



# O'Reilly Automotive (NASDAQ:ORLY)

A Logistics-Driven Aftermarket Leader

Team 8

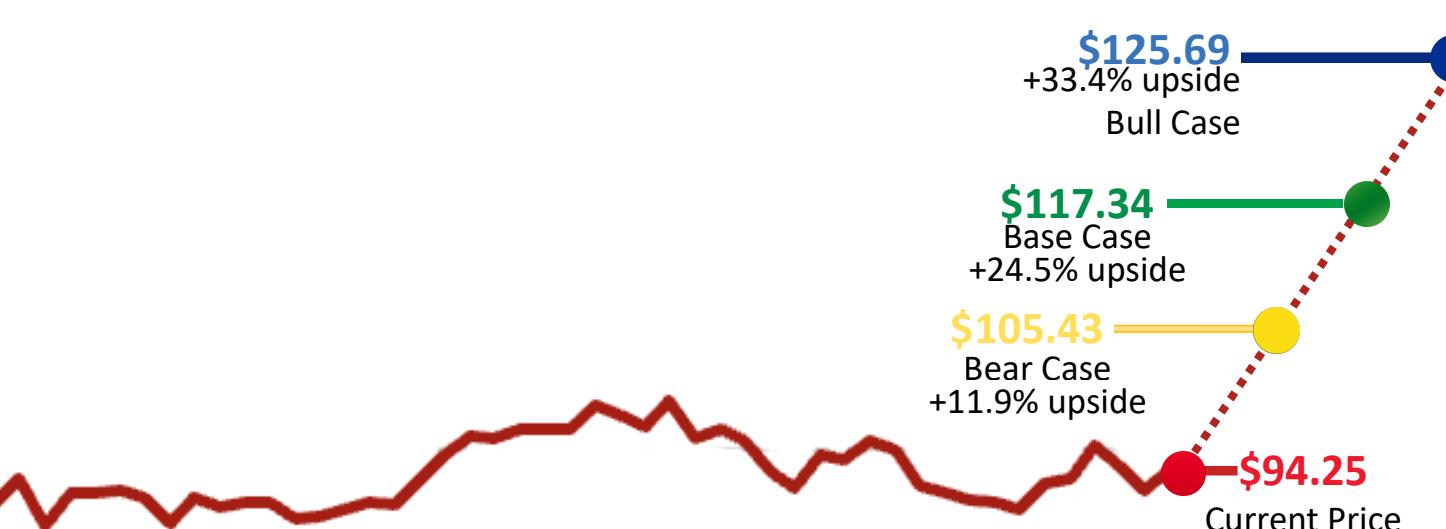
Hosted by CFA Society Iowa

DATE

*All market data as of Dec 09, 2025*

## Recommendation

We issue a BUY recommendation with a 12-month target price of \$117, representing a 24% upside



Financial Snapshot	
Date	Dec 9th, 2025
Current Price	\$94.25
Target Price Upside	\$117.34
Market Capitalization(\$ mn)	\$79,930
Enterprise Value (\$ mn)	\$116,070
Diluted Shares Outstanding (mn)	880.58
52-week Low	\$85.55
52-week High	\$108.72

# Investment Summary

## Three Drivers of Long-Term Value Creation

1

**Irreducible Distribution  
Advantage**

2

**Fragmented Market  
Driving Share Gains**

3

**Capital Discipline  
Supporting Superior  
ROIC**



# Business Overview: Scale-Driven Aftermarket Leader

Dense distribution network and dual-market strategy underpin durable growth

## Time Line



## Company Snapshot

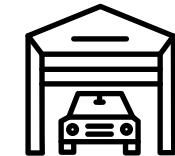
Industry

**Global Automotive Aftermarket**



**6000+**

Stores in US



Est. U.S. Addressable Market **\$160B - \$170B**

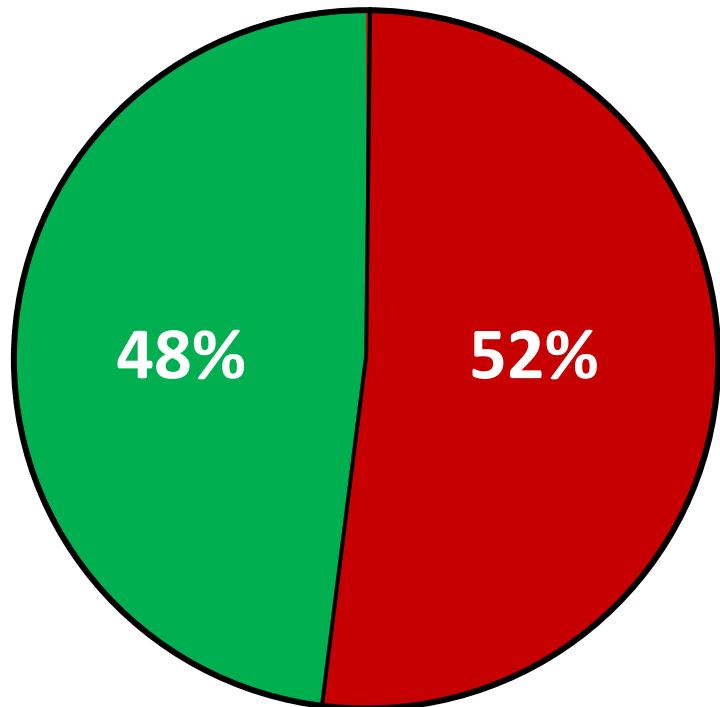


Serves both **DIY Consumers** and **Professional Installers**

# Business Overview: Balanced Revenue Mix Supports Stability and Visibility

Professional (DIFM) customers drive frequency, urgency, and margin resilience

2023A Revenue Breakdown



Source: Company Filings

## Do It Yourself (DIY)

- Lower purchase frequency
- More discretionary purchases
- Maintenance/minor repairs

## Why does this matter?

- DIFM demand is recurring and non-discretionary
- Reduces earnings volatility
- Supports margin durability

## Do-It-For-Me (DIFM)

- High purchase frequency
- Time-sensitive demand
- Speed and availability prioritized
- Higher switching costs

# Industry Overview - Takeaway

Aging vehicle fleet  
increases repair intensity

Rising VMT accelerates  
wear-driven demand

Affordability pressures extend  
vehicle life

**These dynamics disproportionately favor scaled, availability-focused distributors like O'Reilly**

# Older Vehicles = Higher Repair Intensity

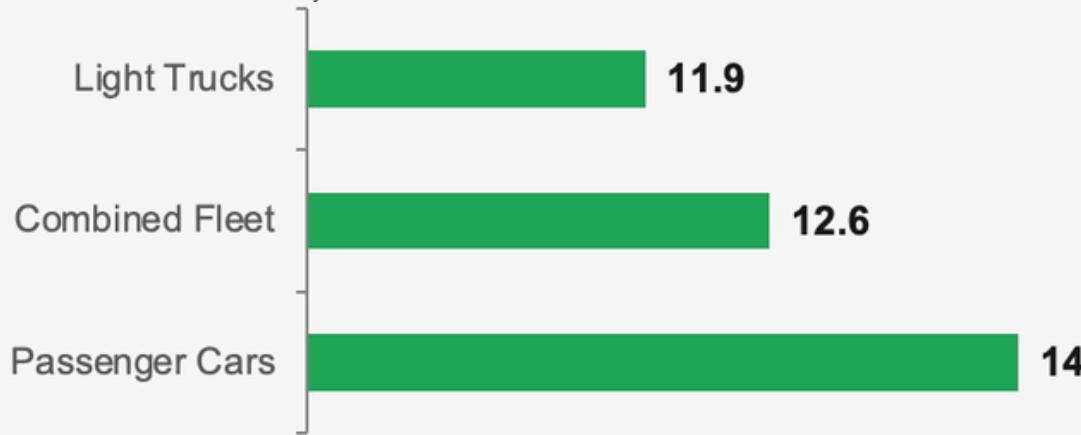
## U.S. Vehicle Age Steadily Increasing

### Key Statistics

- U.S. average vehicle age reached 12.6 years in 2024
- Vehicle age has steadily increased since 2012

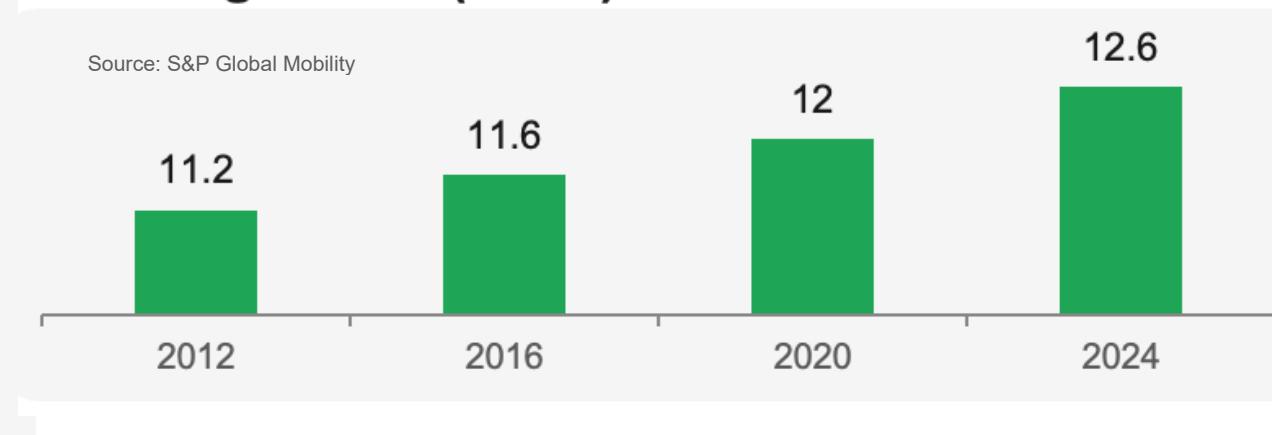
### Average Age by Vehicle Type (2024)

Source: S&P Global Mobility



### Fleet Age Trend (Years)

Source: S&P Global Mobility



# Usage recovery + aging fleet amplifies demand

## Rising Repair Costs

### Industry Implication

- Older vehicles = more repairs
- Demand is largely non-discretionary

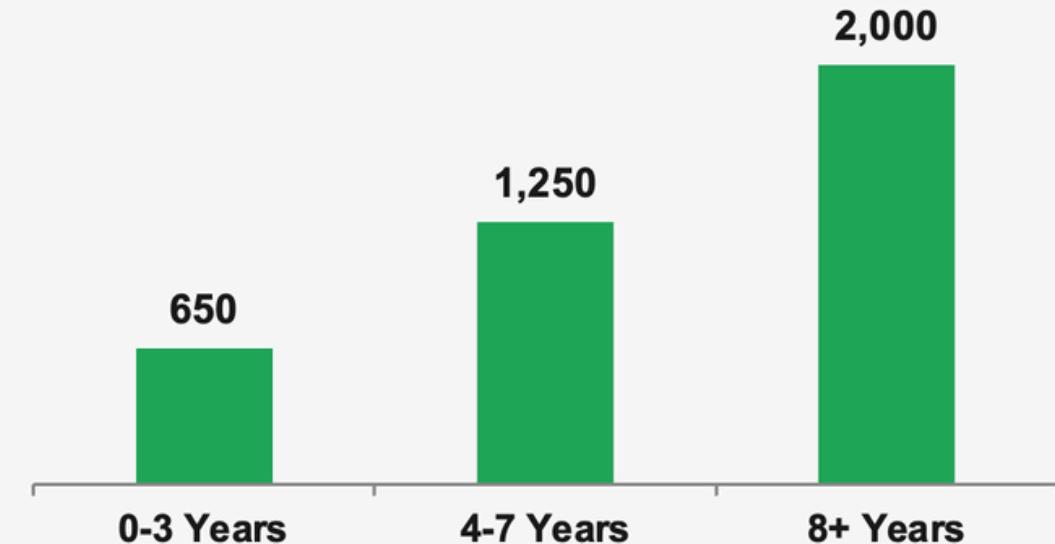
### Why This Matters for O'Reilly

- Deep SKU coverage for aging vehicles
- Supports both Pro and DIY demand

### Avg. Annual Repair Cost by Vehicle Age

*Older vehicles require more frequent repairs*

Source: Industry estimates

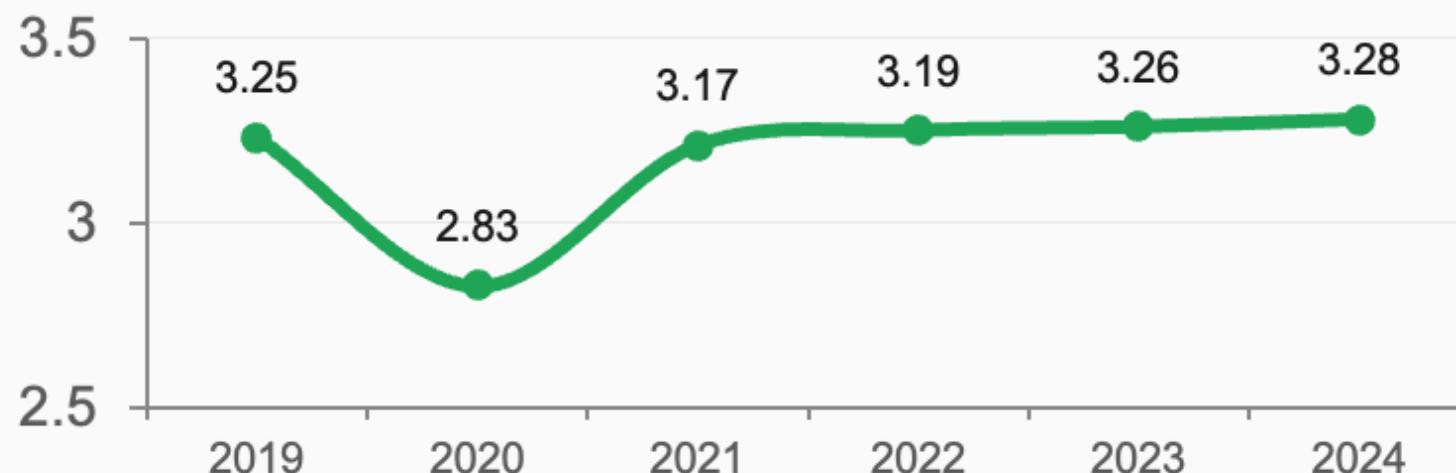


8+ year vehicles cost ~3x more than new

# Industry Overview

## Rising Vehicle Miles Traveled (VMT)

### U.S. Vehicle Miles Traveled Recovery (Trillions)



Source: Federal Highway Administration, Traffic Volume Trends; Eno Center for Transportation

### VMT Recovery

- 2020 dip: 2.83T miles
- Rebounded to 3.28T in 2024 (record)

More Miles = More Wear

Implication: High usage + aging fleet compounds repair demand

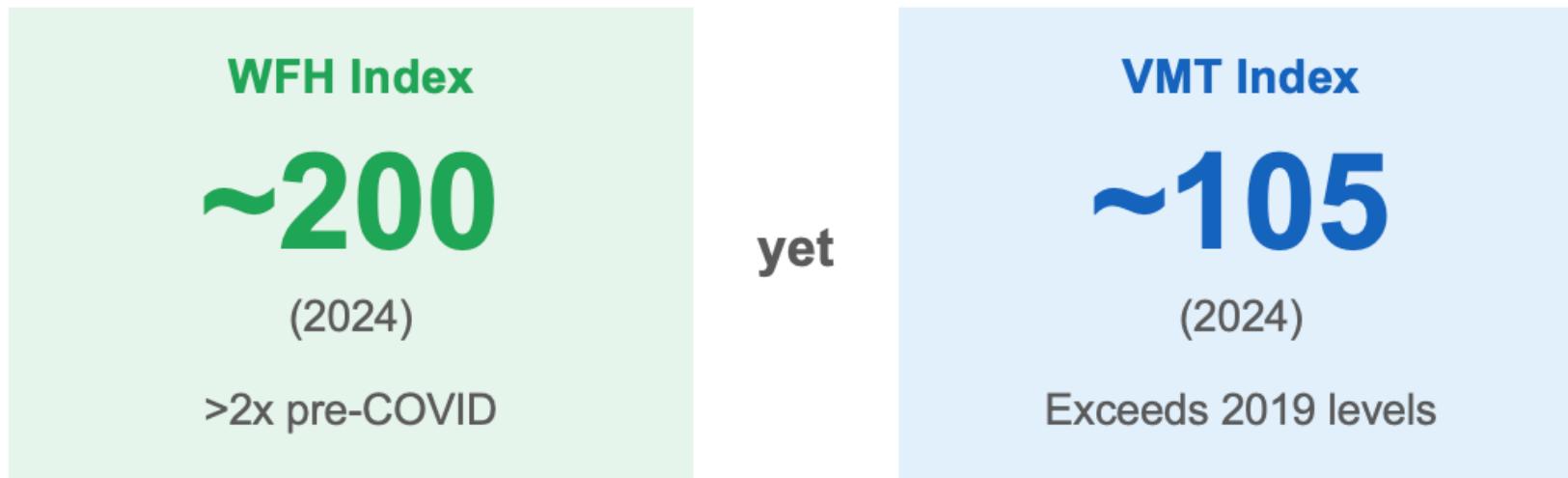
# Addressing the Work From Home Paradox

Rising Work From Home Rates ≠ Less Vehicle Miles

## Why This Matters for O'Reilly

- WFH >2x pre-COVID
- Yet VMT >2019 levels
- Leisure & migration offset commute decline

