



Analyst Day

Devens, MA Distribution Center

August 9, 2016



Forward Looking Statements

We claim the protection of the safe-harbor 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 “expect,” “believe,” “anticipate,” “should,” “plan,” “intend,” “estimate,” “project,” “will” 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, 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 regulations, our increased debt levels, credit ratings on public debt, our ability to hire and retain qualified employees, risks associated with the performance of acquired businesses, 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 our annual report on Form 10-K for the year ended December 31, 2015, 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

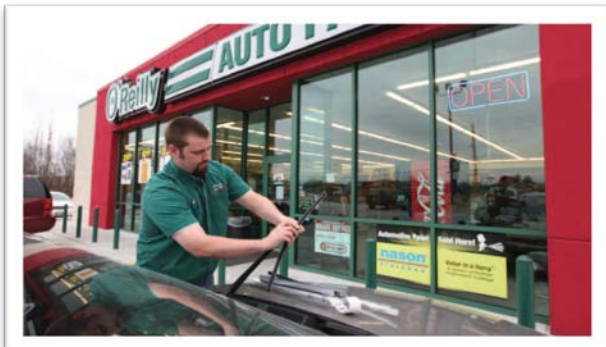
2:00 Sharp

**Shuttle to Boston
Logan 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,** 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 Henslee

President and Chief Executive Officer



Management Team Present Today

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

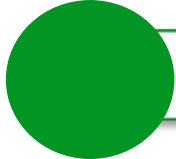
Greg Henslee	– President and CEO	35
Greg Johnson	– Executive Vice President of Supply Chain	34
Tom McFall	– Executive Vice President of Finance and CFO	18
Jeff Shaw	– Executive Vice President of Store Operations and Sales	32
Brad Beckham	– Senior Vice President of Central Store Ops and Sales	20
Robert Dumas	– Senior Vice President of Eastern Store Ops and Sales	24
Scott Kraus	– Senior Vice President of Real Estate and Expansion	18
Jeremy Fletcher	– Vice President of Finance and Controller	11
Chris Mancini	– Vice President of Mid-Atlantic Division	13
Wayne Price	– Vice President of Treasury and Risk Management	25
Nick Thomas	– Regional Director – Stores	13
Michael Wright	– Regional Director – DCs	29
Jason Pahl	– Distribution Center Manager	21

Company Overview



Store Count

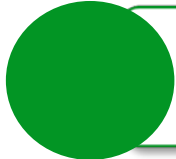
- 4,660 stores in 44 states as of June 30, 2016



27 Distribution Centers



Over 74,000 Team Members



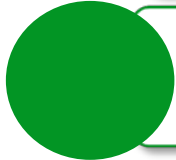
Last-Twelve-Months Sales

- \$8.3 billion as of June 30, 2016



Total Assets

- \$7.2 billion as of June 30, 2016



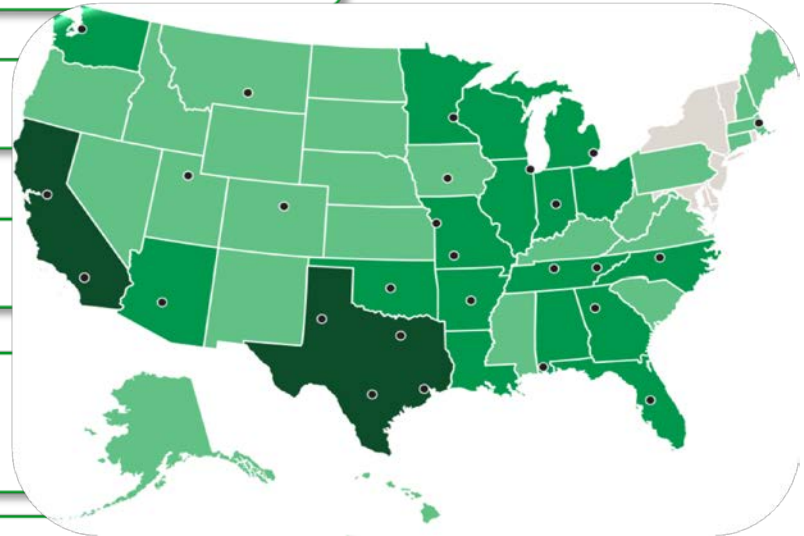
Market Capitalization

- \$27.5 billion at August 4, 2016



Do-It-Yourself versus Do-It-For-Me Split

- 58% and 42% as of December 31, 2015
- 65% and 35% as of December 31, 2009
- 52% and 48% as of June 30, 2008 (prior to CSK acquisition)



Year-to-Date 2016 Highlights



Opened 89 net, new stores



5.1% comparable store sales increase on top of a 7.2% increase in 2015



52.1% Gross Margin versus 52.0% in 2015
(Excluding LIFO: 52.9% versus 52.4% in 2015)



19.7% Operating Margin versus 18.7% in 2015



\$5.24 diluted EPS versus \$4.35 in 2015



Generated \$578 million of Free Cash Flow



Repurchased \$857 million under share repurchase program



Industry Drivers

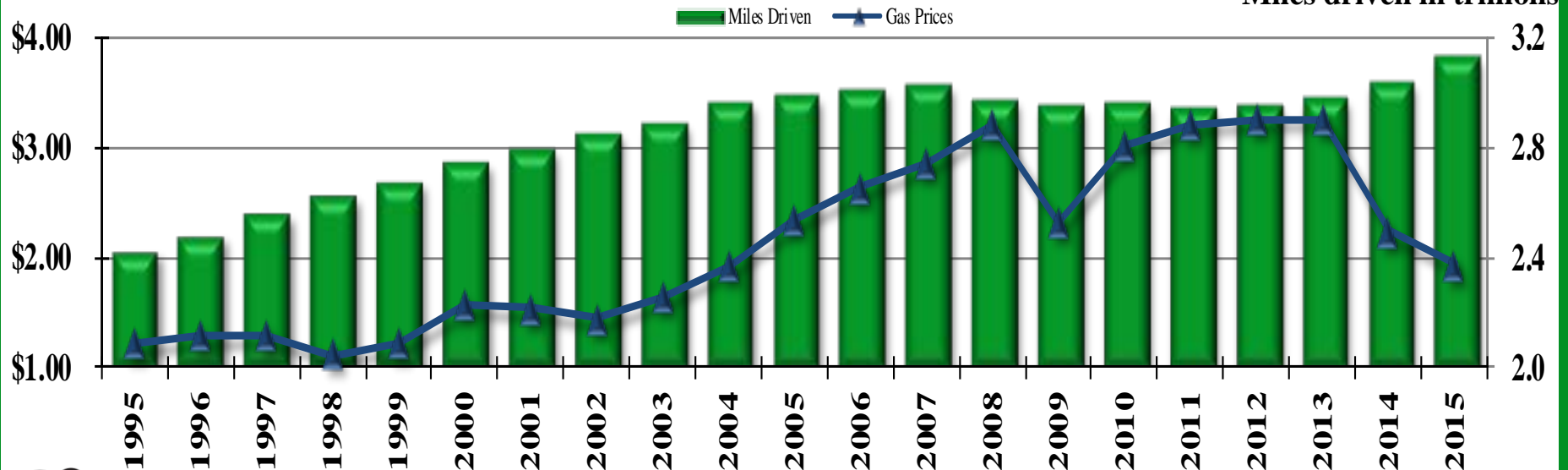
#1 Driver for Demand in Our Industry is Total Miles Driven

