



Bulldog  
Investment  
Company



# Gameplan

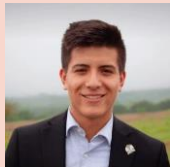
## Neutral Team



**Joaquin Rodriguez**  
*Junior*



**Michael Resendez**  
*Sophomore*



**Sam Flores**  
*Senior*

## Bear Team



**Jenna Lindemann**  
*Freshman*



**Logan Arciba**  
*Sophomore - Leader*



**Zac Nguyen**  
*Senior*

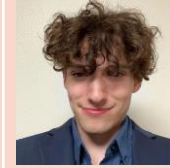


**Dylan Swanson**  
*Junior - Leader*

## Bull Team



**Pablo Samanez**  
*Sophomore*



**Michael Resendez**  
*Sophomore*

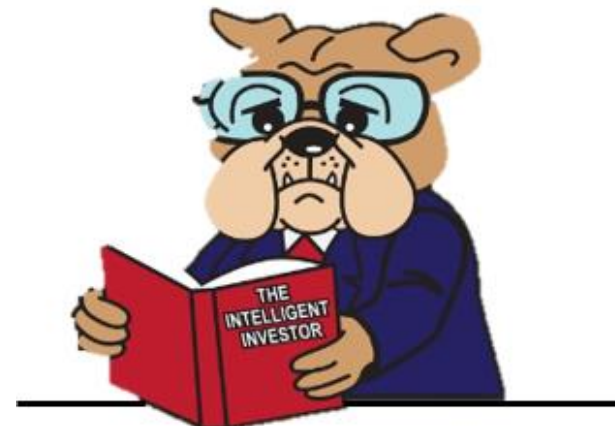


**Ethan Sanchez**  
*Junior - Leader*



**William Errett**  
*Junior - Leader*





# Company Overview

Sam Flores



# Company Overview

Ticker: AZO

Market capitalization: \$49.25 billion

2022 revenue: \$16.8 billion

Founded: 1979

Employee count: 112,000 people

Located in: Memphis TN

Our position: 20 Shares, \$23,498

Current Market Value: \$53,628

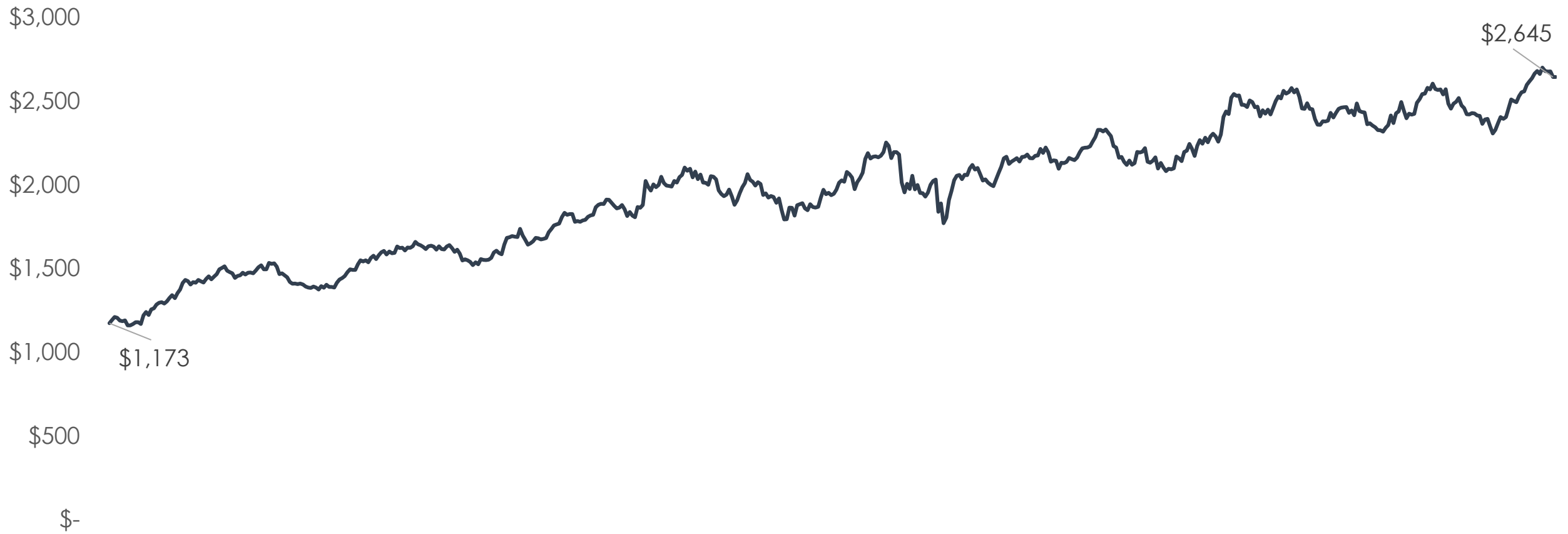
Unrealized Annualized Return: 40%

Portfolio weighting: 4.1%





# Price History Since Purchasing



# Value Proposition

Leading retailer and distributor of aftermarket automotive products



Strong DIY (Do-it-Yourself) reputation through customer service



Don't sell only products, also a service



### Warranty

Protection for your purchases on batteries, hard parts, and more.



### Next Day Delivery

Free next day delivery in most markets on orders of \$35 or more.



### AutoZone Rewards®

Earn a \$20 Reward after every 5 credits.



### Repair Help

Get step-by-step guides and information for every skill level.



### Free Testing

We'll check your alternator, starter, battery and more.



### Free Fix Finder™ Service

Check engine light on? We'll check it and give you a free report.



### Battery Solutions

Check it before you buy it or bring a dead battery back to life.



### Recycling

Bring us your used oil or get credits for used batteries.





# Value Proposition

They have the products you need when you need them

A representative must come help you in 30 seconds

There is a store close to nearly every American





# Revenue Breakdown

Joaquin Melendez-Rodriguez





# Business Model

What do they sell?

Failure Products

Maintenance Products

Discretionary Products

Who do they sell to?

Do-It-Yourself (DIY) customers

Do-It-For-Me (DIFM)/ Commercial

How do they sell it?

Stores

Websites

Where do they sell it?

