



## Analyst Day

Selma, TX Distribution Center

August 8, 2017



# 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, 2016, 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**

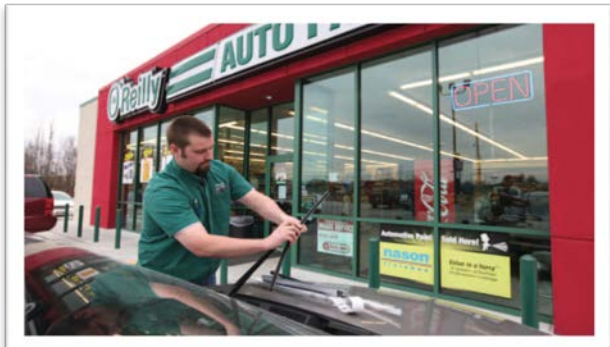
**2:00 Sharp**

**Shuttle to San  
Antonio Int. 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

## Chief Executive Officer



# Management Team Present Today

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

<b>Greg Henslee</b>	– CEO	<b>36</b>
<b>Greg Johnson</b>	– Co-President	<b>35</b>
<b>Jeff Shaw</b>	– Co-President	<b>33</b>
<b>Tom McFall</b>	– Executive Vice President and CFO	<b>19</b>
<b>Brad Beckham</b>	– Senior Vice President of Central Store Ops and Sales	<b>21</b>
<b>Keith Childers</b>	– Senior Vice President of Western Store Ops and Sales	<b>40</b>
<b>Jeremy Fletcher</b>	– Senior Vice President of Finance and Controller	<b>12</b>
<b>Diego Santillana</b>	– Vice President of Southwestern Division	<b>21</b>
<b>Jacky Floyd</b>	– Regional Director – Austin Stores	<b>27</b>
<b>Joey Schrupp</b>	– Regional Director – San Antonio Stores	<b>16</b>
<b>Marcus Boyer</b>	– Regional Director – DCs	<b>30</b>
<b>David Pickrel</b>	– Distribution Center Manager	<b>8</b>

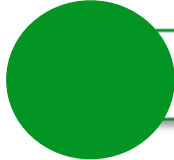


# Company Overview



## Store Count

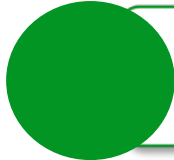
- 4,934 stores in 47 states as of June 30, 2017



## 27 Distribution Centers



## Over 75,000 Team Members



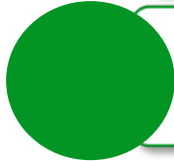
## Last-Twelve-Months Sales

- \$8.8 billion as of June 30, 2017



## Total Assets

- \$7.3 billion as of June 30, 2017



## Market Capitalization

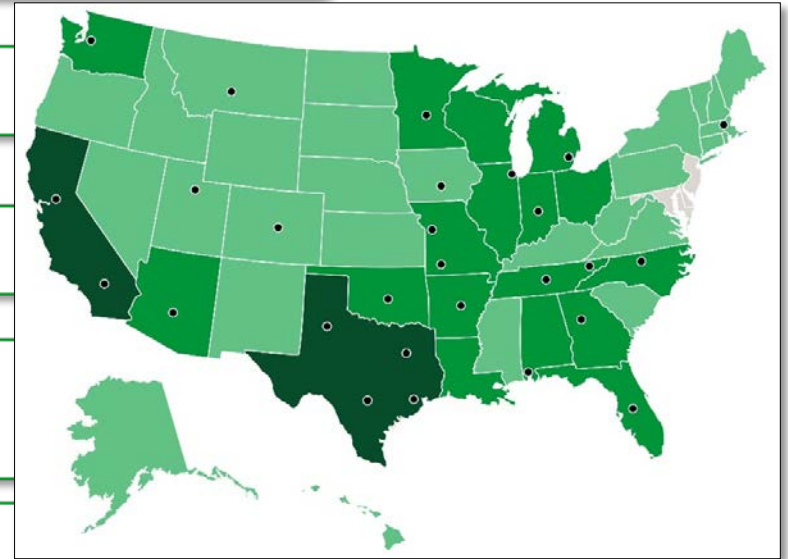
- \$18.2 billion at August 3, 2017



## Do-It-Yourself versus

## Do-It-For-Me Split

- 58% and 42% as of December 31, 2016



# Year-to-Date 2017 Results



**Opened 105 net, new stores**



**1.3% comparable store sales increase on top of a 5.1% increase in 2016**



**52.4% Gross Margin versus 52.1% in 2016**



**19.4% Operating Margin**



**\$5.93 diluted EPS versus \$5.24 in 2016**



**Generated \$451 million of Free Cash Flow**



**Repurchased \$1.34 billion under share repurchase program**



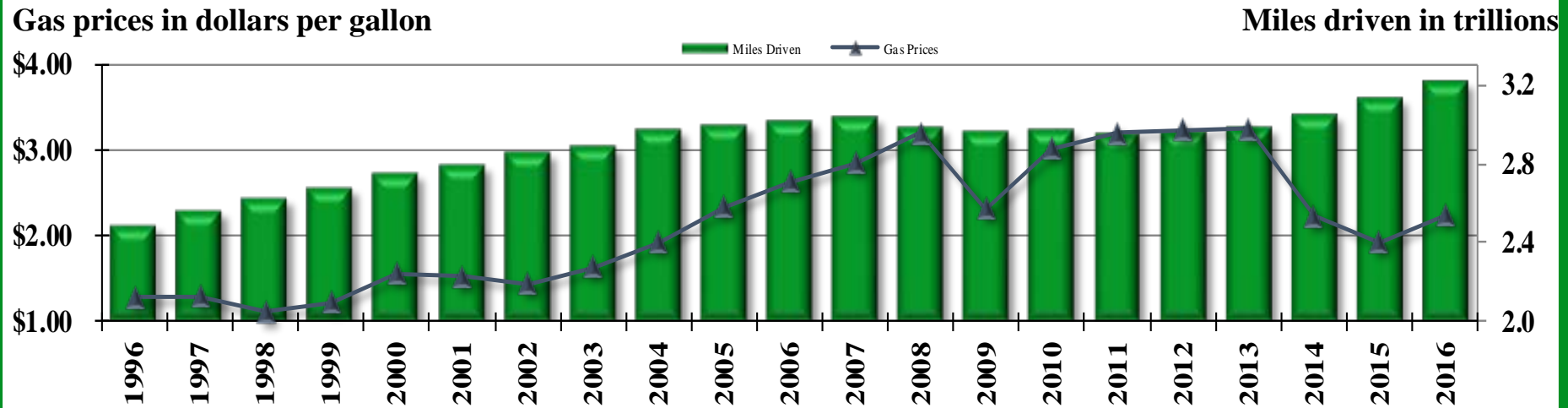


# Industry Drivers

## #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
- 30% increase in miles driven from 1996 to 2016
- Miles driven was flat from 2008 through 2013 due to macro economic pressures
- Since 2013, growth in annual miles driven has resumed as total employment has improved
  - 3.5%, 2.8% and 1.7% increase in miles driven in 2015, 2016 and YTD 2017, respectively
    - Average Per Gallon Price for Regular Gasoline
      - \$2.41, \$2.09 and \$2.56 on 07/31/17, 08/01/16 and 08/03/15, respectively

