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O REILLY AUTOMOTIVE INC  
Form 8-K  
February 27, 2004  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 25, 2004

O'REILLY AUTOMOTIVE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Missouri

44-0618012

-----  
(State or Other Jurisdiction  
of Incorporation)

(IRS Employer Identification No.)

233 S. Patterson  
Springfield, Missouri 65802

-----  
(Address of Principal Executive Offices) (Zip Code)

417-862-6708

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(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

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(Former name or former address, if changed since last report.)

ITEM 9. REGULATION FD DISCLOSURE

The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 27, 2004

O'REILLY AUTOMOTIVE, INC.

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By:/s/ James R. Batten

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James R. Batten  
Executive Vice President of Finance  
Chief Financial Officer and Treasurer  
(principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description
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99.1	Press Release dated February 25, 2004

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
Exhibit 99.1

For further information contact:

David O'Reilly  
James R. Batten  
(417) 862-3333

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O'REILLY AUTOMOTIVE REPORTS FOURTH QUARTER AND ANNUAL EARNINGS  
11TH CONSECUTIVE YEAR OF RECORD REVENUES AND EARNINGS  
7.8% INCREASE IN COMPARABLE STORE PRODUCT SALES

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Springfield, MO, February 25, 2004 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the fourth quarter and year ended December 31, 2003, representing 11 consecutive years of record revenues and earnings and positive comparable store product sales increases for O'Reilly since becoming a public company in April 1993.

Net income for the year ended December 31, 2003, totaled \$100.1 million, up 22.1% from \$82.0 million for the same period a year ago. Diluted earnings per common share for the year ended December 31, 2003, increased 20.3% to \$1.84 on 54.5 million shares versus \$1.53 a year ago on 53.7 million shares. Product sales for the year ended December 31, 2003, totaled \$1.51 billion, up 15.2% from \$1.31 billion for the year ending December 31, 2002. Gross profit for the year ended December 31, 2003, increased to \$638.3 million (or 42.2% of product sales) from \$553.4 million (or 42.2% of product sales) for the year ended December 31, 2002, representing an increase of 15.4%. Operating, selling, general and administrative ("OSG&A") expenses for the year ended December 31, 2003, increased to \$473.1 million (or 31.3% of product sales) from \$415.1 million (or 31.6% of product sales) for the year ended December 31, 2002, representing an increase of 14.0%.

Net income for the fourth quarter ended December 31, 2003, totaled \$23.9 million, up 27.8% from \$18.7 million for the same period in 2002. Diluted earnings per common share for the fourth quarter of 2003 increased 22.9% to \$0.43 on 55.3 million shares compared to \$0.35 for the fourth quarter of 2002 on 53.7 million shares. Product sales for the fourth quarter ended December 31,

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2003, totaled \$367.0 million, up 16.8% from \$314.2 million for the same period a year ago. Gross profit for the fourth quarter ended December 31, 2003, increased to \$156.0 million (or 42.5% of product sales) from \$131.0 million (or 41.7% of product sales) for the same period a year ago, representing an increase of 19.1%. OSG&A expenses for the fourth quarter of 2003, increased to \$117.2 million (or 31.9% of product sales) from \$99.8 million (or 31.8% of product sales) for the same period a year ago, representing an increase of 17.4%.

Comparable store product sales for stores open at least one year increased 9.8% and 7.8% for the fourth quarter and year ending December 31, 2003, respectively, representing 43 quarters of comparable store product sales increases since becoming a public company in April 1993.

David O'Reilly, co-chairman and chief executive officer, stated, "We are proud to report another strong year for Team O'Reilly. Our sales increased 15% over last year and our net income increased 22%, reflecting our expansion into many less populated but very profitable markets and our continuing efforts to control expenses. Our net cash provided by operating activities allowed us to pay down debt by approximately \$70.0 million for 2003, a decrease of 36%. Our customers continue to reward our good customer service, resulting in an industry leading comparable store product sales increase of 7.8%."

"We opened 35, net new stores in the fourth quarter for a total of 128, net new stores in 2003, bringing our total store count to 1,109" said Ted Wise, co-president. "Our 2004 plans call for opening approximately 140 new stores."

The Company will host a conference call Thursday, February 26, 2004, at 10:00 a.m. central time to discuss its results as well as future expectations. The call will be available by web cast at [www.oreillyauto.com](http://www.oreillyauto.com), [www.vcall.com](http://www.vcall.com) or [www.streetevents.com](http://www.streetevents.com). Investors may listen to the conference call live on the Company web site, [www.oreillyauto.com](http://www.oreillyauto.com), by clicking "News". A replay will also be available on the web site shortly after the call.

O'Reilly Automotive, Inc. is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, serving both the do-it-yourself and professional installer markets. Founded in 1957 by the O'Reilly family, the Company operated 1,109 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Tennessee, Texas and Virginia as of December 31, 2003.