United States

Brazil

Mexico

# Supply Chain

## Store Support Center

Execution of merchandising and marketing

Where products are chosen

## Distribution Centers

Replenish stores multiple times a week

13 DCs

## Mega Hubs

70-85% is hard parts inventory

78 mega hubs

## Hubs

70-85% is hard parts inventory

194 Hubs

## Satellite Locations

40-50% is hard parts inventory

6,943 stores

90-99% selling space

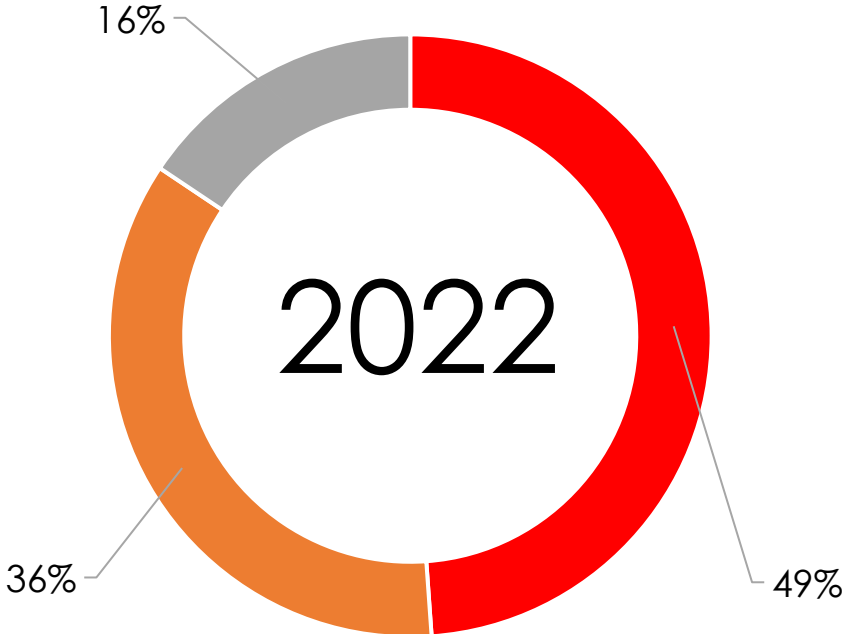


Z-NET



# Product Mix

■ Failure ■ Maintenance Items ■ Discretionary



# Products

## Must needs

### Failure

A/C Compressors  
 Batteries & Accessories  
 Bearings  
 Belts & Hoses  
 Calipers  
 Chassis  
 Clutches  
 CV Axles  
 Engines  
 Fuel Pumps  
 Fuses  
 Ignition  
 Lighting  
 Mufflers  
 Radiators  
 Starters & Alternators  
 Thermostats  
 Tire Repair  
 Water Pumps

## Frequent changes

### Maintenance

Antifreeze & Windshield Washer Fluid  
 Brake Drums, Rotors, Shoes & Pads  
 Chemicals, including Brake & Power  
 Steering Fluid, Oil & Fuel Additives  
 Oil & Transmission Fluid  
 Oil, Cabin, Air, Fuel & Transmission  
 Filters  
 Oxygen Sensors  
 Paint & Accessories  
 Refrigerant & Accessories  
 Shock Absorbers & Struts  
 Spark Plugs & Wires  
 Windshield Wipers

## Accessories

### Discretionary

Air Fresheners  
 Cell Phone Accessories  
 Drinks & Snacks  
 Floor Mats & Seat Covers  
 Interior & Exterior Accessories  
 Mirrors  
 Performance Products  
 Protectants & Cleaners  
 Sealants & Adhesives  
 Steering Wheel Covers  
 Stereos & Radios  
 Tools  
 Towing  
 Wash & Wax

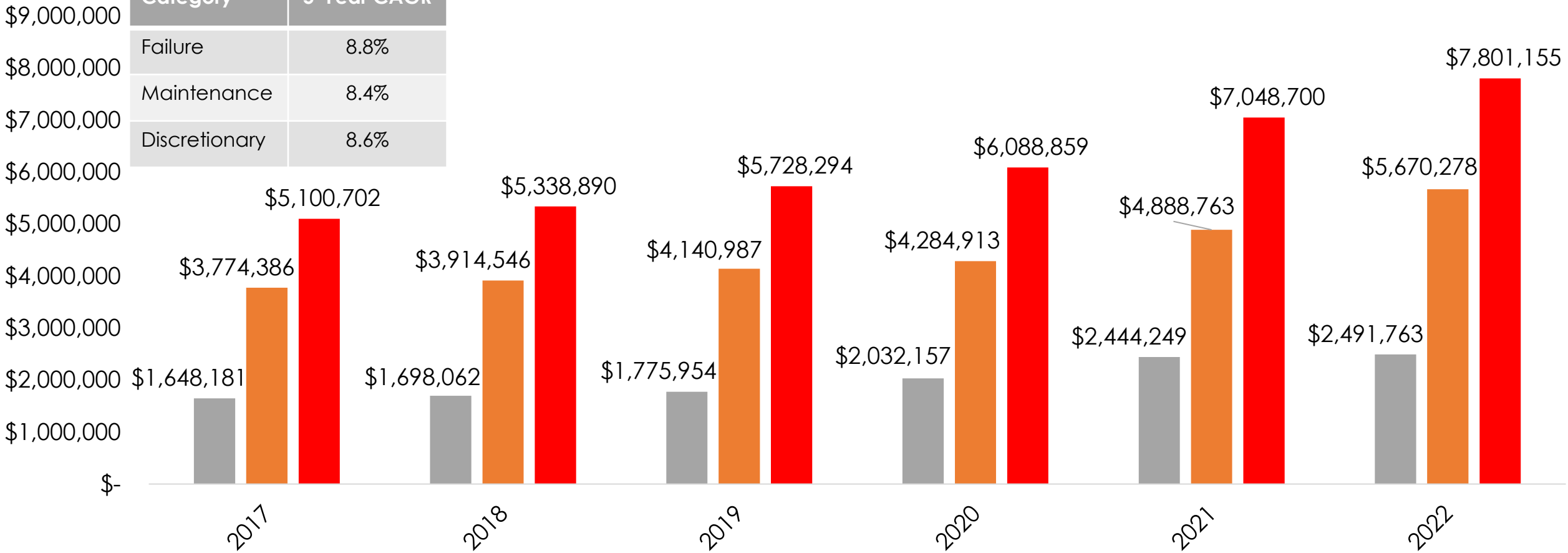


# Product Growth

In Thousands USD

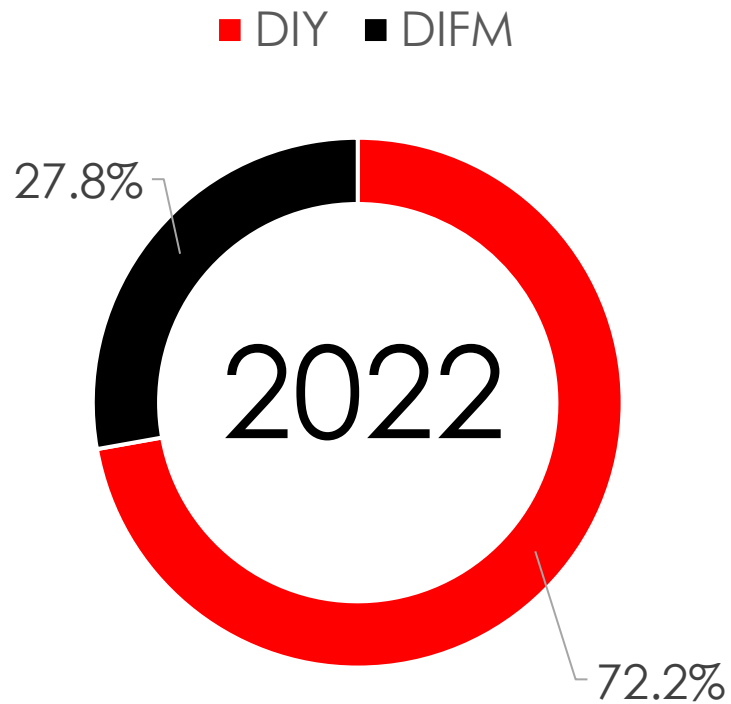
■ Discretionary ■ Maintenance Items ■ Failure

