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O REILLY AUTOMOTIVE INC
Form 8-K
February 27, 2004
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): February 25, 2004

O'REILLY AUTOMOTIVE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Missouri

44-0618012

(State or Other Jurisdiction
of Incorporation)

(IRS Employer Identification No.)

233 S. Patterson
Springfield, Missouri 65802

(Address of Principal Executive Offices) (Zip Code)

417-862-6708

(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

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

ITEM 9. REGULATION FD DISCLOSURE

The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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.

Date: February 27, 2004

O'REILLY AUTOMOTIVE, INC.

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By:/s/ James R. Batten

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

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|---------------------------------------|
| ----- | ----- |
| 99.1 | Press Release dated February 25, 2004 |

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES
Exhibit 99.1

For further information contact:

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

O'REILLY AUTOMOTIVE REPORTS FOURTH QUARTER AND ANNUAL EARNINGS
11TH CONSECUTIVE YEAR OF RECORD REVENUES AND EARNINGS
7.8% INCREASE IN COMPARABLE STORE PRODUCT SALES

Springfield, MO, February 25, 2004 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the fourth quarter and year ended December 31, 2003, representing 11 consecutive years of record revenues and earnings and positive comparable store product sales increases for O'Reilly since becoming a public company in April 1993.

Net income for the year ended December 31, 2003, totaled \$100.1 million, up 22.1% from \$82.0 million for the same period a year ago. Diluted earnings per common share for the year ended December 31, 2003, increased 20.3% to \$1.84 on 54.5 million shares versus \$1.53 a year ago on 53.7 million shares. Product sales for the year ended December 31, 2003, totaled \$1.51 billion, up 15.2% from \$1.31 billion for the year ending December 31, 2002. Gross profit for the year ended December 31, 2003, increased to \$638.3 million (or 42.2% of product sales) from \$553.4 million (or 42.2% of product sales) for the year ended December 31, 2002, representing an increase of 15.4%. Operating, selling, general and administrative ("OSG&A") expenses for the year ended December 31, 2003, increased to \$473.1 million (or 31.3% of product sales) from \$415.1 million (or 31.6% of product sales) for the year ended December 31, 2002, representing an increase of 14.0%.

Net income for the fourth quarter ended December 31, 2003, totaled \$23.9 million, up 27.8% from \$18.7 million for the same period in 2002. Diluted earnings per common share for the fourth quarter of 2003 increased 22.9% to \$0.43 on 55.3 million shares compared to \$0.35 for the fourth quarter of 2002 on 53.7 million shares. Product sales for the fourth quarter ended December 31,

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2003, totaled \$367.0 million, up 16.8% from \$314.2 million for the same period a year ago. Gross profit for the fourth quarter ended December 31, 2003, increased to \$156.0 million (or 42.5% of product sales) from \$131.0 million (or 41.7% of product sales) for the same period a year ago, representing an increase of 19.1%. OSG&A expenses for the fourth quarter of 2003, increased to \$117.2 million (or 31.9% of product sales) from \$99.8 million (or 31.8% of product sales) for the same period a year ago, representing an increase of 17.4%.

Comparable store product sales for stores open at least one year increased 9.8% and 7.8% for the fourth quarter and year ending December 31, 2003, respectively, representing 43 quarters of comparable store product sales increases since becoming a public company in April 1993.

David O'Reilly, co-chairman and chief executive officer, stated, "We are proud to report another strong year for Team O'Reilly. Our sales increased 15% over last year and our net income increased 22%, reflecting our expansion into many less populated but very profitable markets and our continuing efforts to control expenses. Our net cash provided by operating activities allowed us to pay down debt by approximately \$70.0 million for 2003, a decrease of 36%. Our customers continue to reward our good customer service, resulting in an industry leading comparable store product sales increase of 7.8%."

"We opened 35, net new stores in the fourth quarter for a total of 128, net new stores in 2003, bringing our total store count to 1,109" said Ted Wise, co-president. "Our 2004 plans call for opening approximately 140 new stores."

The Company will host a conference call Thursday, February 26, 2004, at 10:00 a.m. central time to discuss its results as well as future expectations. The call will be available by web cast 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 "News". A replay will also be available on the web site shortly after the call.