- Lack of comprehensive mass transit system in U.S. results in sustainable commuter miles driven
- 29% increase in miles driven from 1995 to 2015
- Miles driven was flat from 2008 through 2013 due to macro economic pressures
- Since 2013, growth in annual miles driven has resumed as employment has improved
 - 1.7%, 3.5% and 3.3% increase in miles driven in 2014, 2015 and YTD 2016, respectively
 - Average Per Gallon Price for Regular Gasoline
 - \$2.09, \$2.56 and \$3.45 on 08/01/16, 08/03/15 and 08/04/14, respectively

Historical U.S. Miles Driven and Gasoline Prices:

Gas prices in dollars per gallon

Miles driven in trillions

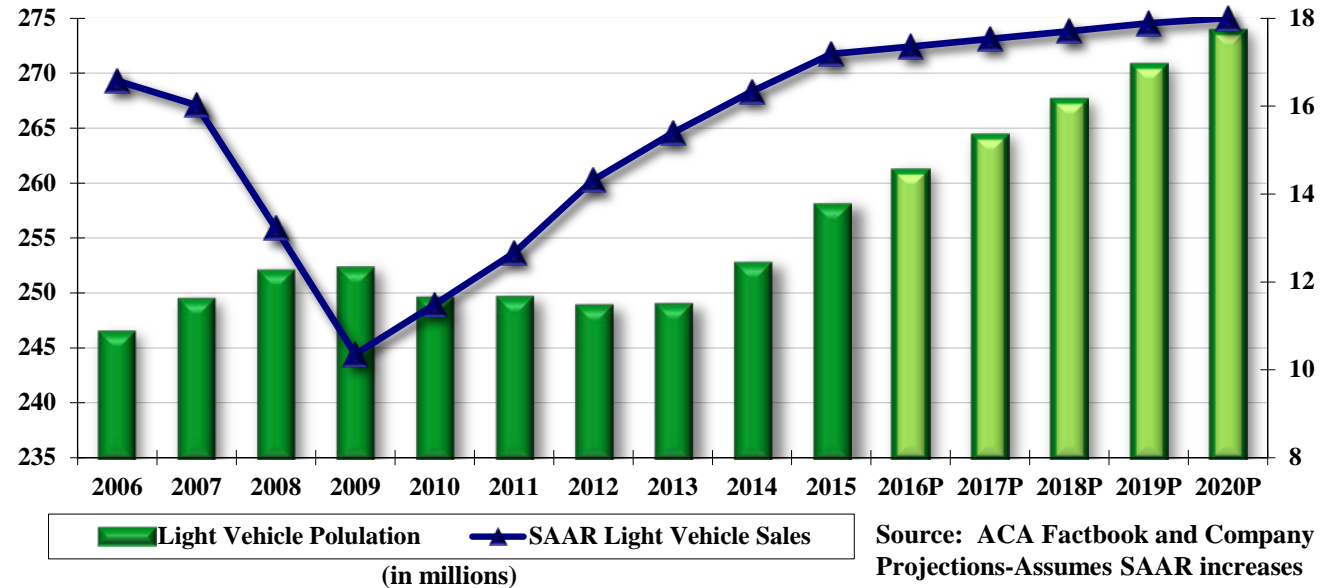


Source: Dept. of Transportation and Dept. of Energy

Industry Drivers

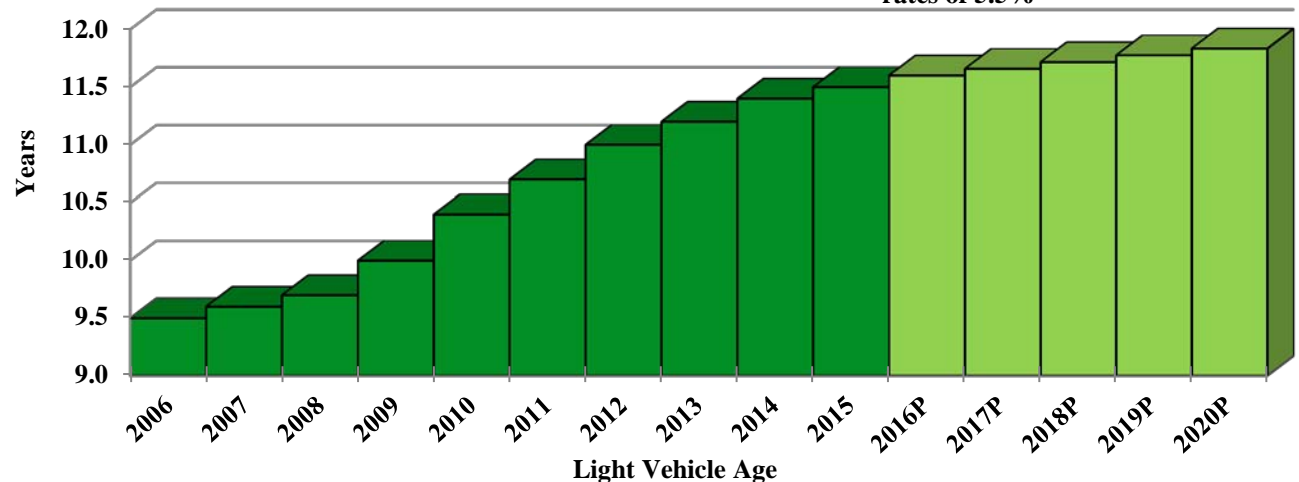
Growing U.S. Light Vehicle Population

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

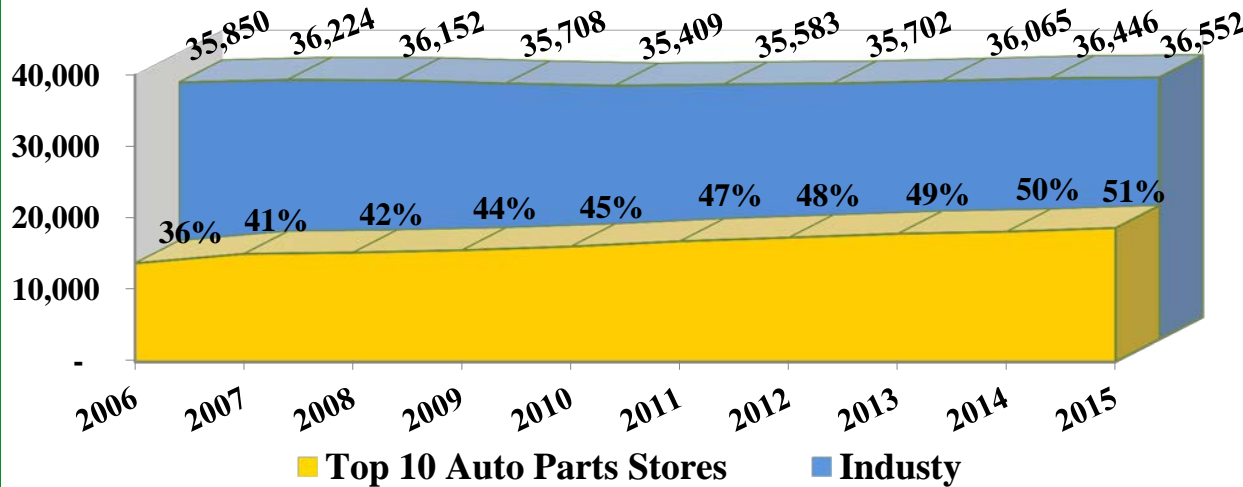


Continued Aging of U.S. Light Vehicle Population:

- Better engineered vehicles, which can be reliably driven at higher miles, result in an aging vehicle fleet
- We do not expect the average light vehicle age to decrease in the future



Industry Landscape



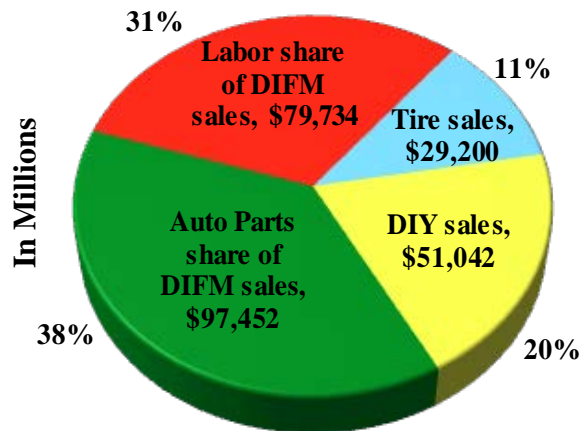
Source: ACA Factbook

Top Ten Auto Parts Chains

1. AutoZone Inc. (5,717)
2. Advance Auto Parts (5,211) ¹
3. **O'Reilly Auto Parts (4,660)**
4. Genuine Parts/NAPA (1,100) ¹
5. Pep Boys (803)
6. Fisher Auto Parts (489)
7. Autoplus / Uni-Select (267) ¹
8. Replacement Parts (160)
9. Auto-Wares (158)
10. Automotive Parts Headquarters (99)

¹ Company owned stores

Source: ACA Factbook or latest SEC filing



Size of Automotive Aftermarket

Total Market:
\$257 Billion

O'Reilly Addressable Market:
\$148 Billion

Source: ACA Factbook

DIY is More Consolidated

DIFM Continues to be Highly Fragmented



Jeff Shaw

Executive Vice President of Store Operations and Sales

**CERTIFIED
AUTO REPAIR**



**FIRST
CALL** **ONLINE**



O'Reilly Business Model



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

Dual Market Strategy

“Culture Driven” Leadership

“Top Notch” Customer Service

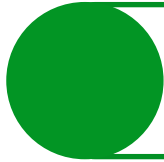
Growth Focus



Dual Market Strategy



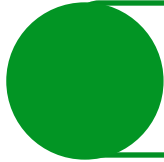
Proven track record of serving both DIY and DIFM Customers for over 30 years



Allows us to profitably operate in large and small markets



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



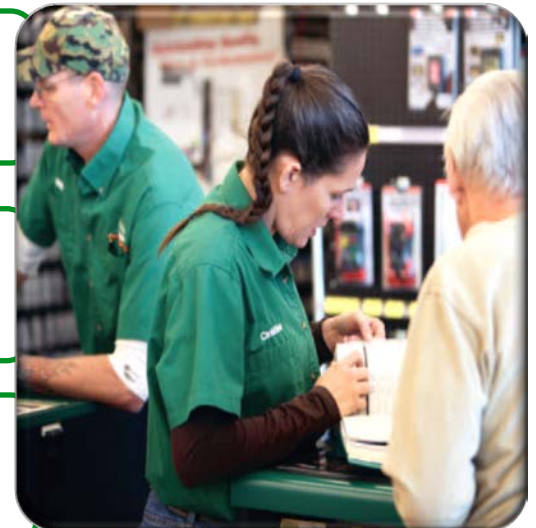
Store Managers “own” customer service levels and driving both sides of our business



Professional sales model supported by over 700 dedicated outside sales people and industry leading parts availability



Enhances service levels offered to our DIY customers



“Culture Driven” Leadership



Philosophy

- Proud of our O'Reilly Culture
- Strong “promote from within” philosophy
- Proven “hands on” management team
 - 10 Div Mgrs with over 230 years experience in our industry!
- “LEAD” Program (Leadership Enhancement and Development)
 - Improved resources to help field management identify talented and motivated potential leaders
 - Improved assessment tools to help developmental needs
 - Better tracking and visibility of LEAD participant’s progress
 - Goal...Developing well prepared field management that will LEAD us to ACHIEVING OUR MISSION STATEMENT

“Top-Notch” Customer Service

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

“Top Notch” Service Levels

- **“Friendliest Parts Store in Town**
- **“Professional Parts People”**
- **“Out Hustle and Out Service” the competition**

“Never Say No” Philosophy

- **“Exhaust all resources to take care of our customer”**
- **Technical Support Department**
 - **44 TMs with 635 years of automotive experience**



**CERTIFIED
PARTS
PROFESSIONAL**
O'Reilly



Team Member Training and Development

- **Right Track Online**
- **Focus on automotive systems / product knowledge**
- **Certified Part Professional / ASE Certification**



O'Reilly First Call

“Dedicated to the Professional Customer Since 1957

- “Service and relationship business”
- “First Call” commitment to our professional customers
 - Dedicated sales force
 - Professional Parts People
 - “Hot Shot” delivery service
 - Technical / business training
 - Service Center Programs
 - B2B connectivity
 - Shop management systems
 - Industry leading parts availability



Real World Training

- “Best in class” technical training for our professional customers
- 1,340 training classes in 2016
- Train over 30,000 techs this year

