(172,505)	(1,082,368)
Total stockholders' deficit	(1,295,524)	(1,254,232)
	\$ 6,056,464	\$ 5,869,602

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**AUTOZONE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

<i>(in thousands, except per share data)</i>	Twelve Weeks Ended		Twenty-Four Weeks Ended	
	February 11, 2012	February 12, 2011	February 11, 2012	February 12, 2011
Net sales	\$ 1,804,069	\$ 1,660,946	\$ 3,728,411	\$ 3,452,608
Cost of sales, including warehouse and delivery expenses	877,854	815,335	1,818,569	1,699,249
Gross profit	926,215	845,611	1,909,842	1,753,359
Operating, selling, general and administrative expenses	625,564	573,863	1,268,257	1,175,491
Operating profit	300,651	271,748	641,585	577,868
Interest expense, net	38,923	39,576	78,017	76,829
Income before income taxes	261,728	232,172	563,568	501,039
Income taxes	94,798	84,116	205,513	180,908
Net income	\$ 166,930	\$ 148,056	\$ 358,055	\$ 320,131
Weighted average shares for basic earnings per share	39,281	43,399	39,573	44,034
Effect of dilutive stock equivalents	956	979	978	972
Adjusted weighted average shares for diluted earnings per share	40,237	44,378	40,551	45,006
Basic earnings per share	\$ 4.25	\$ 3.41	\$ 9.05	\$ 7.27
Diluted earnings per share	\$ 4.15	\$ 3.34	\$ 8.83	\$ 7.11

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**AUTOZONE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

<i>(in thousands)</i>	Twenty-Four Weeks Ended	
	February 11, 2012	February 12, 2011
Cash flows from operating activities:		
Net income	\$ 358,055	\$ 320,131
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	96,170	88,417
Amortization of debt origination fees	3,573	3,898
Income tax benefit from exercise of stock options	(21,793)	(15,847)
Deferred income taxes	5,956	(1,955)
Share-based compensation expense	15,045	12,119
Changes in operating assets and liabilities:		
Accounts receivable	(3,796)	(13,903)
Merchandise inventories	(113,450)	(104,770)
Accounts payable and accrued expenses	49,095	65,957
Income taxes payable	58,511	75,513
Other, net	13,848	11,549
Net cash provided by operating activities	461,214	441,109
Cash flows from investing activities:		
Capital expenditures	(132,430)	(108,357)
Purchase of marketable securities	(18,970)	(22,581)
Proceeds from sale of marketable securities	16,403	19,454
Disposal of capital assets and other, net	5,803	2,158
Net cash used in investing activities	(129,194)	(109,326)
Cash flows from financing activities:		
Net proceeds from commercial paper	117,200	25,300
Net (payments) proceeds of short-term borrowings	(3,548)	12,493
Proceeds from issuance of debt		500,000
Repayment of debt		(199,300)
Net proceeds from sale of common stock	33,050	33,249
Purchase of treasury stock	(482,270)	(694,050)
Income tax benefit from exercise of stock options	21,793	15,847
Payments of capital lease obligations	(12,485)	(10,903)
Other, net		(5,450)
Net cash used in financing activities	(326,260)	(322,814)
Effect of exchange rate changes on cash	(159)	632