## Historical U.S. Miles Driven and Gasoline Prices:

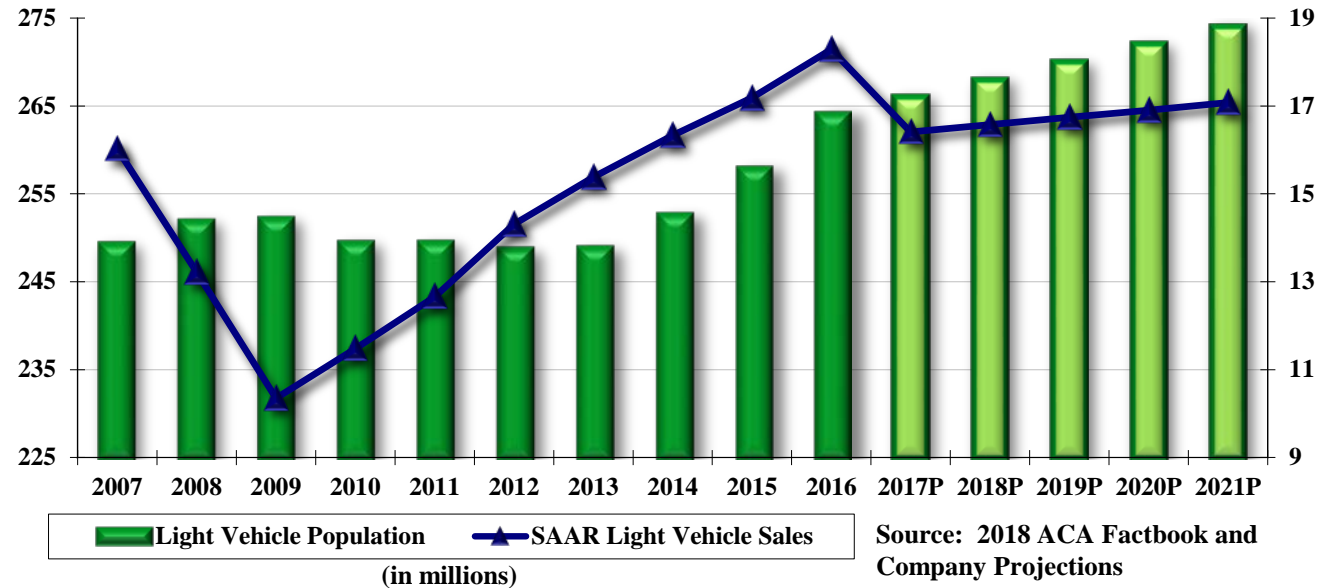


Source: Dept. of Transportation and Dept. of Energy

# Industry Drivers

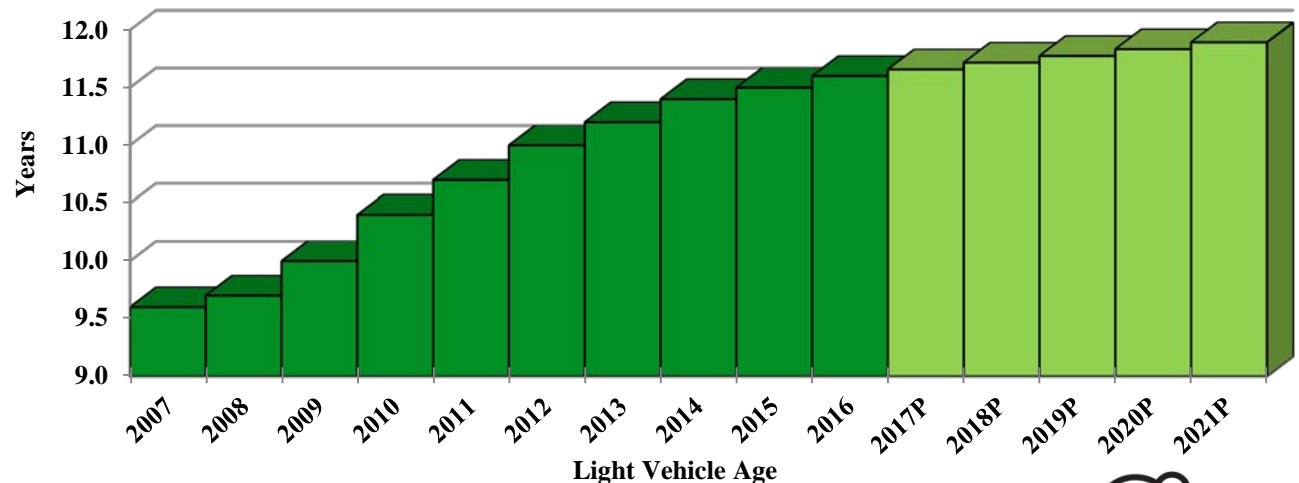
## Growing U.S. Light Vehicle Population

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

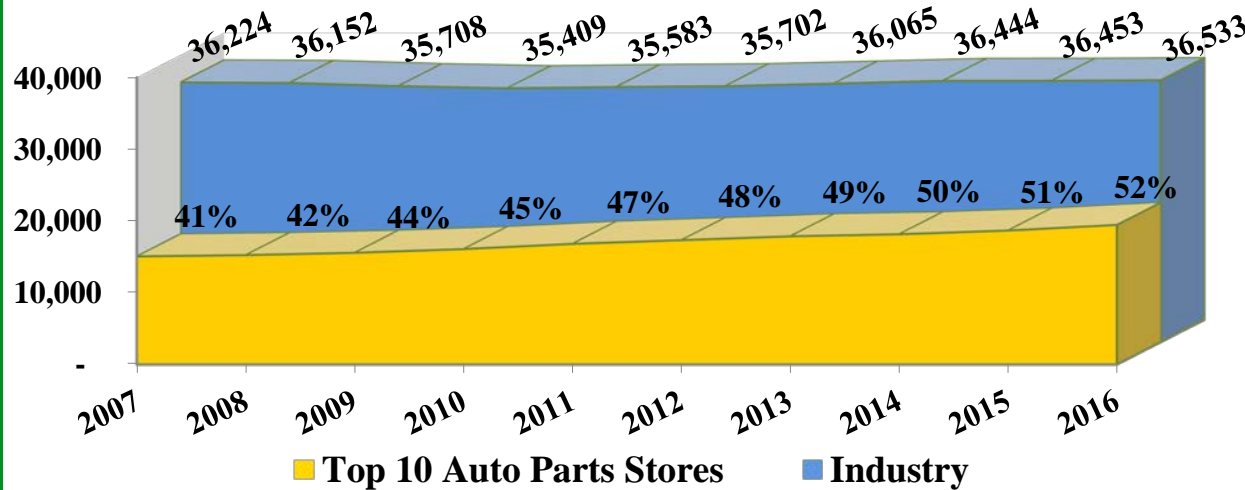


## Continued Aging of U.S. Light Vehicle Population:

- 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



# Industry Landscape



Source: 2018 ACA Factbook

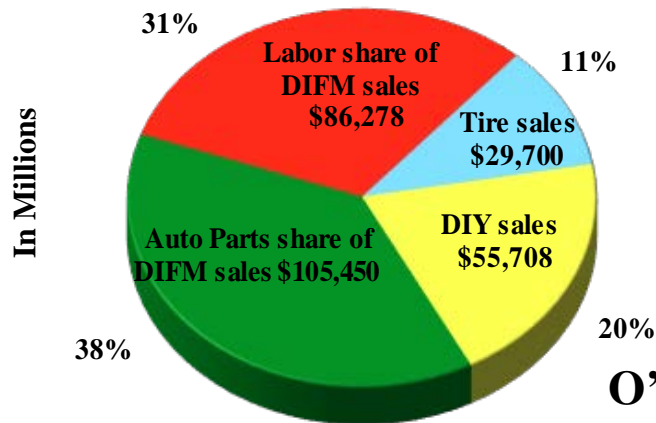
## Top Ten Auto Parts Chains

1. AutoZone Inc. (5,381) <sup>1</sup>
2. Advance Auto Parts (5,189) <sup>2</sup>
3. **O'Reilly Auto Parts (4,934)**
4. Genuine Parts/NAPA (1,368) <sup>2</sup>
5. Pep Boys/Auto Plus (1,069) <sup>2</sup>
6. Fisher Auto Parts (500) <sup>2</sup>
7. Auto-Wares (172) <sup>2</sup>
8. Replacement Parts (170)
9. Automotive Parts Headquarters (121)
10. Hahn Automotive (89)

<sup>1</sup> U.S. Domestic stores

<sup>2</sup> Company owned stores

Source: 2018 ACA Factbook or latest SEC filing



## Size of Automotive Aftermarket

**Total Market:**  
**\$277 Billion**

**O'Reilly Addressable Market:**  
**\$161 Billion**

Source: 2018 ACA Factbook

**DIY is More Consolidated**

**DIFM Continues to be Highly Fragmented**



# Greg Johnson

## Co-President



SHOP OUR BRANDS >



# 2017 Inventory Availability Initiatives

## Focus on Best in Class Inventory Availability

- **Best-in-class local and regional parts availability**
  - **Robust HUB store network:** increased from 305 stores in 2016 to 312 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 and customer preference**



## 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**
  - **Current level sustainable, incremental future growth**



# Branding Strategy

## O'Reilly Proprietary Brands & National Brands

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

## PROPRIETARY

**BRAKEBEST**

IMPORT DIRECT  
OE REPLACEMENT PARTS

**MASTERPRO**

**MICROGARD**

**POWER  
TORQUE**

**MURRAY**

**OMNI SPARK**

**precision**

**SUPER  
START**

**ULTIMA**

## NATIONAL

**WIX**  
FILTERS

**Valvoline**

**Gates**

**Mobil**

**PENNZOIL**

**Castrol**

**WAGNER**

**BOSCH**  
Invented for life

**O'Reilly**

# IMPORT DIRECT™

OE REPLACEMENT PARTS

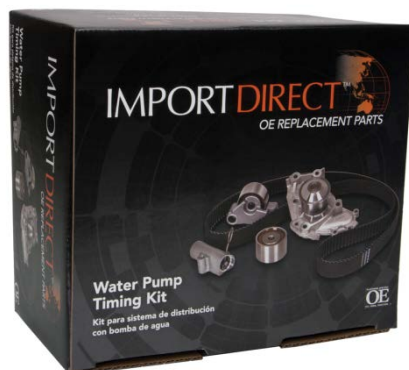


## OE MATCHED PERFORMANCE

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
- Adding Power Steering hoses



# Marketing Strategy



# Ongoing Marketing Activities

## Digital Channels Dedicated to Driving Traffic and Building the O'Reilly Brand

- “Mobile First” focus to improve mobile experience
- You Tube video pre-roll advertising extends radio to online
- Social media engagement to enhance customer service

## Motorsports sponsorships

- Continued national, regional, and local market focus
  - O'Reilly Auto Parts 500
  - 14 NASCAR / 10 NHRA track sponsorships
  - 1,500+ grass roots events



## Do It Right Rebates

- Tie offers to retail sale events
- Sell the complete job
- Focus on better, best product offerings
- Value for the customer



## 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 and Promotions





# Professional Customer Marketing/Sales Programs

## Annual

Quarterly

Monthly

# DEDICATED TO THE PROFESSIONAL

SINCE 1957 | PROGRAMS & BRANDS

**O'Reilly** **FIRST CALL**  
DEDICATED TO THE PROFESSIONAL

## TOOLBOX

O'Reilly FIRST CALL  
DEDICATED TO THE PROFESSIONAL  
TOOLS AND EQUIPMENT FOR THE AUTOMOTIVE PROFESSIONAL  
QUARTER 3  
PRICES EFFECTIVE THROUGH SEPTEMBER 30, 2017

**BOSCH**

CODECONNECT WITH ABS AND SRS

Compatible with all cars, vans and new import, domestic, diesel and turbo-diesel (DDE) & CNG, as well as 1996 and 1997 (DDE) computer vehicles. Also for 1996 and 1997 (DDE) computer vehicles. Also for 1996 and 1997 (DDE) computer vehicles. Also for 1996 and 1997 (DDE) computer vehicles.

