



Analyst Day

Greensboro, NC Distribution Center

August 7, 2018



Forward Looking Statements

We intend to be covered by, and we claim the protection of, the safe-harbor provisions for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “estimate,” “may,” “could,” “will,” “believe,” “expect,” “would,” “consider,” “should,” “anticipate,” “project,” “plan,” “intend” or similar words. In addition, statements contained within this presentation that are not historical facts are forward-looking statements, such as statements discussing, among other things, expected growth, store development, integration and expansion strategy, business strategies, the impact of the U.S. Tax Cuts and Jobs Act, 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, the economy in general, inflation, product demand, the market for auto parts, competition, weather, risks associated with the performance of acquired businesses, our ability to hire and retain qualified employees, consumer debt levels, our increased debt levels, credit ratings on public debt, governmental regulations, terrorist activities, war and the threat of war. Actual results may materially differ from anticipated results described or implied in these forward-looking statements. Please refer to the “Risk Factors” section of our annual report on Form 10-K for the year ended December 31, 2017, and other recent SEC filings, for additional factors that could materially affect our financial performance. Forward-looking statements speak only as of the date they were made and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.



O'Reilly Analyst Day – Agenda

8:00 – 8:30

**Meet & Greet with
Management**

8:30 – 10:30

**Management
Presentation and
Q&A Session**

10:30 – 11:00

**Distribution Center
Tour**

11:00 – 11:45

**Light Lunch with
Management**

11:45 – 2:00

Store Tours

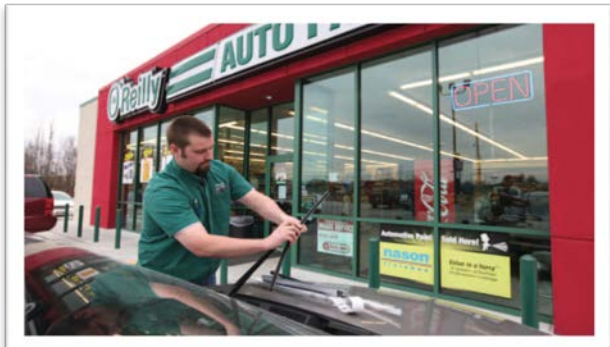
2:00 Sharp

**Shuttle to Piedmont
Triad International
Airport**



O'Reilly Culture Statement

“O'Reilly is **COMMITTED** to our customers and our Team Members. We are **ENTHUSIASTIC, HARDWORKING PROFESSIONALS** who are **DEDICATED** to **TEAMWORK, SAFETY/WELLNESS,** and **EXCELLENT CUSTOMER SERVICE.** We will practice **EXPENSE CONTROL** while setting an example of **RESPECT, HONESTY,** and a **WIN-WIN ATTITUDE** in everything we do!”



Greg Johnson

Chief Executive Officer & Co-President



Management Team Present Today

Name, Title, and Years of Experience in the Automotive Aftermarket Industry

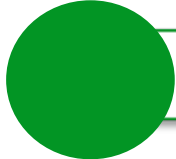
Greg Johnson – Chief Executive Officer & Co-President	36
Jeff Shaw – Chief Operating Officer & Co-President	34
Tom McFall – Chief Financial Officer & Executive Vice President	20
Brad Beckham – Executive Vice President of Store Ops & Sales	22
Robert Dumas – Senior Vice President of Eastern Store Ops and Sales	26
Jeremy Fletcher – Senior Vice President of Finance and Controller	13
Chris Mancini – Vice President of Mid-Atlantic Division	15
Larry Gray – Vice President of Eastern Distribution Ops	27
Mark Merz – Vice President of IR, Reporting and Planning	11
Mike Wright – Regional Director – DCs	31
Kris Johnson – Distribution Center Manager	10

Company Overview



Store Count

- 5,147 stores in 47 states as of June 30, 2018



27 Distribution Centers



Over 79,000 Team Members



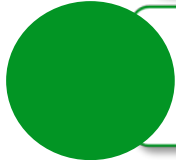
Last-Twelve-Months Sales

- \$9.3 billion as of June 30, 2018



Total Assets

- \$7.8 billion as of June 30, 2018



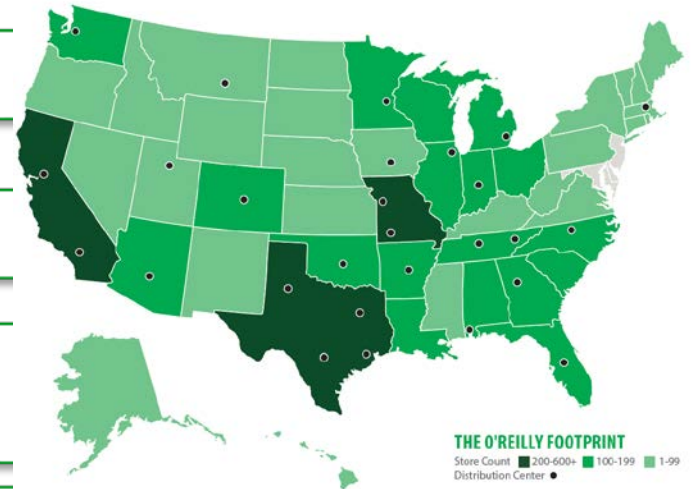
Market Capitalization

- \$26 billion at August 3, 2018



Do-It-Yourself versus Professional Split

- 58% and 42% for the year ended December 31, 2017



Year-to-Date 2018 Results



Opened 128 net, new stores



4.0% comparable store sales increase on top of a 1.3% increase in 2017



52.5% Gross Margin versus 52.4% in 2017



19.0% Operating Margin



\$7.89 diluted EPS versus \$5.93 in 2017



Generated \$632 million of Free Cash Flow



Repurchased \$966 million under share repurchase program



Tax Cuts and Jobs Act Reinvestment

Further Enhancing Best-In-Class Customer Service



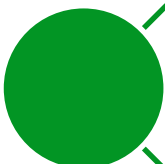
Estimate \$215 million Reduction in Cash Taxes for 2018

Reinvest a Portion of Tax Savings

- Enhanced Benefits and Store Wages
- Accelerate Omnichannel Investments
- Improved In-Store Technology