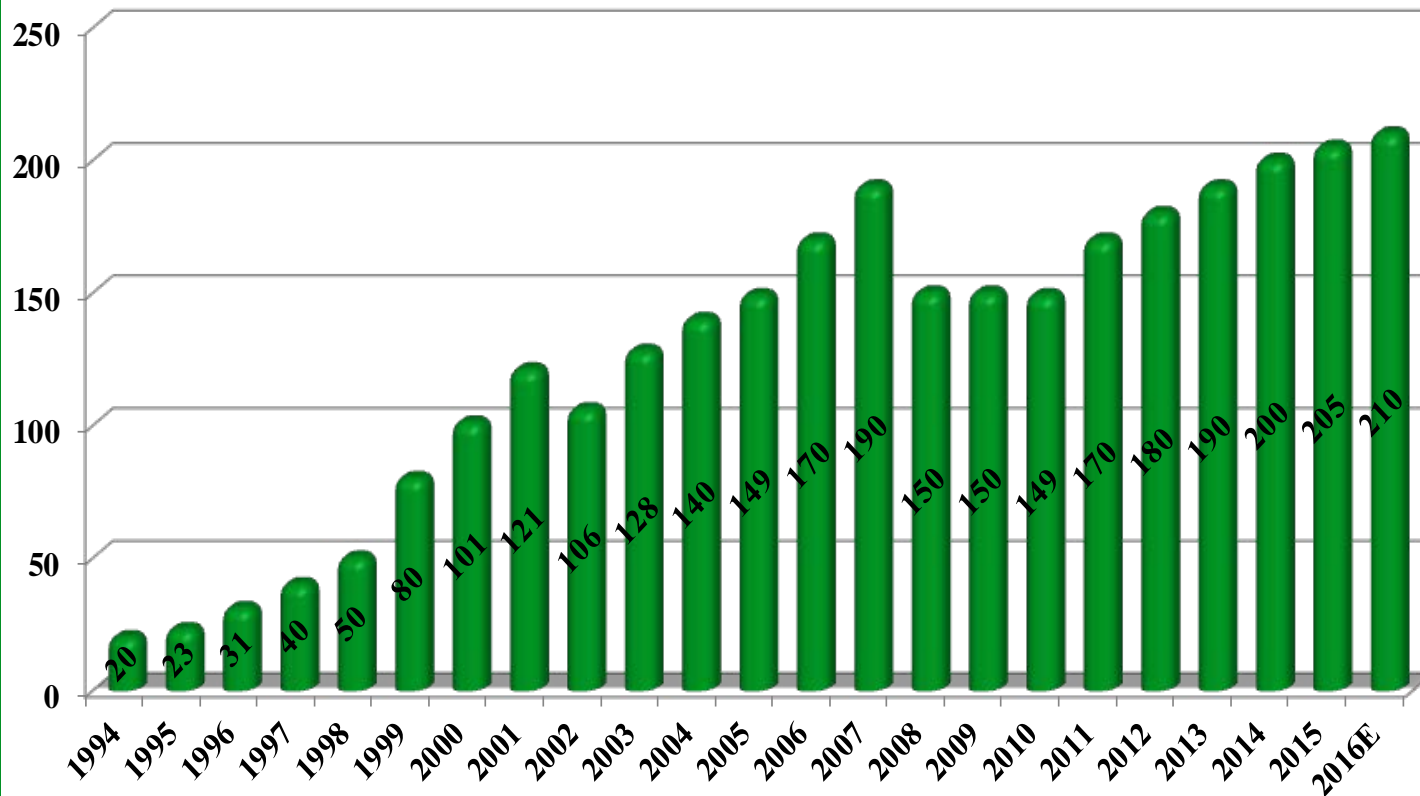


Professional Programs

- First Call Online
- Certified Auto Repair
- Worry Free Protection



Store Growth



Additional store growth through notable acquisitions:

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

2001 Midstate – 82 stores
 2008 CSK – 1,342 stores

Top 10 States

Texas.....639
 California.....523
 Missouri.....193
 Georgia.....181
 Illinois.....178
 Ohio.....161
 Tennessee.....154
 Washington.....154
 Michigan.....149
 North Carolina....149

Untapped Markets

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



Greg Johnson

Executive Vice President of Supply Chain



Devens DC



- **Opened: October 20, 2014**
- **Store Capacity: 280**
- **Current Store Count: 79**
- **Square Feet: 389,000**
- **Operating Feet: 511,000**
- **Number of Team Members: 120**
- **SKU Count: 132,000**
- **New Stores through EOY: 9**

Industry Leading Parts Availability

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

Supply Chain

- **Dynamic proprietary supply chain system provides stores with access to greater breadth of inventory, including hard to find parts**
- **Tiered distribution system to support parts availability and inventory turns**
- **27 regionally deployed DCs, with primarily company owned fleet, service stores five nights per week**
- **State-of-the-art facilities have advanced equipment and progressive slotting, stocking, and picking technology**

Superior Parts Availability

- **DCs stock an average of 146,000 SKUs and are linked to other master inventory DCs which stock up to 165,000 SKUs**
- **305 “Hub” stores with an average of over 44,000 SKUs provide multiple, daily deliveries to “Spoke” stores**
- **97% of stores receive multiple, daily deliveries from DCs or “Hub” stores**
- **62% of stores receive weekend service from DCs**
- **90%+ of stores receive weekend service from DCs and “Hub” stores**

DC Expansion – San Antonio, TX



- **Opened: May 16, 2016**
- **Square Feet: 388,000**
- **Current Store Count: 166**
- **Store Capacity: 250**
- **Relieved Capacity Issues -
Dallas, Houston, and Lubbock**

Planned DC Expansion Greensboro, NC



- **Currently: 300,000 Sq. Ft.**
- **Expanding to: 500,000 Sq. Ft.**
- **Current Store Capacity: 275**
- **Current Store Count: 265**
- **Future est. Store Capacity: 400**
- **Go Live Date: 2Q 2017**

2016 Inventory Initiatives

Maximize Inventory Investment

- **Continual evaluation of customer buying preferences**
 - Offer product choice (good, better, best)
- **Maintain relationships with multiple vendors**
 - Ensures category availability and risk mitigation
- **Continued success of Vendor Financing Program**
 - A/P to inventory 106.3% as of June 30, 2016



Focus on Best in Class Market Position

- **Improve Availability of “Hard to Find” parts**
 - Increase HUB store network from 276 stores in 2015 to 305 stores today
- **Inventory and Life Cycle Management**
 - Continually monitor demand and adjust inventory position throughout supply chain
 - Ensure coverage for new vehicle applications
 - Adjust coverage based on changes in vehicle registration data

Branding Strategy

O'Reilly Proprietary Brands & National Brands

- Increase number of lines in Import Direct & other proprietary brands
 - Import Direct is our fastest growing brand
 - Proprietary brands are growing faster than National brands
- Proprietary brands make up over 44% of sales (LTM)
- Continue to broaden product line coverage
- Import Direct category additions (LTM)
 - Water pump timing kits
 - Coil on plug boots
 - Control arms



SHOP OUR BRANDS >



Brands

PROPRIETARY

BRAKEBEST

IMPORT **DIRECT**™
OE REPLACEMENT PARTS

MASTERPRO

MICROGARD

**POWER
TORQUE**

MURRAY

OMNI SPARK

precision™

**SUPER
START**

ULTIMA



NATIONAL

Valvoline

Gates

Mobil

PENNZOIL

WIX®
FILTERS

Castrol

WAGNER

BOSCH
Invented for life

MOOG



IMPORT DIRECT™

OE REPLACEMENT PARTS

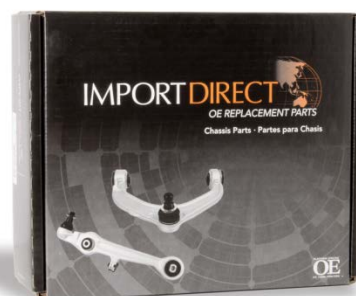
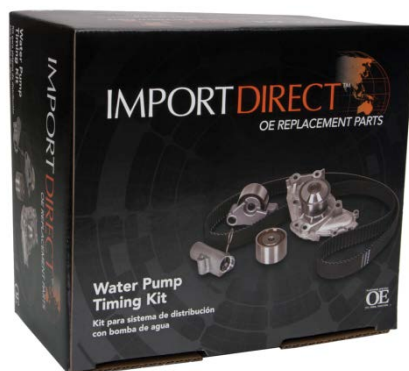


OE MATCHED PERFORMANCE

IMPORT DIRECT® PARTS - TRUSTED
TO INSTALL AND PERFORM LIKE OE



- 100% New Timing Kits
- 100% New Water Pumps
- OE Replacement Ignition
- 100% New A/C Compressors
- OE Replacement Chassis Parts
- 100% New Fuel Pumps
- OE Replacement Ignition Wires
- 100% New CV Shafts
- 100% New Control Arms



Ongoing Marketing Activities



Sports and motorsports sponsorships

- Continued national, regional, and local market focus



O'Reilly Shredder show car

- Authentic 2014 NASCAR Gen 6 race car
- Unique and fun way to engage with customers
- In its 2016 tour, the O'Reilly Auto Parts Shredder will visit 19 states, 35 media markets, and make over 300 visits to O'Reilly stores and motorsports events