### The WFH Paradox (Index, 2019 = 100)



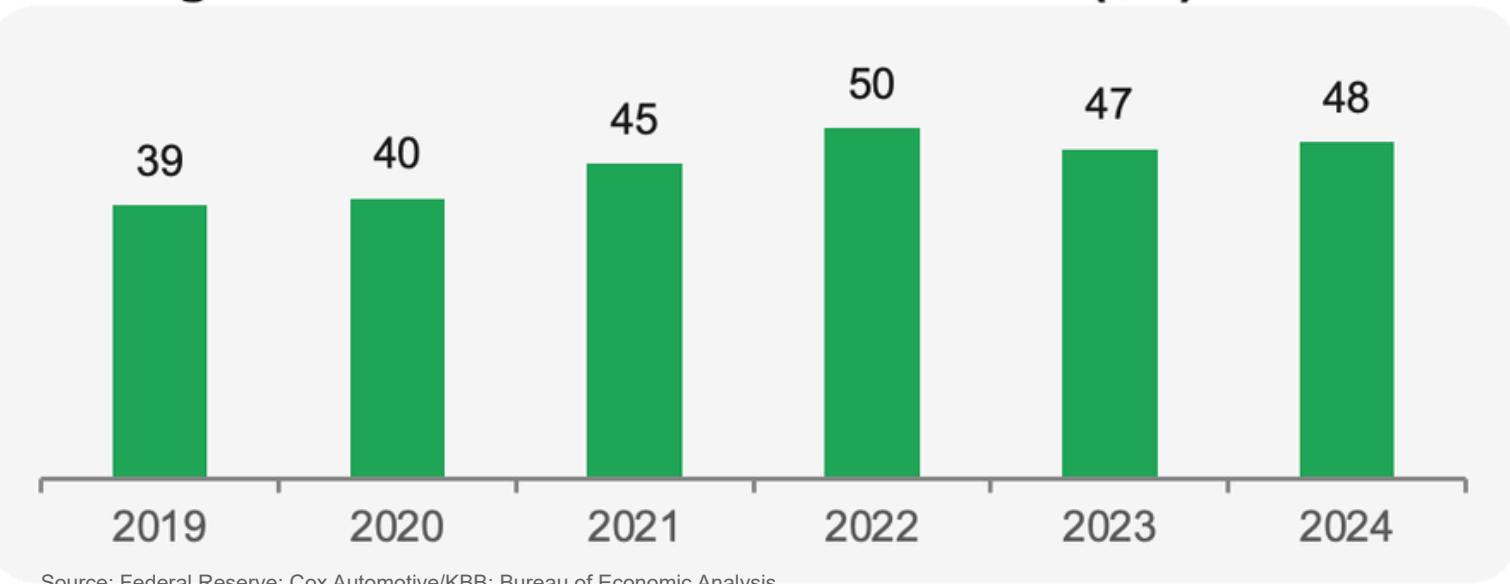
# Industry Overview

## Rising New Vehicle Prices

### Affordability Pressures

- New vehicle price ~\$48K
- Rates above 2019
- Payments at record highs

Average New Vehicle Transaction Price (\$K)



**Implication: Economic pressures create sustained tailwind for aftermarket demand**

# Industry Overview

## Repair VS. Replace

### Consumer Response

- Repair > Replace
- DIY rising

### Why This Matters for O'Reilly

- DIY & DIFM benefit
- Counter-cyclical resilience

### Consumer Economics: Repair vs. Replace

#### REPAIR

**\$500-\$2,000**

avg annual cost

- ✓ Extends vehicle life
- ✓ No financing needed
- ✓ Immediate savings

VS

#### REPLACE

**\$700+/mo**

avg payment (72 mo)

- X High upfront cost
- X Interest expense
- X Depreciation hit

**Implication: Economic pressures create sustained tailwind for aftermarket demand**



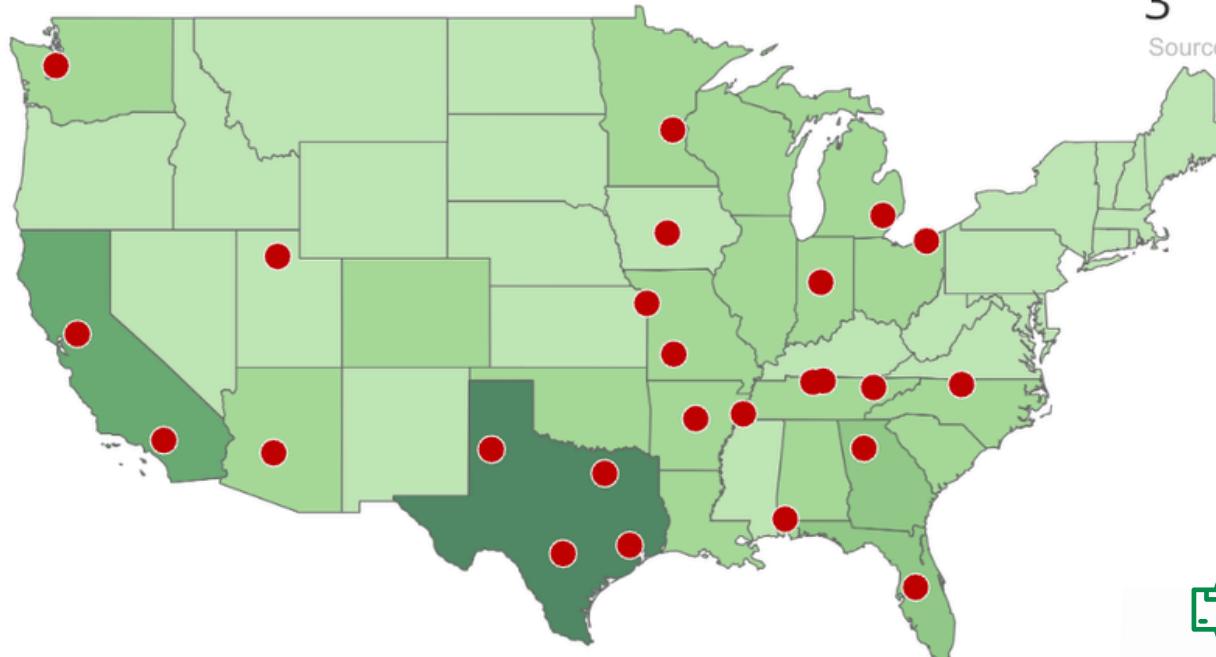
Pillar I:  
Irreplicable Distribution Advantage

# Irreplacable Distribution Network Creates a Structural Competitive Moat

Dense hub-and-spoke infrastructure creates competitive moat

## Store Count & Distribution Centers by State

1 Distribution Center:



3                    850  
Source: Company Filings (10K)

Store Count  
Alaska: 17  
Hawaii: 21

U.S. Distribution Centers	26
International Distribution Centers	5
Hub Stores	396
Retail Stores	6,483



**High SKU depth** supports complex repairs

**Same-day** /next-day fulfillment at scale



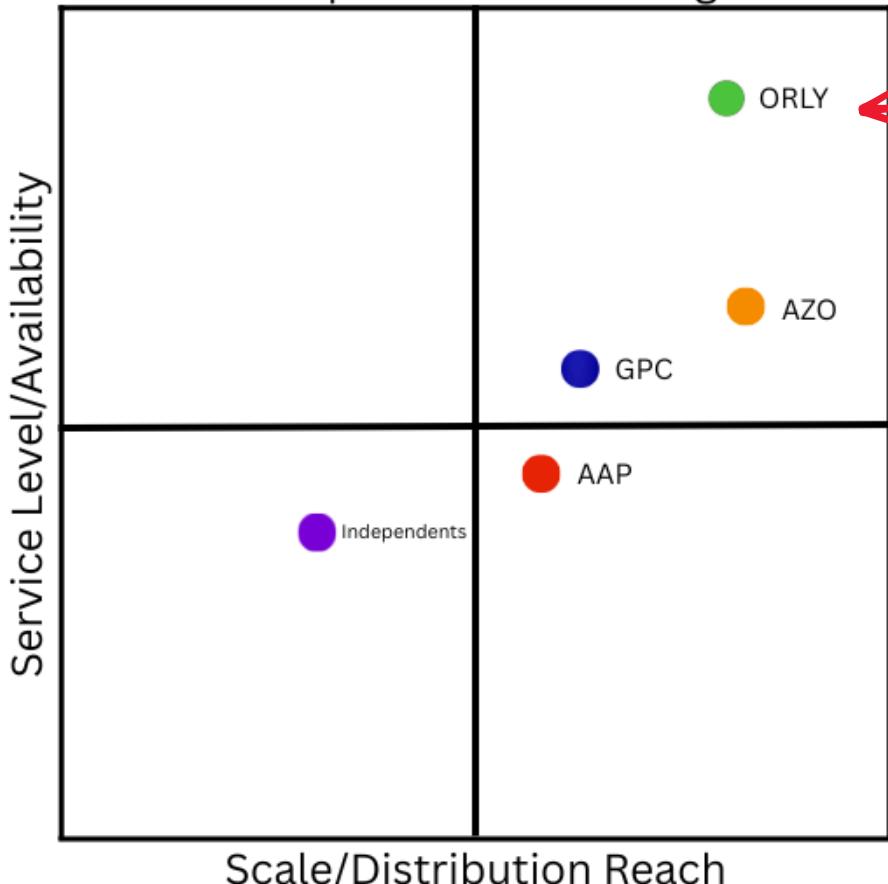
**Capital-intensive hub-and-spoke network**

- Replication requires **multi-year investment + supplier relationships**

# Distribution Advantage Converts Into Durable Profitability.

Speed + Availability = Service Advantage

Service Level Vs. Scale:  
Competitive Positioning



High Service/ High Scale

**Hub-and-Spoke Model**

+

**High Store Count**

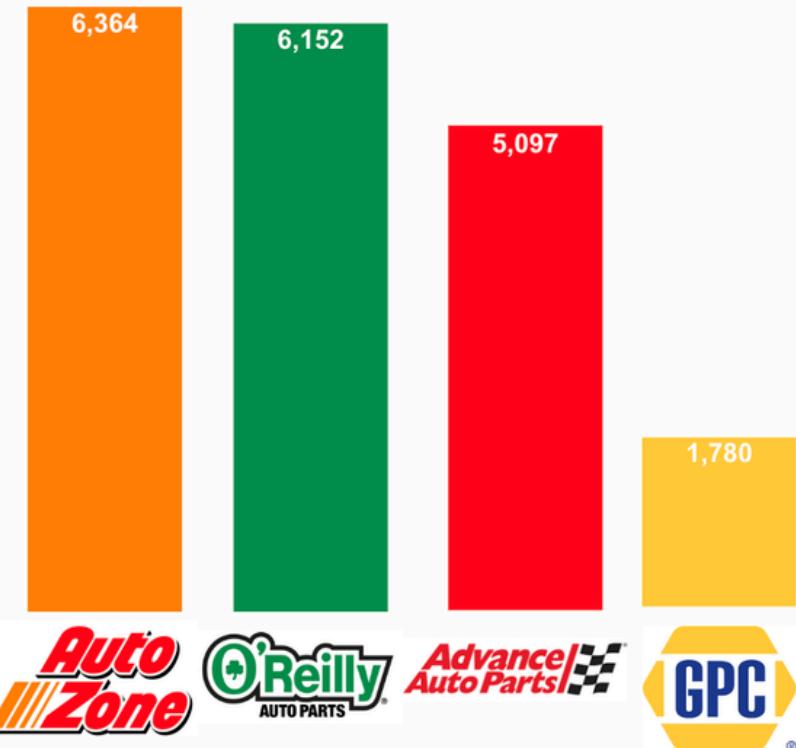
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**Speed & Availability**

- Higher DIFM Mix
- Higher Purchase Frequency
- Greater Revenue Visibility
- Higher sales capture
- Margin Durability
- Working capital efficiency

Outweigh marginal price differences

**Store Count**





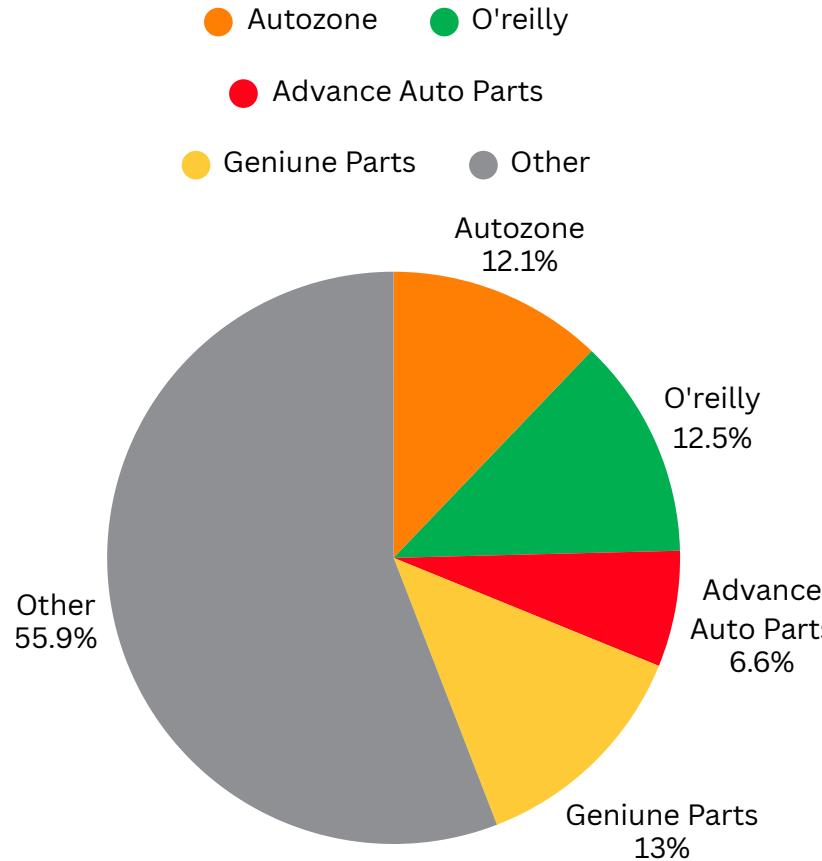
Pillar II:  
Fragmented Market & Share Gains

# Fragmented Industry Structure Favors Scaled Consolidators

**Structural fragmentation enables steady share capture**

% of 2024 US Sales by Company

Source: U.S. Census Bureau, Monthly Retail Trade Survey (MRTS) — Automotive Parts, Accessories, and Tire Stores (NAICS 4413), 2024



## Market Structure

- ~56% held by independents & small retailers
- Independents lack scale & logistics depth

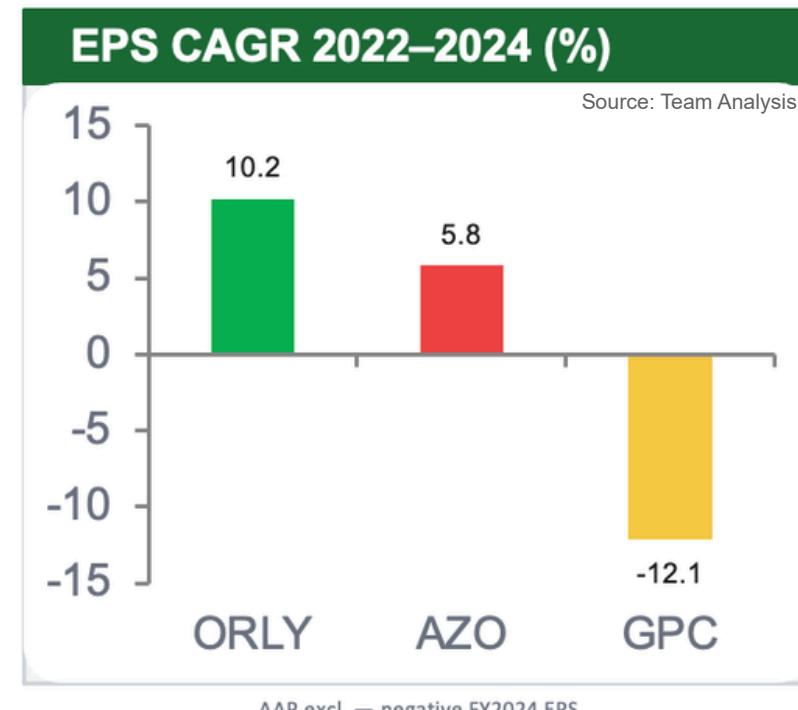
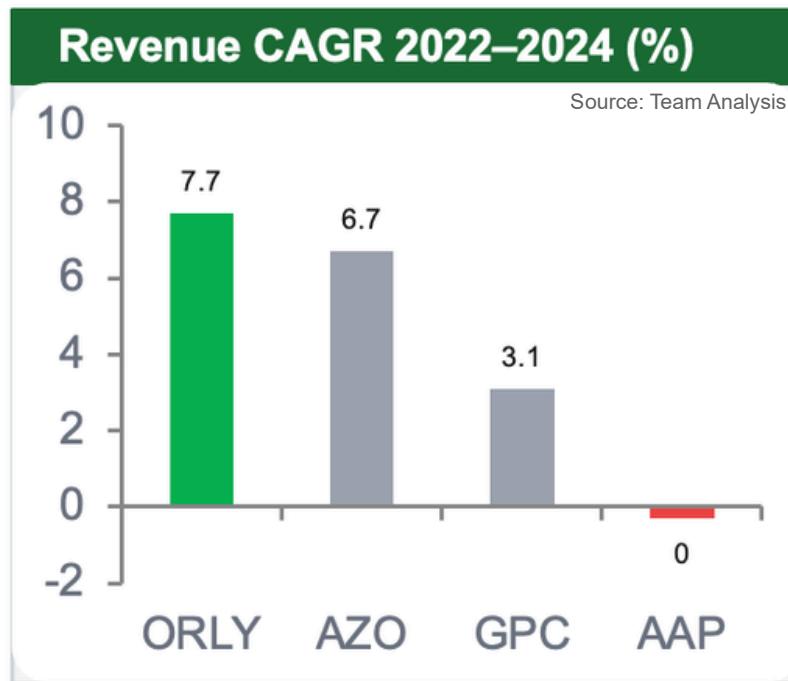
## Competitive Dynamics

