



**Analyst Day**

**Indianapolis, Indiana**

**November 9, 2009**

# **O'Reilly Automotive Analyst Day**

## **Agenda**

## **November 9, 2009**

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<b>10:30 – 11:15 am</b>	Store Tour
<b>11:15 – 11:45 am</b>	Light Lunch
	Meet & Greet w/Management
<b>11:45 am – 12:45 pm</b>	Presentation
<b>12:45 – 1:00 pm</b>	Break
<b>1:00 – 2:30 pm</b>	Question & Answer Session
<b>2:30 – 3:45 pm</b>	Distribution Center Tour
<b>4:00 pm</b>	Shuttle to Airport

# O'Reilly Automotive, Inc.

## Senior Management



(top row, left to right):

**Jeff Shaw** - Senior Vice President of Store Operations and Sales

**Greg Johnson** - Senior Vice President of Distribution

**Mike Swearengin** - Senior Vice President of Merchandise

**Tom McFall** - Executive Vice President of Finance and Chief Financial Officer

(bottom row, left to right):

**Greg Henslee** - Co-President and Chief Executive Officer

**David O'Reilly** - Chairman of the Board

**Ted Wise** - Co-President and Chief Operating Officer

# INDUSTRY AND COMPANY OVERVIEW: GREG HENSLEE



# Forward Looking Statements

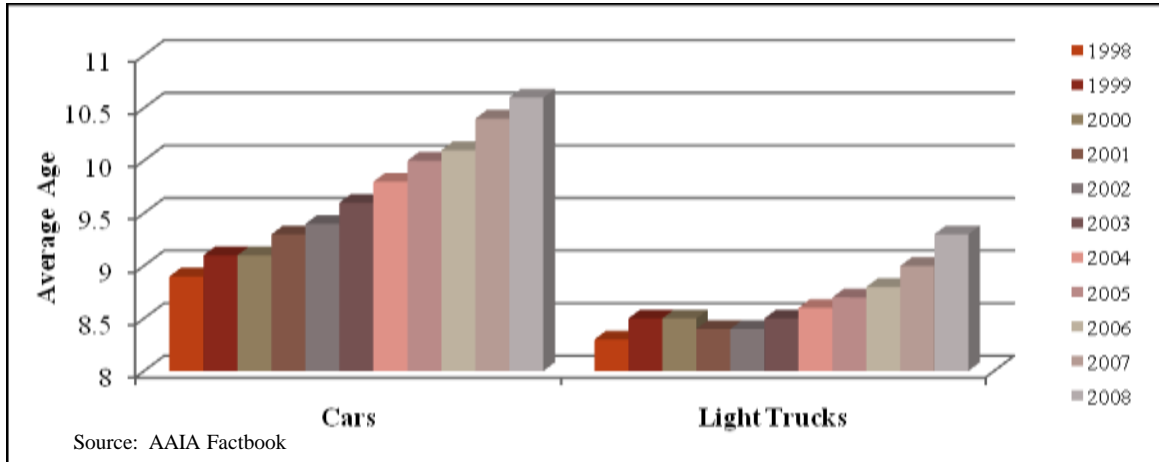
The Company claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The Company intends these forward-looking statements to speak only as of the time of the presentation and does not undertake to update or revise them, as more information becomes available. 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 including the acquisition of CSK Auto Corporation, weather, 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 the Company's Form 10-K for the year ended December 31, 2008, for more details.

# Industry Drivers

## Continued Aging of U.S. Vehicle Population:

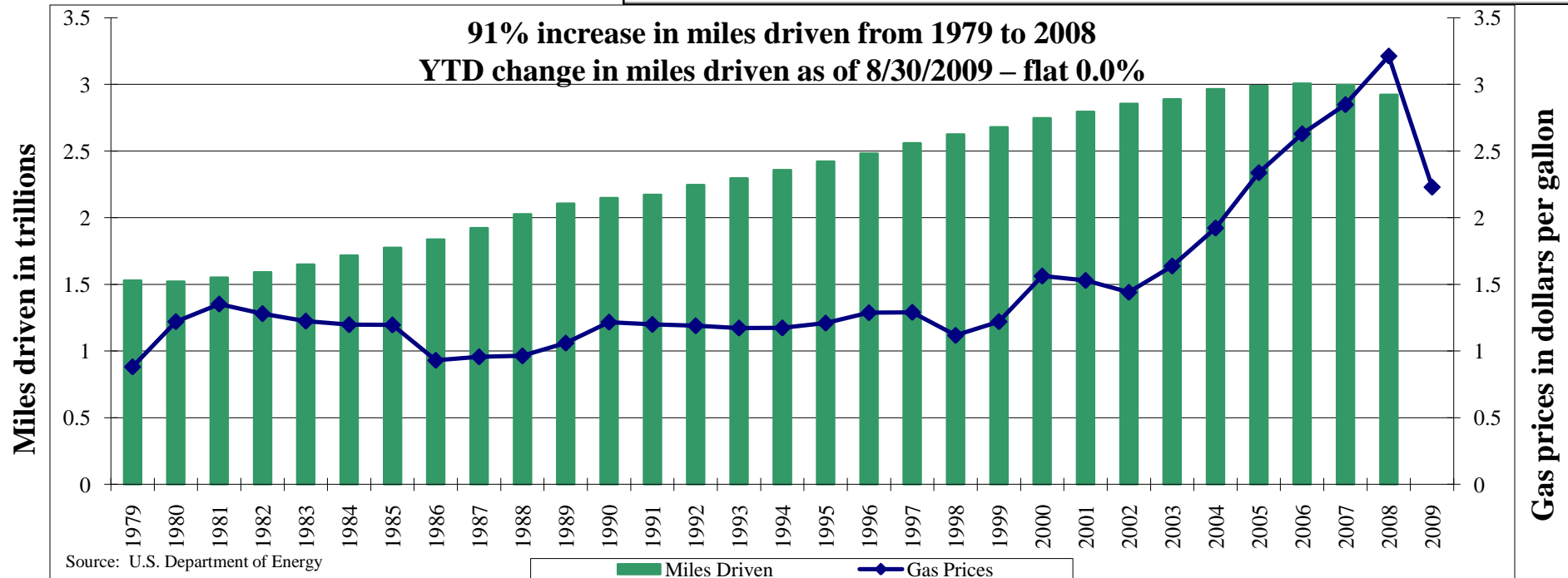
Falling new car sales – 2005 @ 17 million and 2009 forecast @ 10.4 million