**\$329.99**

BOS 02H130

**MAYHEW TOOLS**

THE SPEEDY™ UNIVERSAL TIE ROD TOOL

The patented tie rod end tool automatically adjusts tie rod ends on a wide range of vehicles. It's the only tie rod end tool that can be used on both sides of the vehicle. It's the only tie rod end tool that can be used on both sides of the vehicle. It's the only tie rod end tool that can be used on both sides of the vehicle.

**\$139.99**

MAY 2000

**BUY** **RECEIVE 36" PRT BAR** **FREE**

TIE ROD TOOL

MAY 2000

**POWER TORQUE**

DIGITAL TORQUE WRENCH

- 3/8" Drive
- Range: 4.4-231.7 lbs-ft (6-326Nm)
- Accuracy: ±2% (clockwise) and ±4% (counter-clockwise)
- Measurement units: lb-ft, oz-ft, Nm, kg-m
- Memory for 100 readings

**\$64.99**

PPT 02430

**SUNEX**

1/4" DRIVE 74 PIECE IMPACT SOCKET SET

- 1/4" Drive impact sockets covering 1/4", 3/8", 1/2", 5/8", 3/4", 1", 1 1/4", 1 1/2", 1 3/4", 2", 2 1/4", 2 1/2", 2 3/4", 3", 3 1/4", 3 1/2", 3 3/4", 4", 4 1/4", 4 1/2", 4 3/4", 5", 5 1/4", 5 1/2", 5 3/4", 6", 6 1/4", 6 1/2", 6 3/4", 7", 7 1/4", 7 1/2", 7 3/4", 8", 8 1/4", 8 1/2", 8 3/4", 9", 9 1/4", 9 1/2", 9 3/4", 10", 10 1/4", 10 1/2", 10 3/4", 11", 11 1/4", 11 1/2", 11 3/4", 12", 12 1/4", 12 1/2", 12 3/4", 13", 13 1/4", 13 1/2", 13 3/4", 14", 14 1/4", 14 1/2", 14 3/4", 15", 15 1/4", 15 1/2", 15 3/4", 16", 16 1/4", 16 1/2", 16 3/4", 17", 17 1/4", 17 1/2", 17 3/4", 18", 18 1/4", 18 1/2", 18 3/4", 19", 19 1/4", 19 1/2", 19 3/4", 20", 20 1/4", 20 1/2", 20 3/4", 21", 21 1/4", 21 1/2", 21 3/4", 22", 22 1/4", 22 1/2", 22 3/4", 23", 23 1/4", 23 1/2", 23 3/4", 24", 24 1/4", 24 1/2", 24 3/4", 25", 25 1/4", 25 1/2", 25 3/4", 26", 26 1/4", 26 1/2", 26 3/4", 27", 27 1/4", 27 1/2", 27 3/4", 28", 28 1/4", 28 1/2", 28 3/4", 29", 29 1/4", 29 1/2", 29 3/4", 30", 30 1/4", 30 1/2", 30 3/4", 31", 31 1/4", 31 1/2", 31 3/4", 32", 32 1/4", 32 1/2", 32 3/4", 33", 33 1/4", 33 1/2", 33 3/4", 34", 34 1/4", 34 1/2", 34 3/4", 35", 35 1/4", 35 1/2", 35 3/4", 36", 36 1/4", 36 1/2", 36 3/4", 37", 37 1/4", 37 1/2", 37 3/4", 38", 38 1/4", 38 1/2", 38 3/4", 39", 39 1/4", 39 1/2", 39 3/4", 40", 40 1/4", 40 1/2", 40 3/4", 41", 41 1/4", 41 1/2", 41 3/4", 42", 42 1/4", 42 1/2", 42 3/4", 43", 43 1/4", 43 1/2", 43 3/4", 44", 44 1/4", 44 1/2", 44 3/4", 45", 45 1/4", 45 1/2", 45 3/4", 46", 46 1/4", 46 1/2", 46 3/4", 47", 47 1/4", 47 1/2", 47 3/4", 48", 48 1/4", 48 1/2", 48 3/4", 49", 49 1/4", 49 1/2", 49 3/4", 50", 50 1/4", 50 1/2", 50 3/4", 51", 51 1/4", 51 1/2", 51 3/4", 52", 52 1/4", 52 1/2", 52 3/4", 53", 53 1/4", 53 1/2", 53 3/4", 54", 54 1/4", 54 1/2", 54 3/4", 55", 55 1/4", 55 1/2", 55 3/4", 56", 56 1/4", 56 1/2", 56 3/4", 57", 57 1/4", 57 1/2", 57 3/4", 58", 58 1/4", 58 1/2", 58 3/4", 59", 59 1/4", 59 1/2", 59 3/4", 60", 60 1/4", 60 1/2", 60 3/4", 61", 61 1/4", 61 1/2", 61 3/4", 62", 62 1/4", 62 1/2", 62 3/4", 63", 63 1/4", 63 1/2", 63 3/4", 64", 64 1/4", 64 1/2", 64 3/4", 65", 65 1/4", 65 1/2", 65 3/4", 66", 66 1/4", 66 1/2", 66 3/4", 67", 67 1/4", 67 1/2", 67 3/4", 68", 68 1/4", 68 1/2", 68 3/4", 69", 69 1/4", 69 1/2", 69 3/4", 70", 70 1/4", 70 1/2", 70 3/4", 71", 71 1/4", 71 1/2", 71 3/4", 72", 72 1/4", 72 1/2", 72 3/4", 73", 73 1/4", 73 1/2", 73 3/4", 74", 74 1/4", 74 1/2", 74 3/4", 75", 75 1/4", 75 1/2", 75 3/4", 76", 76 1/4", 76 1/2", 76 3/4", 77", 77 1/4", 77 1/2", 77 3/4", 78", 78 1/4", 78 1/2", 78 3/4", 79", 79 1/4", 79 1/2", 79 3/4", 80", 80 1/4", 80 1/2", 80 3/4", 81", 81 1/4", 81 1/2", 81 3/4", 82", 82 1/4", 82 1/2", 82 3/4", 83", 83 1/4", 83 1/2", 83 3/4", 84", 84 1/4", 84 1/2", 84 3/4", 85", 85 1/4", 85 1/2", 85 3/4", 86", 86 1/4", 86 1/2", 86 3/4", 87", 87 1/4", 87 1/2", 87 3/4", 88", 88 1/4", 88 1/2", 88 3/4", 89", 89 1/4", 89 1/2", 89 3/4", 90", 90 1/4", 90 1/2", 90 3/4", 91", 91 1/4", 91 1/2", 91 3/4", 92", 92 1/4", 92 1/2", 92 3/4", 93", 93 1/4", 93 1/2", 93 3/4", 94", 94 1/4", 94 1/2", 94 3/4", 95", 95 1/4", 95 1/2", 95 3/4", 96", 96 1/4", 96 1/2", 96 3/4", 97", 97 1/4", 97 1/2", 97 3/4", 98", 98 1/4", 98 1/2", 98 3/4", 99", 99 1/4", 99 1/2", 99 3/4", 100", 100 1/4", 100 1/2", 100 3/4", 101", 101 1/4", 101 1/2", 101 3/4", 102", 102 1/4", 102 1/2", 102 3/4", 103", 103 1/4", 103 1/2", 103 3/4", 104", 104 1/4", 104 1/2", 104 3/4", 105", 105 1/4", 105 1/2", 105 3/4", 106", 106 1/4", 106 1/2", 106 3/4", 107", 107 1/4", 107 1/2", 107 3/4", 108", 108 1/4", 108 1/2", 108 3/4", 109", 109 1/4", 109 1/2", 109 3/4", 110", 110 1/4", 110 1/2", 110 3/4", 111", 111 1/4", 111 1/2", 111 3/4", 112", 112 1/4", 112 1/2", 112 3/4", 113", 113 1/4", 113 1/2", 113 3/4", 114", 114 1/4", 114 1/2", 114 3/4", 115", 115 1/4", 115 1/2", 115 3/4", 116", 116 1/4", 116 1/2", 116 3/4", 117", 117 1/4", 117 1/2", 117 3/4", 118", 118 1/4", 118 1/2", 118 3/4", 119", 119 1/4", 119 1/2", 119 3/4", 120", 120 1/4", 120 1/2", 120 3/4", 121", 121 1/4", 121 1/2", 121 3/4", 122", 122 1/4", 122 1/2", 122 3/4", 123", 123 1/4", 123 1/2", 123 3/4", 124", 124 1/4", 124 1/2", 124 3/4", 125", 125 1/4", 125 1/2", 125 3/4", 126", 126 1/4", 126 1/2", 126 3/4", 127", 127 1/4", 127 1/2", 127 3/4", 128", 128 1/4", 128 1/2", 128 3/4", 129", 129 1/4", 129 1/2", 129 3/4", 130", 130 1/4", 130 1/2", 130 3/4", 131", 131 1/4", 131 1/2", 131 3/4", 132", 132 1/4", 132 1/2", 132 3/4", 133", 133 1/4", 133 1/2", 133 3/4", 134", 134 1/4", 134 1/2", 134 3/4", 135", 135 1/4", 135 1/2", 135 3/4", 136", 136 1/4", 136 1/2", 136 3/4", 137", 137 1/4", 137 1/2", 137 3/4", 138", 138 1/4", 138 1/2", 138 3/4", 139", 139 1/4", 139 1/2", 139 3/4", 140", 140 1/4", 140 1/2", 140 3/4", 141", 141 1/4", 141 1/2", 141 3/4", 142", 142 1/4", 142 1/2", 142 3/4", 143", 143 1/4", 143 1/2", 143 3/4", 144", 144 1/4", 144 1/2", 144 3/4", 145", 145 1/4", 145 1/2", 145 3/4", 146", 146 1/4", 146 1/2", 146 3/4", 147", 147 1/4", 147 1/2", 147 3/4", 148", 148 1/4", 148 1/2", 148 3/4", 149", 149 1/4", 149 1/2", 149 3/4", 150", 150 1/4", 150 1/2", 150 3/4", 151", 151 1/4", 151 1/2", 151 3/4", 152", 152 1/4", 152 1/2", 152 3/4", 153", 153 1/4", 153 1/2", 153 3/4", 154", 154 1/4", 154 1/2", 154 3/4", 155", 155 1/4", 155 1/2", 155 3/4", 156", 156 1/4", 156 1/2", 156 3/4", 157", 157 1/4", 157 1/2", 157 3/4", 158", 158 1/4", 158 1/2", 158 3/4", 159", 159 1/4", 159 1/2", 159 3/4", 160", 160 1/4", 160 1/2", 160 3/4", 161", 161 1/4", 161 1/2", 161 3/4", 162", 162 1/4", 162 1/2", 162 3/4", 163", 163 1/4", 163 1/2", 163 3/4", 164", 164 1/4", 164 1/2", 164 3/4", 165", 165 1/4", 165 1/2", 165 3/4", 166", 166 1/4", 166 1/2", 166 3/4", 167", 167 1/4", 167 1/2", 167 3/4", 168", 168 1/4", 168 1/2", 168 3/4", 169", 169 1/4", 169 1/2", 169 3/4", 170", 170 1/4", 170 1/2", 170 3/4", 171", 171 1/4", 171 1/2", 171 3/4", 172", 172 1/4", 172 1/2", 172 3/4", 173", 173 1/4", 173 1/2", 173 3/4", 174", 174 1/4", 174 1/2", 174 3/4", 175", 175 1/4", 175 1/2", 175 3/4", 176", 176 1/4", 176 1/2", 176 3/4", 177", 177 1/4", 177 1/2", 177 3/4", 178", 178 1/4", 178 1/2", 178 3/4", 179", 179 1/4", 