Category	5-Year CAGR
Failure	8.8%
Maintenance	8.4%
Discretionary	8.6%





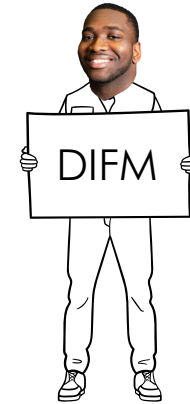
# Customers



Do-It-Yourself

Retail

Standalone consumer



Chaney Motors Inc

Do-It-For-Me

Commercial

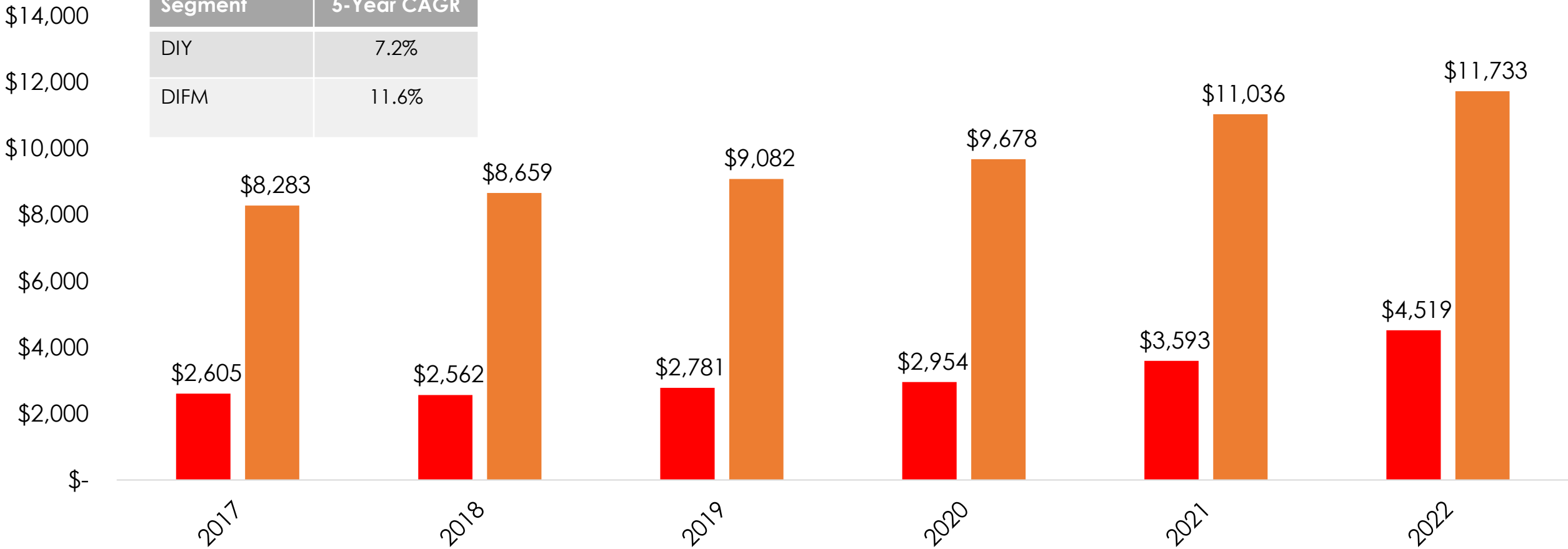
Auto and body shops

# Customer Growth

In Millions USD

■ DIFM ■ DIY