The Company claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. 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 and regulations, our ability to hire and retain qualified employees, risks associated with the integration of acquired businesses, weather, terrorist activities, war and the threat of war. Actual results may materially differ from anticipated results described in these forward-looking statements. Please refer to the Risk Factors sections of the Company's Form 10-K for the year ended December 31, 2002, for more details.

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

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	December 31, 2003	December 31, 2002
	----- (Unaudited) (In thousands, except share data)	----- (Note)
Assets		
Current assets:		
Cash	\$ 21,094	\$ 29,333
Accounts receivable, net	52,235	45,421
Amounts receivable from vendors	43,608	42,918
Inventory	554,309	504,098
Deferred income taxes	4,753	5,040
Other current assets	4,399	4,235
	-----	-----
Total current assets	680,398	631,045
Property and equipment, at cost	626,142	491,523
Accumulated depreciation and amortization	177,084	137,922
	-----	-----
Net property and equipment	449,058	353,601
Notes receivable	1,743	1,880
Long-term receivable	37,654	3,761
Other assets	18,739	19,132
	-----	-----
Total assets	\$ 1,187,592	\$ 1,009,419
	=====	=====
Liabilities and shareholders' equity		
Current liabilities:		
Income taxes payable	\$ 6,872	\$ 9,798
Accounts payable	176,513	85,370
Accrued payroll	17,307	15,257
Accrued benefits and withholdings	27,368	19,165
Other current liabilities	16,883	17,150
Current portion of long-term debt	925	682
	-----	-----
Total current liabilities	245,868	147,422
Long-term debt, less current portion	120,977	190,470
Deferred income taxes	29,448	15,939
Other liabilities	7,014	5,064
Commitments and contingencies	--	--
Shareholders' equity:		
Common stock, \$0.01 par value:		
Authorized shares - 90,000,000		
Issued and outstanding shares -		
54,664,976 at December 31, 2003,		
and 53,371,242 at December 31, 2002	547	534
Additional paid-in capital	302,691	269,030
Retained earnings	481,047	380,960
	-----	-----
Total shareholders' equity	784,285	650,524
	-----	-----
Total liabilities and shareholders' equity	\$ 1,187,592	\$ 1,009,419
	=====	=====

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O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
(In thousands, except per share data)				
Product sales	\$ 367,047	\$ 314,241	\$ 1,511,816	\$ 1,312,499
Cost of goods sold, including warehouse and distribution expenses	211,024	183,251	873,481	759,099
Gross profit	156,023	130,990	638,335	553,400
Operating, selling, general and administrative expenses	117,177	99,819	473,060	415,099
Operating income	38,846	31,171	165,275	138,301
Other expense, net	(639)	(1,949)	(5,233)	(7,311)
Income before income taxes	38,207	29,222	160,042	130,990
Provision for income taxes	14,305	10,515	59,955	48,999
Net income	\$ 23,902	\$ 18,707	\$ 100,087	\$ 81,991
Net income per common share	\$ 0.44	\$ 0.35	\$ 1.86	\$ 1.51
Net income per common share - assuming dilution	\$ 0.43	\$ 0.35	\$ 1.84	\$ 1.51
Weighted average common shares outstanding	54,492	53,322	53,908	53,111
Adjusted weighted average common shares outstanding - assuming dilution	55,266	53,740	54,530	53,699

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
 SELECTED FINANCIAL INFORMATION  
 (Unaudited)

	December 31,	
	2003	2002
Inventory turnover (1)	1.7	1.6

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Inventory turnover, net of payables (2)	2.2	1.9
AP to Inventory (3)	31.8%	16.9%
Debt-to-capital (4)	13.5%	22.7%
Return on equity (5)	14.0%	13.6%
Return on assets (6)	9.1%	8.8%
Square footage (in thousands)	7,348	6,408
Store count:		
New stores, net (twelve months ended)	128	106
Total stores	1,109	981
Total employment	15,484	14,273

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
Other Information (in thousands):				
Capital Expenditures	\$ 36,450	\$ 29,647	\$ 136,497	\$ 102,257
Depreciation & Amortization	\$ 11,131	\$ 9,786	\$ 42,374	\$ 36,979
Interest Expense	\$ 956	\$ 2,296	\$ 6,864	\$ 9,248
Lease & Rental Expense	\$ 8,587	\$ 8,268	\$ 33,456	\$ 31,383
Sales per weighted-average square foot (7)	\$ 49.82	\$ 48.44	\$ 214.73	\$ 211.38
Sales per weighted-average store (in thousands) (8)	\$ 330	\$ 316	\$ 1,413	\$ 1,372

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
RECONCILIATION OF FREE CASH FLOW TO OPERATING CASH FLOW  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
(In thousands)				
Net cash provided by operating activities	\$ 722	\$ (591)	\$ 172,841	\$ 104,533
Capital expenditures	36,450	29,647	136,497	102,257
Free cash flow (1) (2)	\$ (35,728)	\$ (30,238)	\$ 36,344	\$ 2,276