- Service reliability > price competition
- Share gains without destructive price wars

**Bottom Line: Scale advantages enable disciplined consolidation in a rational market.**

# Financial Performance Validates Structural Share Gains

## Growth without margin sacrifice



- Revenue growth outpaces peers
- Operating margins resilient
- EPS growth leads
- Earnings quality drives premium P/E

**Bottom Line: Financial results confirm sustainable consolidation without price wars.**



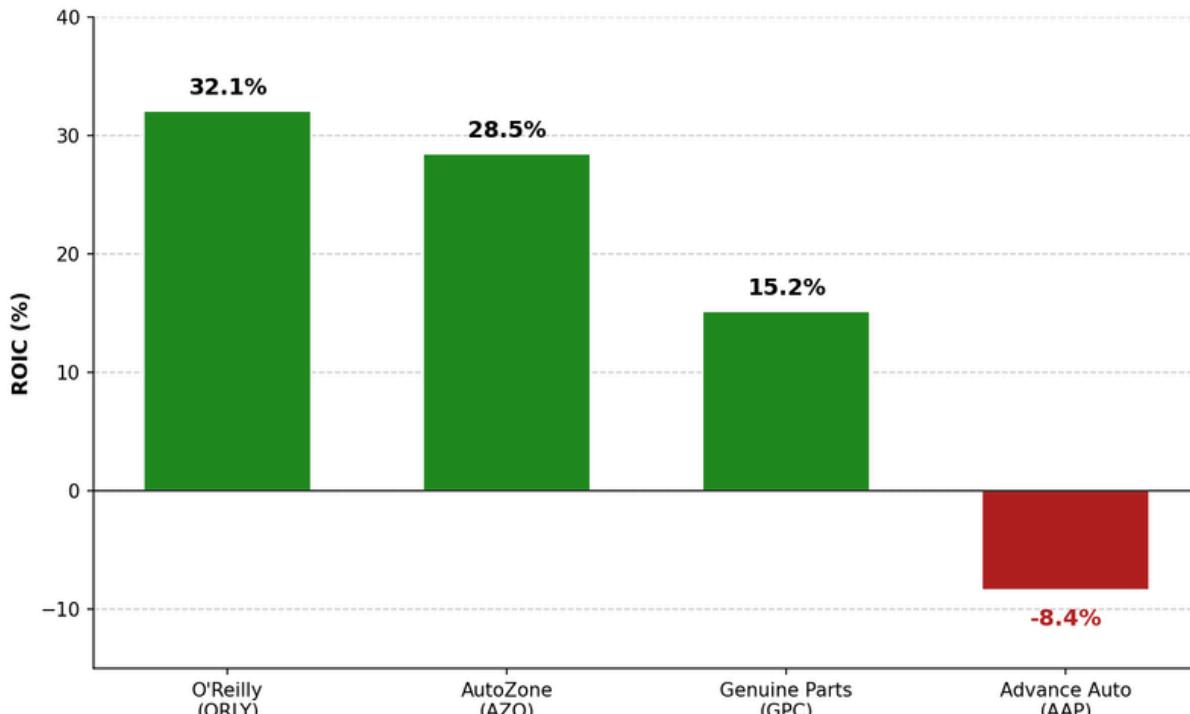
## Pillar III: Capital Allocation & ROIC

# Industry-Leading Returns on Invested Capital

## Superior capital efficiency drives long-term compounding

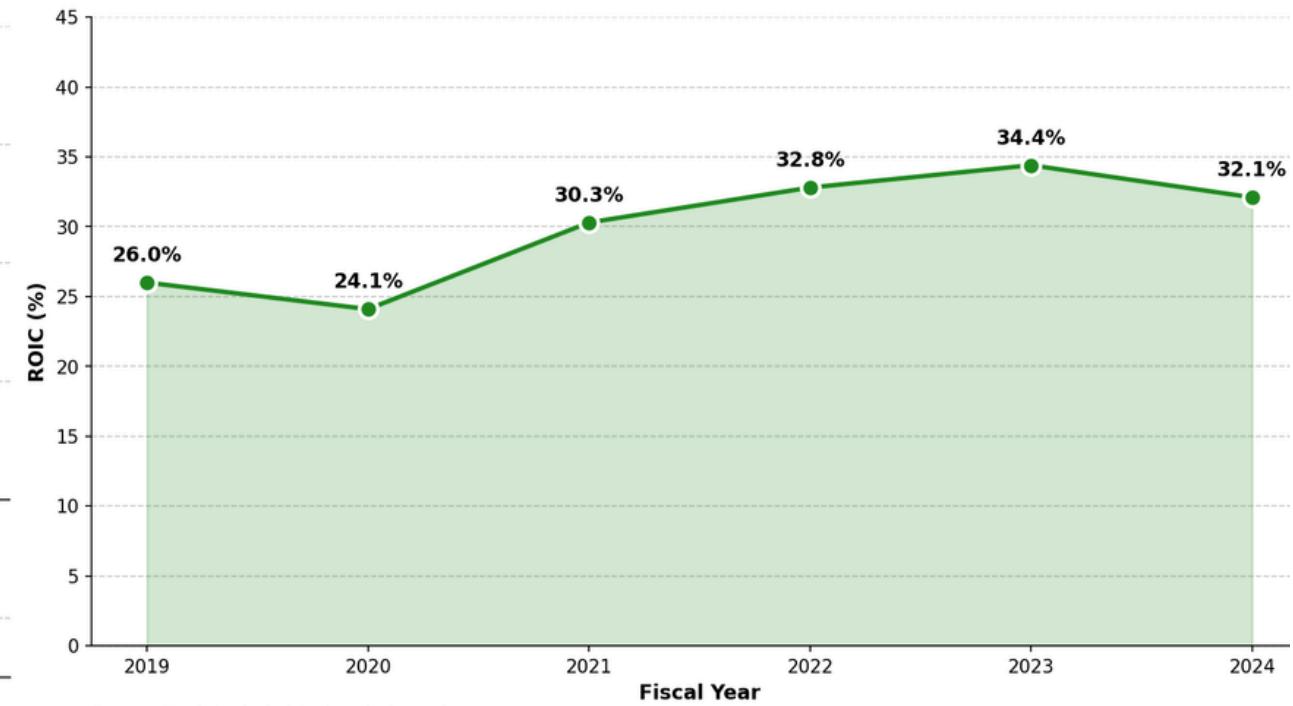
- ~32% ROIC significantly above WACC
- Outperforms AZO, GPC, AAP
- Driven by margins & asset efficiency
- Not dependent on leverage

Return on Invested Capital (ROIC) Comparison - 2024



Source: Company 10-K Filings, Koyfin

O'Reilly Automotive ROIC Over Time (2019-2024)

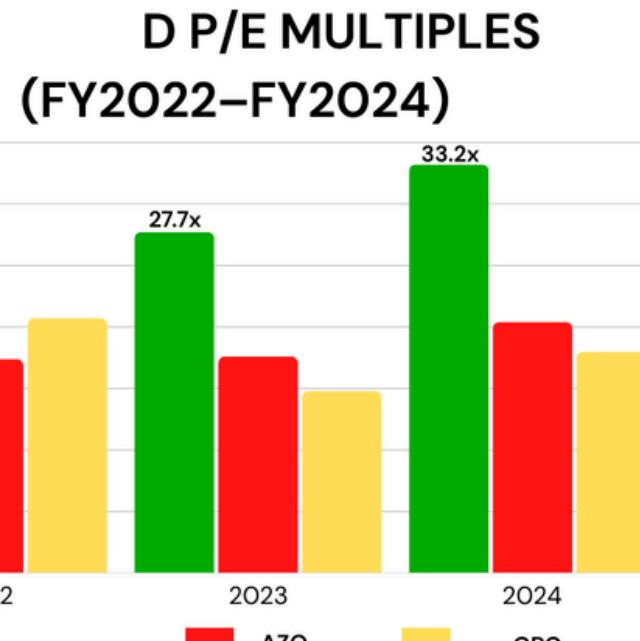


Source: Stock Analysis (stockanalysis.com)

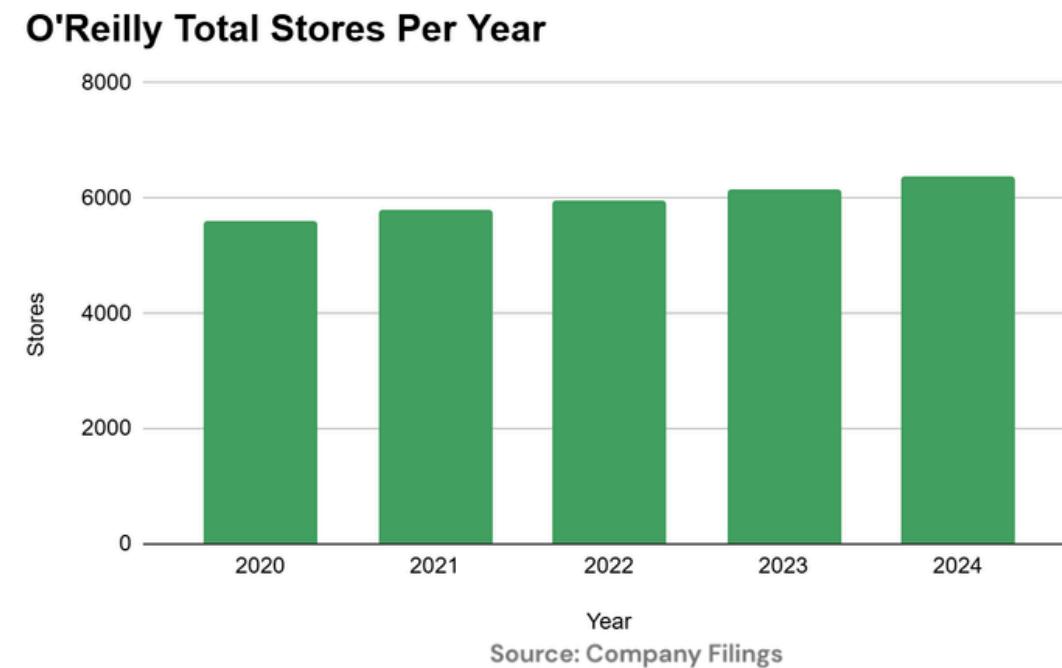
# Disciplined Capital Allocation Reinforces Competitive Strength

## Efficient reinvestment sustains growth and returns

- Reinvestment in high-return stores & DCs
- Market Confidence in ORLY ability to reinvest incremental capital at high returns