Segment	5-Year CAGR
DIY	7.2%
DIFM	11.6%



# Commercial Sales Program

Commercial Credit

Prompt delivery of parts

Easy to use app



ALLDATA diagnostic, repair, and shop management software

All stores in Mexico and Brazil

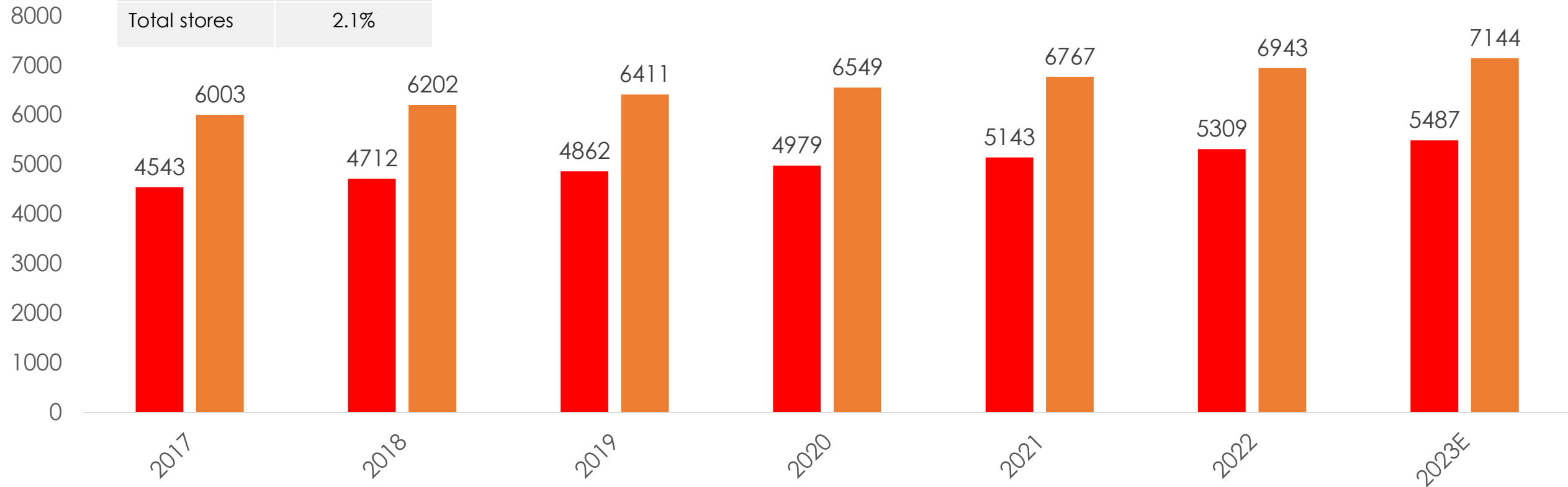




# Commercial Programs

Type	5-Year CAGR
Commercial	2.4%
Total stores	2.1%

