AUTOZONE INC Form 10-Q December 13, 2012 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended November 17, 2012, or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

 For the transition period from to .

Commission file number 1-10714

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

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Nevada 62-1482048 (State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

123 South Front Street,

Memphis, Tennessee (Address of principal executive offices)

38103 (Zip Code)

(901) 495-6500

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ...

Non-accelerated filer "Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes "No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 Par Value 36,331,497 shares outstanding as of December 10, 2012.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AUTOZONE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands)	No	vember 17, 2012	August 25, 2012
Assets		2012	2012
Current assets:			
Cash and cash equivalents	\$	99,864	\$ 103,093
Accounts receivable	Ψ	173,338	161,375
Merchandise inventories		2,702,103	2,627,983
Other current assets		86,003	85,649
Deferred income taxes		983	846
Deterred income taxes		903	040
Total current assets		3,062,291	2,978,946
Property and equipment:		3,002,271	2,770,740
Property and equipment		4,735,703	4.659.761
Less: Accumulated depreciation and amortization		(1,845,434)	(1,803,833)
Less. Recumulated depreciation and amortization	'	(1,043,434)	(1,005,055)
		2,890,269	2,855,928
Goodwill		302,645	302,645
Deferred income taxes		36,547	33,796
Other long-term assets		106,287	94,324
Other long-term assets		100,267	94,324
		445,479	430,765
	\$	6,398,039	\$ 6,265,639
Liabilities and Stockholders Deficit			
Current liabilities:			
Accounts payable	\$	3,021,916	\$ 2,926,740
Accrued expenses and other	Φ	455,762	478,085
Income taxes payable		80,532	17.053
Deferred income taxes		186,282	183,833
Short-term borrowings		100,202	49,881
Short-term borrowings			49,001
Total current liabilities		3,744,492	3,655,592
Long-term debt		3,802,705	3,718,302
Other long-term liabilities		442,211	439,770
		442,211	439,770
Commitments and contingencies			
Stockholders deficit:			
Preferred stock, authorized 1,000 shares; no shares issued			
Common stock, par value \$.01 per share, authorized 200,000 shares; 40,168 shares issued and 36,473			
shares outstanding as of November 17, 2012; 39,869 shares issued and 37,028 shares outstanding as of			
August 25, 2012		402	399
Additional paid-in capital		760,872	689,890

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Retained deficit	(829,745)	(1,033,197)
Accumulated other comprehensive loss	(152,462)	(152,013)
Treasury stock, at cost	(1,370,436)	(1,053,104)
Total stockholders deficit	(1,591,369)	(1,548,025)
	\$ 6,398,039	\$ 6,265,639

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Twelve Weeks Ended		nded	
(in thousands, except per share data)		ember 17, 2012	Nov	vember 19, 2011
Net sales	\$ 1,	991,040	\$	1,924,341
Cost of sales, including warehouse and delivery expenses		959,174		940,714
Gross profit	1,	031,866		983,627
Operating, selling, general and administrative expenses		668,590		642,693
Operating profit		363,276		340,934
Interest expense, net		41,104		39,094
Income before income taxes		322,172		301,840
Income taxes		118,720		110,715
Net income	\$	203,452	\$	191,125
Weighted average shares for basic earnings per share		36,845		39,865
Effect of dilutive stock equivalents		741		999
Adjusted weighted average shares for diluted earnings per share		37,586		40,864
Basic earnings per share	\$	5.52	\$	4.79
Diluted earnings per share	\$	5.41	\$	4.68

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Twelve Weeks Ended	
(in thousands)	November 17, 2012	November 19, 2011
Net income	\$ 203,452	\$ 191,125
Other comprehensive loss:		
Pension liability adjustments, net of taxes (1)	1,435	10,419
Foreign currency translation adjustments	(2,059)	(23,987)
Unrealized gain (loss) on marketable securities, net of taxes (2)	10	(261)
Net derivative activities, net of taxes (3)	165	2,877

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Total other comprehensive loss	(449)	(10,952)
Comprehensive income	\$ 203,003	\$ 180,173

- (1) Pension liability adjustments are presented net of taxes of \$1,898 in fiscal 2013 and \$8,159 in fiscal 2012
- (2) Unrealized gain (losses) on marketable securities are presented net of taxes of \$5 in fiscal 2013 and \$141 in fiscal 2012
- (3) Net derivative activities are presented net of taxes of \$103 in fiscal 2013 and \$2,470 in fiscal 2012

See Notes to Condensed Consolidated Financial Statements.