O'Reilly Automotive, Inc. 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. Founded in 1957 by the O'Reilly family, the Company operated 1,109 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Tennessee, Texas and Virginia as of December 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 and regulations, 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, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

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| | December 31, 2003 | December 31, 2002 |
|--|---|----------------------|
| | ----- (Unaudited) (In thousands, except share data) | ----- (Note) |
| Assets | | |
| Current assets: | | |
| Cash | \$ 21,094 | \$ 29,333 |
| Accounts receivable, net | 52,235 | 45,421 |
| Amounts receivable from vendors | 43,608 | 42,918 |
| Inventory | 554,309 | 504,098 |
| Deferred income taxes | 4,753 | 5,040 |
| Other current assets | 4,399 | 4,235 |
| | ----- | ----- |
| Total current assets | 680,398 | 631,045 |
| Property and equipment, at cost | 626,142 | 491,523 |
| Accumulated depreciation and amortization | 177,084 | 137,922 |
| | ----- | ----- |
| Net property and equipment | 449,058 | 353,601 |
| Notes receivable | 1,743 | 1,880 |
| Long-term receivable | 37,654 | 3,761 |
| Other assets | 18,739 | 19,132 |
| | ----- | ----- |
| Total assets | \$ 1,187,592 | \$ 1,009,419 |
| | ===== | ===== |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Income taxes payable | \$ 6,872 | \$ 9,798 |
| Accounts payable | 176,513 | 85,370 |
| Accrued payroll | 17,307 | 15,257 |
| Accrued benefits and withholdings | 27,368 | 19,165 |
| Other current liabilities | 16,883 | 17,150 |
| Current portion of long-term debt | 925 | 682 |
| | ----- | ----- |
| Total current liabilities | 245,868 | 147,422 |
| Long-term debt, less current portion | 120,977 | 190,470 |
| Deferred income taxes | 29,448 | 15,939 |
| Other liabilities | 7,014 | 5,064 |
| Commitments and contingencies | -- | -- |
| Shareholders' equity: | | |
| Common stock, \$0.01 par value: | | |
| Authorized shares - 90,000,000 | | |
| Issued and outstanding shares - | | |
| 54,664,976 at December 31, 2003, | | |
| and 53,371,242 at December 31, 2002 | 547 | 534 |
| Additional paid-in capital | 302,691 | 269,030 |
| Retained earnings | 481,047 | 380,960 |
| | ----- | ----- |
| Total shareholders' equity | 784,285 | 650,524 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 1,187,592 | \$ 1,009,419 |
| | ===== | ===== |

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------------|------------|-------------------------------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| | (In thousands, except per share data) | | | |
| Product sales | \$ 367,047 | \$ 314,241 | \$ 1,511,816 | \$ 1,312,499 |
| Cost of goods sold, including warehouse and distribution expenses | 211,024 | 183,251 | 873,481 | 759,099 |
| Gross profit | 156,023 | 130,990 | 638,335 | 553,400 |
| Operating, selling, general and administrative expenses | 117,177 | 99,819 | 473,060 | 415,099 |
| Operating income | 38,846 | 31,171 | 165,275 | 138,301 |
| Other expense, net | (639) | (1,949) | (5,233) | (7,311) |
| Income before income taxes | 38,207 | 29,222 | 160,042 | 130,990 |
| Provision for income taxes | 14,305 | 10,515 | 59,955 | 48,999 |
| Net income | \$ 23,902 | \$ 18,707 | \$ 100,087 | \$ 81,991 |
| Net income per common share | \$ 0.44 | \$ 0.35 | \$ 1.86 | \$ 1.50 |
| Net income per common share - assuming dilution | \$ 0.43 | \$ 0.35 | \$ 1.84 | \$ 1.50 |
| Weighted average common shares outstanding | 54,492 | 53,322 | 53,908 | 53,111 |
| Adjusted weighted average common shares outstanding - assuming dilution | 55,266 | 53,740 | 54,530 | 53,699 |

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

| | December 31, | |
|------------------------|--------------|------|
| | 2003 | 2002 |
| Inventory turnover (1) | 1.7 | 1.6 |