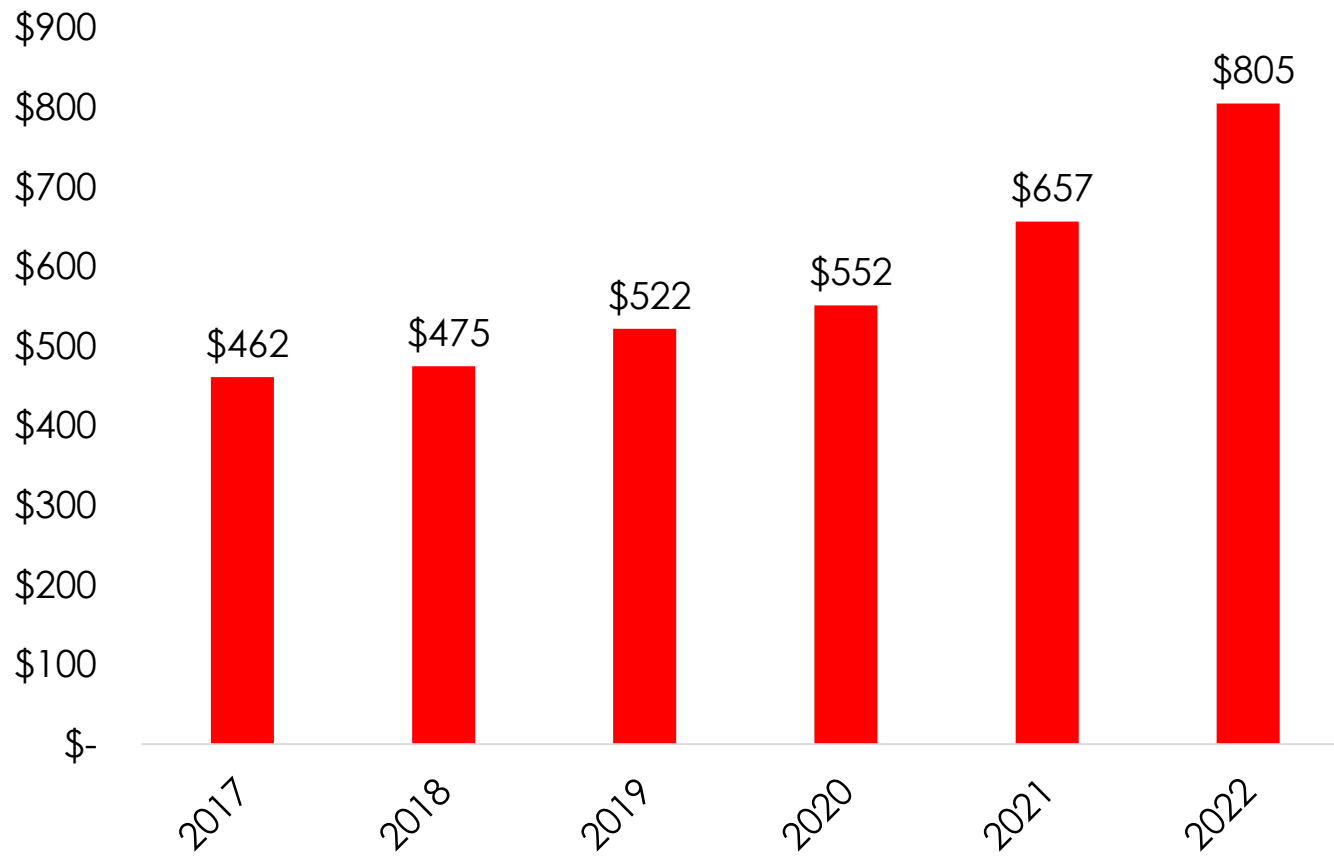
■ Commercial Programs ■ Total Stores



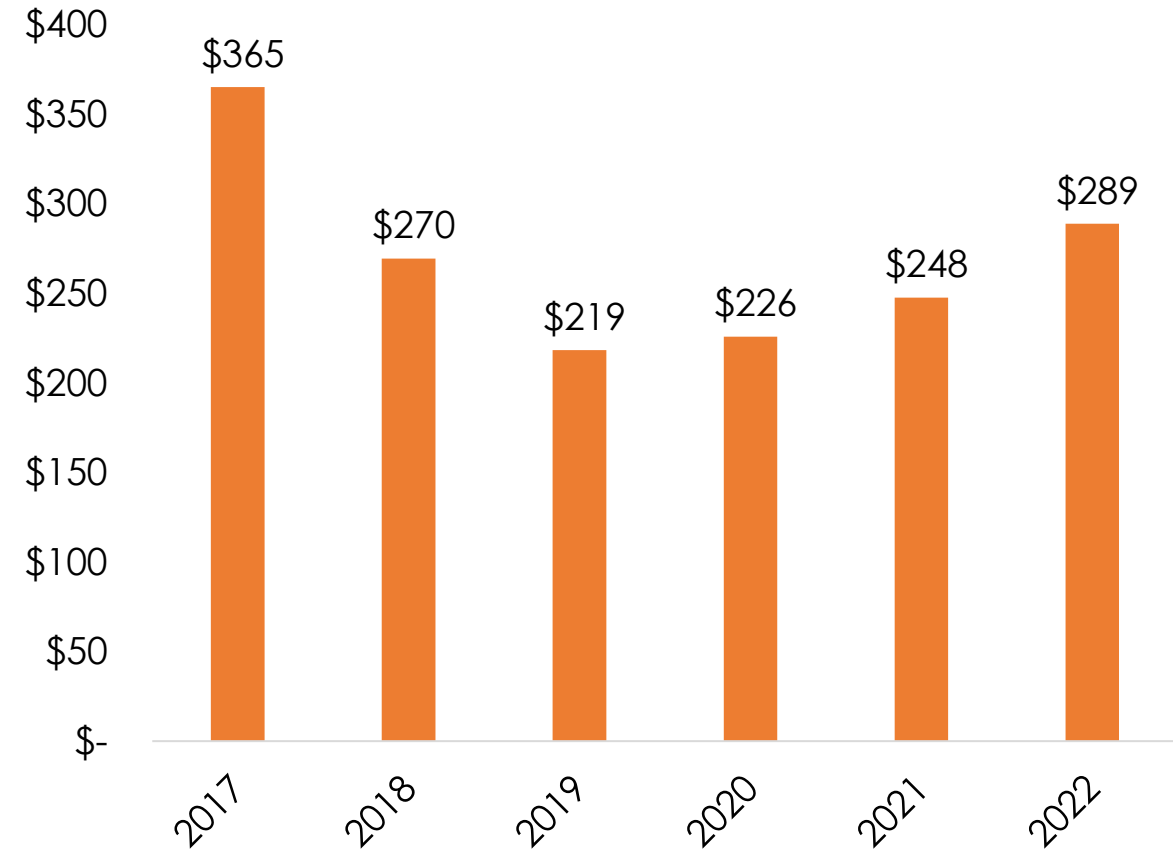
# Commercial

In Millions USD

### Sales per commercial program

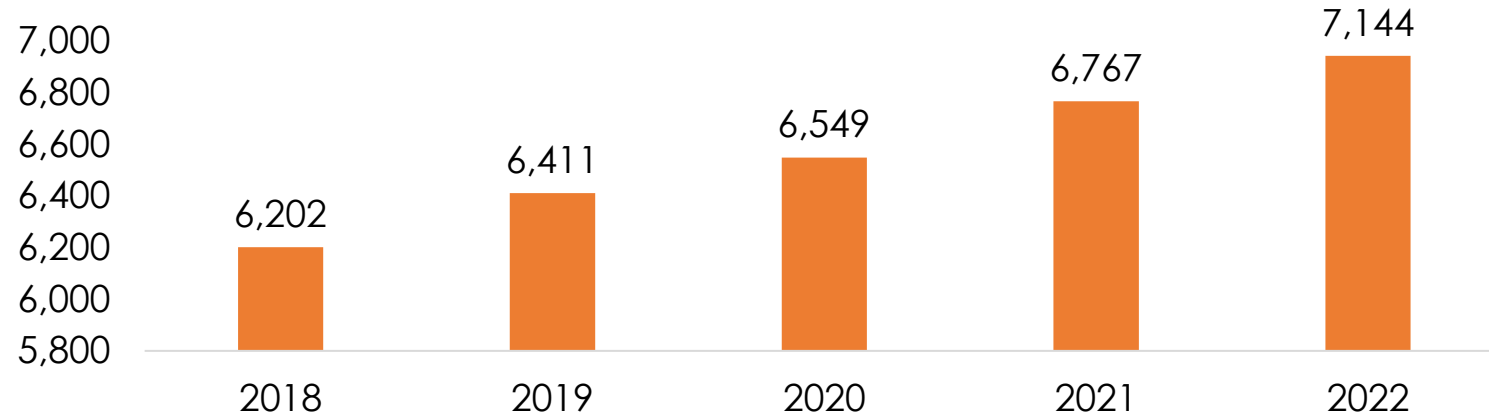


### Alldata

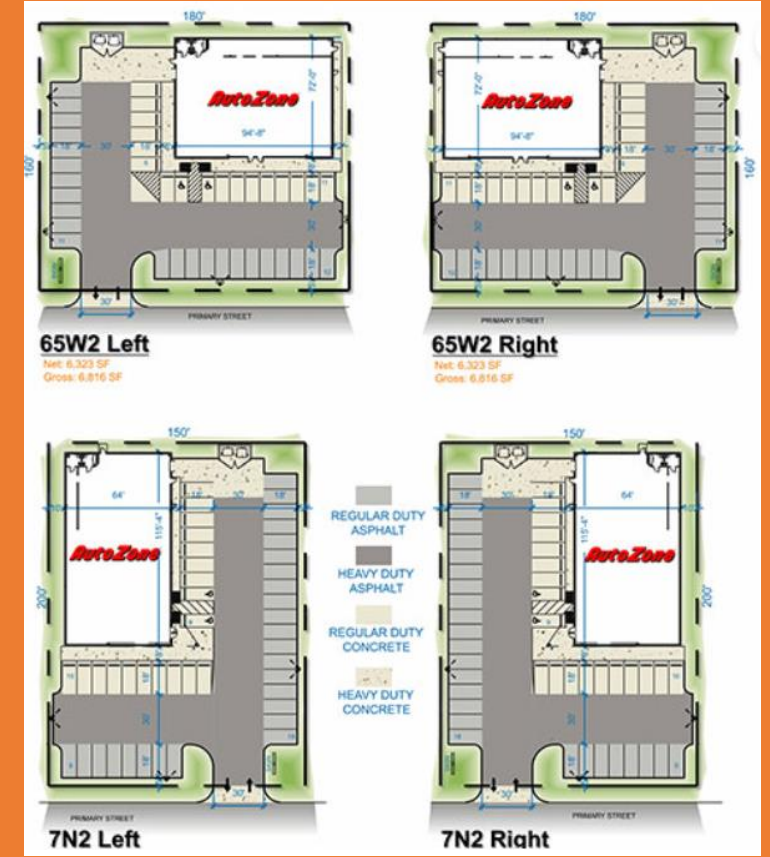
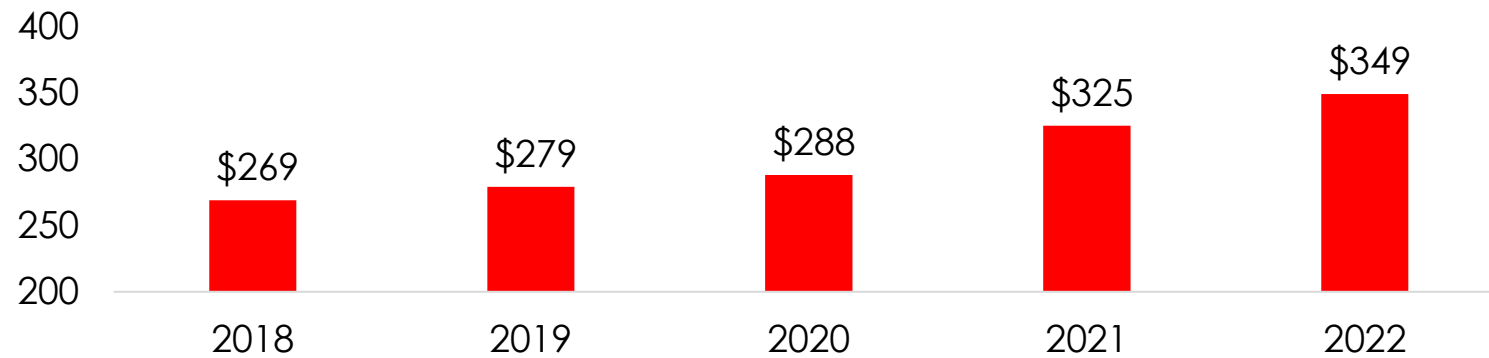