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AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

the thousands (in thousands) November 19, 2011 November 19, 2011 Cash flows from operating activities: \$ 203,452 \$ 191,125 Net income \$ 203,452 \$ 191,125 Adjustments to reconcile net income to net cash provided by operating activities: 5 50,700 48,647 Amortization of debt origination fees 1,941 1,738 Income tax benefit from exercise of stock options (2,359) (11,157) Deferred income taxes (3,13) 7,526 Share-based compensation expense 8,13 7,526 Changes in operating assests and liabilities: (12,362) 4,856 Changes in operating assests and liabilities: (74,808) (75,122) Accounts receivable (12,362) 4,856 Merchandise inventories (74,808) (75,122) Accounts payable and accrued expenses 72,94 87,317 Income taxes payable 86,914 70,891 Other, net 318,25 32,224 Cash flows from investing activities (80,30) (61,924) Proceed provided by operating activities (80,30) (61,9		Twelve Weeks Ended		
Cash flows from operating activities: \$ 203,452 \$ 191,125 Net income \$ 203,452 \$ 191,125 Adjustments to reconcile net income to net cash provided by operating activities: 50,700 48,647 Amortization and amortization of property and equipment 50,700 48,647 Amortization of debt origination fees 1,941 1,738 Income tax benefit from exercise of stock options (2,3910) (11,157) Deferred income taxes (2,455) 6,241 Share-based compensation expense 8,131 7,502 Changes in operating assets and liabilities: 72,504 48,56 Changes in operating assets and labilities: 72,594 87,317 Accounts receivable (12,362) 4,856 Merchandise inventories (74,808) (75,122) Accounts payable and accrued expenses 272,594 87,317 Income taxes payable and accrued expenses 86,914 70,891 Other, net 80,914 70,891 Net cash provided by operating activities: 80,930 61,924 Purchase of marketable securities (80,430)		November 17,	November 19,	
Net income \$ 203,452 \$ 191,125 Adjustments to reconcile net income to net cash provided by operating activities: 50,700 48,647 Depreciation and amortization of property and equipment 50,700 48,647 Amortization of debt origination fees 1,941 1,738 Income tax benefit from exercise of stock options (23,910) (11,157) Deferred income taxes (2,455) 6,241 Share-based compensation expense 8,131 7,562 Changes in operating assets and liabilities: (12,362) 4,856 Merchandise inventories (74,808) (75,122) Accounts payable and accrued expenses 72,594 87,317 Income taxes payable 86,914 70,891 Other, net 8,056 10,196 Net cash provided by operating activities 8,056 10,196 Vet cash provided by operating activities (80,430) 61,924 Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities (80,430) 61,924 Purchase of marketable securities (88,591)	(in thousands)	2012	2011	
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Depreciation and amortization of property and equipment 50,700 48,647 Amortization of debt origination fees 1,941 1,738 Income tax benefit from exercise of stock options (23,910) (11,157) Deferred income taxes (2,455) 6,241 Share-based compensation expense 8,131 7,562 Changes in operating assets and liabilities: (12,362) 4,856 Merchandise inventories (74,808) (75,122) Accounts payable and accrued expenses 72,594 87,312 Income taxes payable 86,914 70,891 Other, net 8,056 10,196 Net cash provided by operating activities 318,253 342,294 Cash flows from investing activities: (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities (11,802) 11,091) Proceeds from sale of marketable securities (5,591) (61,889) Obspace of the proceeds from functing activities (85,591) (61,889) Cash flows from financing activities (85,591) <td>Net income</td> <td>\$ 203,452</td> <td>\$ 191,125</td>	Net income	\$ 203,452	\$ 191,125	
Amortization of debt origination fees 1,941 1,738 Income tax benefit from exercise of stock options (23,910) (11,157) Deferred income taxes (2,455) 6,241 Share-based compensation expense 8,131 7,562 Changes in operating assets and liabilities: "12,362 4,856 Merchandise inventories (74,808) (75,122) Accounts receivable (72,594) 87,317 Income taxes payable and accrued expenses 86,914 70,891 Other, net 8,056 10,196 Net cash provided by operating activities 86,943 342,294 Cash flows from investing activities: 8 48,253 342,294 Cash flows from investing activities (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities (61,79 10,069 Disposal of capital assets and other, net 462 1,057 Net cash used in investing activities (85,591) 61,889 Cash flows from financing activities (85,591)				