Approximately 70 bps of Operating Profit Headwind for 2018



Additional \$30 million in Capital Expenditures

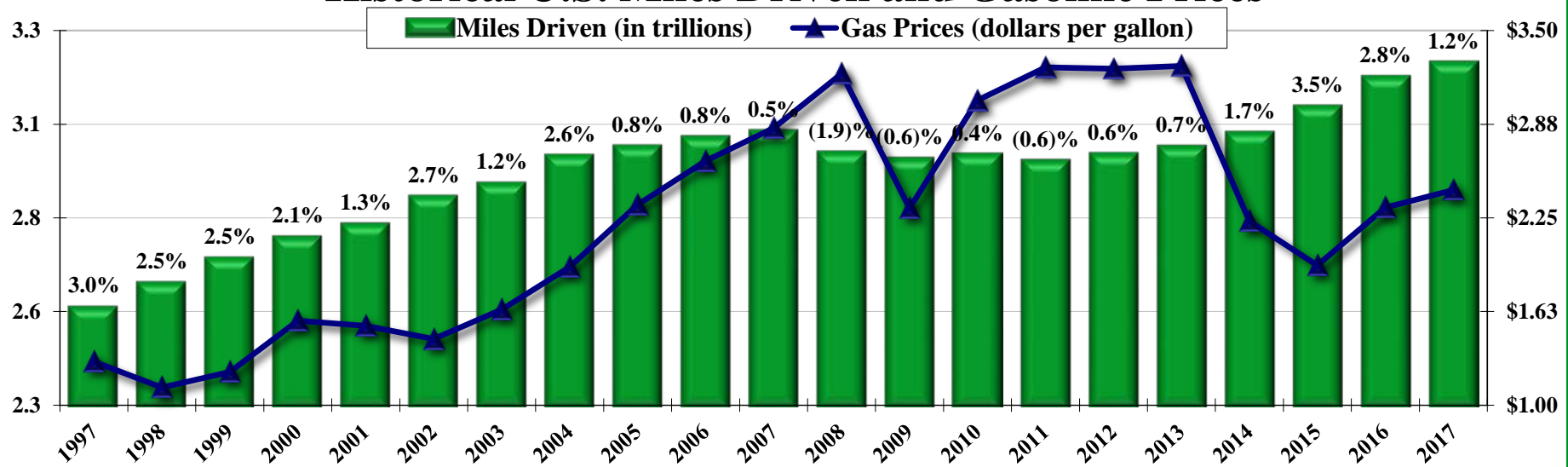


Industry Drivers

#1 Driver for Demand in Our Industry is Total Miles Driven

- Lack of comprehensive mass transit system in U.S. results in sustainable commuter miles driven
- 25% increase in miles driven from 1997 to 2017
- Miles driven were flat from 2008 through 2013 due to macro economic pressures
- Since 2013, growth in annual miles driven has resumed as total employment has improved
 - 0.3%, 1.2%, 2.8%, 3.5% and 1.7% increase in miles driven in 2018 YTD, 2017, 2016, 2015 and 2014, respectively
 - Average Per Gallon Price for Regular Gasoline
 - \$2.77, \$2.27 and \$2.09 on 07/30/2018, 07/31/2017 and 08/01/2016, respectively

Historical U.S. Miles Driven and Gasoline Prices

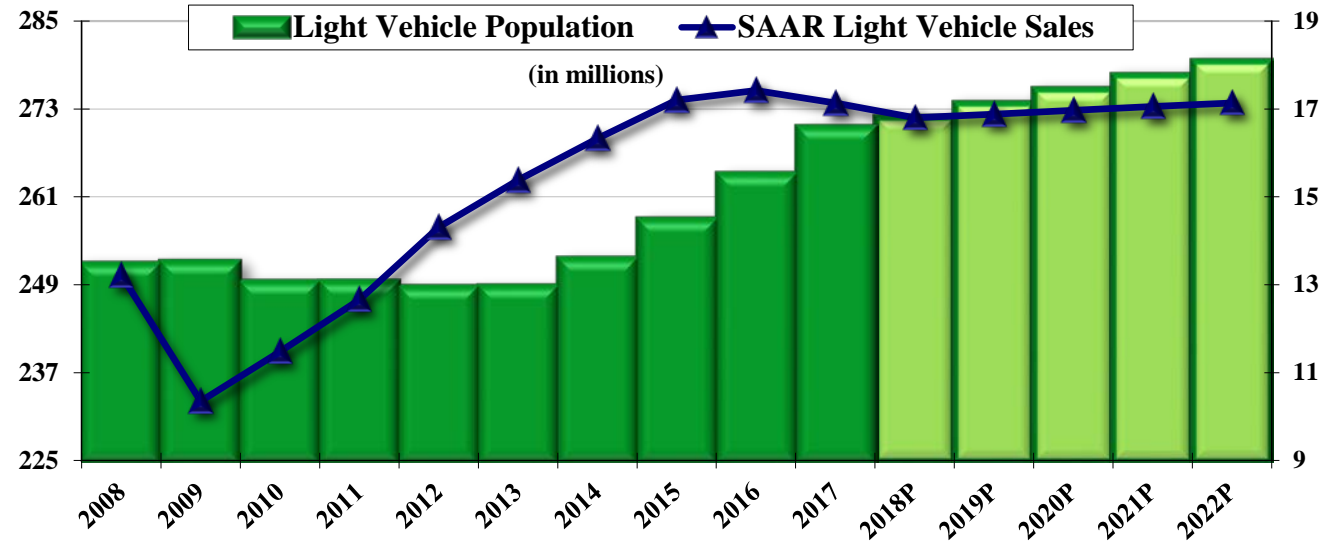


Source: Dept. of Transportation and Dept. of Energy

Industry Drivers

Growing U.S. Light Vehicle Population

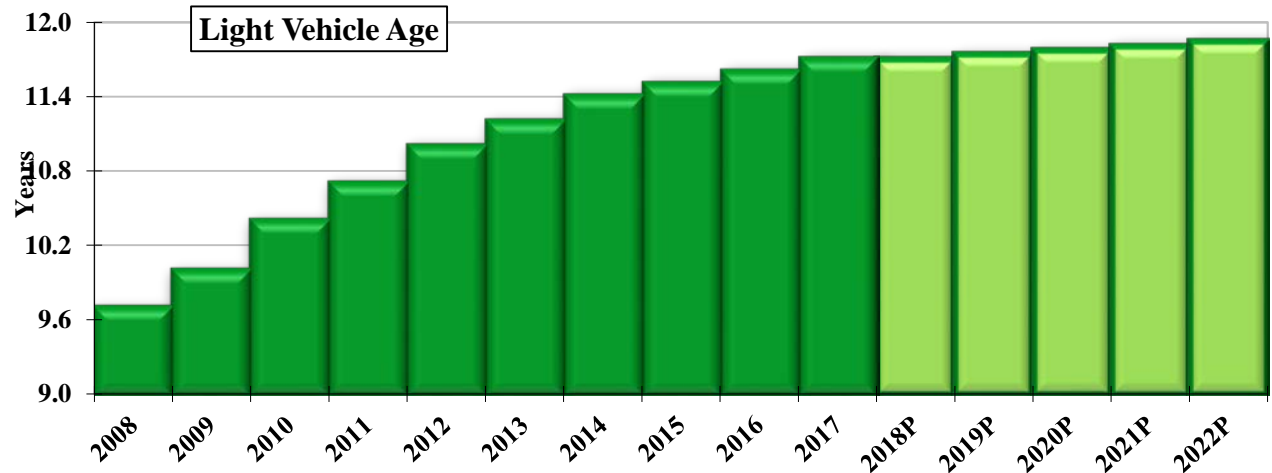
- Growing SAAR reflects positive consumer confidence
- Increasing SAAR and stable scrappage rates return the population to historic growth trend