# Stores

## Store Count



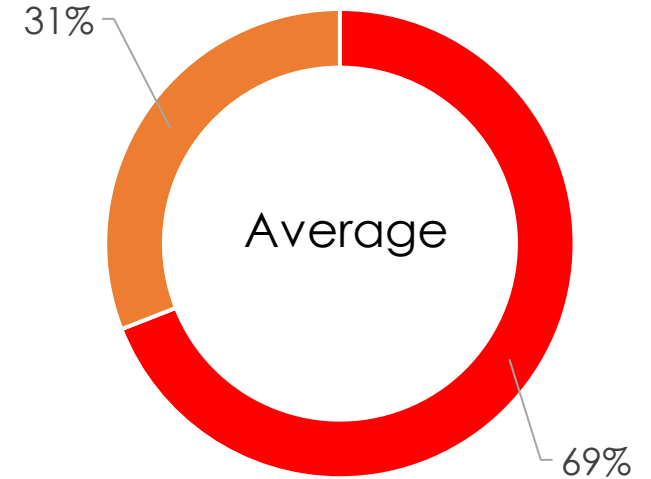
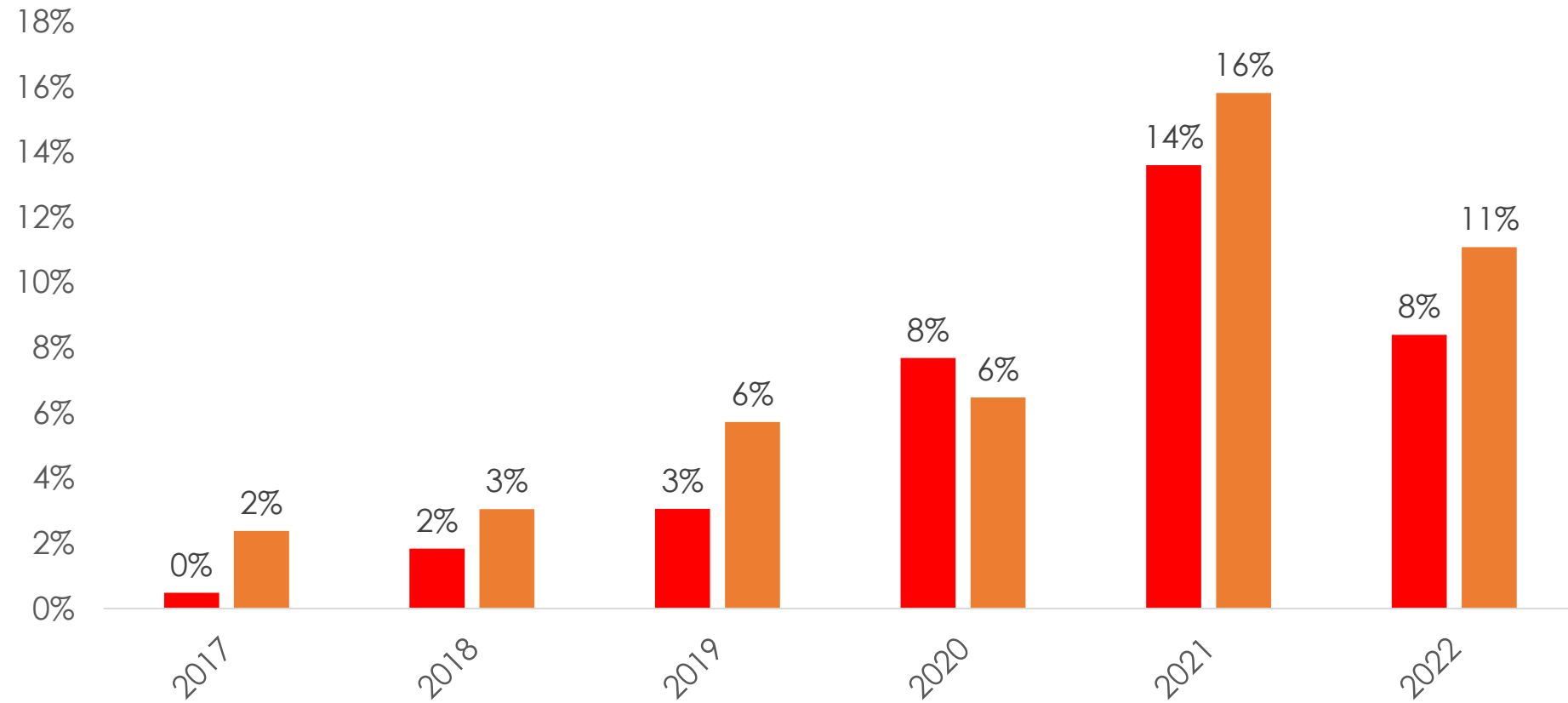
## Sales Per Square Foot