Tight consumer spending leads to investing in currently owned automobiles



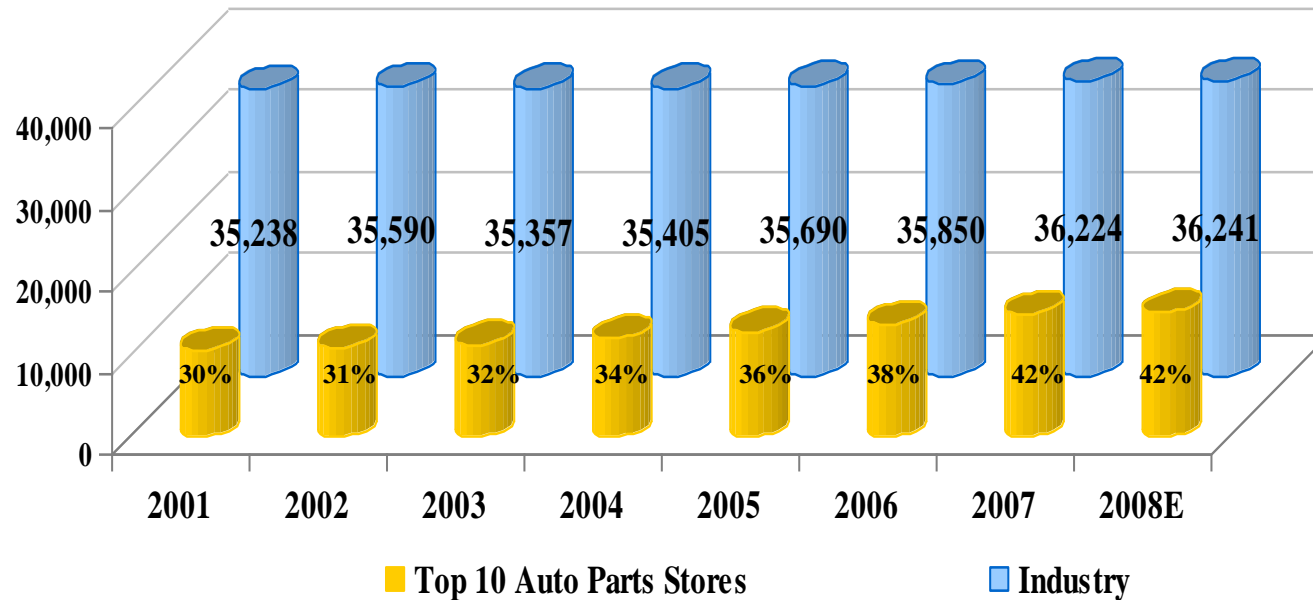
## U.S. Miles Driven and Gas Prices:

**91% increase in miles driven from 1979 to 2008**  
**YTD change in miles driven as of 8/30/2009 – flat 0.0%**



# Industry Opportunities

## Fragmented Market

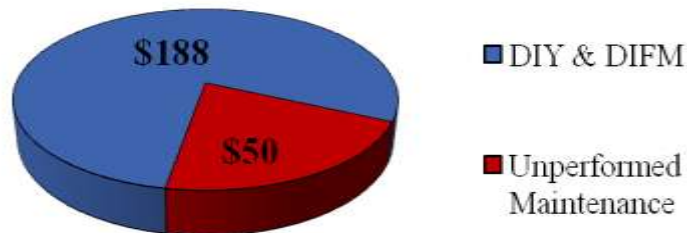


Source: AAIA Factbook

## Top Ten Auto Parts Chains

1. AutoZone Inc. (4,172)
2. O'Reilly Auto Parts (3,415)
3. Advance Auto Parts (3,407)
4. General Parts Inc./CARQUEST (1,674)
5. Genuine Parts/NAPA (1,085)
6. Pep Boys (563)
7. Uni-Select (321)
8. Fisher Auto Parts (320)
9. Replacement Parts Inc. (152)
10. Auto-Wares Group (128)

## Underperformed Maintenance



(in billions)

Source: AAIA Factbook



# Company History

## Founded in 1957

- by the O'Reilly family – with 13 original team members



## Initial public offering

- in 1993 – listed on the NASDAQ as ORLY

## Track record of consistent performance

- 16 consecutive years of record revenue, operating income, EBITDA and comparable store sales growth





# Company Overview

## Store Count

- 3,415 stores in 38 states as of September 30, 2009

## Distribution Centers

- 19 DCs w/four to open by summer of 2010 (Seattle, Los Angeles, Denver, Salt Lake City)

## Team Members

- Over 44,000

## Last-Twelve-Months Sales

- \$4.8 billion as of September 30, 2009

## Market Capitalization

- \$5.0 billion

## Total Assets

- \$4.7 billion

## 3<sup>rd</sup> Quarter Results

- Adjusted EPS of \$0.63 versus \$0.40 for the same period in 2008. YTD adjusted EPS of \$1.74 versus adjusted EPS of \$1.27 for the same period in 2008.