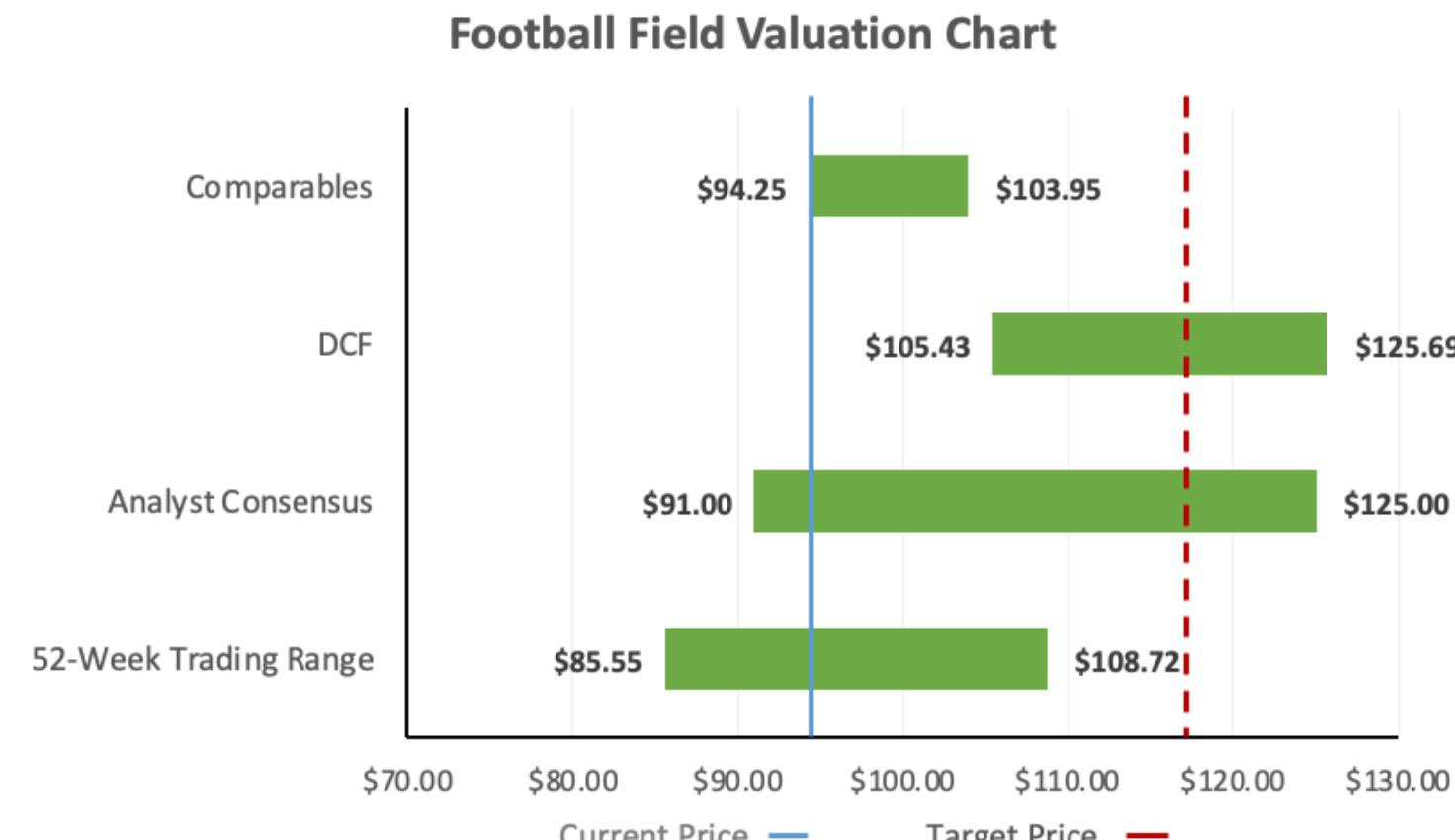


Source: Company Filings



Metric	%
ROIC	32.10%
WACC	6.70%
Spread	25.40%

# Multiple Approaches Indicate Upside to Target

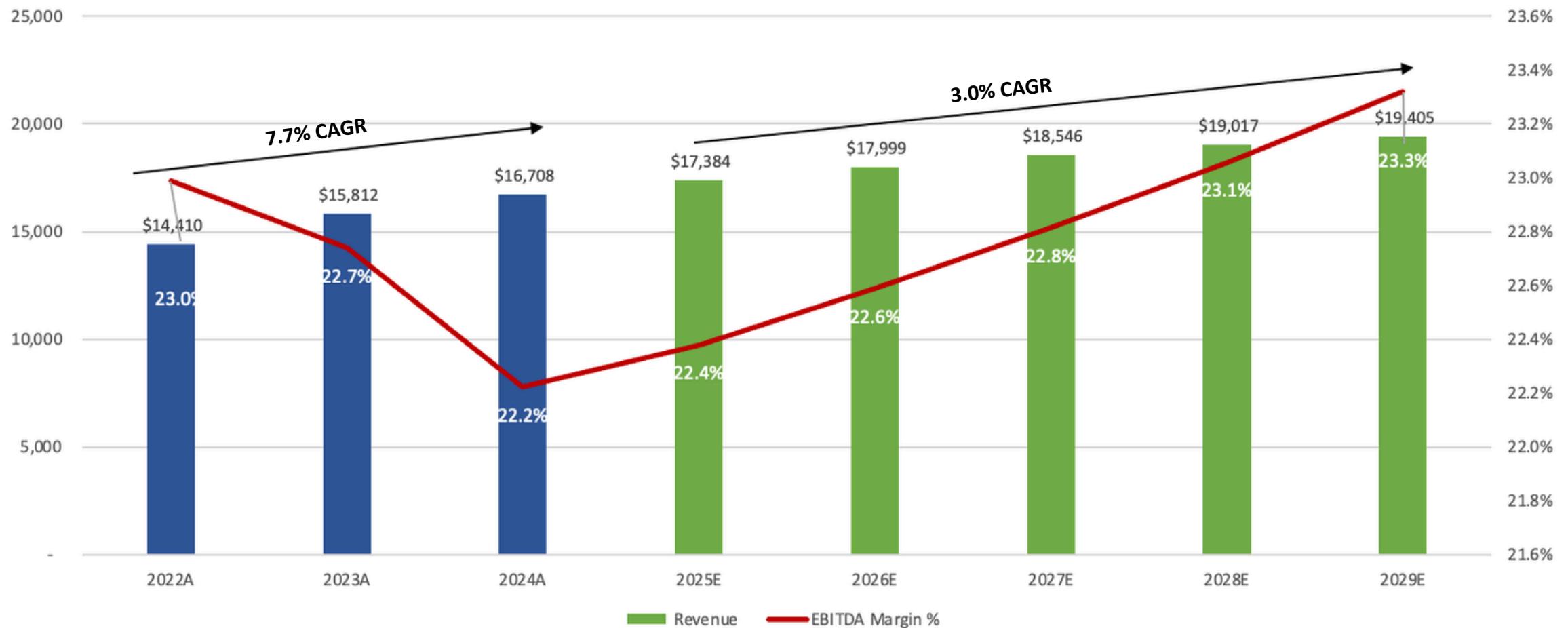


Source: Stock Analysis, Team Analysis

Weighted Average Cost of Capital (WACC)	
Equity (mm)	79,930
Debt (mm)	5,521
Cost of Debt	3.7%
Tax Rate	21.0%
D/(D+E)	6.5%
<b>After Tax Cost of Debt</b>	<b>2.9%</b>
Risk Free Rate (10-Yr Treasury Yield)	4.14%
Expected Market Return	8.60%
Market Risk Premium	4.46%
Levered Beta	0.63
E/(D+E)	93.5%
<b>Cost of Equity</b>	<b>6.9%</b>
<b>WACC</b>	<b>6.7%</b>

# Intrinsic Valuation

Under a base case scenario, O'Reilly still shows upside at its current price level



Source: Company Data, Team Forecast

## Sensitivity Table

		Growth Rate					
	117.34	4.00%	4.50%	5.00%	5.50%	6.00%	
WACC	5.70%	121.34	171.58	293.58	1,025.58	-682.42	
	6.20%	92.11	119.00	168.30	288.01	1,006.33	
	6.70%	73.70	90.32	116.71	165.09	282.58	
	7.20%	61.05	72.26	88.57	114.47	161.95	
	7.70%	51.82	59.85	70.85	86.86	112.28	

Terminal Growth

5.0%

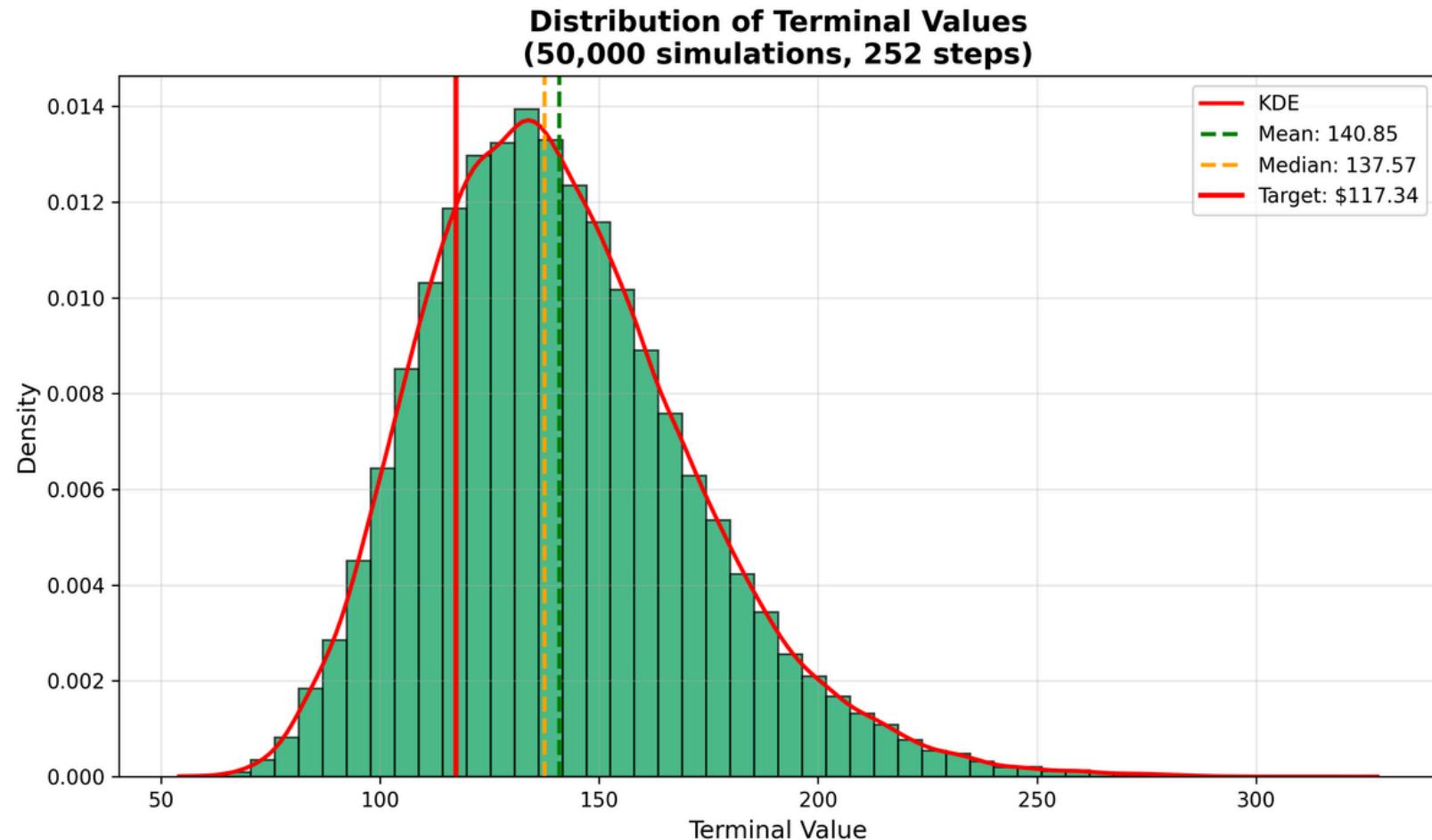
Source: Auto Care Association, Team Analysis

# Monte Carlo Valuation: Upside Skew with Conservative Target

Target price lies near the lower quartile of simulated intrinsic values

## Monte Carlo Simulation

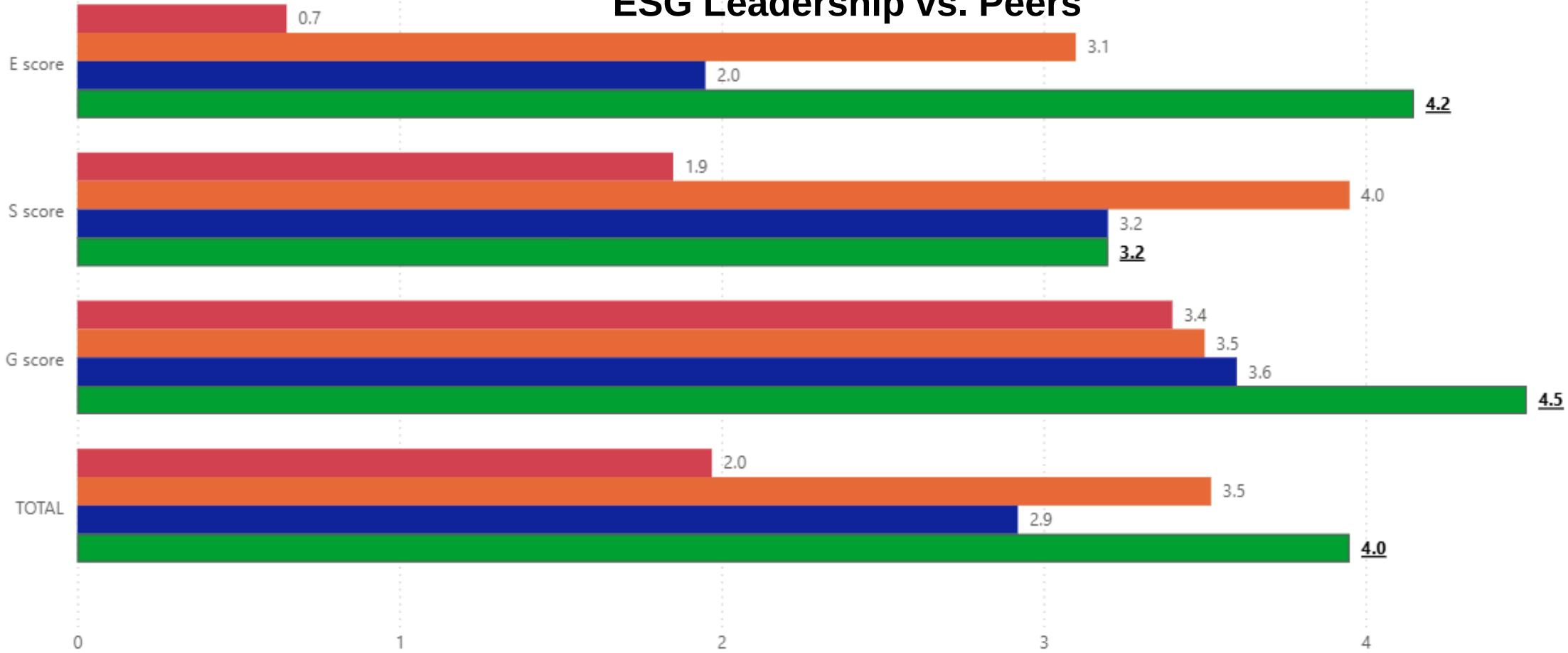
Min	\$54.08
Mean	\$140.85
Max	\$327.71
25th Percentile	\$118.96
50th Percentile	\$137.57
75th Percentile	\$159.08
Target Price	\$117.34
Standard Dev	\$30.79