Themed retail sale events

- High volume retail categories
- Month long, seasonally appropriate
- Leverage proprietary brands as competitive point of difference
- Promote across all marketing channels



Themed Retail Sale Events

March



April



May



June



October



Annual



PROGRAMS & BRANDS



DEDICATED TO THE PROFESSIONAL

Quarterly

LOOK
FOR THIS ICON

LEASING
AVAILABLE

Monthly



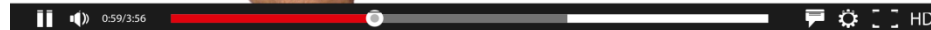
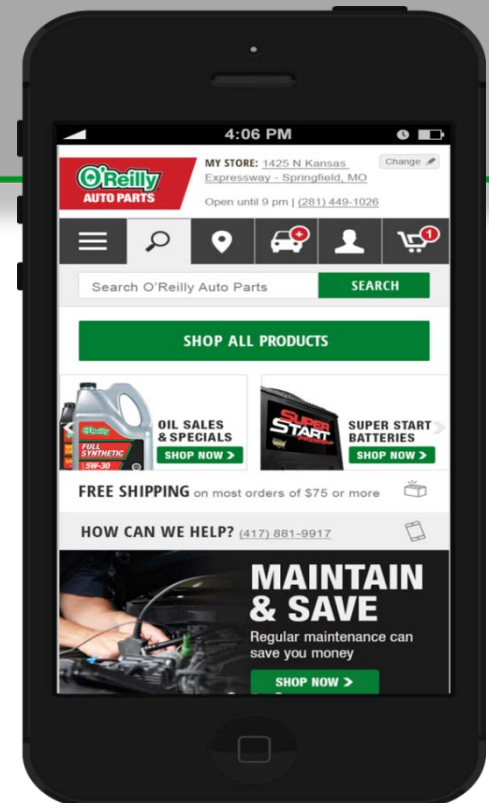
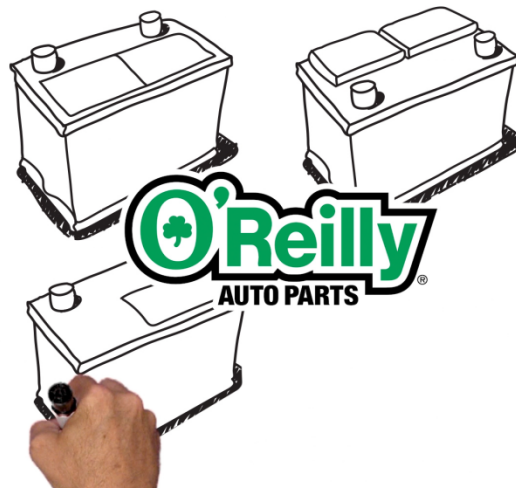
FIRSTCALLONLINE.COM



eCommerce / Mobile / Social Marketing

Omni-Channel Customer Engagement

- New mobile site live in May
- oreillyauto.com re-platform underway – launch 1Q 17
- Enhancing content with category and brand landing pages
- Increasing display ad and promotional activity with a dedicated focus on mobile
- Investing in YouTube video pre-roll advertising



O'Rewards Loyalty Program



National Launch: October 2, 2013

- Natural part of each retail transaction



Advanced analytics and data mining enabling “data driven” member engagement

- Nearly 3 years of historical, valuable data
- Segmentation, modeling, long-term value, etc.
- Focused, personalized communications



Dedicated “members only” promotional campaigns

- Enthusiastic supplier participation

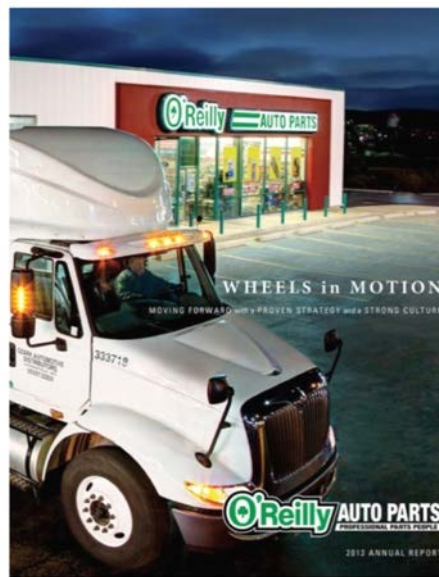


Increased member engagement results in capturing incremental store visits previously lost to the competition