# STORE OPERATIONS: TED WISE



# Dual Market Strategy



Established track record of serving both DIY and DIFM customers



Great market penetration and reduced vulnerability to competition



Leverages our existing retail and distribution infrastructure



Can profitably operate in large and small markets



Enhances service levels offered to our DIY customers



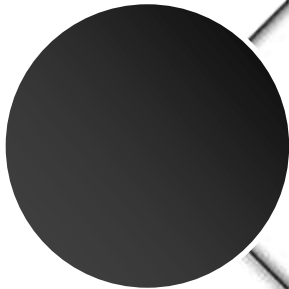
Significant barriers to success in DIFM market



# Core O'Reilly Focus



Grow market share in existing markets



Continued expansion through new store growth (estimated 150 openings in both 2009 and in 2010)



Continued expansion of distribution reach (Greensboro, NC, in May 2009)





# CSK Store Integration Focus



## ACCOMPLISHED

- Master Inventory “Hub” stores in western states
- 264 store conversions (123 Checker and 141 Murray’s)
- Commercial programs in two-thirds of CSK stores



## TO BE ACCOMPLISHED

- In store décor and outside signage changeovers in initially converted stores
- Front room, POS system, interior graphic and signage conversions in remaining western CSK stores
- Complete commercial programs in remaining CSK stores with evaluation and expansion of sales teams
- Training and improving level of parts knowledge of store team members
- Begin transition to O'Reilly team incentive pay plan and manager’s sales and profit commission plan

# CSK Integration

## CSK Store Conversions - Exterior

Store #3247 – Lombard, Illinois



Store #2852 – Alamogordo, New Mexico

# CSK Integration

## CSK Store Conversions - Interior

BEFORE



AFTER





# CSK Remaining Store Conversions

Remaining CSK system and store conversions coincide with DC openings



## Seattle

- 194 stores
- Begins: Nov. 2009
- Completed: Jan. 2010



## Moreno Valley

- 240 stores
- Begins: Jan. 2010
- Completed: Mar. 2010



## Denver

- 92 stores
- Begins: Mar. 2010
- Completed: May 2010



## Salt Lake City

- 81 stores
- Begins: May 2010
- Completed: Jun. 2010



## Stockton

- 278 stores
- Begins: Sept. 2010
- Completed: Nov. 2010



## Phoenix

- 151 stores
- Begins: Fall of 2010

November 2009 thru fall of 2010

# DISTRIBUTION INTEGRATION: GREG JOHNSON



# Strategic Distribution System



Distribute to stores daily via Company-owned fleet



Stock an average of 128,000 SKUs – available same day or overnight



Advanced material and handling equipment supported by progressive slotting and picking technology



Master Inventory “Hub” stores – more than 175

## Existing O'Reilly DCs

- Atlanta, GA
- Billings, MT
- Brooklyn Park, MN
- Dallas, TX
- Des Moines, IA
- Greensboro, NC
- Houston, TX
- Indianapolis, IN
- Knoxville, TN
- Kansas City, MO
- Little Rock, AR
- Lubbock, TX
- Mobile, AL
- Nashville, TN
- Oklahoma City, OK
- Springfield, MO



## Acquired CSK DCs

- Belleville, MI (converted)
- Phoenix, AZ
- Dixon, CA (to relocate to Stockton, CA)