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Accounts payable and accrued expenses 72,594 87,317 Income taxes payable 86,914 70,891 Other, net 8,056 10,196 Net cash provided by operating activities 318,253 342,294 Cash flows from investing activities: Vereast of marketable securities (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities 6,179 10,069 Disposal of capital assets and other, net 462 1,057 Net cash used in investing activities (85,591) (61,889) Cash flows from financing activities: Very coceds from commercial paper 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 Repayment of debt 300,000 Repayment of debt 39,226 18,561 Purchase of treasury stock (317,332) (309,765)	Accounts receivable	(12,362)	4,856	
Income taxes payable 86,914 70,891 Other, net 8,056 10,196 Net cash provided by operating activities 318,253 342,294 Cash flows from investing activities: \$\(\)\$ (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities 6,179 10,069 Proceeds from sale of marketable securities 462 1,057 Net cash used in investing activities (85,591) (61,889) Cash flows from financing activities: \$\(\)\$ (4,852) 4,496 Net proceeds from sounce of debt 300,000 1,300 Repayment of debt (300,000) 1,8561 Net proceeds from sale of common stock 39,226 18,561 Purchase of treasury stock (317,332) (309,765)	Merchandise inventories	(74,808)	(75,122)	
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Cash flows from investing activities: (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities 6,179 10,069 Disposal of capital assets and other, net 462 1,057 Net cash used in investing activities (85,591) (61,889) Cash flows from financing activities: Very proceeds from commercial paper 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 300,000 Repayment of debt (300,000) 39,226 18,561 Purchase of treasury stock (317,332) (309,765)	Other, net	8,056	10,196	
Cash flows from investing activities: (80,430) (61,924) Purchase of marketable securities (11,802) (11,091) Proceeds from sale of marketable securities 6,179 10,069 Disposal of capital assets and other, net 462 1,057 Net cash used in investing activities (85,591) (61,889) Cash flows from financing activities: Very proceeds from commercial paper 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 300,000 Repayment of debt (300,000) 39,226 18,561 Purchase of treasury stock (317,332) (309,765)				
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Proceeds from sale of marketable securities 6,179 10,069 Disposal of capital assets and other, net 462 1,057 Net cash used in investing activities (85,591) (61,889) Cash flows from financing activities: 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 Repayment of debt (300,000) Net proceeds from sale of common stock 39,226 18,561 Purchase of treasury stock (317,332) (309,765)		(, ,		
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Cash flows from financing activities: Net proceeds from commercial paper 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 Repayment of debt (300,000) Net proceeds from sale of common stock 39,226 18,561 Purchase of treasury stock (317,332) (309,765)	Disposar of capital assets and other, her	402	1,037	
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Net proceeds from commercial paper 39,300 1,300 Net (payments) proceeds from short-term borrowings (4,852) 4,496 Proceeds from issuance of debt 300,000 Repayment of debt (300,000) Net proceeds from sale of common stock 39,226 18,561 Purchase of treasury stock (317,332) (309,765)				
Net (payments) proceeds from short-term borrowings(4,852)4,496Proceeds from issuance of debt300,000Repayment of debt(300,000)Net proceeds from sale of common stock39,22618,561Purchase of treasury stock(317,332)(309,765)				
Proceeds from issuance of debt300,000Repayment of debt(300,000)Net proceeds from sale of common stock39,22618,561Purchase of treasury stock(317,332)(309,765)		39,300	1,300	
Repayment of debt(300,000)Net proceeds from sale of common stock39,22618,561Purchase of treasury stock(317,332)(309,765)		(/ /	4,496	
Net proceeds from sale of common stock39,22618,561Purchase of treasury stock(317,332)(309,765)				
Purchase of treasury stock (317,332) (309,765)				
		39,226	,	
Income tax benefit from exercise of stock options 23,910 11,157				
*	Income tax benefit from exercise of stock options	23,910	11,157	
Payments of capital lease obligations (7,474) (6,448)	Payments of capital lease obligations	(7,474)	(6,448)	
Other, net (8,637)	Other, net	(8,637)		
Net cash used in financing activities (235,859) (280,699)	Net cash used in financing activities	(235,859)	(280,699)	
Effect of exchange rate changes on cash (32) (636)			. , ,	

Net decrease in cash and cash equivalents