Source: 2019 ACA Factbook and Company Projections

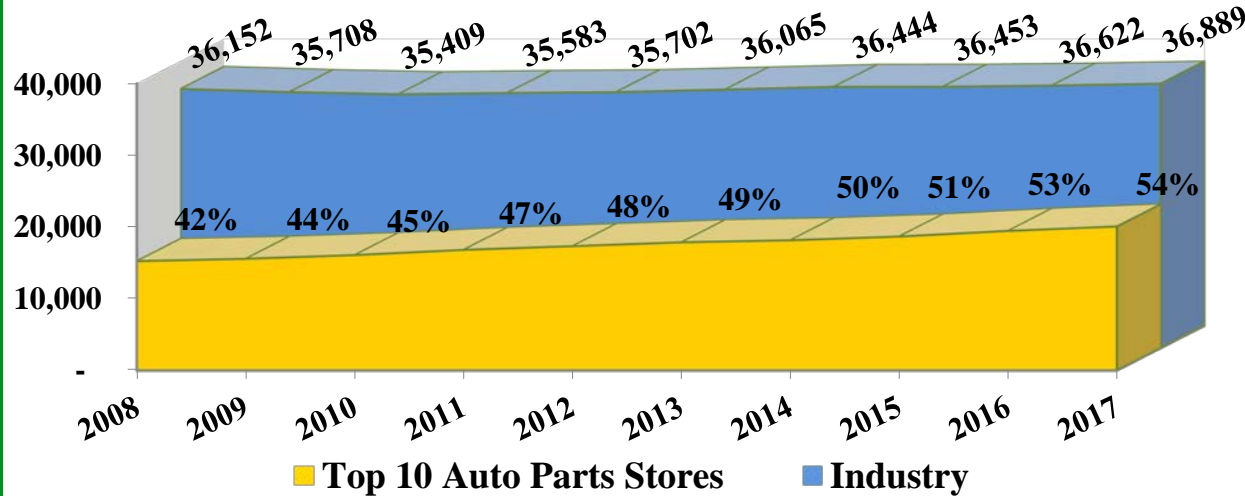
Continued Aging of U.S. Light Vehicle Population:

- Better engineered vehicles, which can be reliably driven at higher miles, result in an aging vehicle fleet
- 10 year CAGR of 2.1% exemplifies the gradual pace of change in the vehicle fleet
- We do not expect the average light vehicle age to decrease in the future



Source: 2019 ACA Factbook and Company Projections

Industry Landscape



Source: 2019 ACA Factbook

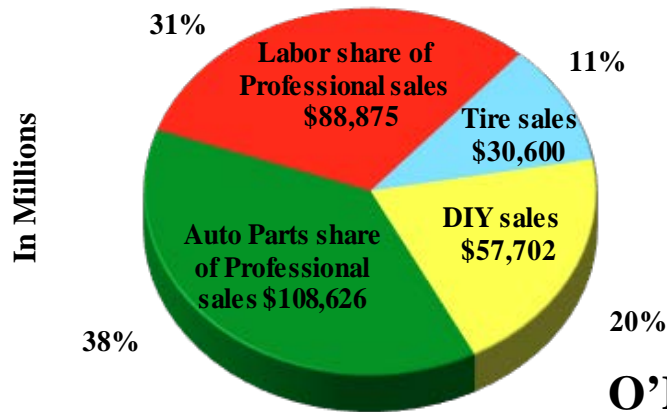
Top Ten Auto Parts Chains

1. AutoZone Inc. (5,540) ¹
2. Advance Auto Parts (5,175) ²
3. O'Reilly Auto Parts (5,147)
4. Genuine Parts/NAPA (1,368) ²
5. Pep Boys/Auto Plus (1,069) ²
6. Fisher Auto Parts (500) ²
7. Auto-Wares (300) ²
8. Replacement Parts (177)
9. Automotive Parts Headquarters (124)
10. Hahn Automotive (94)

¹ U.S. Domestic stores

² Company owned stores

Source: 2019 ACA Factbook or latest SEC filing



Size of Automotive Aftermarket

Total Market:
\$286 Billion

O'Reilly Addressable Market:
\$90 Billion

Source: 2019 ACA Factbook

DIY is More Consolidated

Professional Continues to be Highly Fragmented



Branding Strategy

O'Reilly Proprietary Brands & National Brands

- Increase number of lines in Proprietary brands
 - Value and Premium Proprietary Brands
 - O'Reilly Proprietary brands are growing faster than National brands
 - Import Direct is our fastest growing brand
- Proprietary brands make up over 45% of sales (LTM)
- Continue to broaden product line coverage

PROPRIETARY



NATIONAL



Omnichannel Focus

Continue to Build the O'Reilly Brand and Drive Footsteps to Our Stores

Improve Search and Content

- Rating and Reviews
- Year/Make/Model Header
- On-site Search Enhancements
- Improved Content and Images



Improved BOPUIS Process

Continued Focus on Value Add

- DIY Videos
- Social Media Sharing
- You Tube



Expanded Shipping Points



Jeff Shaw

Chief Operating Officer & Co-President



O'Reilly Business Model



Mission Statement...We will be the dominant auto parts supplier in all our market areas

Jeff Shaw

Dual Market Strategy

Industry Leading Parts Availability

Growth Focus

Brad Beckham

“Culture Driven” Leadership

“Top Notch” Customer Service

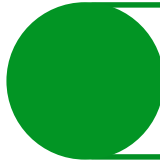
O'Reilly First Call



Dual Market Strategy



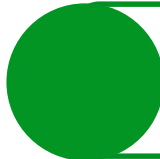
Proven track record of serving both DIY and Professional Customers for over 35 years



Allows us to profitably operate in large and small markets



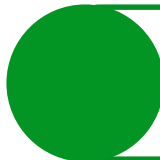
Leverages our strategic distribution network across the country required for our professional customers



Store Managers “own” customer service levels and driving both sides of our business



Professional sales model supported by over 780 dedicated outside sales people and industry leading parts availability



Enhances service levels offered to our DIY customers



Industry Leading Parts Availability

Primary factor in making a buying decision for both DIY and Professional customers is parts availability

Strategically deployed distribution network designed to cost effectively and efficiently replenish nightly and support multiple daily deliveries to stores

27

Regionally deployed Distribution Centers “DCs” support our stores across the country

157K

Average SKUs stocked at our DCs, which are linked to multiple other Master Inventory DCs stocking over 170K SKUs

5

Night-per-week deliveries to all our stores in continental U.S. from our DCs’ dedicated fleet