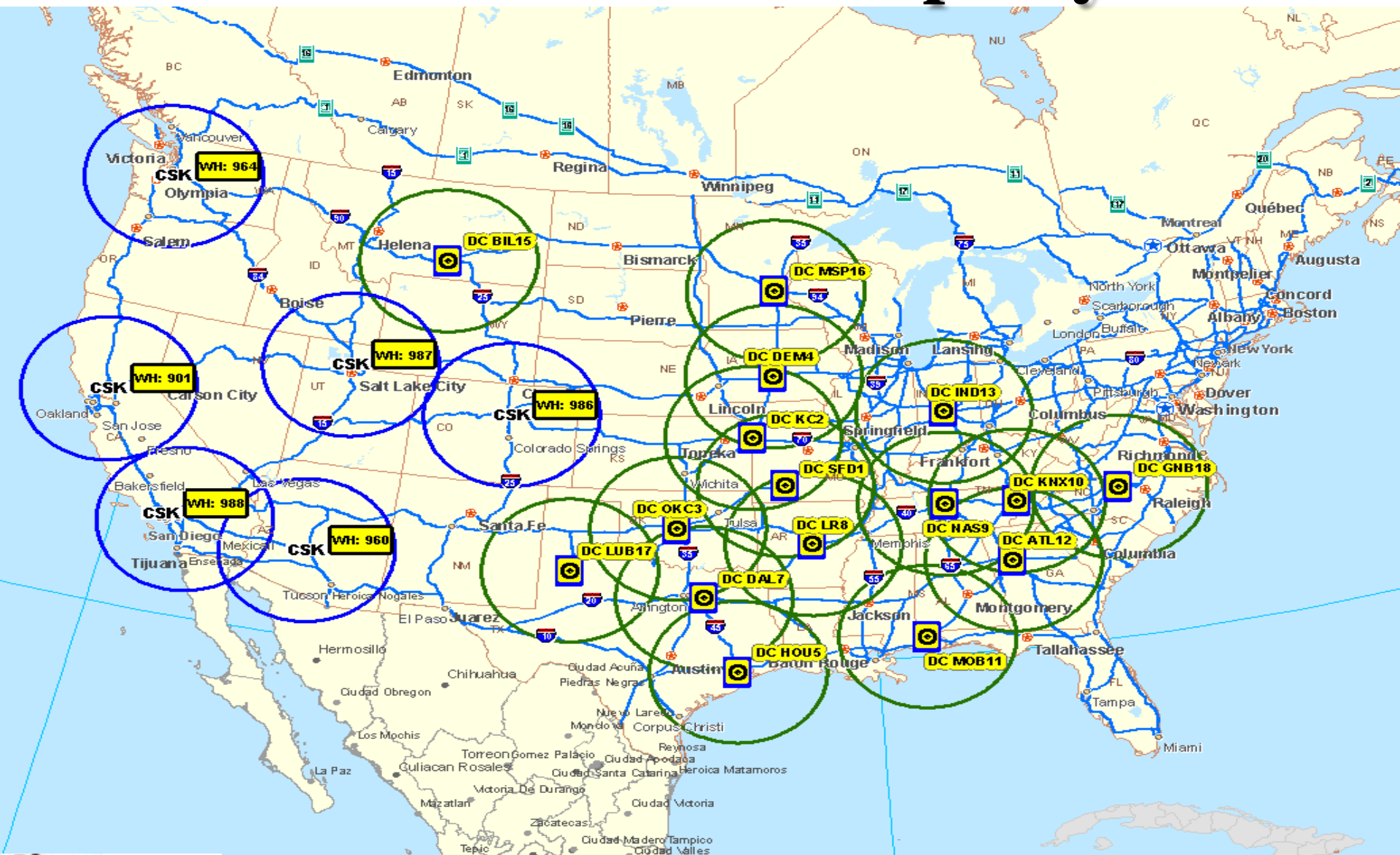


## Future DCs

- Seattle, WA
- Moreno Valley, CA
- Denver, CO
- Salt Lake City, UT



# Distribution Reach with Capacity





# Distribution Projects



## ACCOMPLISHED

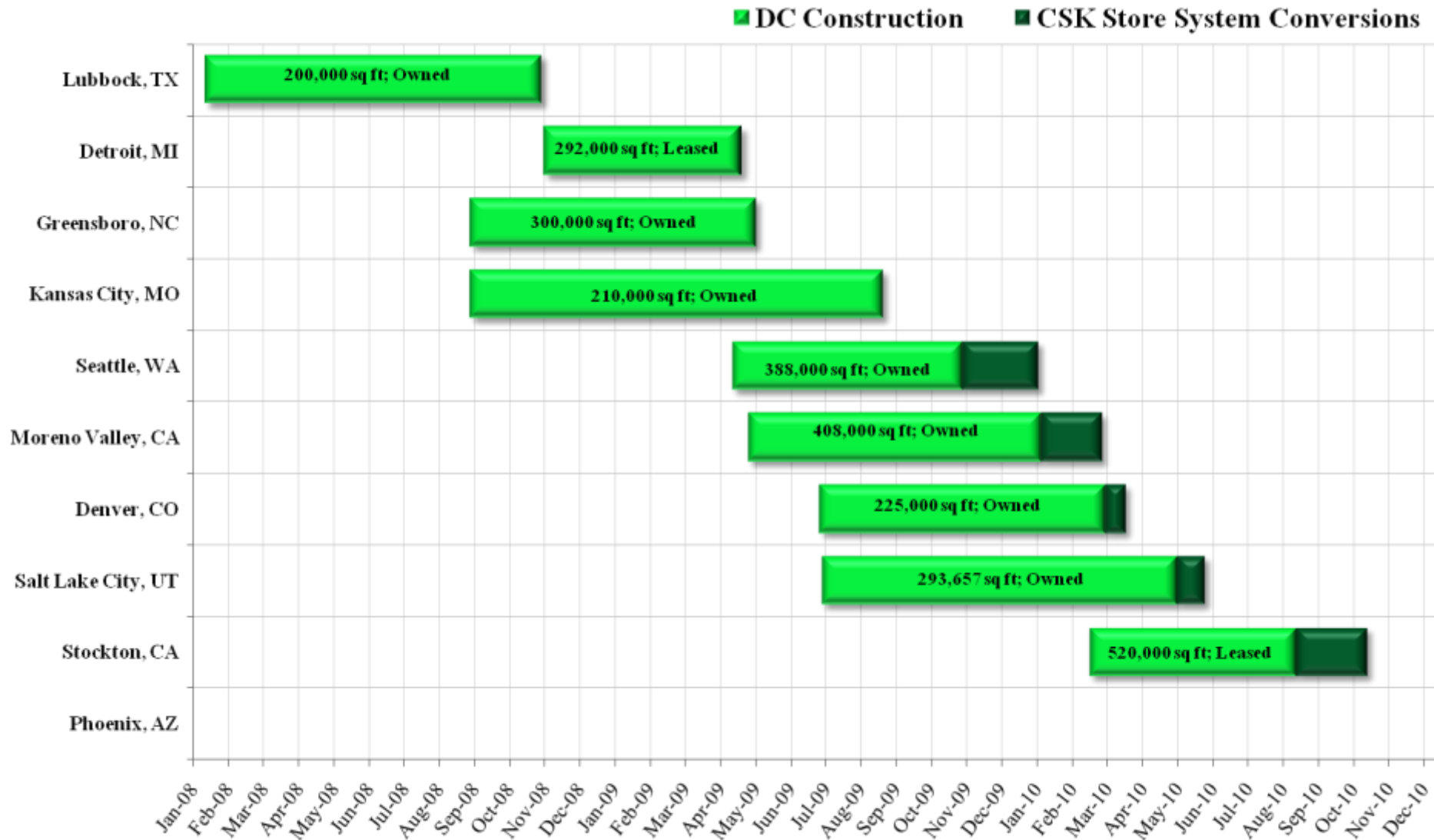
- Detroit distribution center conversion in Apr. '09
- Identified locations and completed purchases/leases for four new distribution centers in the western states



## TO BE ACCOMPLISHED

- Distribution center openings (Seattle in Nov. '09; Moreno Valley in Jan. '10; Denver in Mar. '10; Salt Lake City in May '10)
- Relocation of Dixon DC to Stockton, CA, and conversion of Phoenix DC in Fall of '10