179 1/2", 179 3/4", 180", 180 1/4", 180 1/2", 180 3/4", 181", 181 1/4", 181 1/2", 181 3/4", 182", 182 1/4", 182 1/2", 182 3/4", 183", 183 1/4", 183 1/2", 183 3/4", 184", 184 1/4", 184 1/2", 184 3/4", 185", 185 1/4", 185 1/2", 185 3/4", 186", 186 1/4", 186 1/2", 186 3/4", 187", 187 1/4", 187 1/2", 187 3/4", 188", 188 1/4", 188 1/2", 188 3/4", 189", 189 1/4", 189 1/2", 189 3/4", 190", 190 1/4", 190 1/2", 190 3/4", 191", 191 1/4", 191 1/2", 191 3/4", 192", 192 1/4", 192 1/2", 192 3/4", 193", 193 1/4", 193 1/2", 193 3/4", 194", 194 1/4", 194 1/2", 194 3/4", 195", 195 1/4", 195 1/2", 195 3/4", 196", 196 1/4", 196 1/2", 196 3/4", 197", 197 1/4", 197 1/2", 197 3/4", 198", 198 1/4", 198 1/2", 198 3/4", 199", 199 1/4", 199 1/2", 199 3/4", 200", 200 1/4", 200 1/2", 200 3/4", 201", 201 1/4", 201 1/2", 201 3/4", 202", 202 1/4", 202 1/2", 202 3/4", 203", 203 1/4", 203 1/2", 203 3/4", 204", 204 1/4", 204 1/2", 204 3/4", 205", 205 1/4", 205 1/2", 205 3/4", 206", 206 1/4", 206 1/2", 206 3/4", 207", 207 1/4", 207 1/2", 207 3/4", 208", 208 1/4", 208 1/2", 208 3/4", 209", 209 1/4", 209 1/2", 209 3/4", 210", 210 1/4", 210 1/2", 210 3/4", 211", 211 1/4", 211 1/2", 211 3/4", 212", 212 1/4", 212 1/2", 212 3/4", 213", 213 1/4", 213 1/2", 213 3/4", 214", 214 1/4", 214 1/2", 214 3/4", 215", 215 1/4", 215 1/2", 215 3/4", 216", 216 1/4", 216 1/2", 216 3/4", 217", 217 1/4", 217 1/2", 217 3/4", 218", 218 1/4", 218 1/2", 218 3/4", 219", 219 1/4", 219 1/2", 219 3/4", 220", 220 1/4", 220 1/2", 220 3/4", 221", 221 1/4", 221 1/2", 221 3/4", 222", 222 1/4", 222 1/2", 222 3/4", 223", 223 1/4", 223 1/2", 223 3/4", 224", 224 1/4", 224 1/2", 224 3/4", 225", 225 1/4", 225 1/2", 225 3/4", 226", 226 1/4", 226 1/2", 226 3/4", 227", 227 1/4", 227 1/2", 227 3/4", 228", 228 1/4", 228 1/2", 228 3/4", 229", 229 1/4", 229 1/2", 229 3/4", 230", 230 1/4", 230 1/2", 230 3/4", 231", 231 1/4", 231 1/2", 231 3/4", 232", 232 1/4", 232 1/2", 232 3/4", 233", 233 1/4", 233 1/2", 233 3/4", 234", 234 1/4", 234 1/2", 234 3/4", 235", 235 1/4", 235 1/2", 235 3/4", 236", 236 1/4", 236 1/2", 236 3/4", 237", 237 1/4", 237 1/2", 237 3/4", 238", 238 1/4", 238 1/2", 238 3/4", 239", 239 1/4", 239 1/2", 239 3/4", 240", 240 1/4", 240 1/2", 240 3/4", 241", 241 1/4", 241 1/2", 241 3/4", 242", 242 1/4", 242 1/2", 242 3/4", 243", 243 1/4", 243 1/2", 243 3/4", 244", 244 1/4", 244 1/2", 244 3/4", 245", 245 1/4", 245 1/2", 245 3/4", 246", 246 1/4", 246 1/2", 246 3/4", 247", 247 1/4", 247 1/2", 247 3/4", 248", 248 1/4", 248 1/2", 248 3/4", 249", 249 1/4", 249 1/2", 249 3/4", 250", 250 1/4", 250 1/2", 250 3/4", 251", 251 1/4", 251 1/2", 251 3/4", 252", 252 1/4", 252 1/2", 252 3/4", 253", 253 1/4", 253 1/2", 253 3/4", 254", 254 1/4", 254 1/2", 254 3/4", 255", 255 1/4", 255 1/2", 255 3/4", 256", 256 1/4", 256 1/2", 256 3/4", 257", 257 1/4", 257 1/2", 257 3/4", 258", 258 1/4", 258 1/2", 258 3/4", 259", 259 1/4", 259 1/2", 259 3/4", 260", 260 1/4", 260 1/2", 260 3/4", 261", 261 1/4", 261 1/2", 261 3/4", 262", 262 1/4", 262 1/2", 262 3/4", 263", 263 1/4", 263 1/2", 263 3/4", 264", 264 1/4", 264 1/2", 264 3/4", 265", 265 1/4", 265 1/2", 265 3/4", 266", 266 1/4", 266 1/2", 266 3/4", 267", 267 1/4", 267 1/2", 267 3/4", 268", 268 1/4", 268 1/2", 268 3/4", 269", 269 1/4", 269 1/2", 269 3/4", 270", 270 1/4", 270 1/2", 270 3/4", 271", 271 1/4", 271 1/2", 271 3/4", 272", 272 1/4", 272 1/2", 272 3/4", 273", 273 1/4", 273 1/2", 273 3/4", 274", 274 1/4", 274 1/2", 274 3/4", 275", 275 1/4", 275 1/2", 275 3/4", 276", 276 1/4", 276 1/2", 276 3/4", 277", 277 1/4", 277 1/2", 277 3/4", 278", 278 1/4", 278 1/2", 278 3/4", 279", 279 1/4", 279 1/2", 279 3/4", 280", 280 1/4", 280 1/2", 280 3/4", 281", 281 1/4", 281 1/2", 281 3/4", 282", 282 1/4", 282 1/2", 282 3/4", 283", 283 1/4", 283 1/2", 283 3/4", 284", 284 1/4", 284 1/2", 284 3/4", 285", 285 1/4", 285 1/2", 285 3/4", 286", 286 1/4", 286 1/2", 286 3/4", 287", 287 1/4", 287 1/2", 287 3/4", 288", 288 1/4", 288 1/2", 288 3/4", 289", 289 1/4", 289 1/2", 289 3/4", 290", 290 1/4", 290 1/2", 290 3/4", 291", 291 1/4", 291 1/2", 291 3/4", 292", 292 1/4", 292 1/2", 292 3/4", 293", 293 1/4", 293 1/2", 293 3/4", 294", 294 1/4", 294 1/2", 294 3/4", 295", 295 1/4", 295 1/2", 295 3/4", 296", 296 1/4", 296 1/2", 296 3/4", 297", 297 1/4", 297 1/2", 297 3/4", 298", 298 1/4", 298 1/2", 298 3/4", 299", 299 1/4", 299 1/2", 299 3/4", 300", 300 1/4", 300 1/2", 300 3/4", 301", 301 1/4", 301 1/2", 301 3/4", 302", 302 1/4", 302 1/2", 302 3/4", 303", 303 1/4", 303 1/2", 303 3/4", 304", 304 1/4", 304 1/2", 304 3/4", 305", 305 1/4", 305 1/2", 305 3/4", 306", 306 1/4", 306 1/2", 306 3/4", 307", 307 1/4", 307 1/2", 307 3/4", 308", 308 1/4", 308 1/2", 308 3/4", 309", 309 1/4", 309 1/2", 309 3/4", 310", 310 1/4", 310 1/2", 310 3/4", 311", 311 1/4", 311 1/2", 311 3/4", 312", 312 1/4", 312 1/2", 312 3/4", 313", 313 1/4", 313 1/2", 313 3/4", 314", 314 1/4", 314 1/2", 314 3/4", 315", 315 1/4", 315 1/2", 315 3/4", 316", 316 1/4", 316 1/2", 316 3/4", 317", 317 1/4", 317 1/2", 317 3/4", 318", 318 1/4", 318 1/2", 318 3/4", 319", 319 1/4", 319 1/2", 319 3/4", 320", 320 1/4", 320 1/2", 320 3/4", 321", 321 1/4", 321 1/2", 321 3/4", 322", 322 1/4", 322 1/2", 322 3/4", 323", 323 1/4", 323 1/2", 323 3/4", 324", 324 1/4", 324 1/2", 324 3/4", 325", 325 1/4", 325 1/2", 325 3/4", 326", 326 1/4", 326 1/2", 326 3/4", 327", 327 1/4", 327 1/2", 327 3/4", 328", 328 1/4", 328 1/2", 328 3/4", 329", 329 1/4", 329 1/2", 329 3/4", 330", 330 1/4", 330 1/2", 330 3/4", 331", 331 1/4", 331 1/2", 331 3/4", 332", 332 1/4", 332 1/2", 332 3/4", 333", 333 1/4", 333 1/2", 333 3/4", 334", 334 1/4", 334 1/2", 334 3/4", 335", 335 1/4", 335 1/2", 335 3/4", 336", 336 1/4", 336 1/2", 336 3/4", 337", 337 1/4", 337 1/2", 337 3/4", 338", 338 1/4", 338 1/2", 338 3/4", 339", 339 1/4", 339 1/2", 339 3/4", 340", 340 1/4", 340 1/2", 340 3/4", 341", 341 1/4", 341 1/2", 341 3/4", 342", 342 1/4", 342 1/2", 342 3/4", 343", 343 1/4", 343 1/2", 343 3/4", 344", 344 1/4", 344 1/2", 344 3/4", 345", 345 1/4", 345 1/2", 345 3/4", 346", 346 1/4", 346 1/2", 346 3/4", 347", 347 1/4", 347 1/2", 347 3/4", 348", 348 1/4", 348 1/2", 348 3/4", 349", 349 1/4", 349 1/2", 349 3/4", 350", 350 1/4", 350 1/2", 350 3/4", 351", 351 1/4", 351 1/2", 351 3/4", 352", 352 1/4", 352 1/2", 352 3/4", 353", 353 1/4", 353 1/2", 353 3/4", 354", 354 1/4", 354 1/2", 354 3/4", 355", 355 1/4", 355 1/2", 355 3/4", 356", 356 1/4", 356 1/2", 356 3/4", 357", 357 1/4", 357 1/2", 357 3/4", 358", 358 1/4", 358 1/2", 358 3/4", 359", 359 1/4", 359 1/2", 359 3/4", 360", 360 1/4", 360 1/2", 360 3/4", 361", 361 1/4", 361 1/2", 361 3/4", 362", 362 1/4", 362 1/2", 362 3/4", 363", 363 1/4", 363 1/2", 363 3/4", 364", 364 1/4", 364 1/2", 364 3/4", 365", 365 1/4", 365 1/2", 365 3/4", 366", 366 1/4", 366 1/2", 366 3/4", 367", 367 1/4", 367 1/2", 367 3/4", 368", 368 1/4", 368 1/2", 368 3/4", 369", 369 1/4", 369