90%+

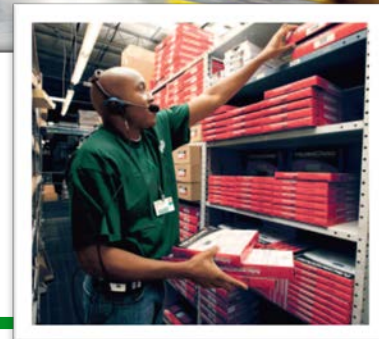
Of our stores receive multiple deliveries per day from our DCs and Hub stores

90%+

Of our stores receive deliveries on weekends from our DCs and Hub stores

341

Hub stores provide multiple deliveries per day to Spoke stores



Industry Leading Parts Availability

“Best In Class” Inventory Availability while Managing Inventory Investment in a Proliferating SKU Environment

Inventory Life Cycle Management

- Continually Monitor Demand Curve and Adjust Inventory Position Throughout Tiered Supply Chain
- Ensure Coverage for New Vehicle Applications
- Inventories are Tailored to Stores Based on Each Individual Market’s Vehicles-In-Operation and Wear Cycles to Ensure High Availability



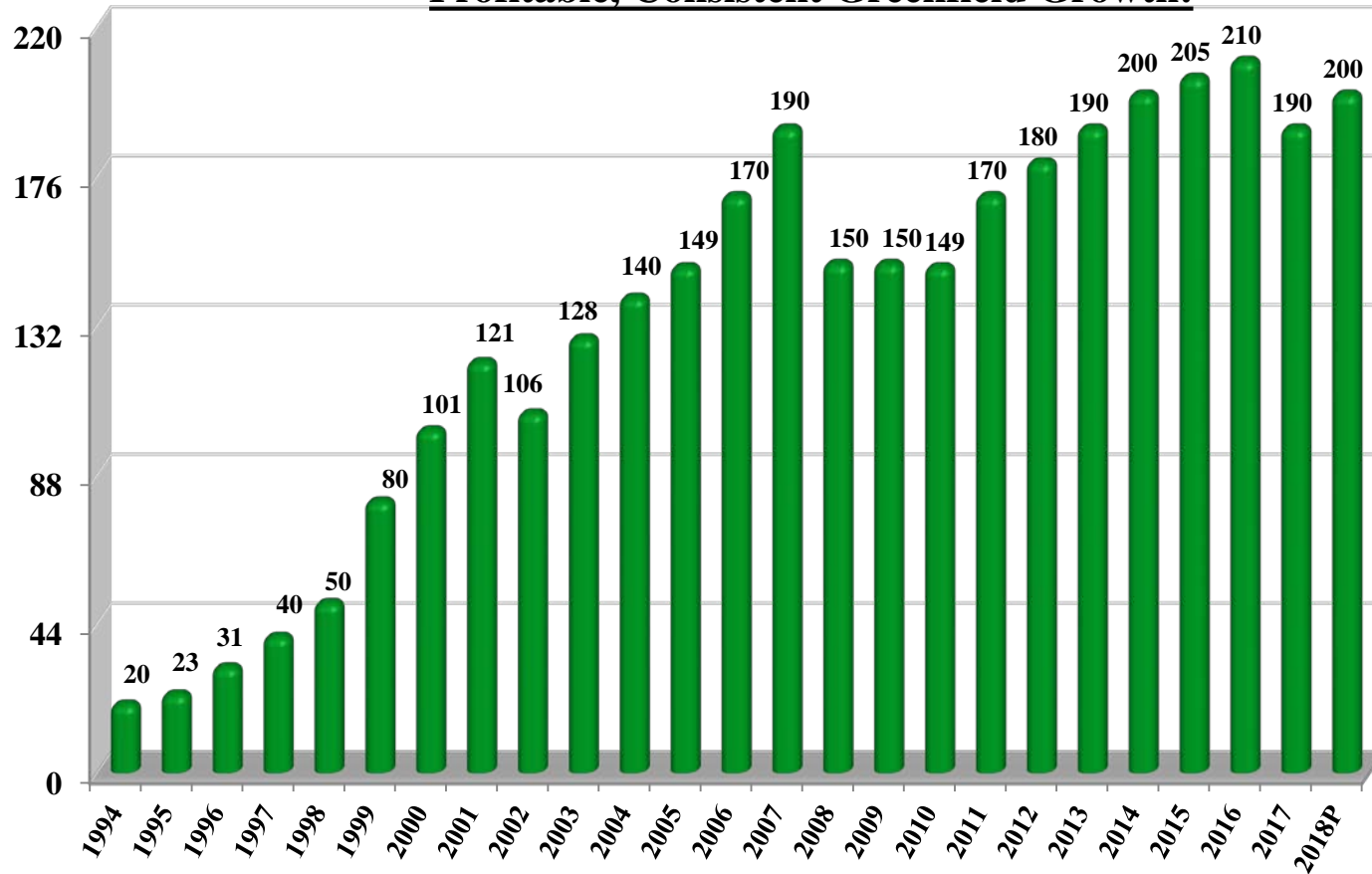
Maximize Inventory Investment

- Continual Evaluation of Customer Buying Preferences
 - “Good...Better...Best” Product Strategy
- Maintain Relationships with Multiple Suppliers
 - Ensures Product Availability and Risk Mitigation
- Continued Success of Vendor Financing Program
 - Current Level Sustainable – 107%



Store Growth

Profitable, Consistent Greenfield Growth:



Active, Opportunistic Industry Consolidators:

1998 Hi/LO – 182 stores
 2005 Midwest – 72 stores
 2012 VIP Auto – 56 stores

2001 Midstate – 82 stores
 2008 CSK – 1,342 stores
 2016 Bond – 48 stores

Top 10 States

Texas.....	690
California.....	541
Missouri.....	200
Georgia.....	196
Illinois.....	193
Florida.....	180
Ohio.....	180
Tennessee.....	167
Michigan.....	162
North Carolina.....	162

Untapped Markets

Delaware
 District of Columbia
 Maryland
 New Jersey
 New York
 Rhode Island
 South Florida
 International



Brad Beckham

EVP of Store Ops and Sales

**CERTIFIED
AUTO REPAIR**



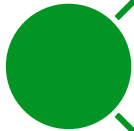
**FIRST
CALL** **ONLINE**



“Culture Driven” Leadership



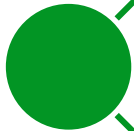
Pride in our Culture



“Ownership”



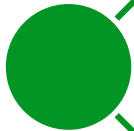
Passion – Strong Desire to Win



Proven Leadership – Replicate Performance



Execution of Our Proven Business Model



Intense Focus on Our Fundamentals



“Build the Bench”... Our Future!