# ESG SCORECARD

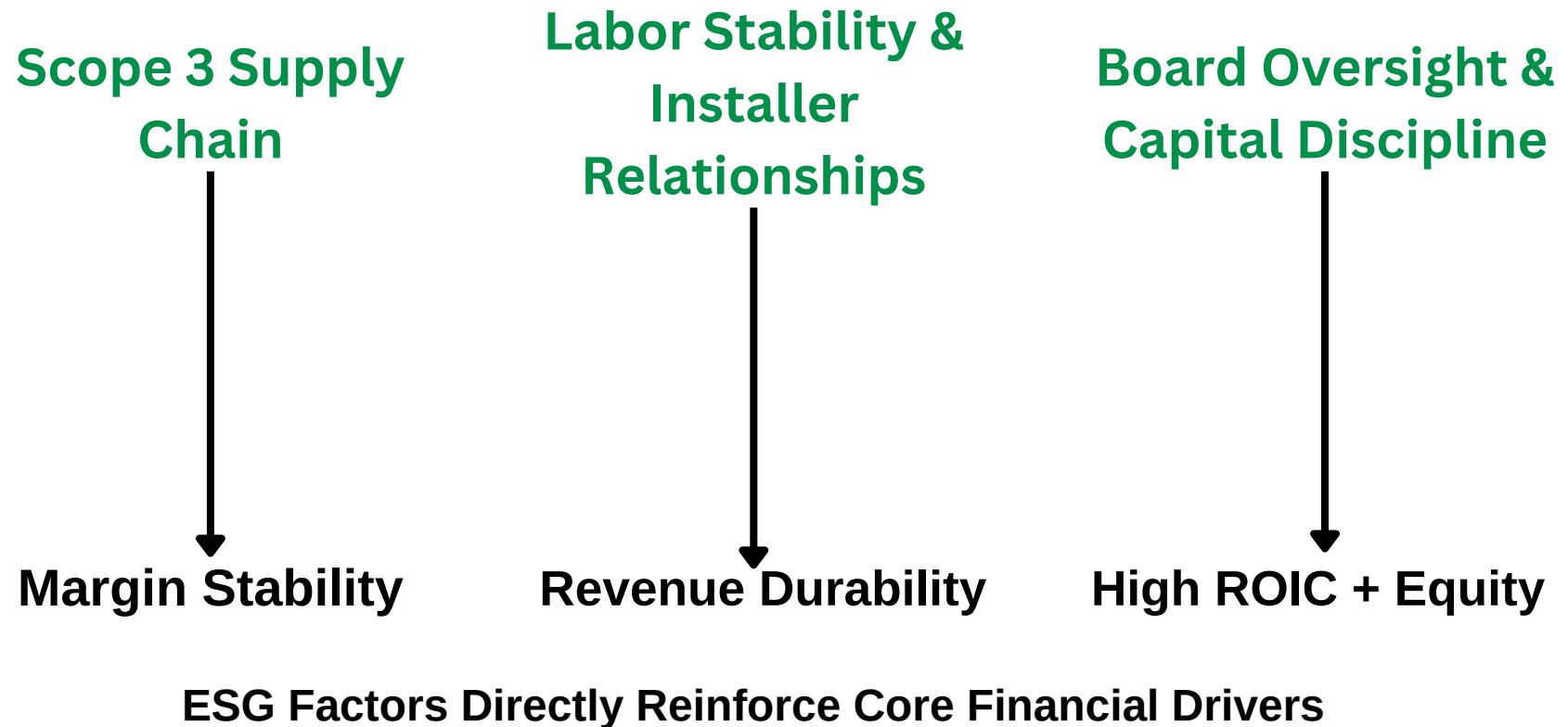
● AAP ● AZO ● GPC ● ORLY

## ORLY Demonstrates Broad-Based ESG Leadership vs. Peers



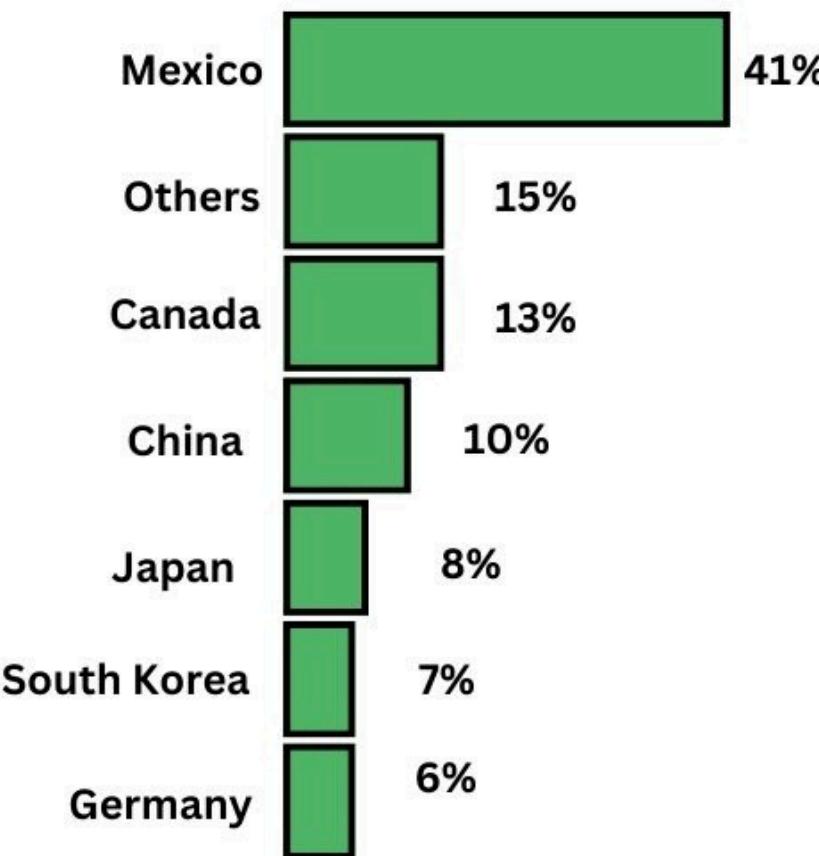
Source: Team Analysis, 2025

# ESG: Operationally Material Supply Chain



# ENVIRONMENTAL: Scope 3 Supply Chain

US Auto Import Share (%) By Country



Source: Government Databases Via. FRED

## Global Supplier Footprint



Targeted Emission  
Reductions

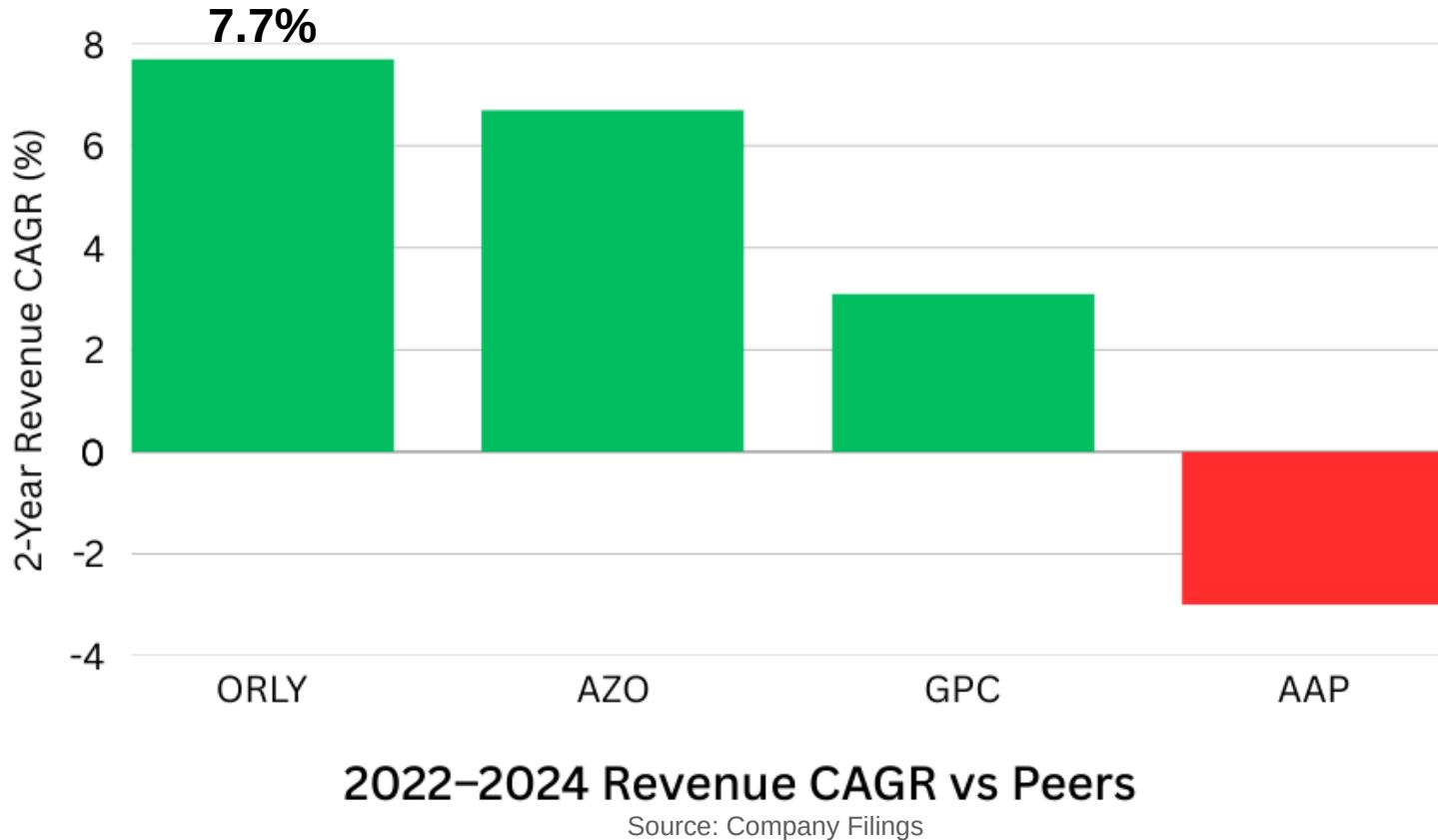


Resilience & Transparency



Reduced Cost Disruption  
Risk

# SOCIAL: Labor Stability and Installer Relationships



Stable workforce

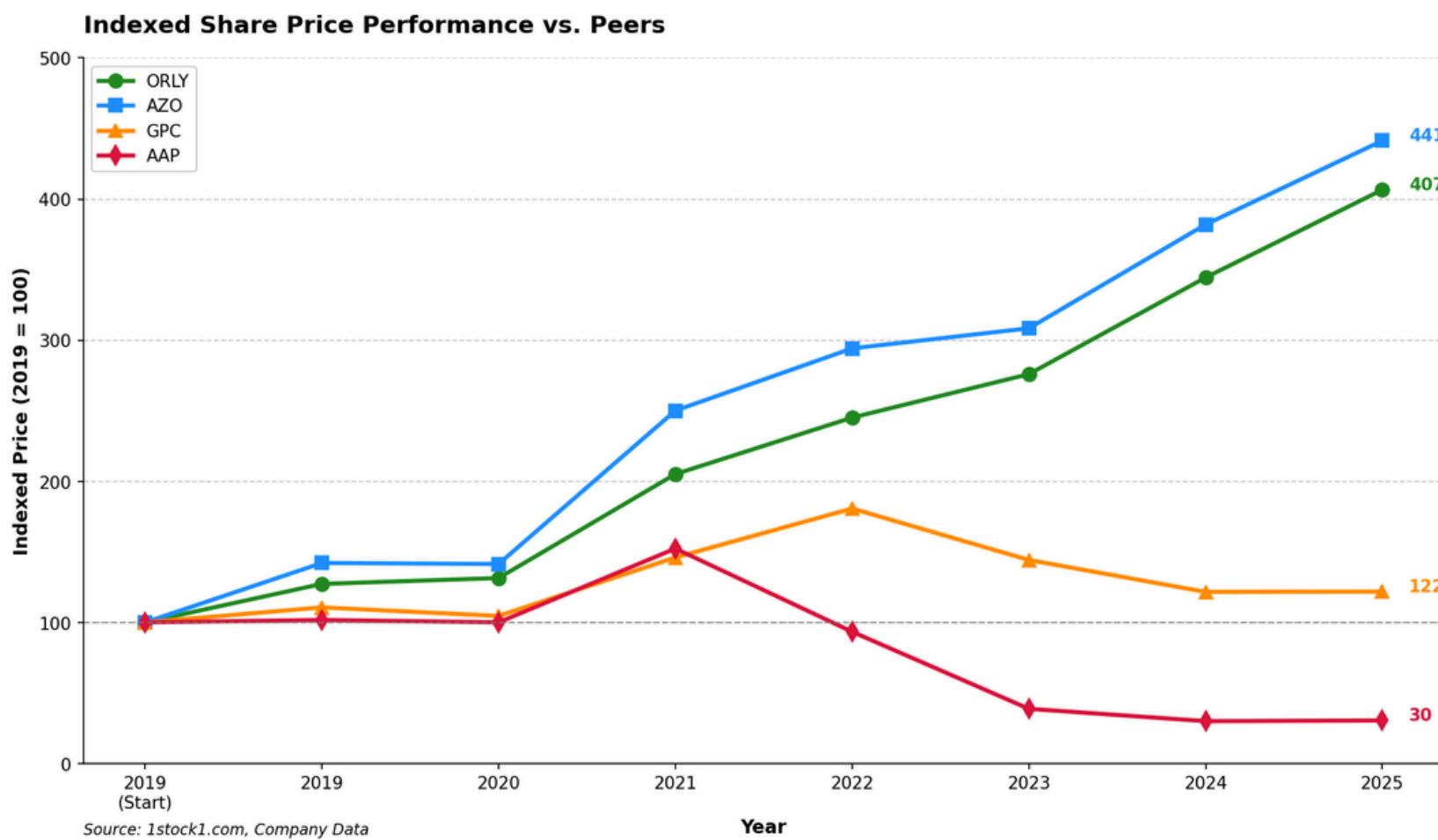


Strong installer  
relationships



Repeat Demand

# GOVERNANCE: Board Oversight & Capital Discipline



**Independent &  
Experienced Board**



**Incentive Alignment**



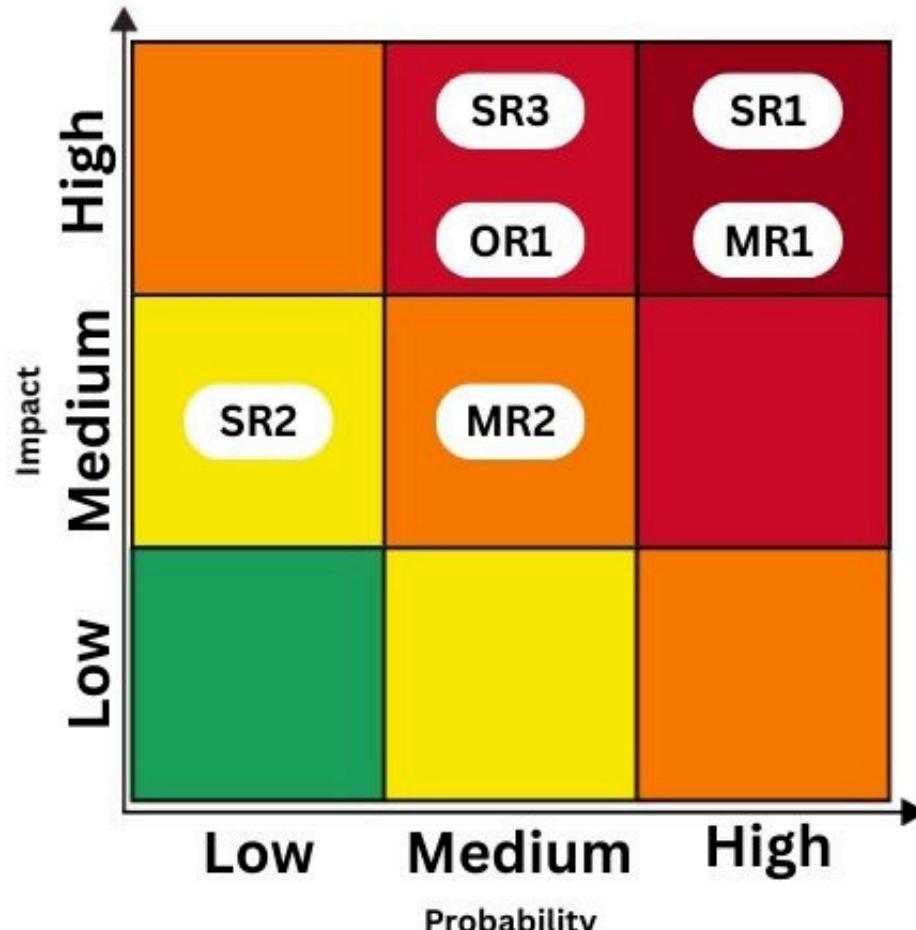
**Disciplined Capital  
Allocation**



**Sustained Shareholder  
Value**

# Investment Risks: Material but Mitigated

Key uncertainties are real; structural advantages limit long-term impact



Risk	Mitigation
<b>SR1:EVs</b> <i>Fewer moving parts may reduce long-term demand</i>	Aging vehicle fleet + expansion into EV components
<b>SR2:AVs</b> <i>Software-driven diagnostics shift repair channels</i>	Advanced diagnostic tools & Technical data access
<b>SR2:OEMs</b> <i>Parts availability shifts to dealer networks</i>	Scale, supplier diversification, private label sourcing
<b>OR1:Tariffs</b> <i>Cost pressure + inventory disruption</i>	Diversified sourcing + hub-and-spoke flexibility
<b>MR1:Interest Rates</b> <i>Pressure on discretionary spending</i>	Revenue skewed toward essential maintenance
<b>SR2: Economic &amp; Weather</b> <i>Short-term sales disruption</i>	Dense distribution network supports continuity

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# Appendix A: Executive Management

Name	Position	Year	Education	Work Experience
Brad Beckham	Executive Vice President & Chief Operating Officer	2018	B.S., Business	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Senior operations leadership</li> <li>Oversight of store operations, merchandising, and field execution</li> </ul>
Greg Johnson	President & Chief Executive Officer	2016	B.S., Accounting	<ul style="list-style-type: none"> <li>O'Reilly Automotive: President &amp; COO (prior)</li> <li>Long-tenured executive with deep aftermarket experience</li> </ul>
David O'Reilly	Executive Vice President	2019	B.S., Business	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Senior leadership roles</li> <li>Strategic and operational oversight</li> </ul>
Thomas J. Hendrickson	Executive Vice President	2017	B.S., Business Administration	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Long-tenured executive</li> <li>Store operations and organizational leadership</li> </ul>
Kimberly A. Anderson	Senior Vice President	2020	B.A., Business / Management	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Functional leadership role</li> <li>Organizational and operational support</li> </ul>
John R. Murphy	Senior Vice President & General Counsel	2021	J.D.	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Legal, governance, and compliance oversight</li> <li>Risk management and regulatory affairs</li> </ul>
Dan M. Petrowski	Senior Vice President, Finance	2021	B.S., Finance	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Financial planning and analysis</li> <li>Performance management and reporting</li> </ul>
Maria A. Seiter	Senior Vice President, Merchandising	2019	B.S., Business	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Category management and pricing strategy</li> <li>Supplier and product mix optimization</li> </ul>
Fred Mitchell	Executive Vice President, Store Operations	2018	B.S., Management	<ul style="list-style-type: none"> <li>O'Reilly Automotive: Field leadership</li> <li>Store execution and customer service operations</li> </ul>

# Appendix B: Income Statement

## Consolidated Statements Of Income

In millions

Year Ending	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Sales	13,328	14,410	15,812	16,708	17,551	18,347	19,089	19,764	20,365
Cost of Goods Sold, Including Warehouse and Distribution Expenses	6,308	7,028	7,707	8,154	8,560	8,949	9,310	9,640	9,933
<b>Gross Profit</b>	<b>7,020</b>	<b>7,382</b>	<b>8,105</b>	<b>8,554</b>	<b>8,991</b>	<b>9,399</b>	<b>9,779</b>	<b>10,125</b>	<b>10,433</b>
Selling, General and Administrative Expenses	4,103	4,427	4,918	5,303	5,571	5,824	6,059	6,273	6,464
D&A	328	358	409	462	503	558	617	679	744
<b>EBITDA</b>	<b>3,245</b>	<b>3,312</b>	<b>3,595</b>	<b>3,713</b>	<b>3,923</b>	<b>4,134</b>	<b>4,337</b>	<b>4,530</b>	<b>4,712</b>
D&A	328	358	409	462	503	558	617	679	744
<b>Operating Income (EBIT)</b>	<b>2,917</b>	<b>2,954</b>	<b>3,186</b>	<b>3,251</b>	<b>3,420</b>	<b>3,575</b>	<b>3,720</b>	<b>3,851</b>	<b>3,969</b>
Interest Expense	135	156	182	206	194	194	194	194	194
<b>Earnings Before Taxes (EBT)</b>	<b>2,782</b>	<b>2,799</b>	<b>3,005</b>	<b>3,045</b>	<b>3,226</b>	<b>3,381</b>	<b>3,525</b>	<b>3,657</b>	<b>3,774</b>
Operating Taxes	617	626	658	658	718	751	781	809	833
<b>Net Income</b>	<b>2,164</b>	<b>2,173</b>	<b>2,347</b>	<b>2,387</b>	<b>2,508</b>	<b>2,630</b>	<b>2,744</b>	<b>2,848</b>	<b>2,941</b>

## Fixed Assets Schedule

Fiscal Year	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Beginning PP&E	4,214	4,424	5,037	5,605	6,223	6,879	7,568	8,290
D&A	358	409	462	503	558	617	679	744
CapEx	568	1,022	1,030	1,121	1,214	1,307	1,400	1,492
<b>Ending PP&amp;E</b>	<b>4,424</b>	<b>5,037</b>	<b>5,605</b>	<b>6,223</b>	<b>6,879</b>	<b>7,568</b>	<b>8,290</b>	<b>9,038</b>

## Assumptions

Fiscal Year	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
D&A as a % of Beginning PP&E	8.5%	9.2%	9.2%	9.0%	9.0%	9.0%	9.0%	9.0%
CapEx as a % of Beginning PP&E	13.5%	23.1%	20.4%	20.0%	19.5%	19.0%	18.5%	18.0%