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



**Dedicated “members only” promotional campaigns**

- Enthusiastic supplier participation



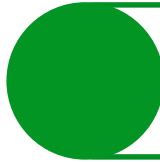
**Increased member engagement results in capturing incremental store visits**



# Omni Channel Focus



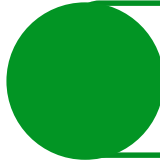
**Launch new oreillyauto.com website in July 2017 – enhanced look**



**More robust search capabilities**



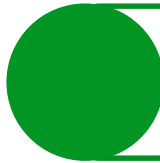
**Responsive design which will detect user device**



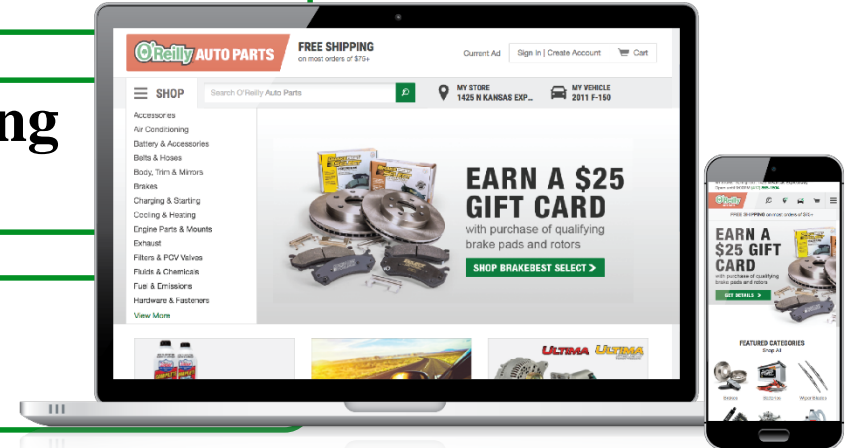
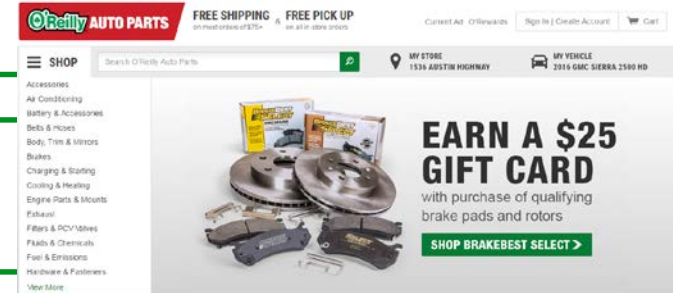
**Increased payment processing security**



**Improved content delivery capabilities**



**Smooth transition from initial on-line to final in-store experience**





# Jeff Shaw

## Co-President



# O'Reilly Business Model



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

**Dual Market Strategy**

**Industry Leading Parts Availability**

**Growth Focus**

**“Culture Driven” Leadership**

**“Top Notch” Customer Service**

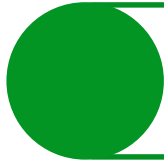




# Dual Market Strategy



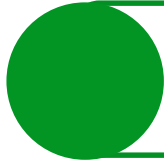
**Proven track record of serving both DIY and DIFM Customers for over 30 years**



**Allows us to profitably operate in large and small markets**



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



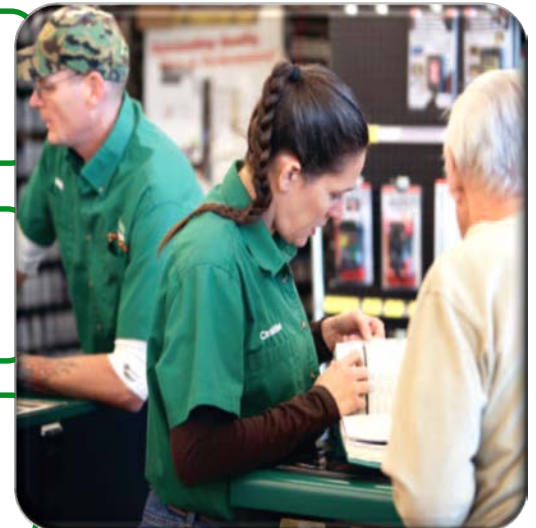
**Store Managers “own” customer service levels and driving both sides of our business**



**Professional sales model supported by over 750 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 DIFM 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**