# Distribution Projects Timeline



# STORE OPERATIONS & SALES: JEFF SHAW

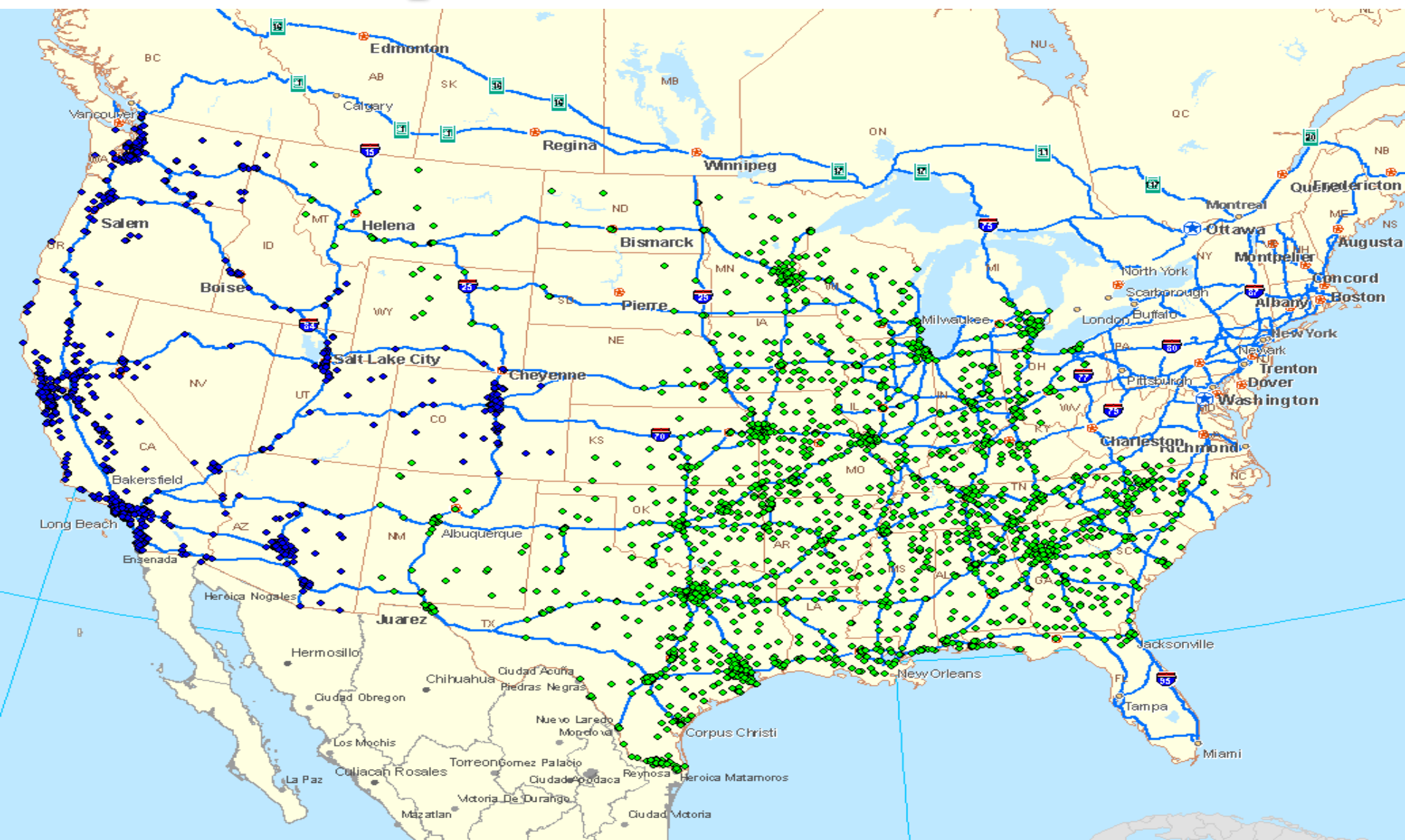
**CERTIFIED  
AUTO REPAIR**



**FIRST  
CALL** **ONLINE**



# Store Footprint



# Components of Replicating O'Reilly Model



Field management restructure goal was to get Division, Region and District count inline with core O'Reilly



Store staffing model



Strategic hires



Team Member training



Inventory availability



Competitive pricing



# Commercial Strategy



## Restructured commercial sales force

- Rolled out two divisional sales managers
- CSK RSM to O'Reilly RFSM – added 12
- CSK DSM to O'Reilly TSM – added 40



## The O'Reilly Commercial Program

- First Call
- Technical training for installers – 100 YTD
- Certified Auto Repair – 272 shops YTD
- Vendor field work - 8,000 sales calls YTD



Focus on independent shops as well as national accounts



**FIRST  
CALL** **ONLINE**



# MERCHANDISE INTEGRATION AND MARKETING: MIKE SWEARENGIN



**SCHUCK'S O'Reilly**  
AUTO PARTS

**Oil Specials**

Product	Price
1 qt. <b>GTX</b> Motor Oil	1.99
5 qt. <b>O'Reilly 5W-30</b> Motor Oil	2.79
1 qt. <b>O'Reilly Motor Oil</b>	1.99
5 qt. <b>Castrol Motor Oil</b>	2.79

**YOUR CHOICE 2 FOR \$7**

**STONER**  
Interior Cleaner  
Exterior Cleaner  
Wax  
Polish  
Detailer

**3.99**

**STONER**  
Motor Oil  
Wax  
Polish  
Detailer

**9.99**

**6.99**

**14.99**

**19.99**

**Buy 3 REGULARS  
Get 1 FREE**

**BETTER PARTS... BETTER PRICES, EVERYDAY**



# CSK Merchandise Integration Focus



## ACCOMPLISHED

- 90% complete in hard-part resets in nonconverted stores, significantly increasing hard-part SKU availability in these stores – “Good”, “Better” and “Best”
- Addition of O'Reilly branded chemicals and commodities as well as proprietary private label products
- Prices reduced to be market competitive
- Removal of non-core merchandise



## TO BE ACCOMPLISHED

- Refine product mix in all stores based on market and vehicle registrations
- Complete hard-part line changeovers
- Increase import OE offerings

# Marketing and Advertising Strategy

## Strategy prior to CSK acquisition

- Build brand name recognition through motorsports and sports sponsorships
- Utilize item/price radio advertising to stimulate sales during high seasonality months
- Drive store traffic around key DIY activity periods with promotional retail print

## Strategy after CSK acquisition

- Build brand awareness and establish a competitive point of difference through year-round radio advertising
- Regionalize promotional retail print based on market geography/climate to drive traffic during high seasonality month
- Market to the Hispanic consumer with dedicated advertising, promotional and grassroots programs
- Maintain strategic motorsports and sports sponsorships that deliver maximum brand name recognition



# CSK Marketing Integration Focus



## ACCOMPLISHED

- Co-branded O'Reilly with CSK brands in all materials
- Supported all stores with radio and print advertising
- Increased activation around motorsports sponsorships
- Tested Hispanic marketing initiatives
- Expanded installer sales materials
- Introduced installer customer acquisition programs
- Launched a new oreillyauto.com e-commerce website