# Appendix C: Balance Sheet

Year Ending	2021A	2022A	2023A	2024A
<b>Assets</b>				
Cash and Cash Equivalents	362	109	279	130
Accounts Receivable, Net	273	343	375	357
Amounts Receivable from Suppliers	113	127	140	139
Inventory	3,686	4,359	4,658	5,096
Deferred Income Taxes	-	-	-	-
Other Current Assets	70	110	105	118
<b>Total Current Assets</b>	<b>4,504</b>	<b>5,048</b>	<b>5,558</b>	<b>5,840</b>
Land	-	-	-	-
Buildings	-	-	-	-
Leasehold Improvements	-	-	-	-
Furniture, Fixtures and Equipment	-	-	-	-
Vehicles	-	-	-	-
Property and Equipment, at Cost	6,948	7,438	8,312	9,192
Less: Accumulated Depreciation and Amortization	2,735	3,014	3,275	3,587
<b>Net Property and Equipment</b>	<b>4,214</b>	<b>4,424</b>	<b>5,037</b>	<b>5,605</b>
Notes Receivable, Less Current Portion	-	-	-	-
<b>Operating Lease, Right-of-Use Assets</b>	<b>1,982</b>	<b>2,112</b>	<b>2,201</b>	<b>2,325</b>
Goodwill	879	884	898	930
Deferred Income Taxes	-	-	-	-
<b>Other Assets, Net</b>	<b>139</b>	<b>159</b>	<b>179</b>	<b>194</b>
<b>Total Assets</b>	<b>11,719</b>	<b>12,628</b>	<b>13,873</b>	<b>14,894</b>
<b>Liabilities and Shareholders' Deficit</b>				
Accounts Payable	4,695	5,881	6,092	6,525
Self-Insurance Reserves	129	139	129	149
Accrued Payroll	108	127	138	108
Accrued Benefits and Withholdings	235	166	175	200
Deferred Income Taxes	-	-	-	-
Income Taxes Payable	-	-	8	6
<b>Current Portion of Operating Lease Liabilities</b>	<b>338</b>	<b>367</b>	<b>390</b>	<b>419</b>
Other Current Liabilities	370	384	731	877
Current Portion of Long-Term Debt	-	-	-	-
Total Current Liabilities	5,875	7,064	7,661	8,284
Long-Term Debt	3,827	4,372	5,570	5,521
<b>Operating Lease Liabilities, Less Current Portion</b>	<b>1,702</b>	<b>1,807</b>	<b>1,881</b>	<b>1,981</b>
Deferred Income Taxes	175	245	295	248
<b>Other Liabilities</b>	<b>207</b>	<b>201</b>	<b>204</b>	<b>232</b>
Issued and Outstanding Shares	1	-	1	-
Common Stock, \$0.01 Par Value	-	1	-	9
Additional Paid-in Capital	1,306	1,311	1,352	1,455
Retained Earnings	(1,366)	(2,376)	(3,132)	(2,791)
Accumulated Other Comprehensive Income (Loss)	(7)	3	39	(43)

# Appendix D: Statement of Cash Flow

CONSOLIDATED STATEMENTS OF CASH FLOWS			
	In millions		
Year Ending	2022A	2023A	2024A
Net Income	2,173	2,347	2,387
Depreciation and Amortization of Property, Equipment and Intangibles	358	409	462
Amortization of Intangibles			
Amortization of Premium on Exchangeable Notes			
Amortization of Debt Discount and Issuance Costs	5	5	7
Write-Off of Asset-Based Revolving Credit Facility Debt Issuance Costs			
Excess Tax Benefit from Share-Based Compensation			
Deferred Income Taxes	70	48	(50)
Gain on Settlement of Note Receivable			
Stock Option Compensation Expense			
Other Share Based Compensation Expense			
Share-Based Compensation Programs	26	28	29
Other	1	2	6
Accounts Receivable	(76)	(36)	30
Inventory	(669)	(288)	(404)
Accounts Payable	1,185	207	421
Income Taxes Payable	151	34	(9)
Accrued Payroll	19	11	(31)
Accrued Benefits and Withholdings	(60)	(13)	71
Other	(34)	280	130
<b>Net Cash Provided by Operating Activities</b>	<b>3,148</b>	<b>3,034</b>	<b>3,050</b>
Purchases of Property and Equipment	(563)	(1,006)	(1,023)
Proceeds from Sale of Property and Equipment	15	18	16
Payments Received on Notes Receivable			
Purchase of Short-Term Investments			
Advances Made on Notes Receivable			
Investment in Tax Credit Equity Investments			
Other			
Return of Tax Credit Equity Investments	(188)	(4)	1
Other, Including Acquisitions, Net of Cash Acquired	(3)	(3)	(161)
<b>Net Cash Provided by Investing Activities</b>	<b>(740)</b>	<b>(996)</b>	<b>(1,167)</b>
Proceeds from Borrowings on Revolving Credit Facility	786	3,227	30
Payments on Revolving Credit Facility	(786)	(3,227)	(30)
Net Proceeds of Commercial Paper		747	(548)
Proceeds from the Issuance of Long-Term Debt	847	750	499
Principal Payments on Long-Term Debt	(300)	(300)	
Debt Prepayment Costs			
Issuance Cost of Equity Exchanged in CSK Acquisition			
Payment of Debt Issuance Costs	(7)	(5)	(4)
Principal Payments on Capital Leases			
Payment of Excise Tax on Share Repurchases			(29)
Repurchases of Common Stock	(3,282)	(3,151)	(2,077)
Excess Tax Benefit from Share-Based Compensation			
Net Proceeds from Issuance of Common Stock	79	91	129
Other	(0)	(0)	(1)
<b>Net Cash Provided by Financing Activities</b>	<b>(2,663)</b>	<b>(1,869)</b>	<b>(2,030)</b>
Effect of Exchange Rate Changes on Cash	1	1	(2)
Net Increase in Cash and Cash Equivalents	(254)	171	(149)
Cash and Cash Equivalents at Beginning of the Period	362	109	279
Cash and Cash Equivalents at End of the Period	109	279	130

# Appendix E: Discounted Cash Flow (DCF)

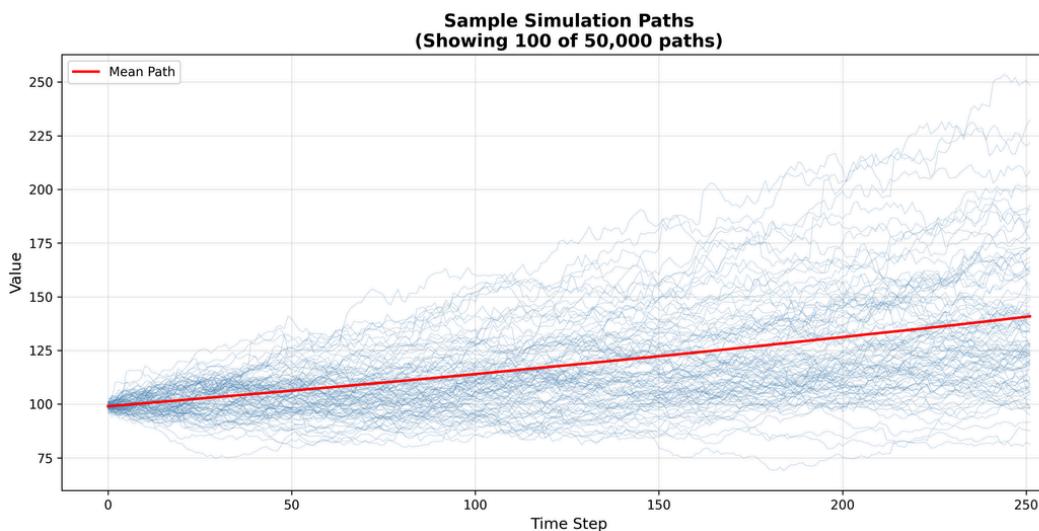
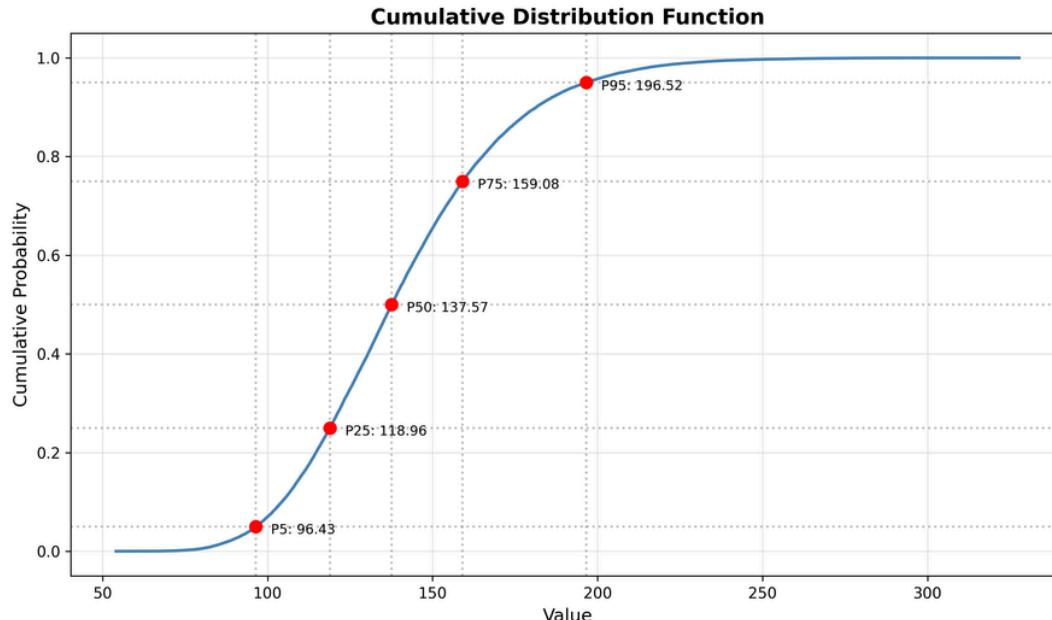
Unlevered Free Cash Flow (mm)								
Fiscal Year	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	14,410	15,812	16,708	17,551	18,347	19,089	19,764	20,365
COGS	7,028	7,707	8,154	8,560	8,949	9,310	9,640	9,933
<b>Gross Profit</b>	<b>7,382</b>	<b>8,105</b>	<b>8,554</b>	<b>8,991</b>	<b>9,399</b>	<b>9,779</b>	<b>10,125</b>	<b>10,433</b>
Operating Expenses								
Selling, General and Administrative Expenses	4,427	4,918	5,303	5,571	5,824	6,059	6,273	6,464
<b>Operating Profit (EBIT)</b>	<b>2,954</b>	<b>3,186</b>	<b>3,251</b>	<b>3,420</b>	<b>3,575</b>	<b>3,720</b>	<b>3,851</b>	<b>3,969</b>
Operating Taxes	626	658	658	718	751	781	809	833
<b>NOPAT (Net Operating Profit After Taxes)</b>	<b>2,328</b>	<b>2,528</b>	<b>2,593</b>	<b>2,702</b>	<b>2,825</b>	<b>2,939</b>	<b>3,043</b>	<b>3,135</b>
(+) Depreciation & Amortization	358	409	462	503	558	617	679	744
(-) Capital Expenditures	568	1,022	1,030	1,121	1,214	1,307	1,400	1,492
(-) Change in NWC	(363)	(228)	(142)	1,490	(29)	(27)	(25)	(22)
NWC	(1,757)	(1,985)	(2,127)	(637)	(666)	(693)	(718)	(739)
Current Assets	4,940	5,279	5,731	5,875	6,142	6,390	6,617	6,818
Current Liabilities	6,697	7,264	7,858	6,513	6,808	7,083	7,334	7,557
<b>Unlevered Free Cash Flow</b>	<b>2,481</b>	<b>2,143</b>	<b>2,167</b>	<b>594</b>	<b>2,198</b>	<b>2,276</b>	<b>2,346</b>	<b>2,408</b>

Implied Share Price Calculation	
<b>Sum of PV of FCF</b>	
Sum of PV of FCF	7,550
Growth Rate	5.0%
WACC	6.7%
Terminal Value	139,863
PV of Terminal Value	101,171
Enterprise Value	108,721
(+) Cash	130
(-) Debt	5,521
Equity Value	103,330
Diluted Shares Outstanding (mm)	880.58
<b>Implied Share Price</b>	<b>117.34</b>

Sensitivity Table						
	Growth Rate					
Sum of PV of FCF	117.34					
Growth Rate	4.10%	4.60%	5.10%	5.60%	6.10%	
WACC	5.71%	128.33	185.96	338.62	1,924.46	-519.99
Terminal Value	6.21%	96.14	125.85	182.41	332.22	1,888.40
PV of Terminal Value	6.71%	76.31	94.28	123.43	178.94	325.96
Enterprise Value	7.21%	62.86	74.82	92.45	121.07	175.55
(+) Cash	7.71%	53.14	61.62	73.36	90.67	118.76

Net Working Capital									
Fiscal Year	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Accounts Receivable, Net	273	343	375	357	388	402	414	425	433
Amounts Receivable from Suppliers	113	127	140	139	151	156	161	165	169
Merchandise Inventory	3,686	4,359	4,658	5,096	5,159	5,341	5,504	5,644	5,759
Other Current Assets	70	110	105	139	121	126	129	133	135
<b>Current Assets</b>	<b>4,142</b>	<b>4,940</b>	<b>5,279</b>	<b>5,731</b>	<b>5,819</b>	<b>6,025</b>	<b>6,209</b>	<b>6,366</b>	<b>6,496</b>
Accounts Payable	4,695	5,881	6,092	6,525	5,261	5,448	5,613	5,756	5,873
Self-Insurance Reserves	129	139	129	149	158	164	169	173	176
Accrued Benefits & Withholdings	235	166	175	200	227	235	242	248	253
Accrued Payroll	108	127	138	108	139	144	149	152	155
<b>Other Current Liabilities</b>	<b>370</b>	<b>384</b>	<b>731</b>	<b>877</b>	<b>665</b>	<b>689</b>	<b>710</b>	<b>728</b>	<b>743</b>
<b>Current Liabilities</b>	<b>5,536</b>	<b>6,697</b>	<b>7,264</b>	<b>7,858</b>	<b>6,451</b>	<b>6,679</b>	<b>6,882</b>	<b>7,057</b>	<b>7,201</b>
Assumptions									
Fiscal Year	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	13,328	14,410	15,812	16,708	17,384	17,999	18,546	19,017	19,405
COGS	6,308	7,028	7,707	8,154	8,478	8,779	9,045	9,275	9,464
Days Sales Outstanding (DSO)	7.4	8.6	8.5	7.7	8.0	8.0	8.0	8.0	8.0
Days Inventory Outstanding (DIO)	210.4	223.3	217.6	225.0	219.0	219.0	219.0	219.0	219.0
Days Payable Outstanding (DPO)	267.9	301.2	284.5	288.1	285.5	285.5	285.5	285.5	285.5
Other Current Assets as a % of Revenue	0.5%	0.8%	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Other Current Liabilities as a % of Revenue	2.8%	2.7%	4.6%	5.2%	3.8%	3.8%	3.8%	3.8%	3.8%
Receivables from suppliers as a % of COGS	1.8%	1.8%	1.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%
Accrued Payroll as a % of Revenue	0.8%	0.9%	0.9%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%
Accrued Benefits & Withholdings as a % of Revenue	1.8%	1.2%	1.1%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%
Self-Insurance Reserves as a % of Revenue	1.0%	1.0%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Long Term Debt		4,372	5,570	5,521	5,521	5,521	5,521	5,521	5,521
Interest Expense %		3.56%	3.26%	3.73%	3.52%	3.52%	3.52%	3.52%	3.52%
Interest Expense		156	182	206	194	194	194	194	194

# Appendix F: Monte-Carlo Simulation



## Monte Carlo Simulation

<b>Trials</b>	50,000
<b>25th Percentile</b>	\$118.96
<b>Mean</b>	\$140.85
<b>Target Price</b>	\$117.34
<b>75th Percentile</b>	\$118.96
<b>Standard Deviation</b>	\$30.79
<b>Probability of Downside</b>	2%
<b>Probability of Upside</b>	98%

## Appendix G1: Relative Valuation

Method	Input Metric	Implied Value Range per Share
P/E Comps	24.31x – 25.97x	\$86 – \$91
EV/EBITDA (illustrative)*	10.2x – 14.2x	\$39 – \$57 <sup>1</sup>

*EV/EBITDA is presented as an enterprise-level reference metric. Equity value implications are sensitive to capital structure and are therefore not used as a primary determinant of intrinsic value.*

TICKER	NTM P/E (x)	NTM EV/EBITDA (x)
ORLY	-----	-----
AZO	25.97x	12.10x
GPC	24.31x	10.00x
PEER LOW	24.31x	10.00x
PEER HIGH	25.97x	12.10x
METRIC	EPS(2025E)	EBITDA (2025E) <sup>39</sup>

# Appendix G2: Relative Valuation Excel

## O'Reilly Automotive (ORLY) - Relative Valuation Analysis

Period: 2022-2024 (Actual Data Only) | Source: Koyfin

### P/E RATIO COMPARISON (LTM Year-End)

Company	2022	2023	2024	3-Yr Avg
O'Reilly Automotive (ORLY)	23.5x	27.7x	33.2x	28.1x
AutoZone (AZO)	17.4x	17.6x	20.4x	18.5x
Genuine Parts (GPC)	20.7x	14.8x	18.0x	17.8x
Advance Auto Parts (AAP)	N/M	N/M	N/M	N/M
Peer Average (excl. AAP)	19.1x	16.2x	19.2x	18.2x
<b>ORLY Premium to Peers</b>	23.4%	71.0%	72.9%	55.0%

### EV/EBITDA RATIO COMPARISON (LTM Year-End)

Company	2022	2023	2024	3-Yr Avg
O'Reilly Automotive (ORLY)	14.7x	17.2x	20.0x	17.3x
AutoZone (AZO)	11.8x	12.5x	14.2x	12.8x
Genuine Parts (GPC)	10.5x	9.8x	10.2x	10.2x
Advance Auto Parts (AAP)	7.2x	8.5x	9.1x	8.3x
Peer Average	9.8x	10.3x	11.2x	10.4x
<b>ORLY Premium to Peers</b>	49.5%	67.5%	79.1%	66.0%

### P/S (PRICE-TO-SALES) RATIO COMPARISON

Company	2022	2023	2024	3-Yr Avg
O'Reilly Automotive (ORLY)	3.4x	4.0x	4.6x	4.0x
AutoZone (AZO)	2.8x	2.9x	3.2x	3.0x
Genuine Parts (GPC)	0.9x	0.8x	0.7x	0.8x
Advance Auto Parts (AAP)	0.4x	0.3x	0.3x	0.3x
Peer Average	1.4x	1.3x	1.4x	1.4x
<b>ORLY Premium to Peers</b>	148.8%	200.0%	228.6%	192.7%

### KEY INSIGHT: ORLY Consistently Trades at Premium

ORLY has consistently maintained a valuation premium vs. peers across all metrics.