**148K**

**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’ company-owned fleet**

**90%+**

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

**90%+**

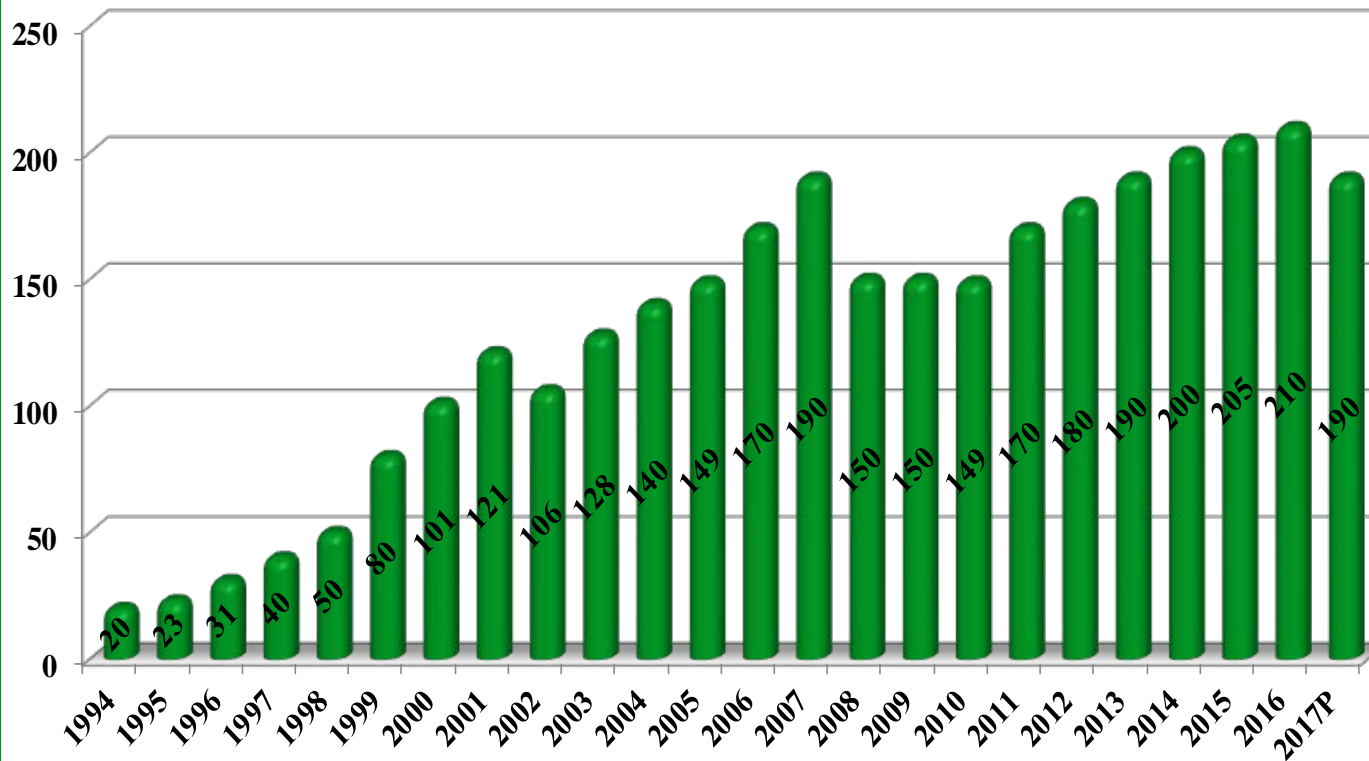
**Of our stores receive deliveries on weekends from our DCs and “Hub” stores**

**312**

**“Hub” stores provide multiple deliveries per day to “Spoke” stores**



# 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  
 2016 Bond – 48 stores

## Top 10 States

Texas.....667  
 California.....534  
 Missouri.....195  
 Georgia.....187  
 Illinois.....186  
 Ohio.....169  
 Florida.....163  
 Tennessee.....162  
 Michigan.....158  
 North Carolina....155

## Untapped Markets

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



# Brad Beckham

**SVP of Central Division Store Ops and Sales**

**CERTIFIED  
AUTO REPAIR**



**FIRST  
CALL** **ONLINE**



# “Culture Driven” Leadership



## Philosophy

- Proud of our O'Reilly Culture
- Stable, consistent Business Model
- Strong “promote from within” philosophy
- Proven “hands on” management team
  - 10 Div Mgrs with over 185 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 748 years of automotive experience**



**CERTIFIED  
PARTS  
PROFESSIONAL**  
O'Reilly



## **Team Member Technical Training and Development**

- **Right Track Online**
- **Focus on increasingly complex 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 proprietary connectivity
- Shop management systems
- Industry leading parts availability



## Real World Training

- “Best in class” technical training for our professional customers
- 2016: conducted 1,337 training classes / trained 33,425 techs
- 2017: 1,350 training classes scheduled / train 33,750 techs



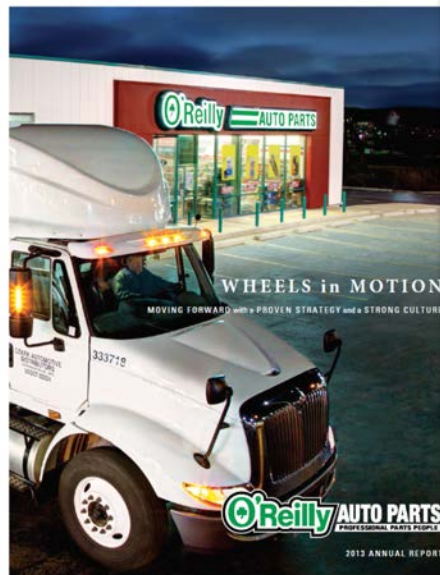
## Professional Programs

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



# Tom McFall

## Executive Vice President and Chief Financial Officer



# Store & Revenue Growth

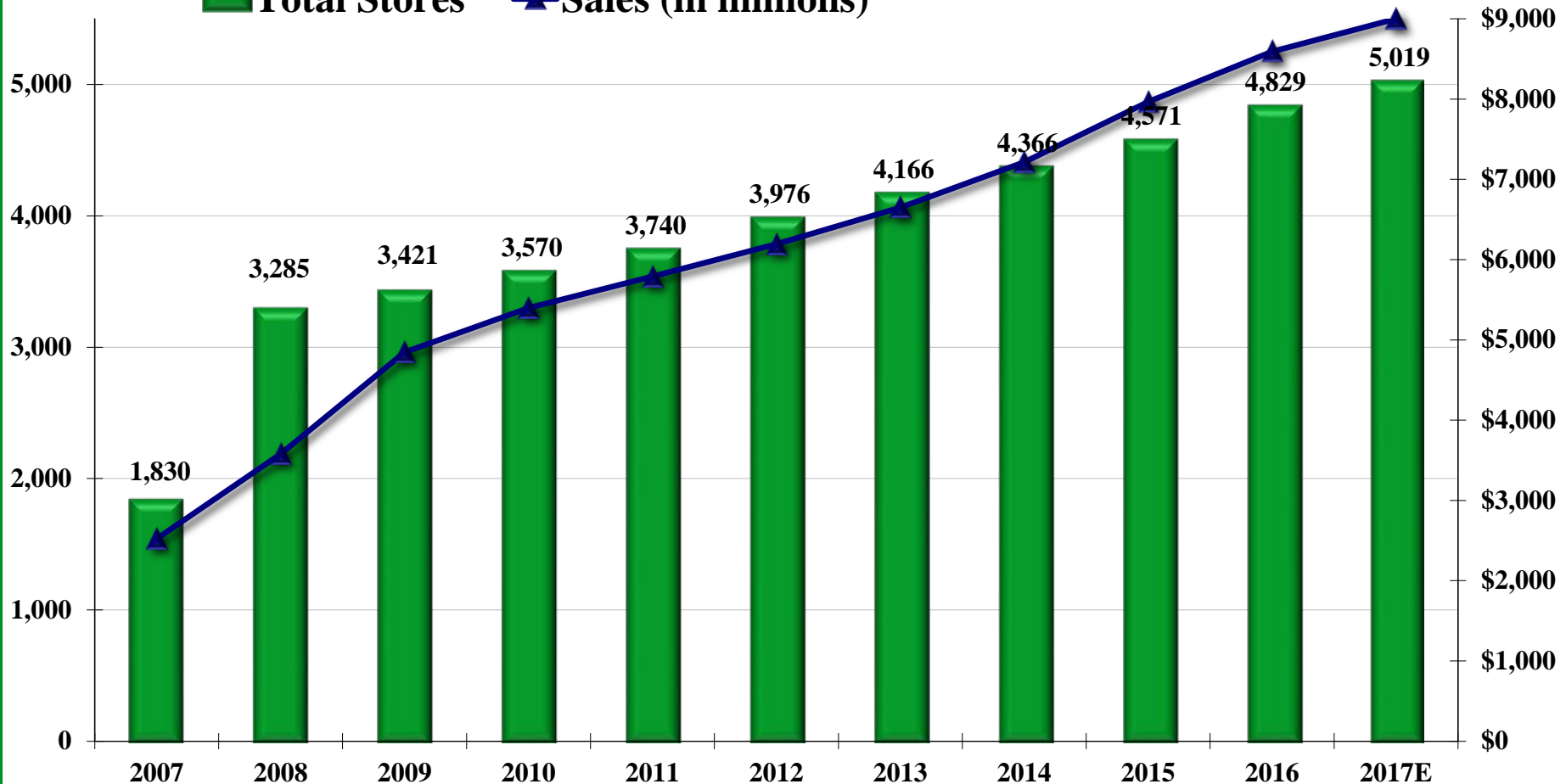
**2017 Guidance**

**Full Year:**

\$8.9 to \$9.1 Billion in Sales

190 New Stores

■ Total Stores ▲ Sales (in millions)