“Culture Driven” Leadership



Philosophy

- Strong “promote from within” philosophy
- Proven “Hands on” management team
 - 3 Field Store Ops & Sales SVPs with over 75 year experience in our industry!
 - 10 Division VPs with over 195 years experience in our industry!
 - Mentorship – O’Reilly Culture
 - The O’Reilly farm system - “LEAD” Program
 - FastTrack – New learning platform
 - Goal...Developing well Trained and Prepared Parts Professionals and Field Management that will **LEAD** us to achieving **OUR MISSION STATEMENT....**

O'Reilly Mission Statement

**WE WILL BE THE DOMINANT AUTO
PARTS SUPPLIER IN ALL OUR
MARKET AREAS**

by

*Providing our Retail and Professional
Customers the Best Combination of Inventory,
Price and Quality provided with the **HIGHEST**
Level of **SERVICE.**”*



“Top-Notch” Customer Service

**We Sell Parts... But we’ve been in the
“Customer Service” business since 1957**

- **Market Entitlement (“Share”)**
- **Store Leadership**
- **“Professional Parts People”**
- **“Friendliest Parts Store in Town”**
- **“Out Hustle and Out Service the competition”**
- **Store and Team Member Image**
- **“Never Say No” Philosophy**



**Technical Support Department
44 TMs with 748 years of automotive experience**



O'Reilly First Call

Dedicated to the Professional Customer Since 1957

**Professional is a Service and Relationship Business
People Buy from People they Know and Trust**

- **Most Tenured, Dedicated Sales Force in the Business**
- **Availability is KING! Industry Leading Parts Availability**
- **Strategically Located DC's in Metro Markets / Hub System**
- **"Hot Shot" Store Delivery Service**



Real World Training

- **"Best in class" technical training for our professional customers**
- **2017: conducted 1,342 training classes / trained 32,604 techs**
- **2018: 1,367 training classes scheduled / train 35,000 techs**



Professional Programs

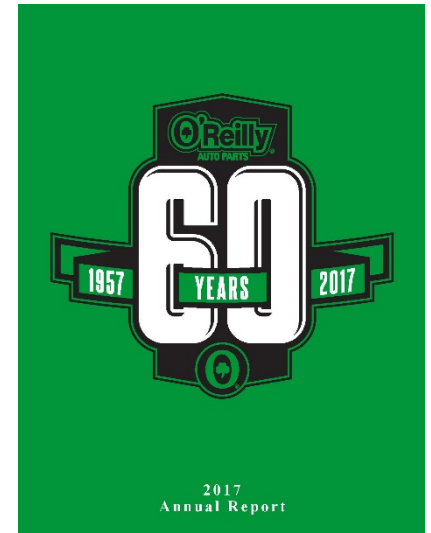
Decades of Building the Best Professional Programs in the Business
First Call Online (Proprietary B2B Platform)
Certified Auto Repair - Worry Free Protection

**CERTIFIED
AUTO REPAIR**



Tom McFall

Chief Financial Officer and Executive Vice President



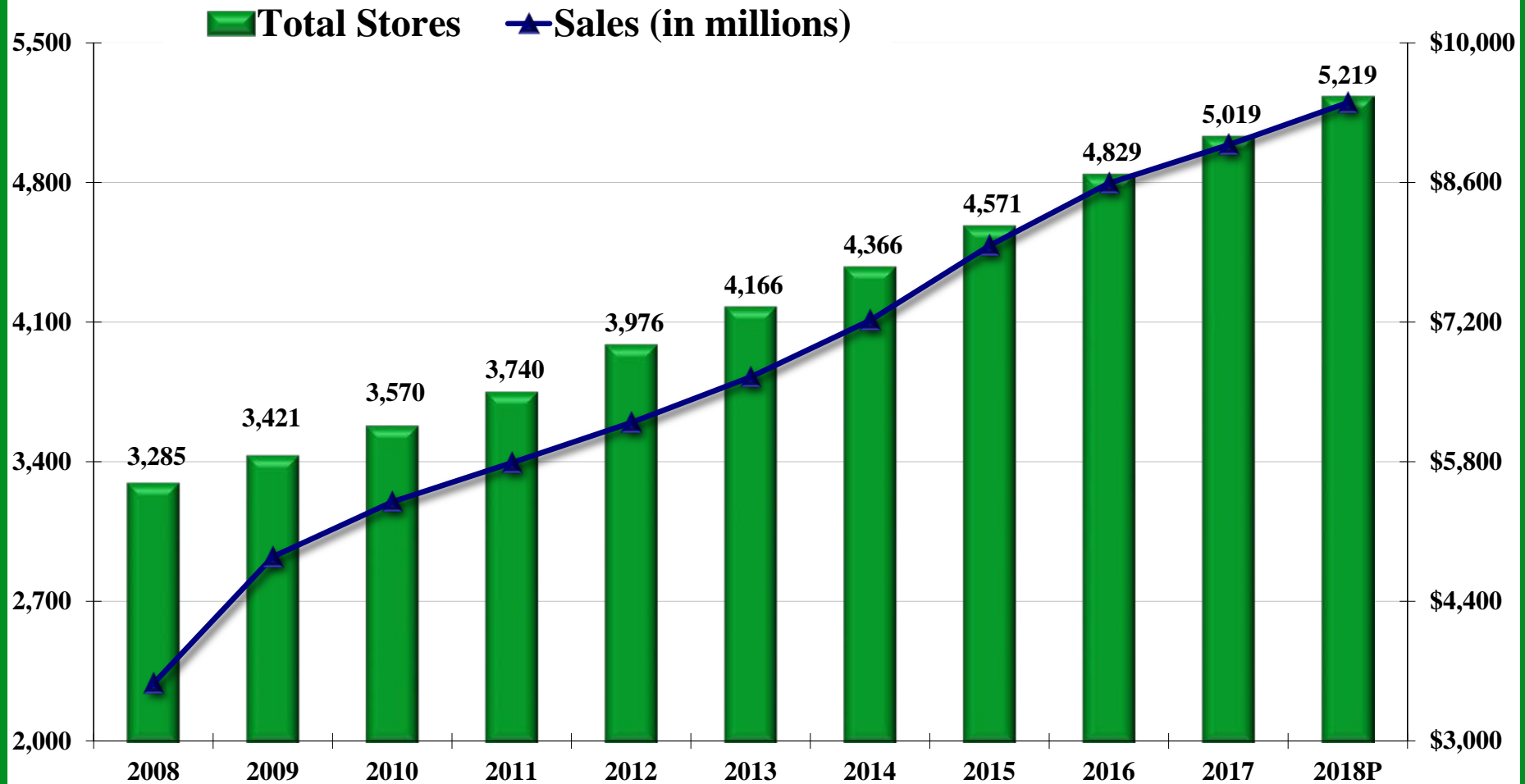
Store & Revenue Growth

2018 Guidance

Full Year:

\$9.4 to \$9.6 Billion in Sales

200 New Stores



Comparable Store Sales

2018 Guidance

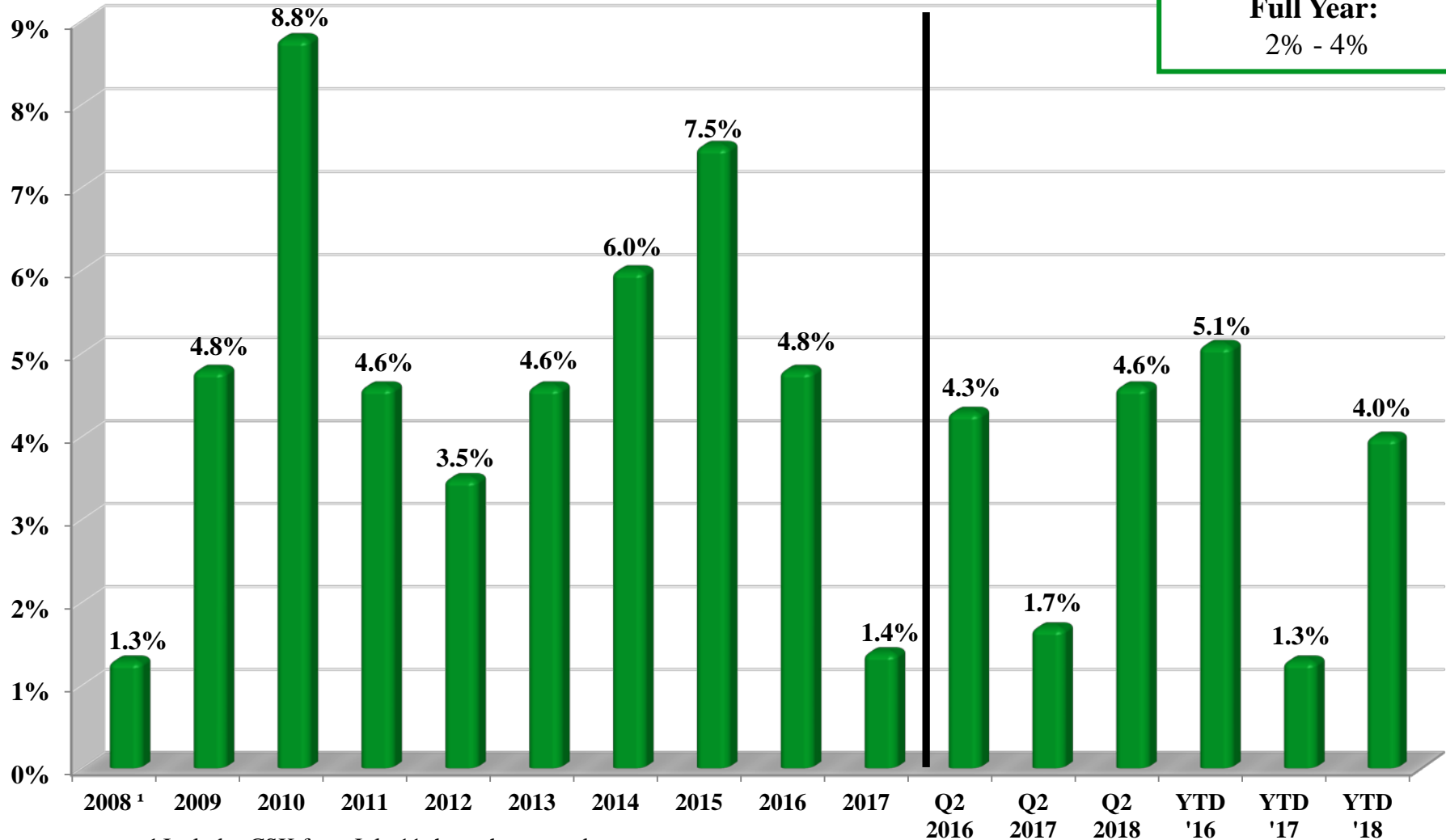
3rd Quarter:

2% - 4%

(3Q 2017: 1.8%)

Full Year:

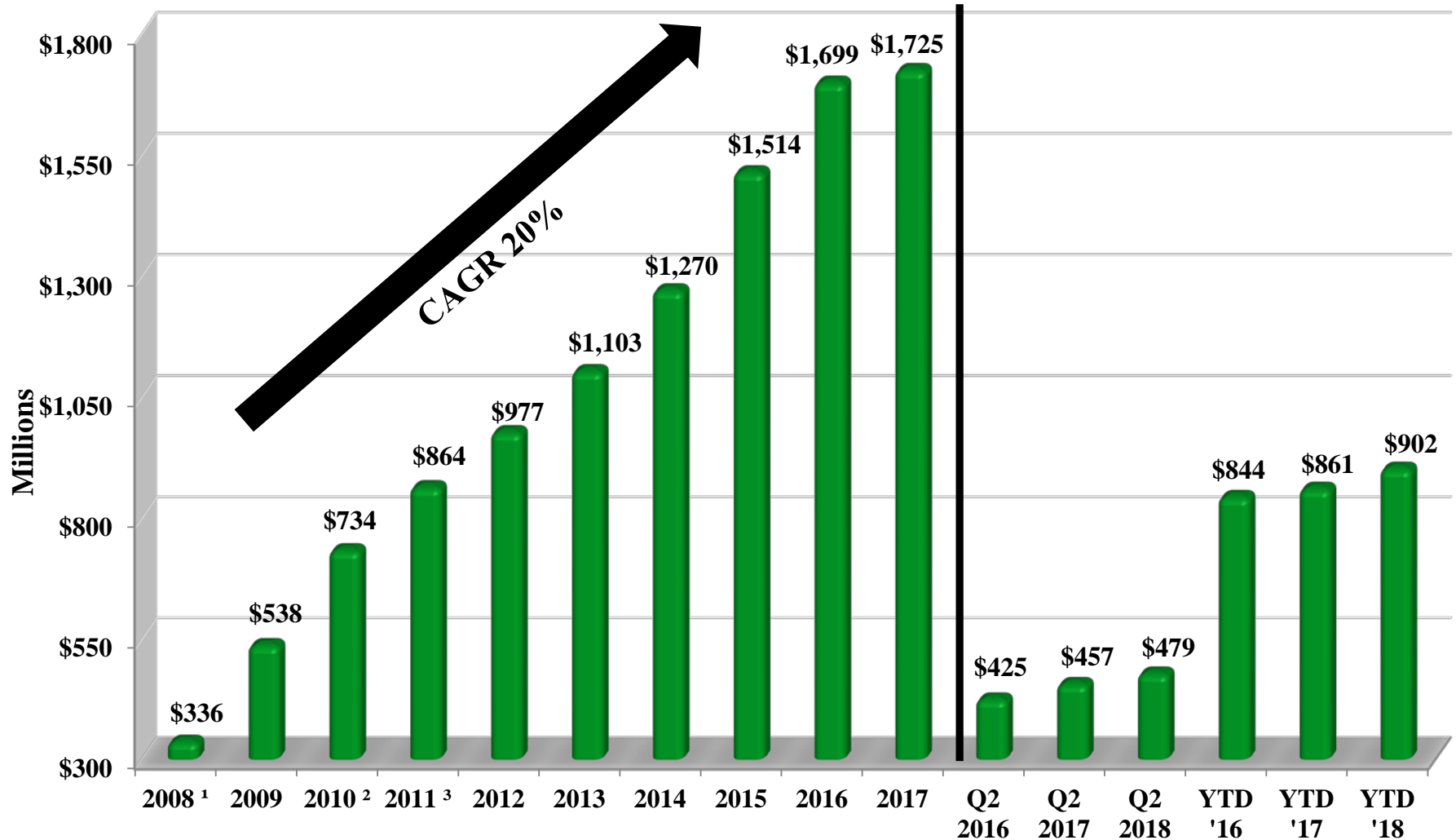
2% - 4%



¹ Includes CSK from July 11 through year end



Operating Profit \$ Growth



¹ Includes CSK from July 11 through year end

² Excludes the impact of CSK DOJ investigation charges

³ Excludes impact of former CSK Officer clawback



EPS Growth

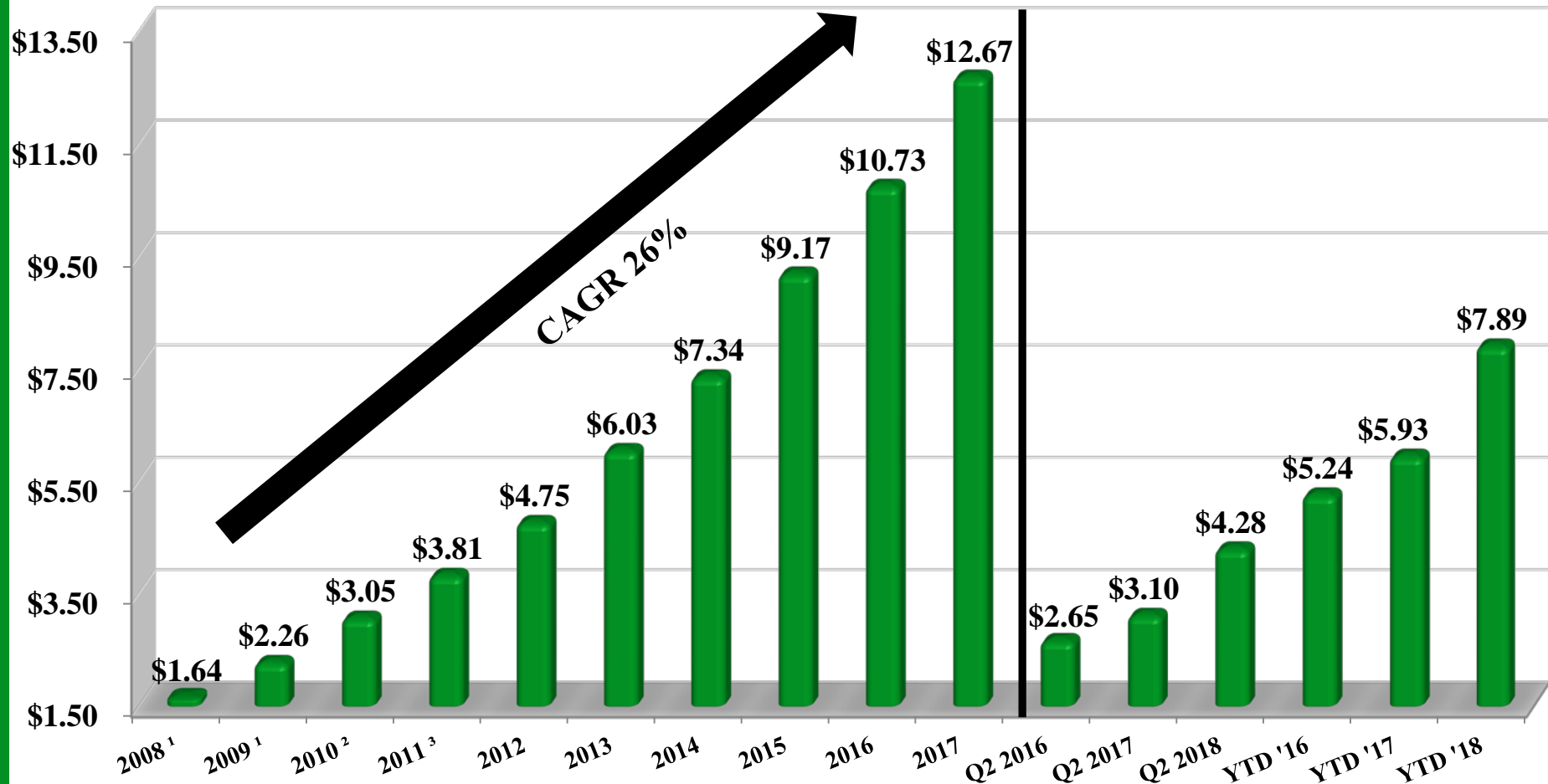
2018 Guidance

3rd Quarter:

\$4.20 - \$4.30

Full Year:

\$15.70 - \$15.80



¹ Excluding the impact of CSK acquisition related charges

² Excluding the impact of CSK DOJ investigation charges and CSK notes receivable recovery

³ Excluding the impact of debt issuance and interest rate swap write off charges and former CSK officer clawback