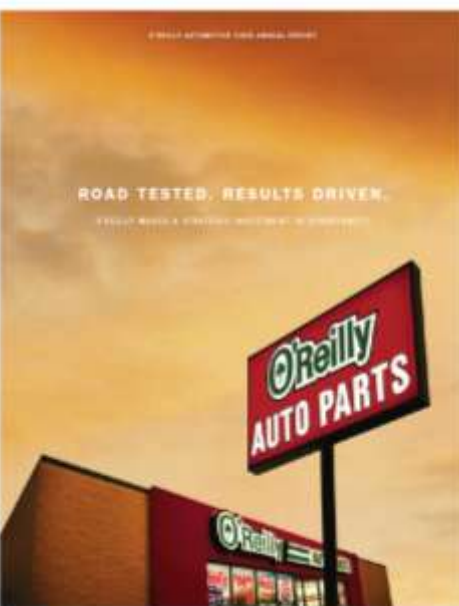


## TO BE ACCOMPLISHED

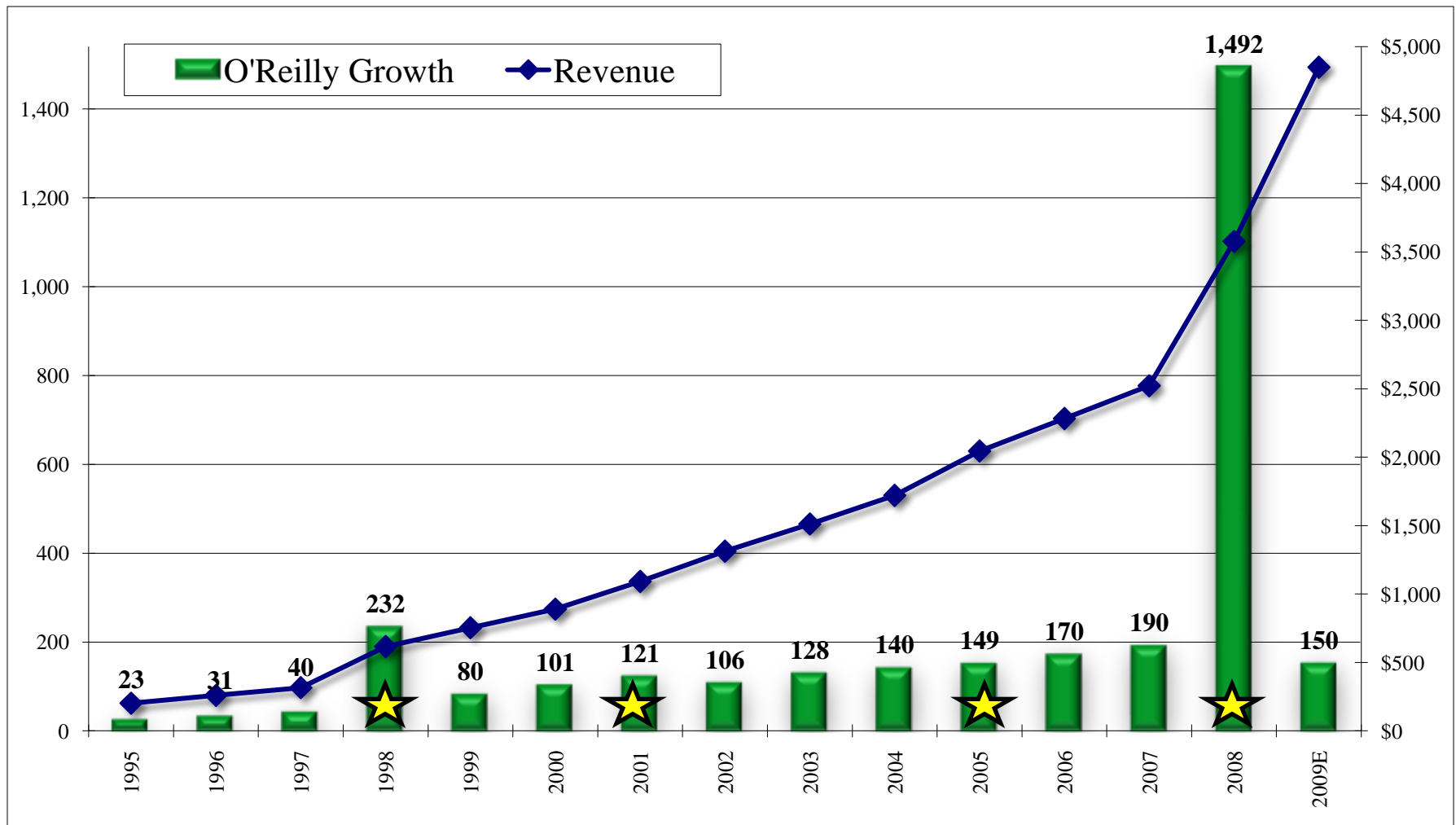
- Establish O'Reilly Brand awareness across all marketing
- Support markets as they change from CSK to O'Reilly
- Regionalize advertising and promotional activity
- Increase sales to Hispanic customers
- Test new, strategic sports sponsorships
- Grow online sales
- Launch a new installer customer loyalty program