This premium is justified by ORLY's superior financial performance (see Growth Comparison tab).

### Why ORLY Trades at a Premium: Growth & Profitability Comparison

This analysis explains ORLY's valuation premium relative to peers

### EPS GROWTH RATE COMPARISON (2022-2024)

Company	2022 EPS	2024 EPS	2-Yr CAGR	Notes
O'Reilly (ORLY)	\$2.23	\$2.71	10.2%	Growth
AutoZone (AZO)	\$2.08	\$2.33	5.8%	Growth
Genuine Parts (GPC)	\$8.37	\$6.46	-12.1%	Decline
Advance Auto Parts (AAP)	\$7.34	-\$5.66	N/M	Decline

### REVENUE GROWTH RATE COMPARISON (2022-2024)

Company	2022 Rev (\$B)	2024 Rev (\$B)	2-Yr CAGR	Notes
O'Reilly (ORLY)	\$14.41	\$16.71	7.7%	Growth
AutoZone (AZO)	\$16.25	\$18.49	6.7%	Growth
Genuine Parts (GPC)	\$22.10	\$23.49	3.1%	Growth
Advance Auto Parts (AAP)	\$9.15	\$9.09	-0.3%	Decline

### PROFITABILITY METRICS COMPARISON (2024)

Company	ROIC	EBITDA Margin	Gross Margin	Notes
O'Reilly (ORLY)	32.1%	22.2%	51.2%	Strong
AutoZone (AZO)	28.5%	23.5%	53.1%	Strong
Genuine Parts (GPC)	15.2%	7.2%	36.3%	Moderate
Advance Auto Parts (AAP)	-8.4%	-1.4%	37.5%	Weak

### P/E RATIO GROWTH RATE (2022-2024)

Company	2022 P/E	2024 P/E	Annual Growth	Notes
O'Reilly (ORLY)	23.5x	33.2x	18.86%	Growth
AutoZone (AZO)	17.4x	20.4x	8.28%	Growth

ORLY's higher EPS growth and ROIC justify its valuation

KEY FINDING: premium.

# Appendix G2: Relative Valuation Excel (pt. 2)

## ORLY Implied Valuation - P/E Trend Analysis

*Approach: Using ORLY's historical P/E trend rather than peer average*

### CURRENT STOCK DATA

Current Stock Price	\$94.25
Valuation Date	Dec 9, 2025
Target Price (Analyst)	\$117.34
2025E EPS (Consensus)	\$2.97

### ORLY HISTORICAL P/E TREND

Date	Stock Price	TTM EPS	P/E Ratio
2023-12-31	\$63.34	\$2.57	24.65x
2024-03-31	\$75.26	\$2.63	28.62x
2024-06-30	\$70.40	\$2.65	26.57x
2024-09-30	\$76.77	\$2.69	28.54x
2024-12-31	\$79.05	\$2.71	29.17x
2025-03-31	\$95.51	\$2.72	35.11x
2025-06-30	\$90.13	\$2.80	32.19x
2025-09-30	\$107.81	\$2.89	37.30x
2026-01-26	\$100.24	\$2.88	34.81x

### METHOD 1: Assume Reasonable P/E Multiple

If we assume 35x P/E is reasonable for ORLY:

Assumed P/E	35.0x
2025E EPS	\$2.97
Implied Price	\$103.95

Recommendation: **BUY**

### METHOD 2: P/E Growth Rate Projection

ORLY P/E CAGR (2022-2024)	8.79%	~18.9% annual
2024 Year-End P/E	29.17x	
Projected 2025 P/E	31.73x	
2025E EPS	\$2.97	
Implied Price (Method 2)	\$94.25	Recommendation: <b>BUY</b>

### VALUATION SUMMARY

Current Price	\$94.25
Method 1 Implied Price (35x P/E)	\$103.95
Method 2 Implied Price (P/E Growth)	\$94.25
Analyst Target Price	\$117.34

**CONCLUSION:** Both methods suggest ORLY is undervalued → **BUY**

Source: Company Data

## Appendix H: Porter's Five Forces

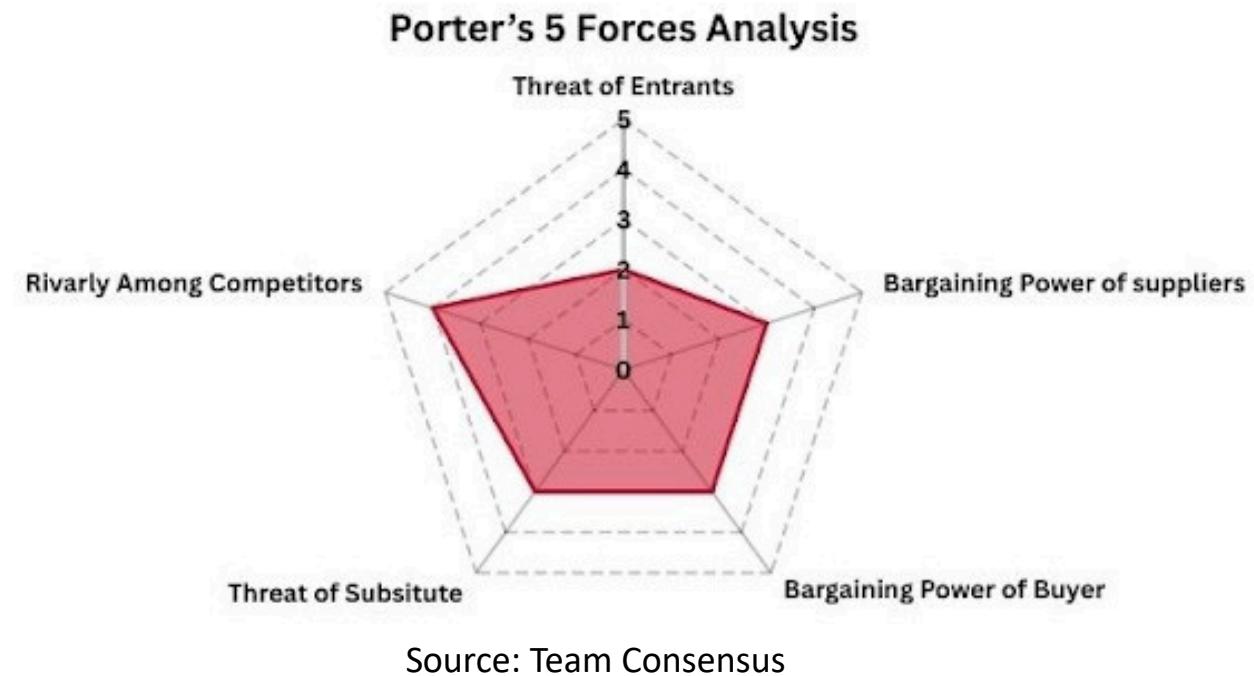
**Threat of New Entrants — Low (2)**

**Bargaining Power of Suppliers — Moderate (3)**

**Bargaining Power of Buyers — Moderate (3)**

**Threat of Substitutes — Moderate/Low (2)**

**Competitive Rivalry — Moderate to High (4)**



# Appendix I: ESG Scorecard

## Environmental Scoring

Category	O'Reilly Auto Parts	AutoZone	Genuine Parts Company (GPC)	Advance Auto Parts	
Emission Targets & Net-Zero Strategy (25)	4 (net-zero 2050 + detailed target goals through 2035)	3 (net-zero 2050 + partial targets such as 15% 2025, 50% 2030)	1 (no net-zero target)	0 (No emissions target, no commitments)	
	4 (scope 1-2, multi-year emission charts), some scope 3)	3 (scope 1-2, multi-year energy charts)	3 (regional emissions + totals)	1 (outdated 2022 report)	
Supplier Environmental Responsibility (15)	5 (50% > 90% suppliers aligned with net-zero)	1 (minimal supplier requirements, lack of data)	1 (almost no supplier climate reporting)	0 (no supplier environmental involvement)	
	5 (Industry-leading recycling stats)	4 (just behind O'Reilly's in stats)	2 (some recycling data, not detailed)	1 (2022 report only, incomplete)	
Renewable Energy & Efficiency (15)	1 (no renewable target, limited energy visibility)	3 (energy efficiency reporting but no target)	2 (partial energy data, no targets)	1 (outdated energy data)	
<b>ENVIRONMENTAL TOTAL</b>	3.9	2.9	1.85	0.6	
Category	weight	O'Reilly Auto Parts	AutoZone	Genuine Parts Company (GPC)	Advance Auto Parts
Emission Targets & Net-Zero Strategy (25)	25	4	3	1	0
Emissions Reporting & Transparency (25)	25	4	3	3	1
Supplier Environmental Responsibility (15)	15	5	1	1	0
Circularity & Recycling (25)	25	5	4	2	1
Renewable Energy & Efficiency (15)	15	1	3	2	1
<b>Total</b>		4.15	3.1	1.95	0.65

## Social Scoring

Category	O'Reilly Auto Parts	AutoZone	Genuine Parts Company (GPC)	Advance Auto Parts	
Gender Diversity (20)	24.5% (women in Management) 22.9% (women in workforce) 21.1% (women in general roles); 33% (women in board) 30% (women in board) <b>3</b>	25% Board 23% Management 21% general <b>3</b>	22.3% (total workforce) 23.1% (management) 27.4% (vp+3) 30% (board) <b>3 (outdated 2022 data)</b>		
	34.1% (ethnic managers) 42.7% (ethnic general roles) 20% (board) <b>3</b>	52.4% (Ethnic workforce) 20% (ethnic board) complete breakdown available <b>4</b>	41.9% (ethnic total work) 34.0% (ethnic management) 21.4% (vp+3) 22.2% (board) <b>3</b>		
Ethnic Diversity (20)	37.4% (DC V) 14.4% (DC IV) 51.8% (DC Tot) 41.4% (Stores V) 10.4% (Stores IV) 51.8% (Stores Tot) <b>3</b>	48.9% (DC V) 19.0% (DC IV) 67.9% (DC TOT) 46.6% (STORES V) 10.5% (STORES IV) 57.1% (STORES TOT) <b>2</b>	25% (V) 13% (IV) 38% (TOT) .4% (due to job elimination) <b>4</b>	NOT LISTED	
			breakdown of gender and ethnicity in management & general		
Turnover Rate (25)	Breakdown of gender and ethnicity in management & general <b>3</b>	Complete breakdown of ALL roles by gender and ethnicity <b>5</b>	Complete breakdown of ALL roles by gender and ethnicity included) <b>4</b>	OUTDATED DATA & PARTIALLY MISSING DATA <b>1</b>	
	\$1 million to 35 nonprofits in 2024 Local stores have "donation" budget (\$2.5 million given to local charities in 2024)	will match donations up to 10k (or 50k for executives) Autozone donated \$1 million through matched donations raised \$4.8 million for St. Jude AutoZoner Assistance Fund (independent, non-profit) raised \$2 million <b>5</b>	\$1.3 million in donations big emphasis on service (19,000 volunteer hours) \$600k raised in pacific for disaster relief seems to adopt a more spread approach (smaller donations/partnerships with a wide range of organizations) <b>3</b>	Partners with multiple veterans associations and provides scholarships for students in certain occupations but lack of information and specificity <b>2</b>	
Philanthropy (2C 4)		3.2	3.95	3.2	
	Total			1.85	
Category	weight	O'Reilly Auto Parts	AutoZone	Genuine Parts Company (GPC)	Advance Auto Parts
Gender Diversity	20		3	3	3
Ethnic Diversity	20		3	4	3
Turnover Rate	15		3	2	0
Disclosure	25		3	4	1
Philanthropy	20		4	5	2
Total			3.20	3.95	3.20
					1.85

# Appendix I: ESG Scorecard (pt. 2)

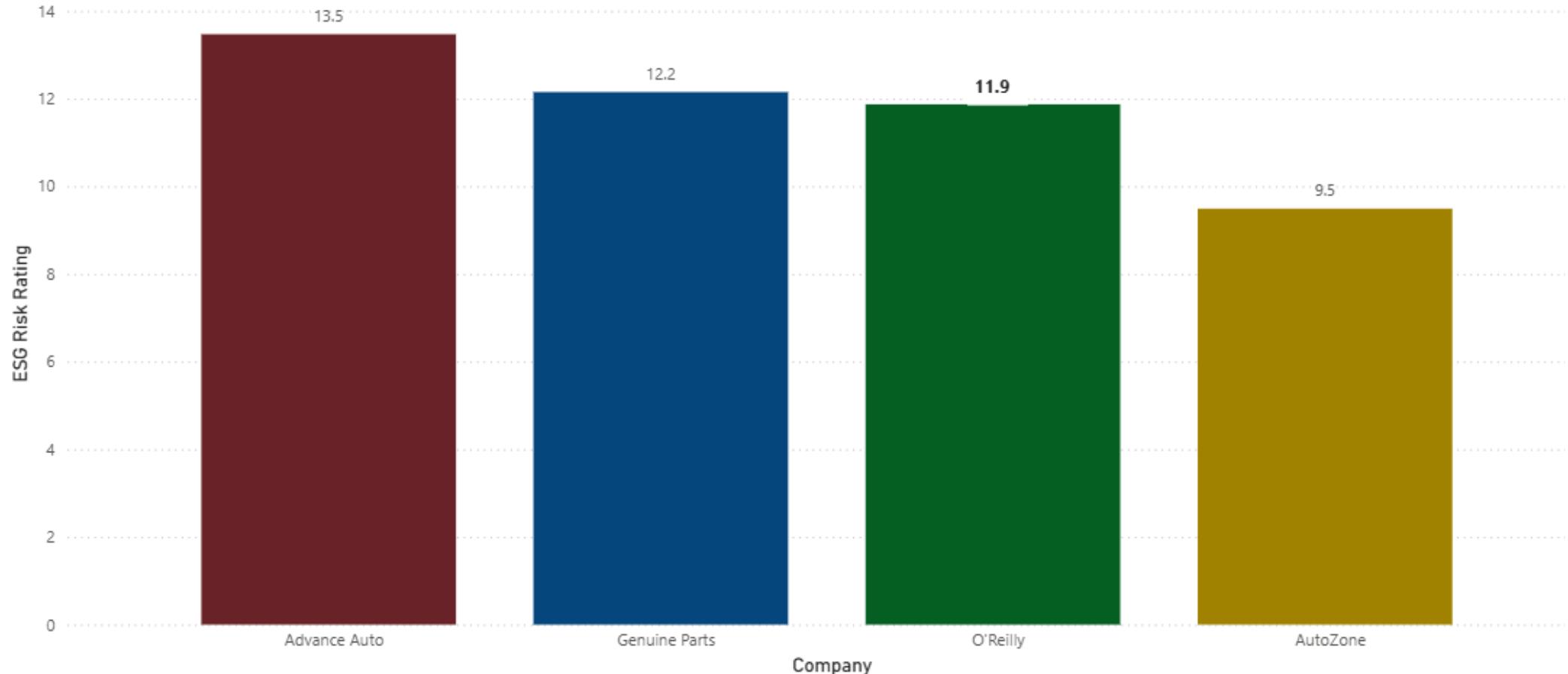
## Governance Scoring

	O'Reilly's	Autozone	Genuine	ADVANCED AUTO PARTS	
Shareholder rights	O'Reilly's single-class stock with majority held by institutions/public 5	single-class stock with majority held by institutions/public 5	single-class stock with majority held by institutions/public 5	single-class stock with majority held by institutions/public 5	
Committees	3 committees (Audit/ESG/Governance) with rigorous guidelines to guide them 4	4 committees (President&CEO Executive Committee, executive Committee, corporate responsibility steering committee, corporate responsibility committee) LACK OF GUIDELINES WITHIN COMMITTEES 2	3 committees (Audit/Compensation/Nominating&ESG) with detailed breakdown in addition routine self-evaluations, adherence to code-of-conduct and mandatory retirement age. Includes rigorous guidelines 5	4 committees (Audit/Compensation/Nominating&Corporate Governance/Finance) with clear responsibilities and structure 3	
Executive Compensation	Similar to AZO—moderate base salaries but high incentive upside due to long-term value creation. 4	Keeps base salaries intentionally low and emphasizes variable pay. 5	Traditional salary + bonus structure; tends to be more conservative. 2	Pays at market median of peer group; adjusted annually based on individual performance. 3	
Corporate Ethics	One of the strongest codes — long-standing culture of "Our Values" with heavy emphasis on honesty and responsibility. Strong emphasis on consistency and ethics as well 5	Very strong — clear, strict, consistent with high-performance culture. 4	Strong but older-style, traditional industrial ethics. 3	Strong — includes conflict of interest, anti-retaliation, gift policies, vendor ethics. However, recent issues with E-board have raised several very prominent questions 2	
Diversity of skills/backgrounds	Detailed Board Skill Matrix 5	More research needed (little data available) 2	Percentage breakdown of skills/fields of expertise (not super detailed) 3	Board Skill Matrix (not as detailed as O'Reilly's but still insightful) 4	
Disclosure	Easy to access, in-depth, relevant information across the board 4	For the most-part, relevant somewhat in-depth data, some important areas are lackluster 2	a lot of detail and easy to access, not necessarily always relevant 3	(outdated, not organized, hard to find data about, literally had to go to SEC filings to find anything) 1	
Gov Total	4.5	3.5	3.6	3.4	
Category	weight	O'Reilly Auto Parts	AutoZone	Genuine Parts Company (GPC)	Advance Auto Parts
Shareholder Rights	20	5	5	5	5
Committees	20	4	2	5	4
Executive Compensation	20	4	5	2	3
Corporate Ethics	15	5	4	3	2
Diversity of skills/backgrounds	15	5	2	3	4
Disclosure	10	4	2	3	1
Total		4.50	3.50	3.60	3.40