Tom McFall

Executive Vice President of Finance and Chief Financial Officer



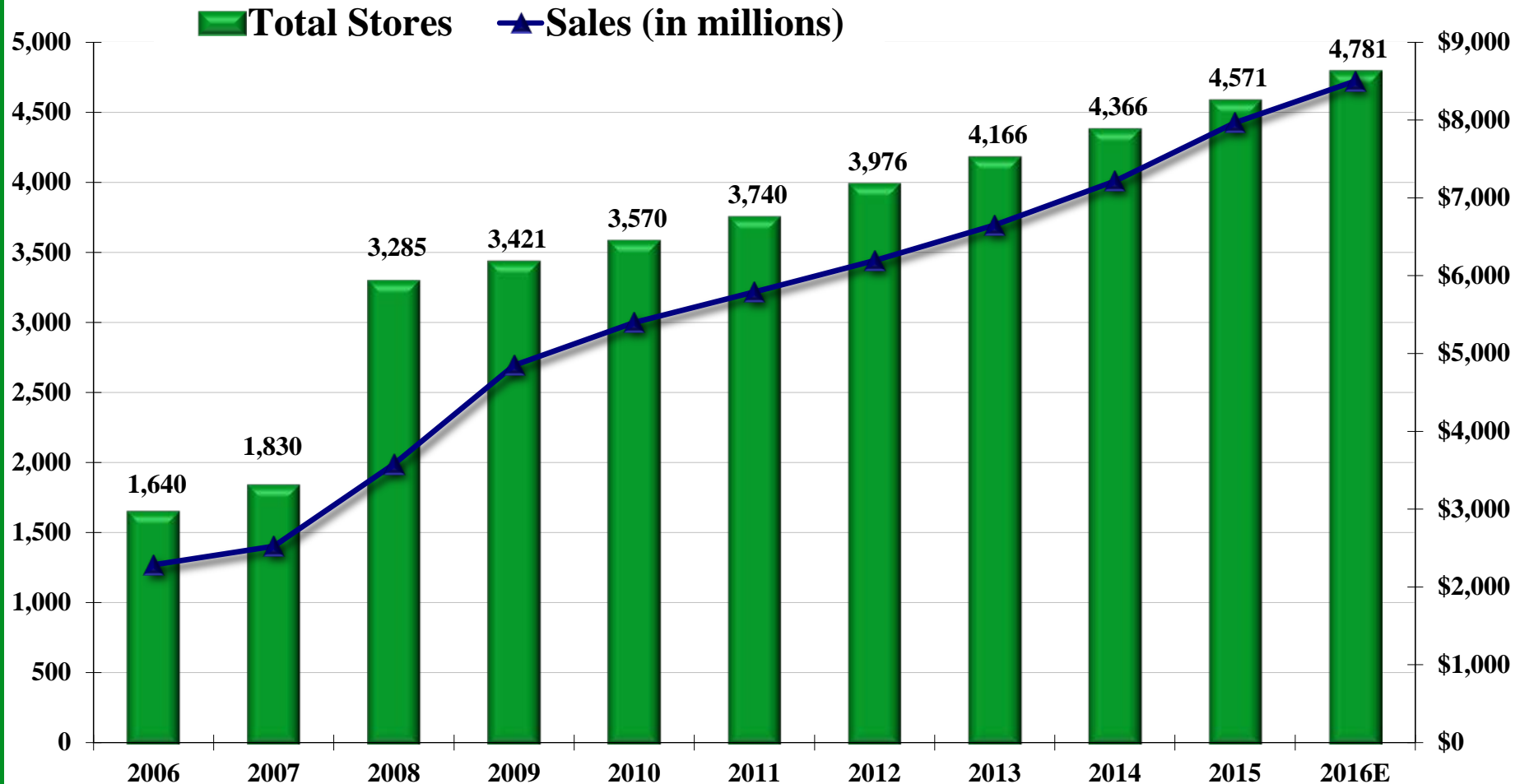
Store & Revenue Growth

2016 Guidance

Full Year:

\$8.4 to \$8.6 Billion in Sales

210 New Stores



Comparable Store Sales

2016 Guidance

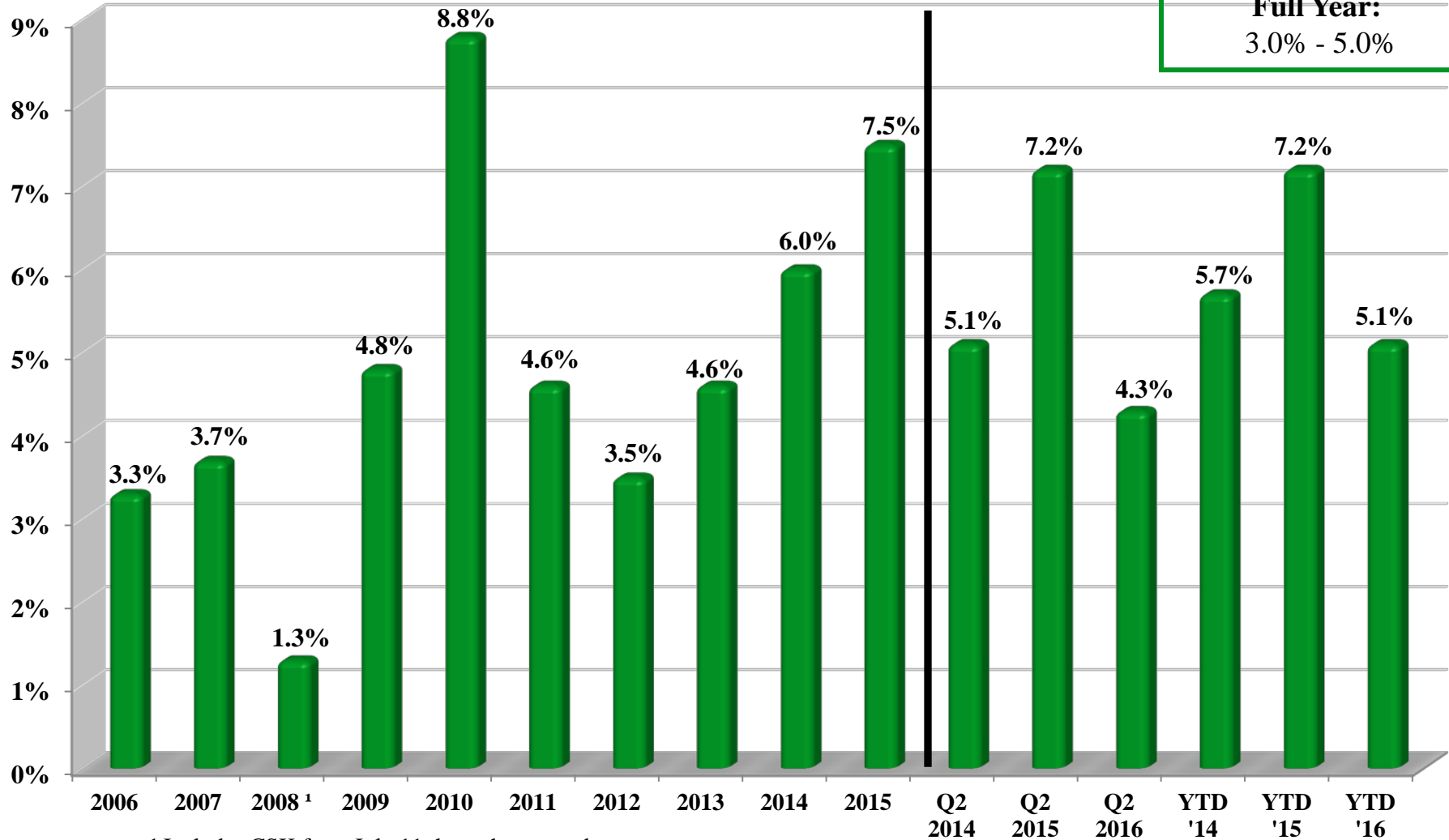
3rd Quarter:

3.0% - 5.0%

(3Q 2015: 7.9%)

Full Year:

3.0% - 5.0%

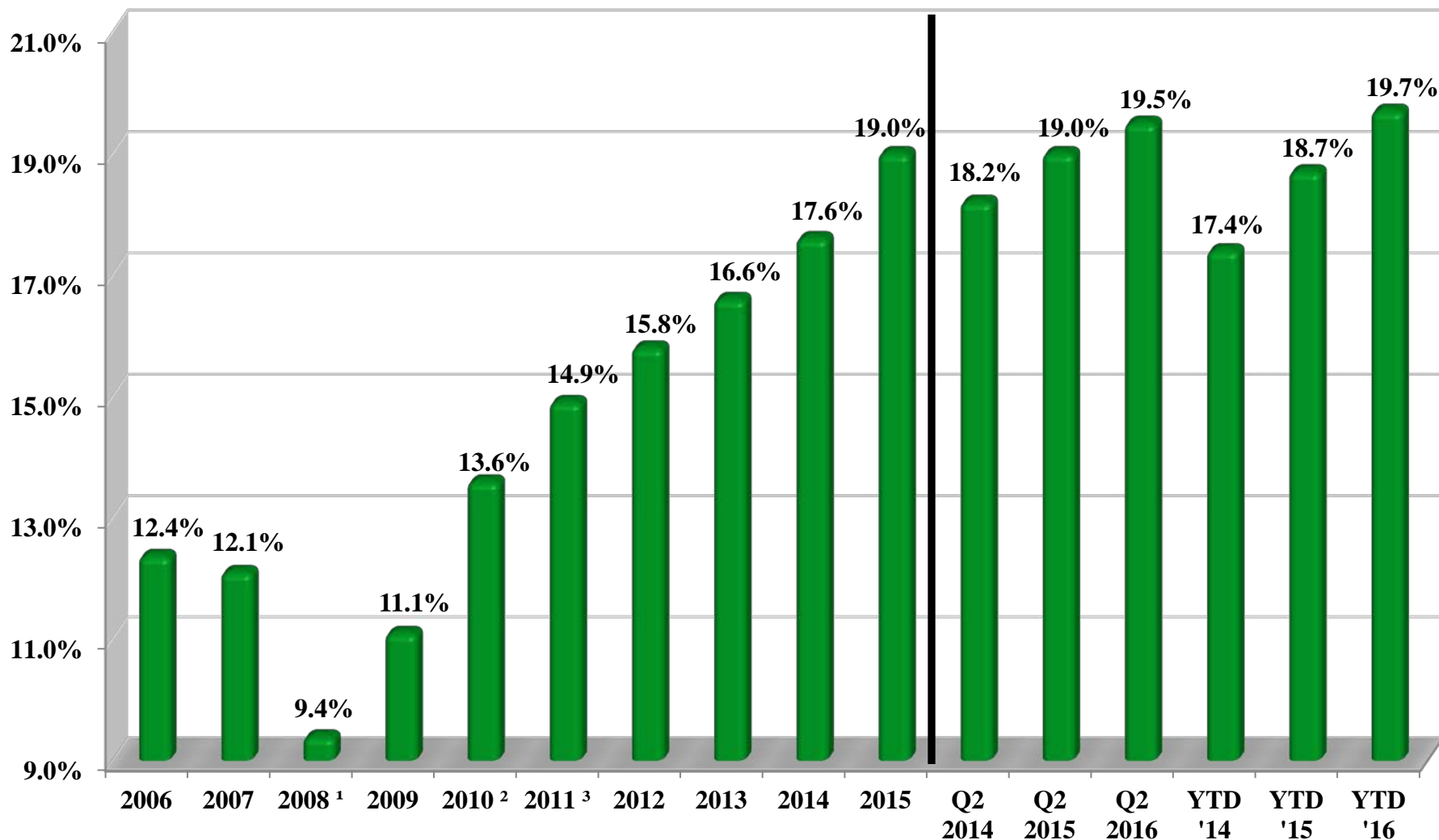


¹ Includes CSK from July 11 through year end



Adjusted Operating Margin

2016 Guidance
Full Year:
19.5% - 19.9%



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

Adjusted EPS Growth

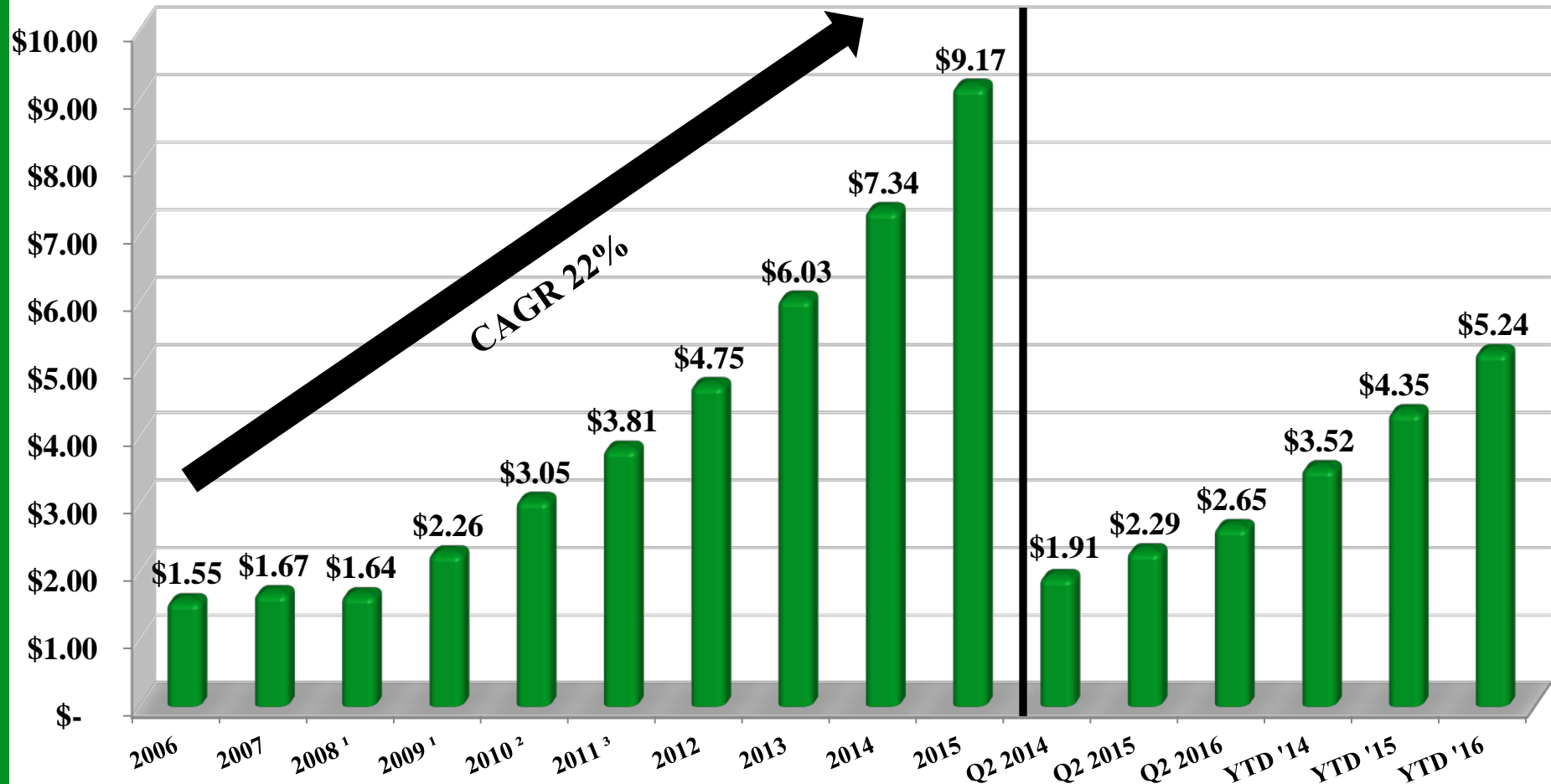
2016 Guidance

3rd Quarter:

\$2.77 - \$2.87

Full Year:

\$10.30 - \$10.70



¹ Adjusted diluted earnings per share, excluding the impact of CSK acquisition related charges

² Adjusted diluted earnings per share, excluding the impact of CSK DOJ investigation charges and CSK notes receivable recovery

³ Adjusted diluted earnings per share, excluding the impact of debt issuance and interest rate swap write off charges and former CSK officer clawback