# Organic vs. Inorganic Growth

■ Same store sales %   ■ total sales %



■ Inorganic  
■ Organic



# Geographies

United States

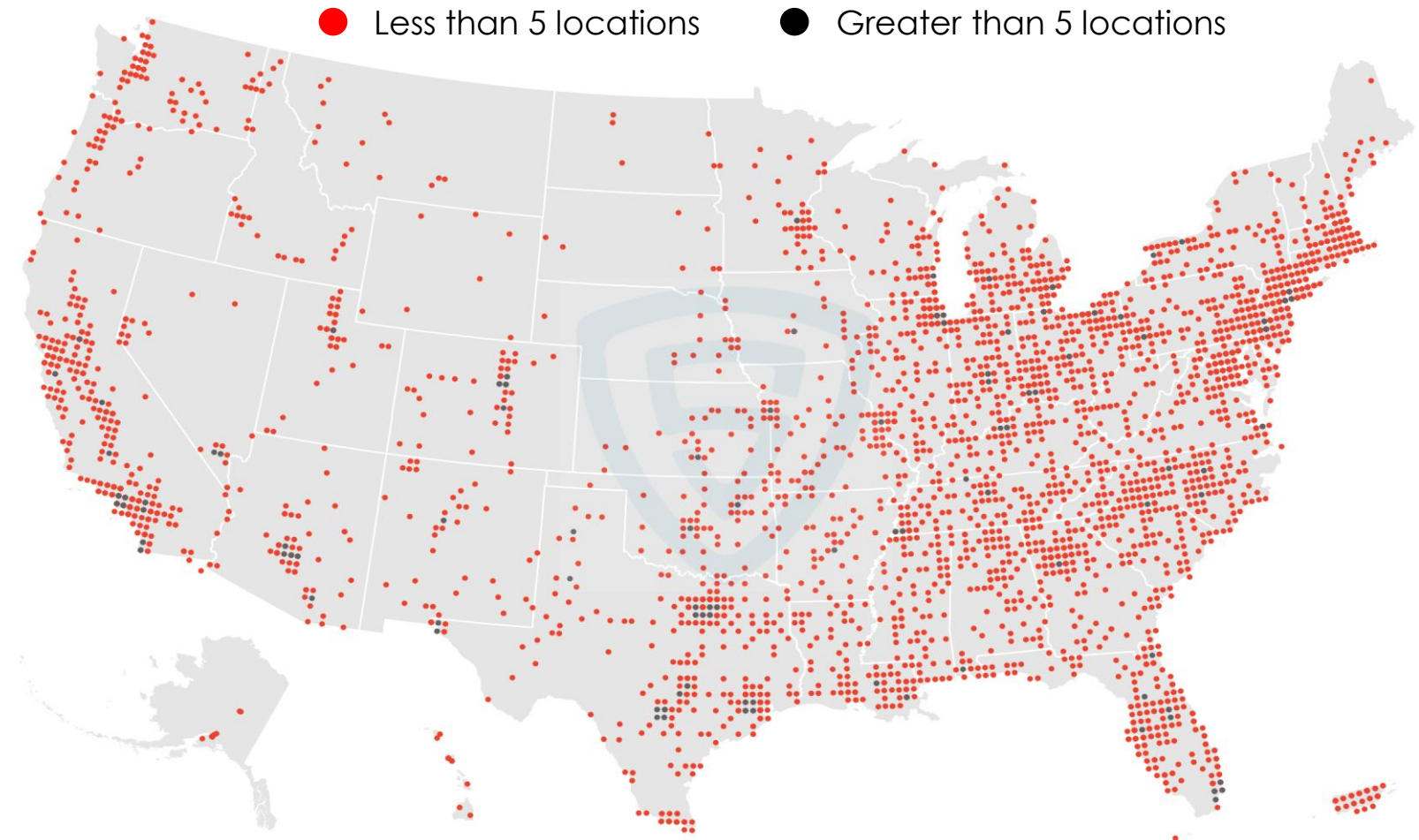
6,226

Mexico

707

Brazil

81



Each dot represents a 10-mile radius

# Reportable Segments

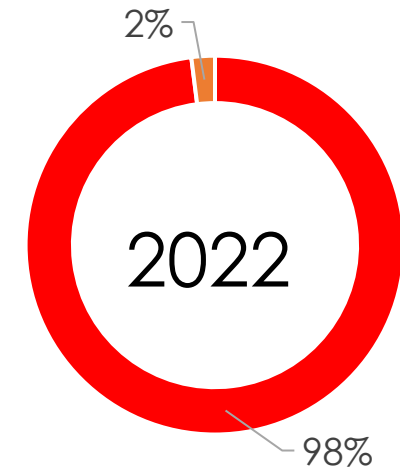
Auto Parts Locations

Other

All store locations

ALLDATA

E-commerce

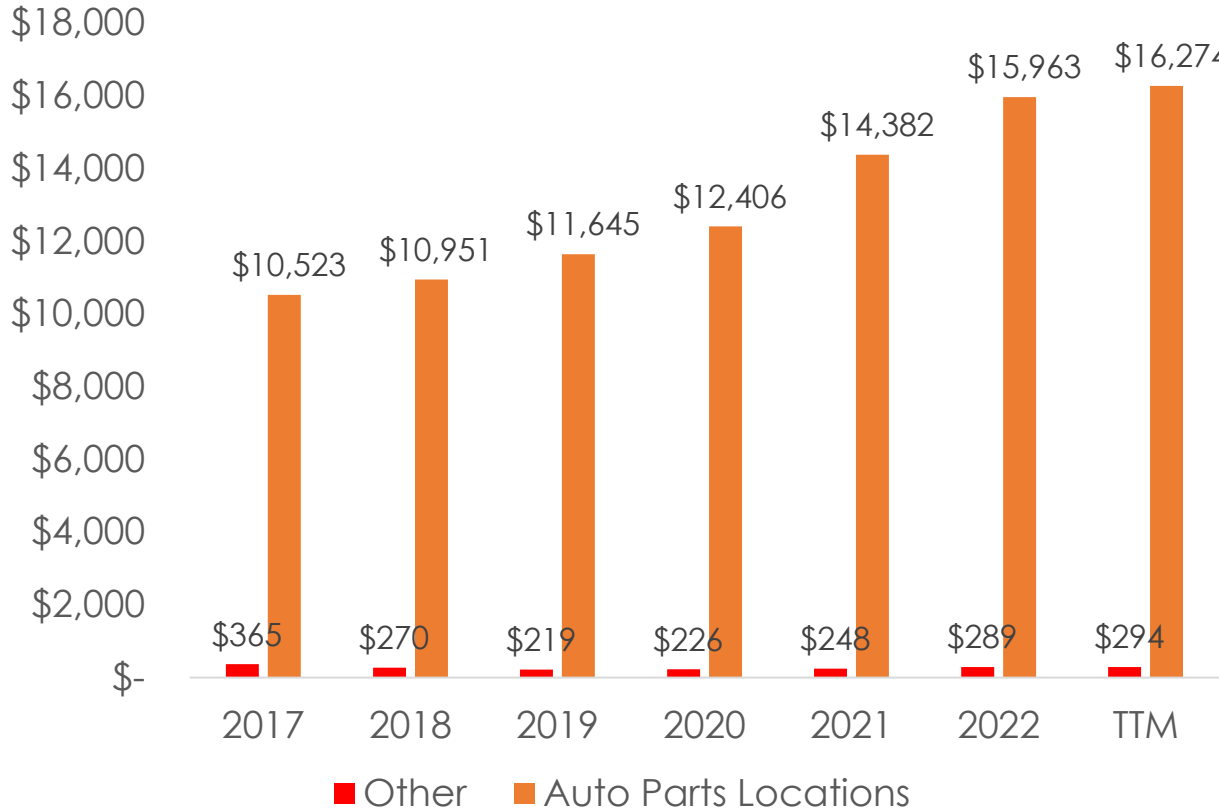


■ Auto Parts locations ■ Other