# Comparable Store Sales

## 2017 Guidance

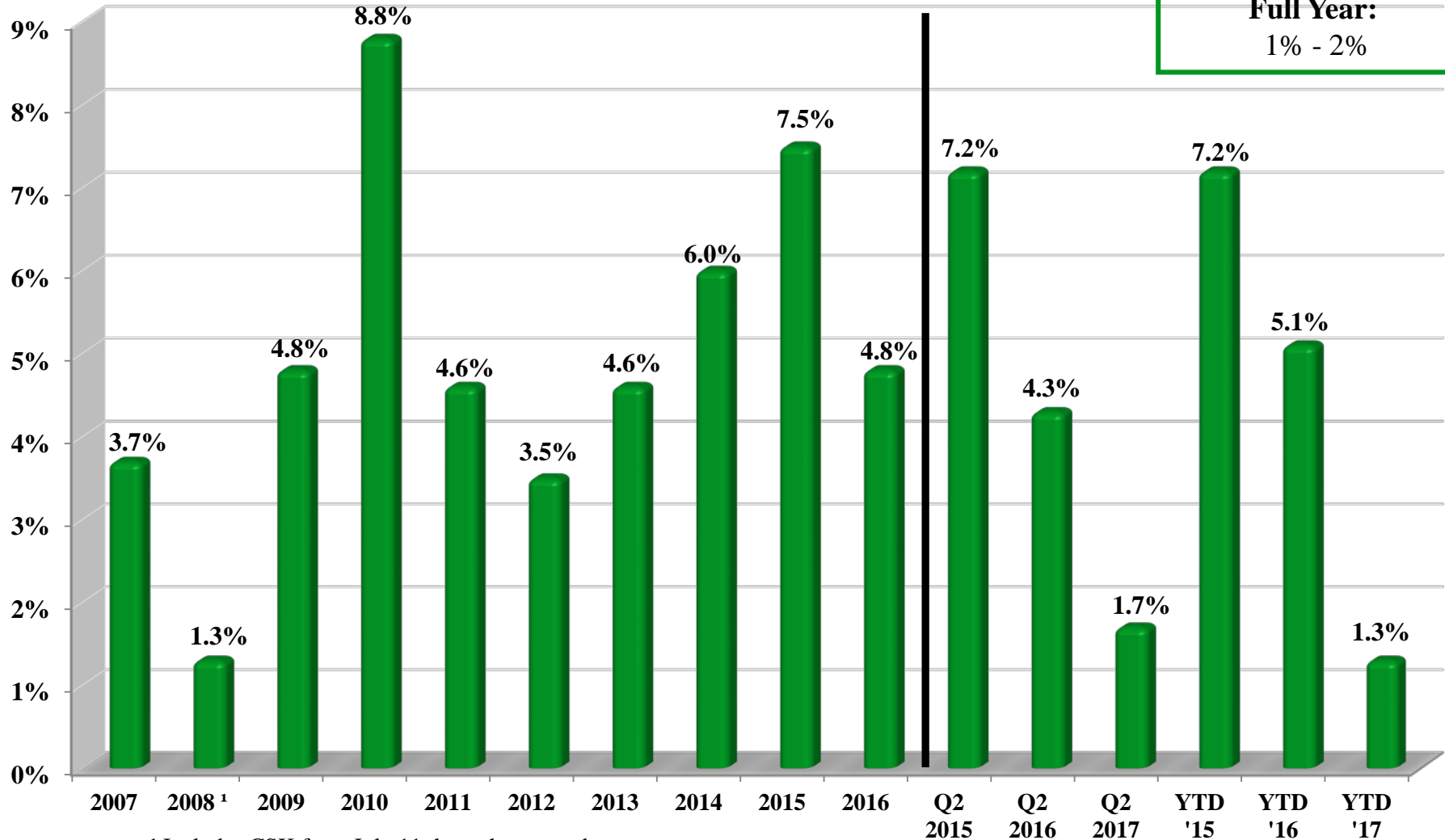
### 3rd Quarter:

1% - 3%

(3Q 2016: 4.2%)

### Full Year:

1% - 2%



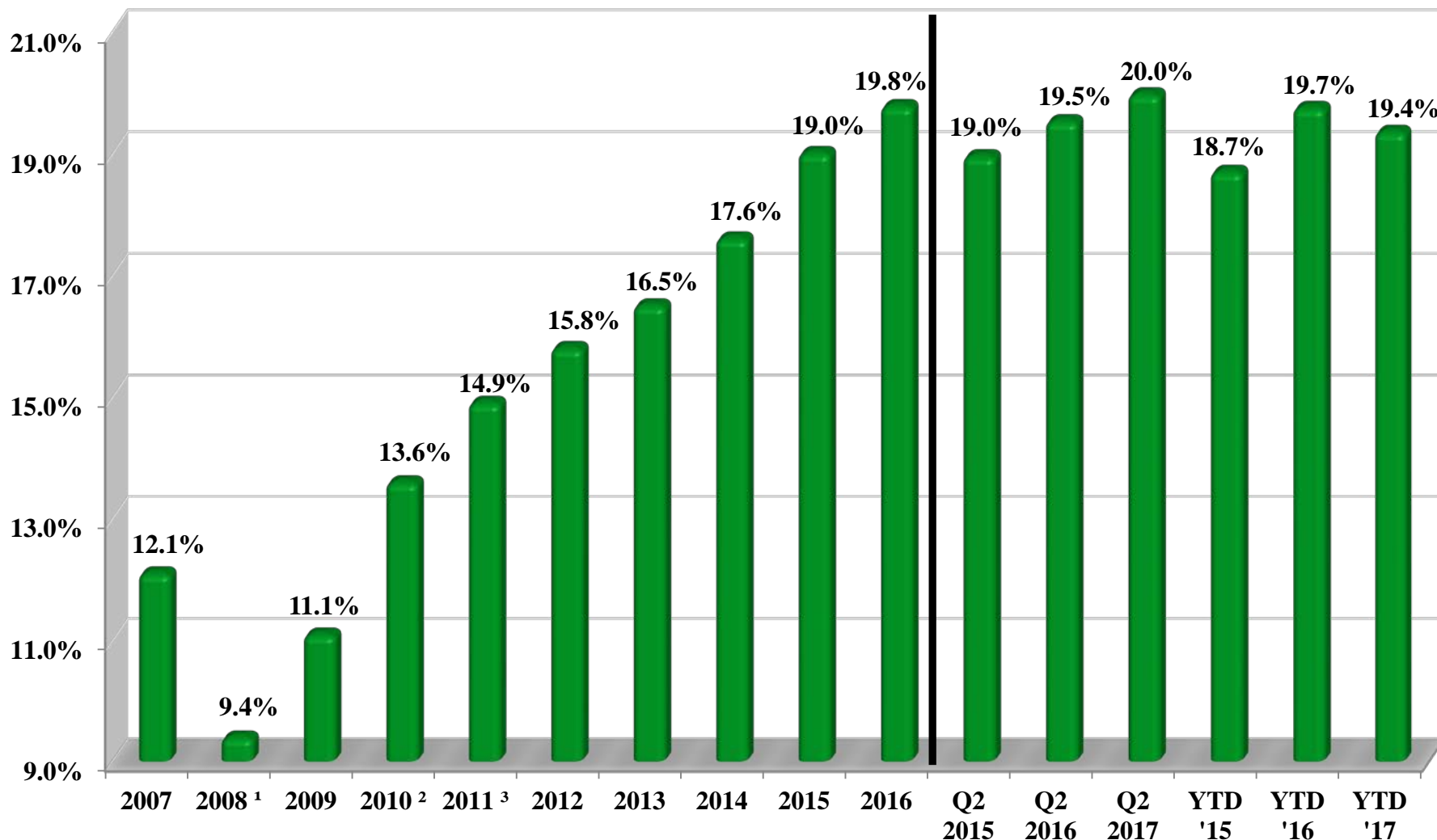
<sup>1</sup> Includes CSK from July 11 through year end





# Adjusted Operating Margin

**2017 Guidance**  
Full Year:  
19.1% - 19.5%



<sup>1</sup> Includes CSK from July 11 through year end

<sup>2</sup> Excludes the impact of CSK DOJ investigation charges

<sup>3</sup> Excludes impact of former CSK Officer clawback



# Adjusted EPS Growth

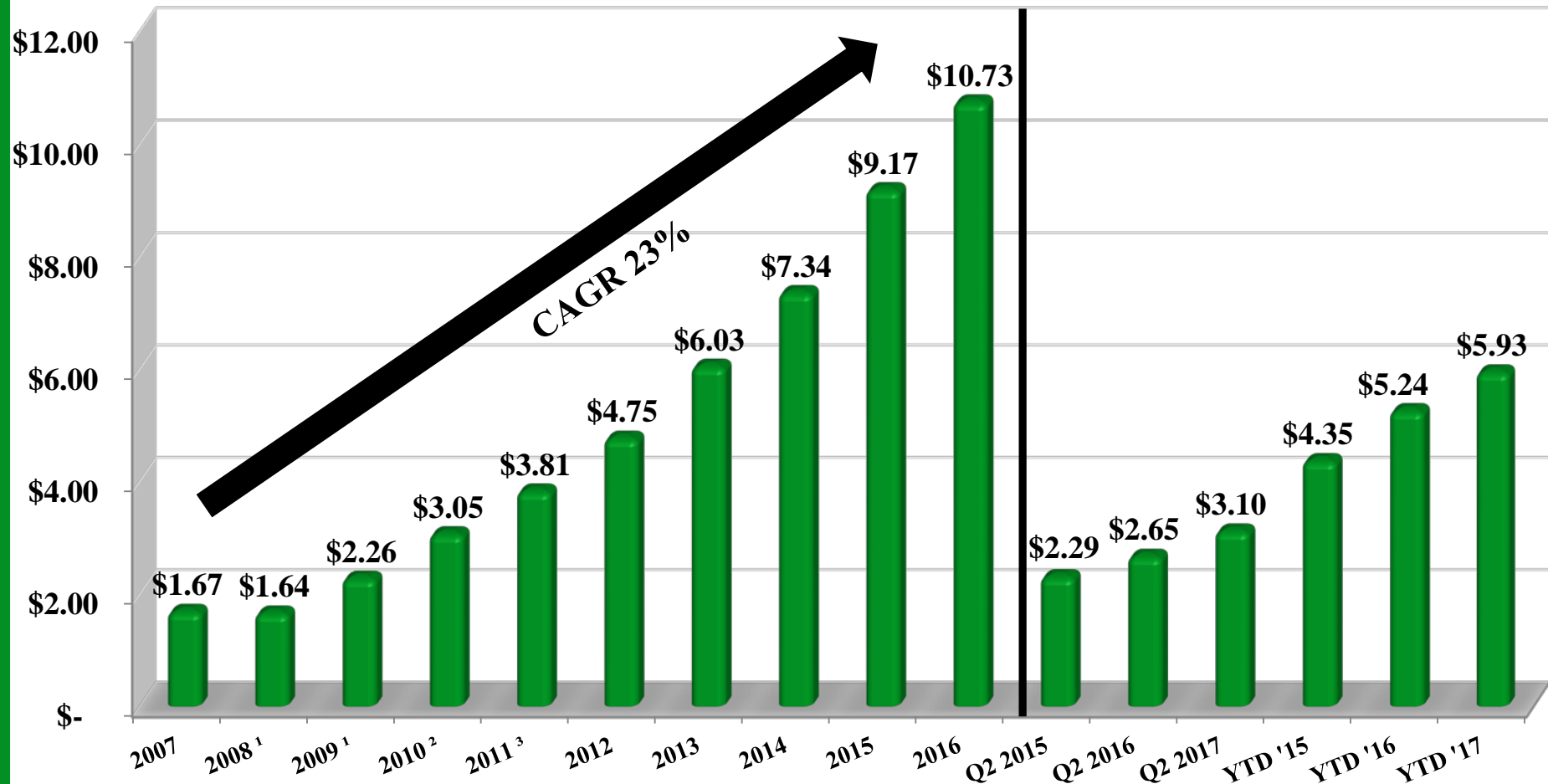
## 2017 Guidance

3rd Quarter:

\$3.10 - \$3.20

Full Year:

\$11.77 - \$11.87



<sup>1</sup> Adjusted diluted earnings per share, excluding the impact of CSK acquisition related charges

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

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



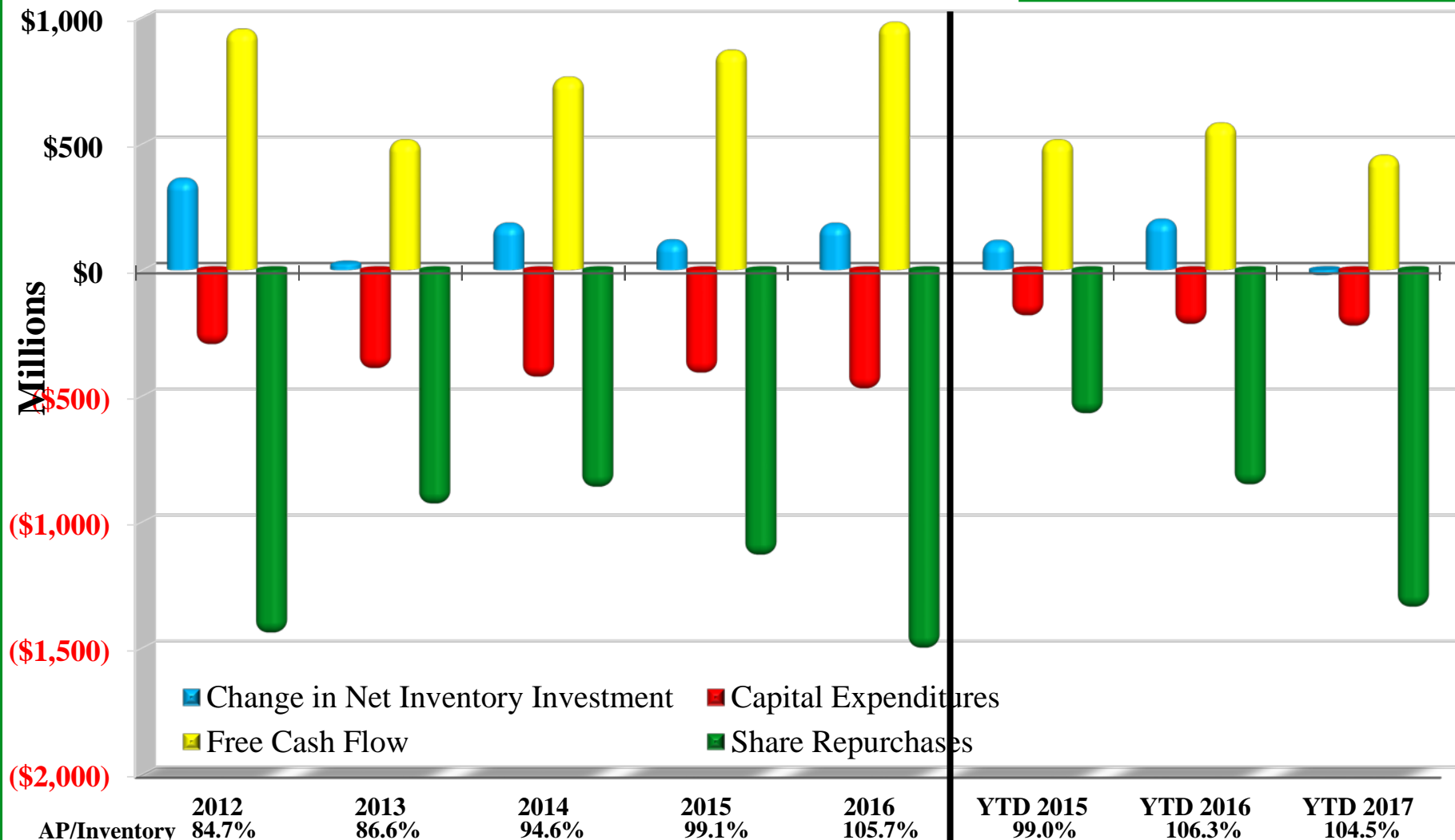
# Free Cash

**2017 Guidance (in millions):**

**Full Year:**

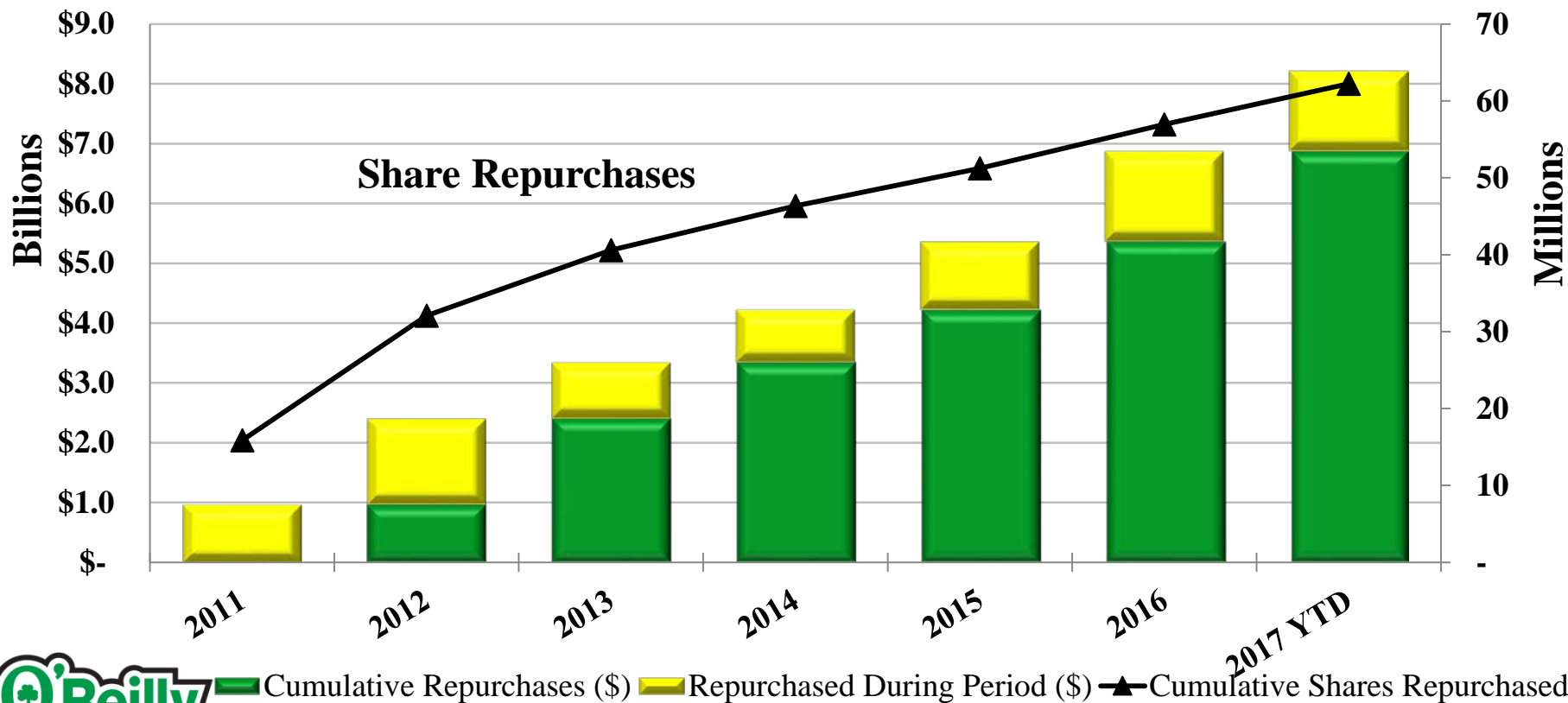
Cap Ex: \$470 - \$500

Free Cash Flow: \$830 - \$880



# Use of Capital

- **Greenfield Store Growth**
  - 2011-170 2012-180 2013-190 2014-200 2015-205 2016-210 2017-190 Planned
- **Consolidate the Market**
  - **Notable Acquisitions in our History**
    - 1998-Hi-Lo 2001-Mid-State 2005-Midwest 2008-CSK 2012-VIP 2016-Bond
- **Capital Structure**
  - Focus on maintaining Investment Grade Credit Ratings
  - Conservative Adjusted Debt to EBITDAR target ratio of 2.00 to 2.25 times (Currently 1.95 times)
  - Initial share repurchase authorization in January 2011, life to date authorization of \$8.75 billion



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

# Question & Answer Session

**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 San  
Antonio Int. Airport**