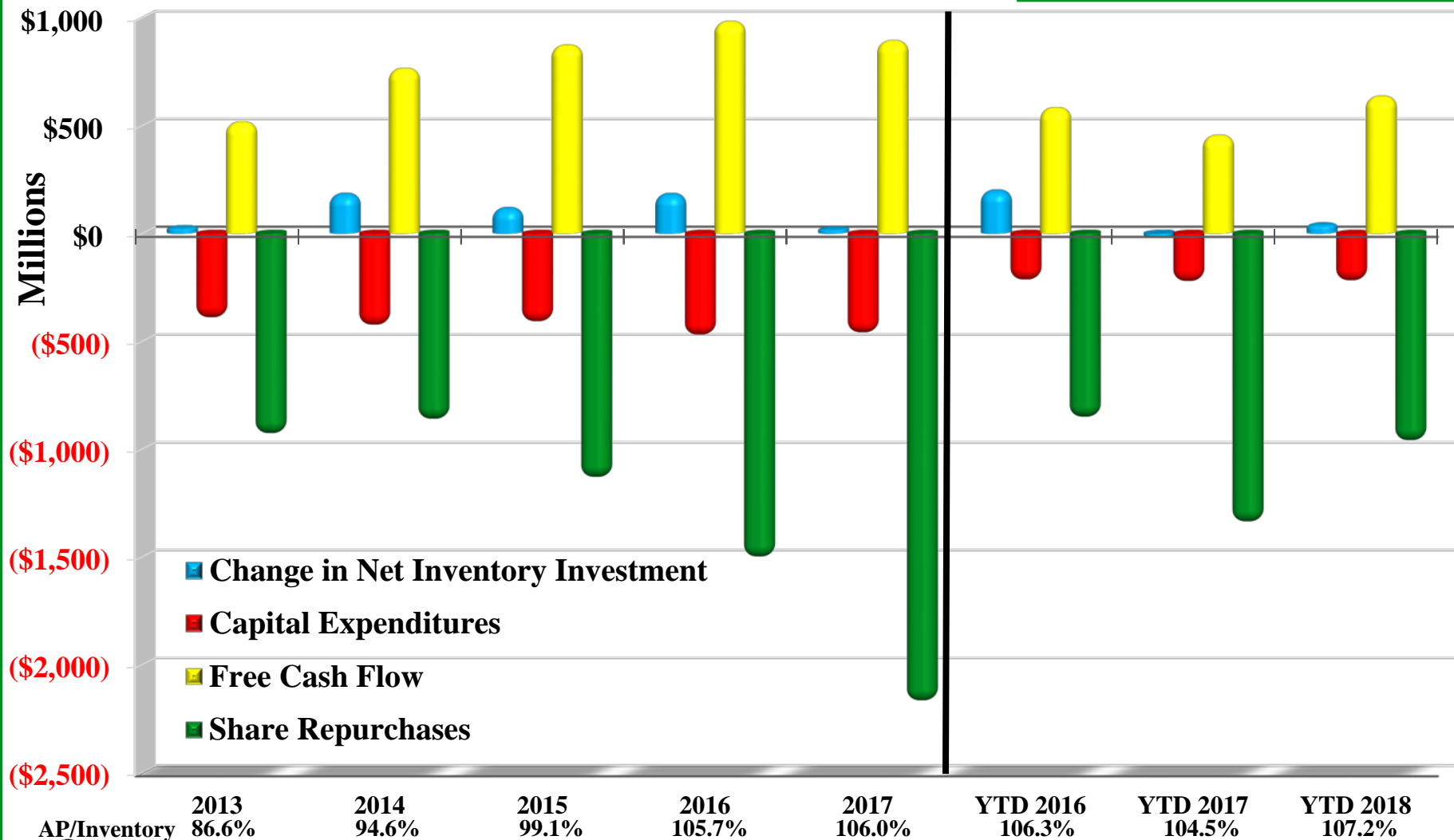
Free Cash

2018 Guidance (in millions):

Full Year:

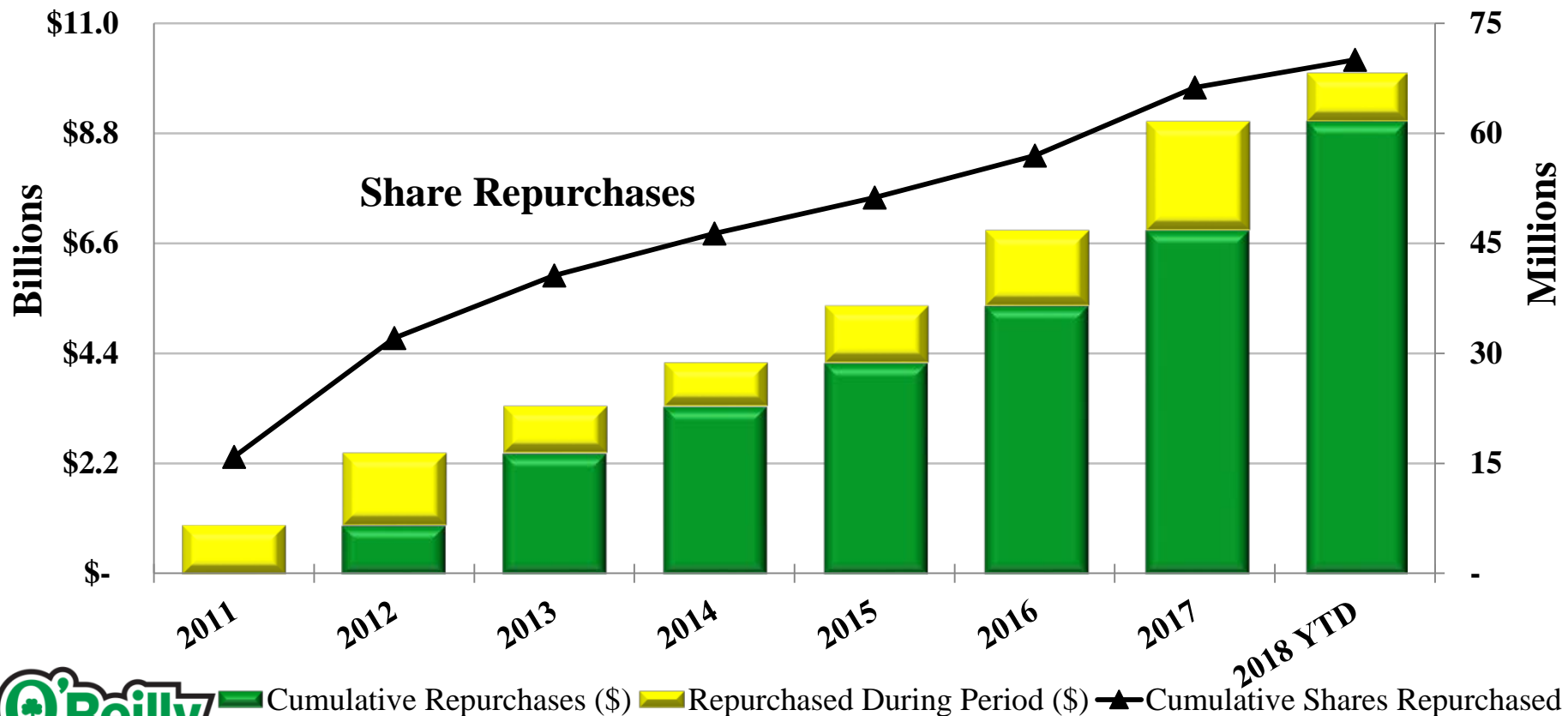
Cap Ex: \$490 - \$520

Free Cash Flow: \$1,100 - \$1,200



Use of Capital

- Invest In Existing Store Base
- Greenfield Store Growth
- Consolidate the Industry
- Capital Structure
 - Focus on maintaining Investment Grade Credit Ratings
 - Conservative Adjusted Debt to EBITDAR target ratio of 2.5 times (Currently 2.2 times)
 - Initial share repurchase authorization January 2011; Life-to-date authorization \$10.75 billion



Question & Answer Session

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8:30 – 10:30

**Management
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**Light Lunch with
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11:45 – 2:00

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2:00 Sharp

**Shuttle to Piedmont
Triad International
Airport**