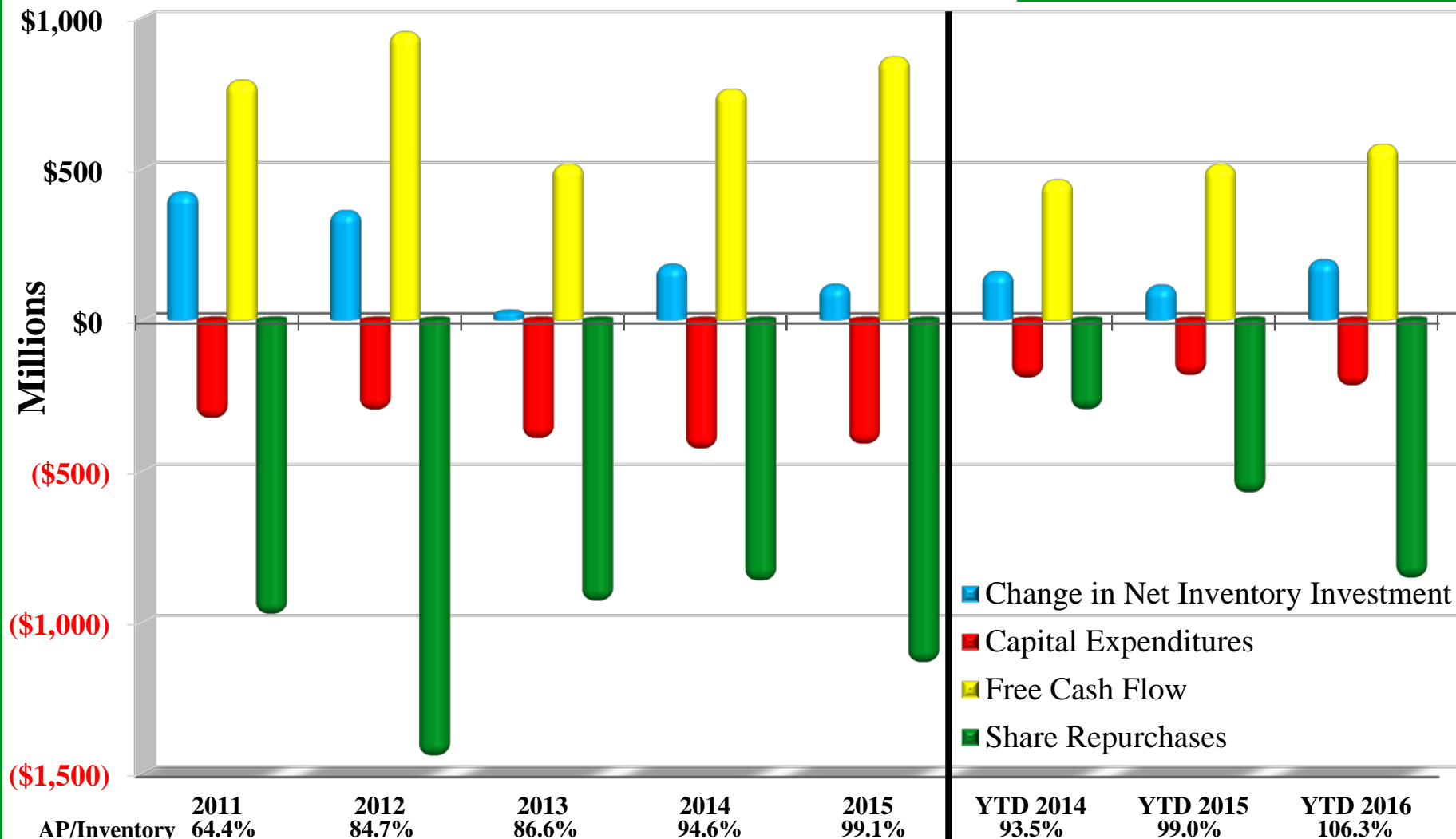
Free Cash

2016 Guidance (in millions):

Full Year:

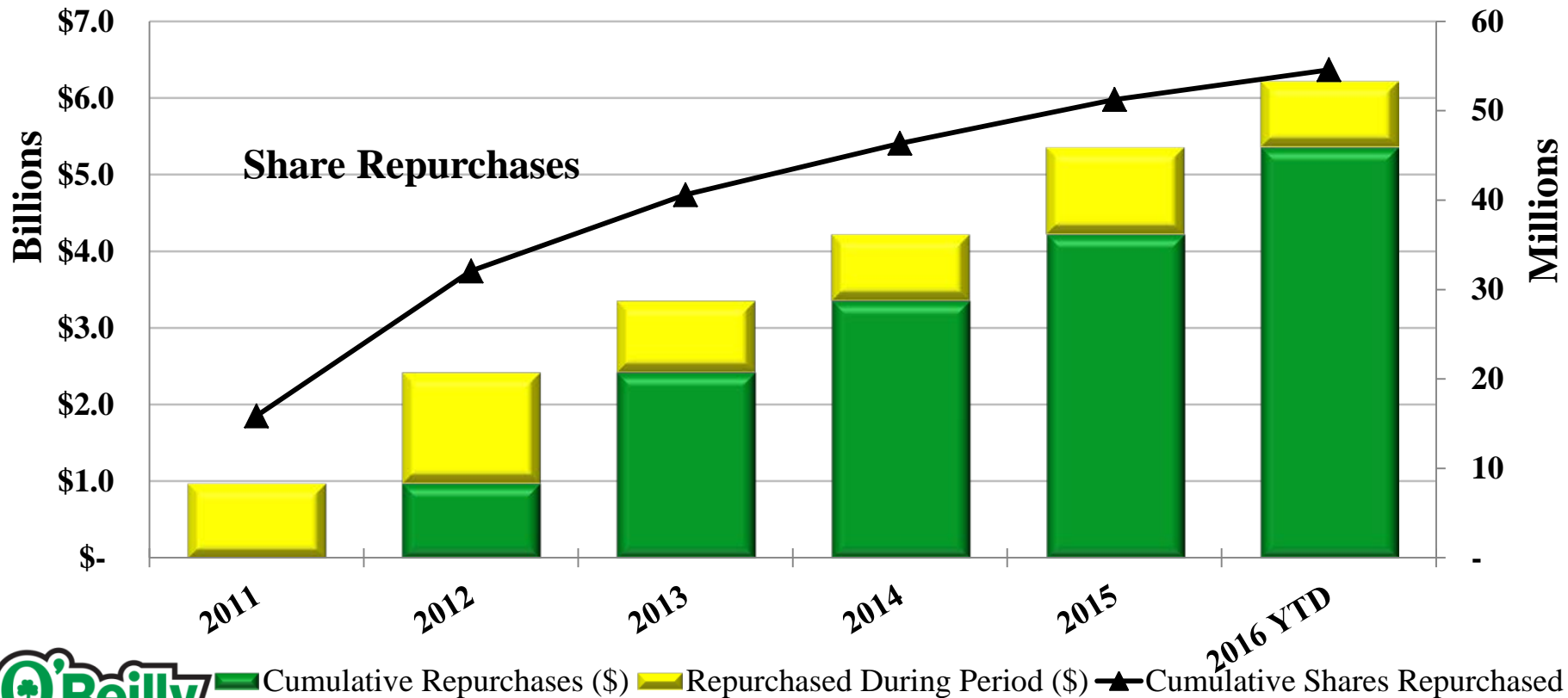
Cap Ex: \$460 - \$490

Free Cash Flow: \$800 - \$850



Use of Capital

- **Greenfield Store Growth**
 - 2010-149 2011-170 2012-180 2013-190 2014-200 2015-205 2016P-210
- **Consolidate the Market**
 - **Notable Acquisitions in our History**
 - 1998-Hi-Lo 2001-Mid-State 2005-Midwest 2008-CSK 2012-VIP
- **Capital Structure**
 - Focus on maintaining Investment Grade Credit Ratings
 - Conservative Adjusted Debt to EBITDAR target ratio of 2.00 to 2.25 times (Currently 1.69 times)
 - Initial share repurchase authorization in January 2011, life to date authorization of \$7.0 billion



— Cumulative Repurchases (\$) — Repurchased During Period (\$) — Cumulative Shares Repurchased

Question & Answer Session

8:00 – 8:30

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**Management
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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 Boston
Logan International
Airport**