Source: Team Consensus

# Appendix J: Morningstar ESG Risk Ratings

ESG Risk Rating by Company



Source: Morningstar Sustainalytics ESG Risk Ratings (as of Jan 1st, 2026)

# Appendix K1: Pestle Analysis

<u>Political</u>	<u>Economic</u>	<u>Social</u>	<u>Technological</u>	<u>Environmental</u>	<u>Legal</u>
<b>P</b>	<b>E</b>	<b>S</b>	<b>T</b>	<b>E</b>	<b>L</b>
Trade policy & tariffs on auto parts (cost inflation risk)  Cross-border supply- chain stability (Mexico/Canada exposure)	Sensitivity to economic downturns affecting maintenance spending  Cost inflation (labor, freight, parts)  Capital intensity of distribution network expansion  FX exposure from international operations	Workforce retention in retail & distribution operations  Maintaining installer and DIY customer loyalty	EV adoption shifting demand away from traditional parts  Dependence on IT systems for inventory & fulfillment  Cybersecurity and data-breach risk	Managing Scope 3 (supplier) emissions exposure  Compliance with emissions and environmental regulations  Limited renewable energy adoption increasing energy cost risk	Right-to-Repair legislation affecting aftermarket access  Evolving auto-parts and environmental regulations

Source: Team Consensus

## Appendix K2: SWOT Analysis



Source: Team Concensus

# Appendix L: Financial Valuation Excel

## O'REILLY AUTOMOTIVE, INC.

### Financial Ratios

	SEC 10-K 12/31/2022	SEC 10-K 12/31/2023	SEC 10-K 12/31/2024	Financial Statement	Page Number
A. Revenue / Gross Profit					
Revenue	\$ 14,409,860.0	\$ 15,812,250.0	\$ 16,708,479.0	Income Statement	Page 47
Gross Profit	\$ 7,381,706.00	\$ 8,104,803.00	\$ 8,554,489.00	Income Statement	Page 47
Gross Profit Margin	51.2%	51.3%	51.2%		
B. EBITDA Calculation					
Net Income(1)	\$ 2,172,650.00	\$ 2,346,581.00	\$ 2,386,680.00	Income Statement	Page 47
Interest Expense	\$ 157,720.00	\$ 201,668.00	\$ 222,548.00	Income Statement	Page 47
Tax Expense	\$ 626,005.00	\$ 658,169.00	\$ 658,384.00	Income Statement	Page 47
Depreciation and Amortization	\$ 357,933.00	\$ 409,061.00	\$ 461,892.00	Cash Flow	Page 50
EBITDA	\$ 3,314,308.00	\$ 3,615,479.00	\$ 3,729,504.00		
C. Fixed Charge Coverage Ratio					
Cash Paid for Interest Expense(2)	\$ 155,853.00	\$ 189,611.00	\$ 209,094.00	Cash Flow	Page 50
Cash Paid for Taxes(3)	\$ 415,165.00	\$ 315,060.00	\$ 640,426.00	Cash Flow	Page 50
Capital Expenditures	\$ 563,342.00	\$ 1,006,264.00	\$ 1,023,387.00	Cash Flow	Page 50
Debt Payments(4)	\$ 300,000.00	\$ 300,000.00	\$ -	Cash Flow	Page 50
Dividends / Distributions	\$ -	\$ -	\$ -	Cash Flow	Page 50
Total Fixed Charges	\$ 1,434,360.00	\$ 1,810,935.00	\$ 1,872,907.00		
EBITDA (Section A)	\$ 3,314,308.00	\$ 3,615,479.00	\$ 3,729,504.00		
FCCR Calculation (EBITDA / Fixed Charges)	2.31x	2.00x	1.99x		
D. Financial Leverage					
Current Portion Long Term Debt	\$ -	\$ 750,900.00	\$ 200,000.00	Footnote	Page 63
Long Term Debt	\$ 4,371,653.00	\$ 5,570,125.00	\$ 5,520,932.00	Balance Sheet	Page 46 & 31
Total Debt	\$ 4,371,653.00	\$ 6,321,025.00	\$ 5,720,932.00		
EBITDA (Section A)	\$ 3,314,308.00	\$ 3,615,479.00	\$ 3,729,504.00		
Leverage (Total Debt / EBITDA)	1.32x	1.75x	1.53x		
E. Total Liquidity					
Cash & Equivalents	\$ 108,583.00	\$ 279,132.00	\$ 130,245.00	Balance Sheet	Page 46
Other Liquidity Sources (If any?)(5)	\$ 1,800,000.00	\$ 1,794,600.00	\$ 1,794,600.00	Footnote	Note 10
Total Liquidity	\$ 1,908,583.00	\$ 2,073,732.00	\$ 1,924,845.00		

## AUTOZONE INC.

### Financial Ratios

	SEC 10-K 12/31/2022	SEC 10-K 12/31/2023	SEC 10-K 12/31/2024	Financial Statement	Page Number
A. Revenue / Gross Profit					
Revenue	\$ 16,252,230.0	\$ 17,457,209.0	\$ 18,490,268.0	Income Statement	128
Gross Profit	\$ 8,472,650.00	\$ 9,070,422.00	\$ 9,817,052.00	Income Statement	128
Gross Profit Margin	52.1%	52.0%	53.1%		
B. EBITDA Calculation					
Net Income(1)	\$ 2,429,604.00	\$ 2,528,426.00	\$ 2,662,427.00	Income Statement	128
Interest Expense	\$ 191,638.00	\$ 306,372.00	\$ 451,578.00	Income Statement	128
Tax Expense	\$ 649,487.00	\$ 639,188.00	\$ 674,703.00	Income Statement	128
Depreciation and Amortization	\$ 442,223.00	\$ 497,577.00	\$ 549,755.00	Cash Flow	148
EBITDA	\$ 3,712,952.00	\$ 4,338,463.00	\$ 4,338,463.00		same number?
C. Fixed Charge Coverage Ratio					
Cash Paid for Interest Expense(2)	\$ 178,561.00	\$ 260,866.00	\$ 353,819.00	Cash Flow	148
Cash Paid for Taxes(3)	\$ 461,232.00	\$ 570,250.00	\$ 437,552.00	Cash Flow	148
Capital Expenditures	\$ 672,391.00	\$ 796,657.00	\$ 1,072,696.00	Cash Flow	148
Debt Payments(4)	\$ 567,182.00	\$ 881,055.00	\$ 385,258.00	Cash Flow	148
Dividends / Distributions	\$ 4,359,991.00	\$ 3,699,552.00	\$ 3,140,917.00	Cash Flow	148
Total Fixed Charges	\$ 6,239,357.00	\$ 5,390,242.00	\$ 5,390,242.00		
EBITDA (Section A)	\$ 3,712,952.00	\$ 4,338,463.00	\$ 4,338,463.00		
FCCR Calculation (EBITDA / Fixed Charges)	0.60x	0.80x	0.80x		
D. Financial Leverage					
Current Portion Long Term Debt	\$ -	\$ -	\$ -	Balance Sheet	147
Long Term Debt	\$ 6,122,092.00	\$ 7,668,549.00	\$ 9,024,381.00	Balance Sheet	128, 147
Total Debt	\$ 6,122,092.00	\$ 7,668,549.00	\$ 9,024,381.00		
EBITDA (Section A)	\$ 3,712,952.00	\$ 4,338,463.00	\$ 4,338,463.00		
Leverage (Total Debt / EBITDA)	1.65x	2.08x	2.08x		
E. Total Liquidity					
Cash & Equivalents	\$ 264,380.00	\$ 277,054.00	\$ 298,172.00	Balance Sheet	147
Other Liquidity Sources (If any?)(5)	\$ 2,250,000.00	\$ 2,250,000.00	\$ 2,200,000.00	Footnote	131, 133
Total Liquidity	\$ 2,514,380.00	\$ 2,527,054.00	\$ 2,498,172.00		

## Appendix L: Financial Valuation Excel (pt. 2)

## **GENUINE PARTS COMPANY**

Financial Ratios						
	SEC 10-K		SEC 10-K		SEC 10-K	
	12/31/2022	12/31/2023	12/31/2024	Financial Statement	Page Number	
<b>A. Revenue / Gross Profit</b>						
Revenue	\$ 22,095,973.00	\$ 23,090,610.00	\$ 23,486,569.00	Income Statement	47	
Gross Profit	\$ 7,740,104.00	\$ 8,290,672.00	\$ 8,523,615.00	Income Statement	47	
<b>Gross Profit Margin</b>	<b>35.0%</b>	<b>35.9%</b>	<b>36.3%</b>			
<b>B. EBITDA Calculation</b>						
Net Income(1)	\$ 1,182,701.00	\$ 1,316,524.00	\$ 904,076.00	Income Statement	47	
Interest Expense	\$ 73,887.00	\$ 64,469.00	\$ 96,827.00	Income Statement	47	
Tax Expense	\$ 389,901.00	\$ 425,824.00	\$ 271,892.00	Income Statement	47	
Depreciation and Amortization	\$ 347,819.00	\$ 350,529.00	\$ 407,978.00	Income Statement	47	
<b>EBITDA</b>	<b>\$ 1,994,308.00</b>	<b>\$ 1,680,773.00</b>	<b>\$ 1,680,773.00</b>			same number?
<b>C. Fixed Charge Coverage Ratio</b>						
Cash Paid for Interest Expense(2)	\$ 73,368.00	\$ 90,405.00	\$ 124,977.00	Cash Flow	50	
Cash Paid for Taxes(3)	\$ 362,859.00	\$ 366,270.00	\$ 264,625.00	Cash Flow	50	
Capital Expenditures	\$ 339,632.00	\$ 512,675.00	\$ 567,339.00	Cash Flow	50	
Debt Payments(4)	\$ 4,147,773.00	\$ 3,237,959.00	\$ 496,156.00	Cash Flow	50	
Dividends / Distributions	\$ 495,917.00	\$ 526,674.00	\$ 554,931.00	Cash Flow	50	
Total Fixed Charges	\$ 5,419,549.00	\$ 2,008,028.00	\$ 2,008,028.00			
EBITDA (Section A)	\$ 1,994,308.00	\$ 1,680,773.00	\$ 1,680,773.00			
<b>FCCR Calculation (EBITDA / Fixed Charges)</b>	<b>0.37x</b>	<b>0.84x</b>	<b>0.84x</b>			
<b>D. Financial Leverage</b>						
Current Portion Long Term Debt	\$ -	\$ 355,298.00	\$ 541,705.00	Balance Sheet	46	
Long Term Debt	\$ 3,375,055.00	\$ 3,550,930.00	\$ 3,742,640.00	Balance Sheet	46, 64	
Total Debt	\$ 3,375,055.00	\$ 3,906,228.00	\$ 4,284,345.00			
EBITDA (Section A)	\$ 1,994,308.00	\$ 1,680,773.00	\$ 1,680,773.00			
<b>Leverage (Total Debt / EBITDA)</b>	<b>1.69x</b>	<b>2.55x</b>	<b>2.55x</b>			
<b>E. Total Liquidity</b>						
Cash & Equivalents	\$ 653,463.00	\$ 1,102,007.00	\$ 479,991.00	Balance Sheet	46	
Other Liquidity Sources (If any?)(5)	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	Footnote	65	
<b>Total Liquidity</b>	<b>\$ 2,153,463.00</b>	<b>\$ 2,602,007.00</b>	<b>\$ 1,979,991.00</b>			

Advance Auto Parts, INC.

Financial Ratios		(in thousands)				
		SEC 10-K	SEC 10-K	SEC 10-K	Financial Statement	Page Number
		12/31/2022	12/31/2023	12/31/2024		
<b>A. Revenue / Gross Profit</b>						
Revenue(Net Sales)	\$ 9,148,874.0	\$ 9,209,075.0	\$ 9,094,327.0		Income Statement	Page 42
Gross Profit	\$ 4,232,870.00	\$ 3,860,109.00	\$ 3,408,520.00		Income Statement	Page 42
<b>Gross Profit Margin</b>	<b>46.3%</b>	<b>41.9%</b>	<b>37.5%</b>			
<b>B. EBITDA Calculation</b>						
Net Income(1)	\$ 464,402.00	\$ 29,735.00	\$ (335,788.00)		Income Statement	Page 42
Interest Expense	\$ 50,841.00	\$ 87,989.00	\$ 81,033.00		Income Statement	Page 42
Tax Expense	\$ 99,657.00	\$ (17,154.00)	\$ (181,143.00)		Income Statement	Page 42
Depreciation and Amortization	\$ 248,327.00	\$ 269,430.00	\$ 291,980.00		Cash Flow	Page 44
<b>EBITDA</b>	<b>\$ 863,227.00</b>	<b>\$ 370,000.00</b>	<b>\$ (143,918.00)</b>			
<b>C. Fixed Charge Coverage Ratio</b>						
Cash Paid for Interest Expense(2)	\$ 46,159.00	\$ 73,844.00	\$ 75,740.00		Cash Flow	Page 44
Cash Paid for Taxes(3)	\$ 94,605.00	\$ 98,792.00	\$ 37,037.00		Cash Flow	Page 44
Capital Expenditures	\$ 398,757.00	\$ 225,672.00	\$ 180,800.00		Cash Flow	Page 44
Debt Payments(4)	\$ 201,081.00				Cash Flow	Page 44
Dividends / Distributions	\$ 336,230.00	\$ 209,293.00	\$ 59,855.00		Cash Flow	Page 44
Total Fixed Charges	\$ 1,076,832.00	\$ 607,601.00	\$ 353,432.00			
EBITDA (Section A)	\$ 863,227.00	\$ 370,000.00	\$ (143,918.00)			
<b>FCCR Calculation (EBITDA / Fixed Charges)</b>	<b>0.80x</b>	<b>0.61x</b>	<b>-0.41x</b>			
<b>D. Financial Leverage</b>						
Current Portion Long Term Debt						
Long Term Debt	\$ 1,786,361.00	\$ 1,786,361.00	\$ 1,789,161.00		Footnote	Page 63
Total Debt	\$ 1,786,361.00	\$ 1,786,361.00	\$ 1,789,161.00		Balance Sheet	Page 46 & 31
EBITDA (Section A)	\$ 863,227.00	\$ 370,000.00	\$ (143,918.00)			
<b>Leverage (Total Debt / EBITDA)</b>	<b>2.07x</b>	<b>4.83x</b>	<b>-12.43x</b>			
<b>E. Total Liquidity</b>						
Cash & Equivalents	\$ 270,805.00	\$ 488,049.00	\$ 1,869,417.00		Balance Sheet	Page 46
Other Liquidity Sources (If any?)(5)	\$ 1,200,000.00	\$ 1,200,000.00	\$ 1,200,000.00		Footnote	Note 10
<b>Total Liquidity</b>	<b>\$ 1,470,805.00</b>	<b>\$ 1,688,049.00</b>	<b>\$ 3,069,417.00</b>			

Source: Company Data

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Disclosure on Use of Artificial Intelligence Tools

Large language models, including ChatGPT and Gemini, were used solely to assist with proofreading and language clarity. All analysis, valuation, data interpretation, graphs, conclusions, and opinions presented in this report are entirely those of the authors.

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