# FINANCIAL OVERVIEW: TOM MCFALL

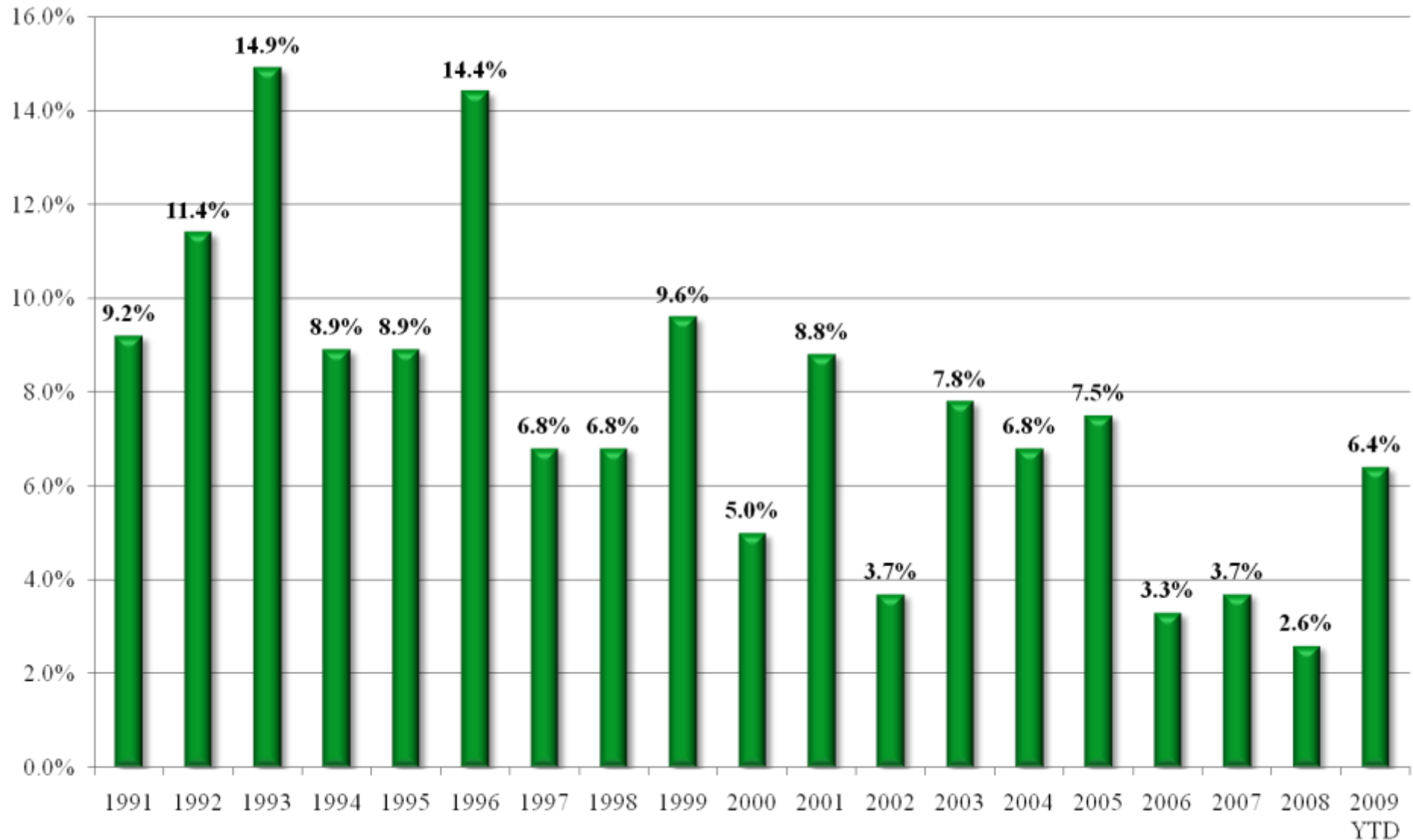


# O'Reilly Store & Revenue Growth

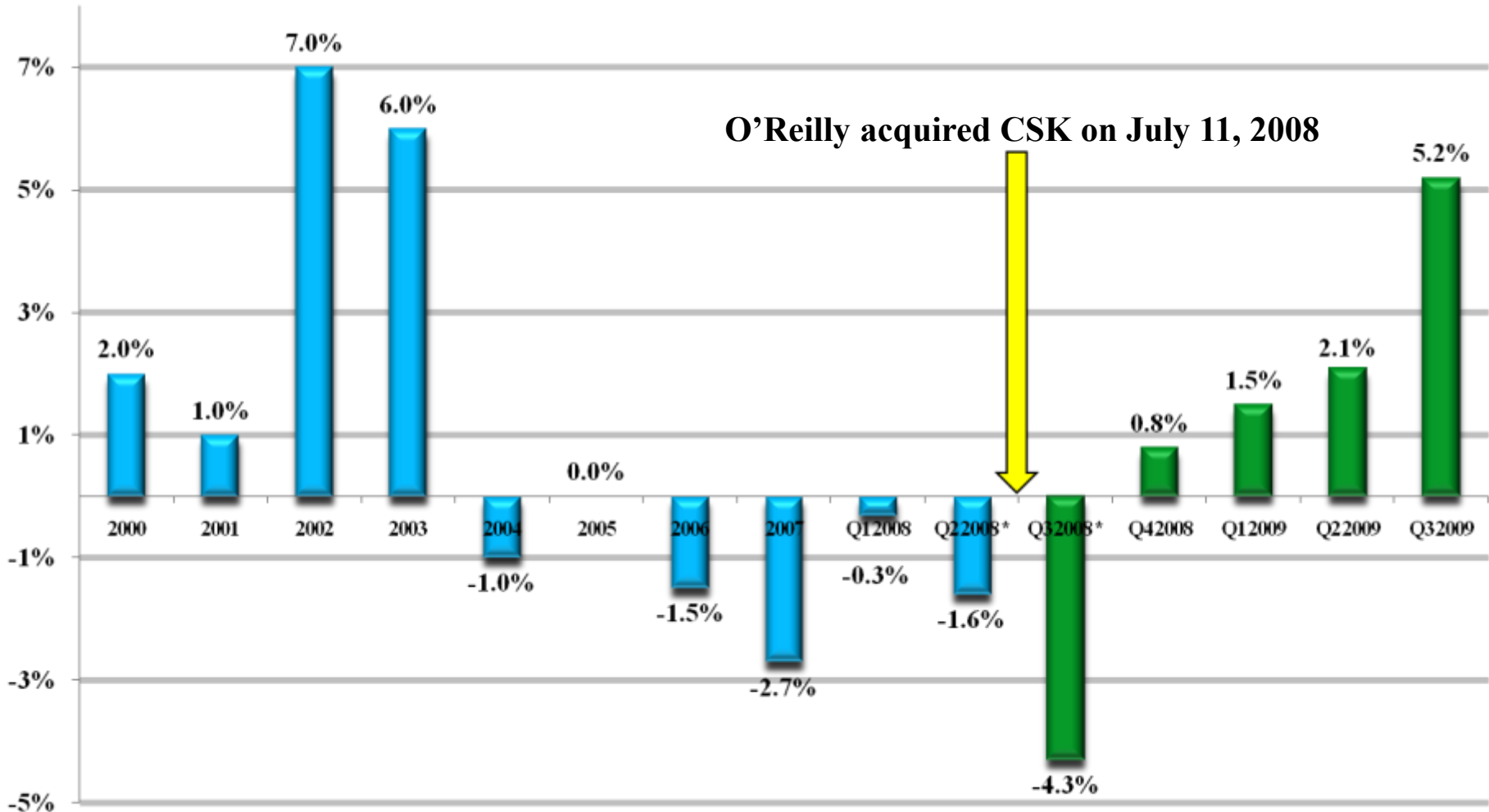


★ **Major acquisitions:** 1998 Hi/LO – 182 stores acquired; 2001 Midstate – 82 stores acquired; 2005 Midwest - 72 stores acquired; 2008 CSK Auto – 1,342 stores acquired

# Core O'Reilly Comparable Store Sales



# CSK Comparable Store Sales



\* Q2 2008 – comparable store sales from May 5 up to date of acquisition

\* Q3 2008 – comparable store sales from date of acquisition through September 30.

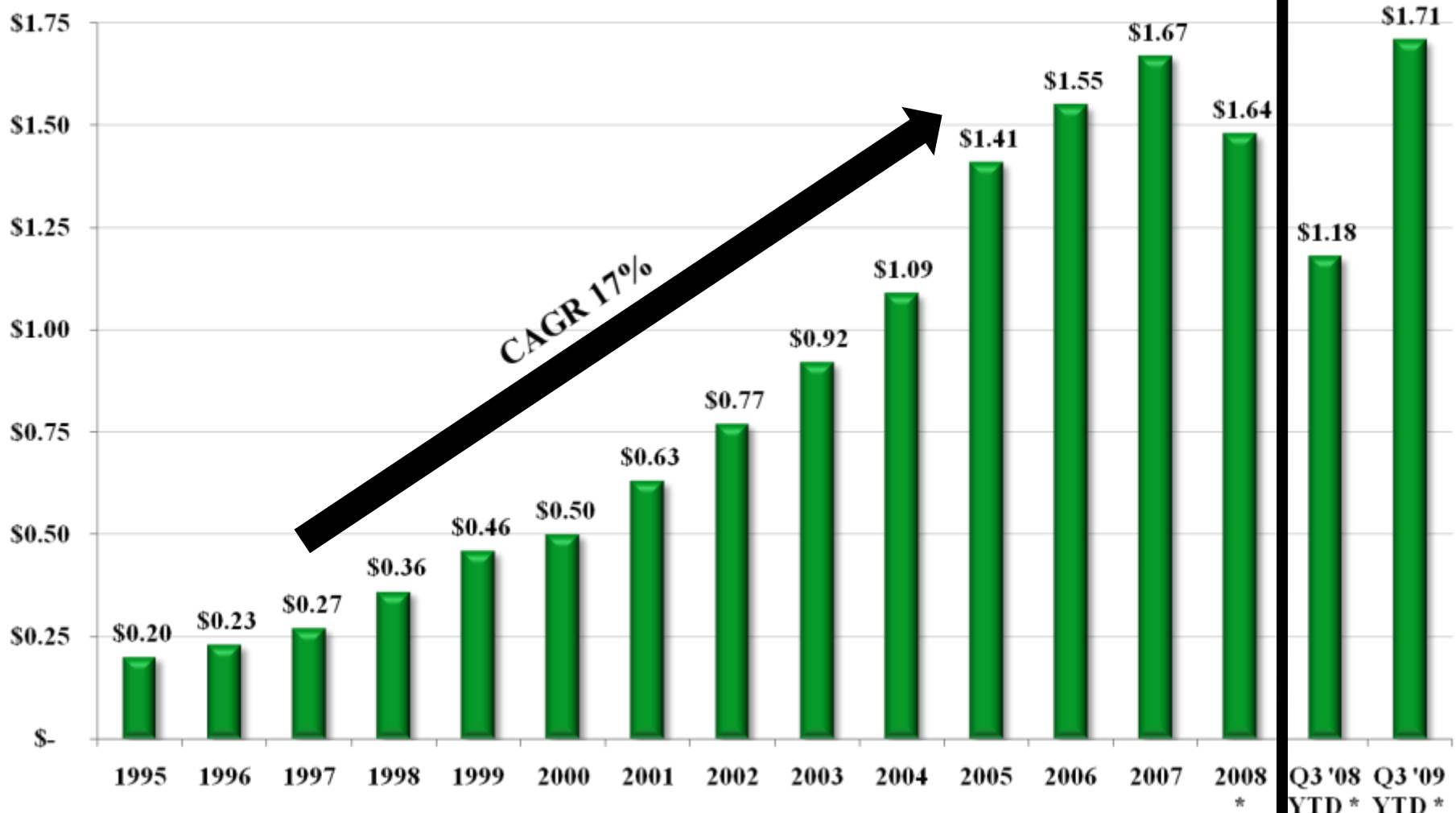
# Fueling EPS Growth

## 2009 Guidance

\$2.21 to \$2.25 <sup>(1)(2)</sup>

<sup>(1)</sup>Excluding one-time acquisition related charges

<sup>(2)</sup>GAAP EPS of \$2.18 to \$2.22



\* Adjusted diluted earnings per share, excluding the impact of acquisition related charges

# QUESTION & ANSWER SESSION: MANAGEMENT

## Remaining Agenda:

12:45 – 1:00 pm

Break

1:00 – 2:30 pm

Question & Answer Session

2:30 – 3:45 pm

Distribution Center Tour

4:00 pm (sharp)

Shuttle to Airport

### O'Reilly Culture Statement

"We are **ENTHUSIASTIC, HARDWORKING PROFESSIONALS** who are **DEDICATED to TEAMWORK, SAFETY, 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!"