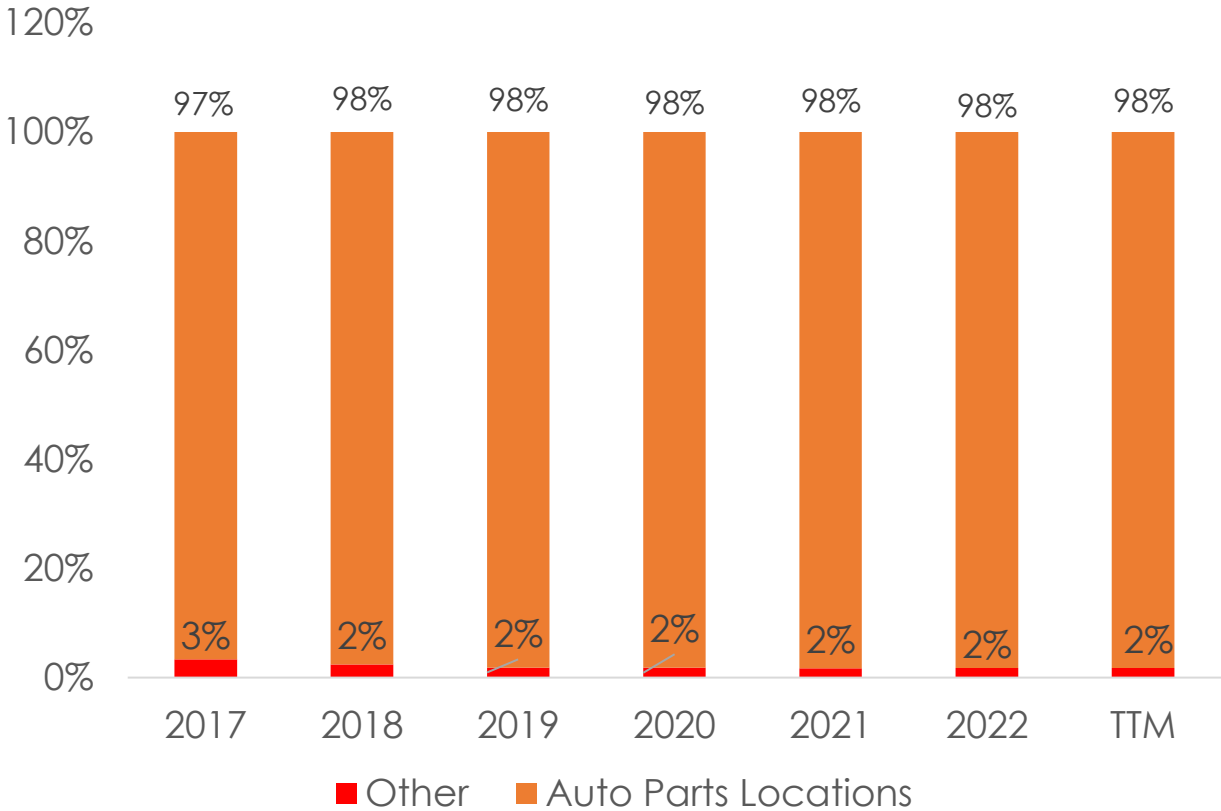
# Segment Growth

In Millions USD

Sales \$



Mix %





# Private Label Brands

**Valucraft**

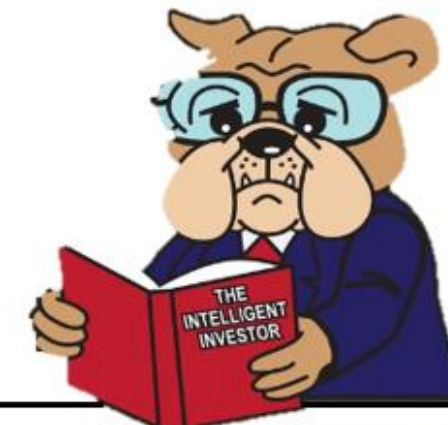
**Duralast**

High availability



Cheaper

# AutoZone



## Interpretation of Financial Statements

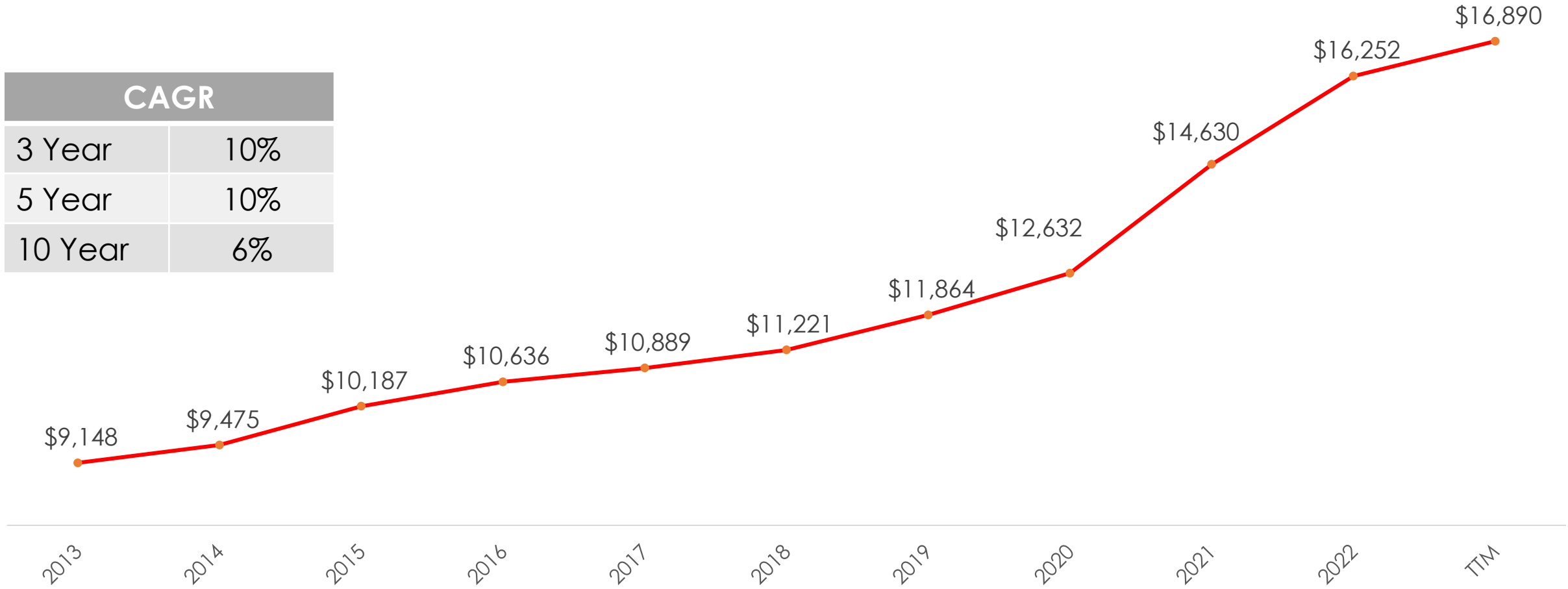
Michael Resendez



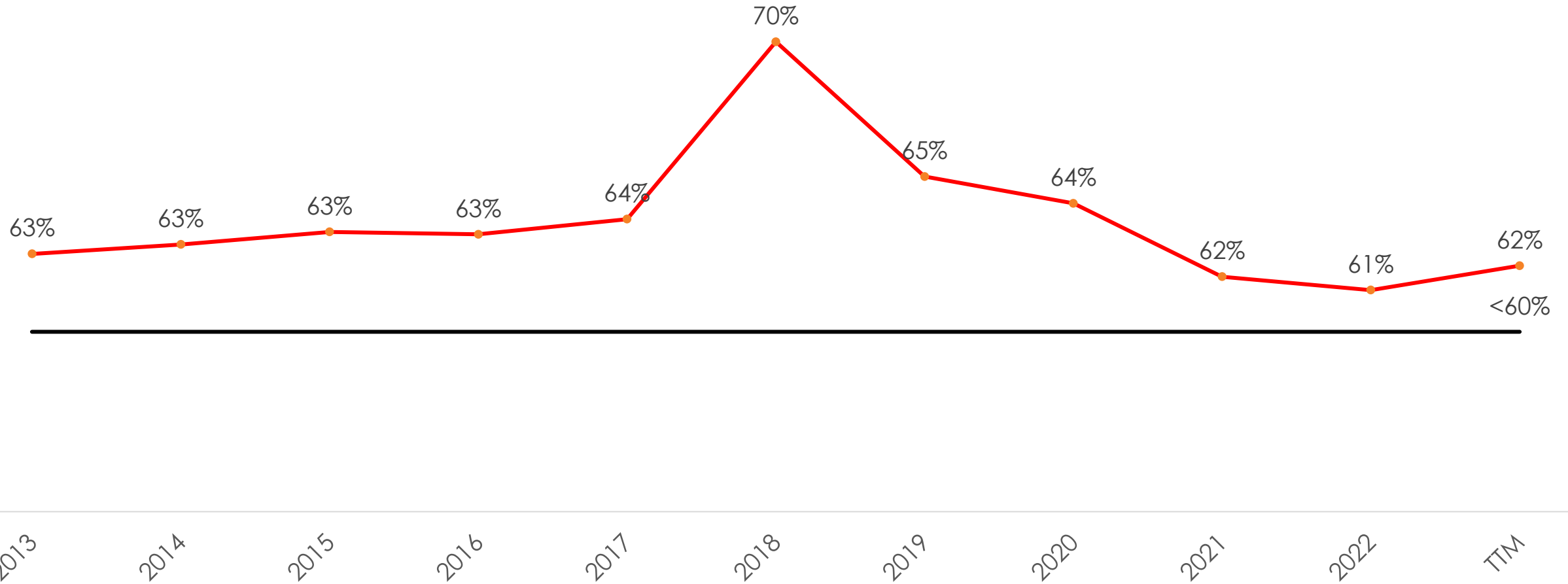
# Revenue

In Millions USD

CAGR	
3 Year	10%
5 Year	10%
10 Year	6%



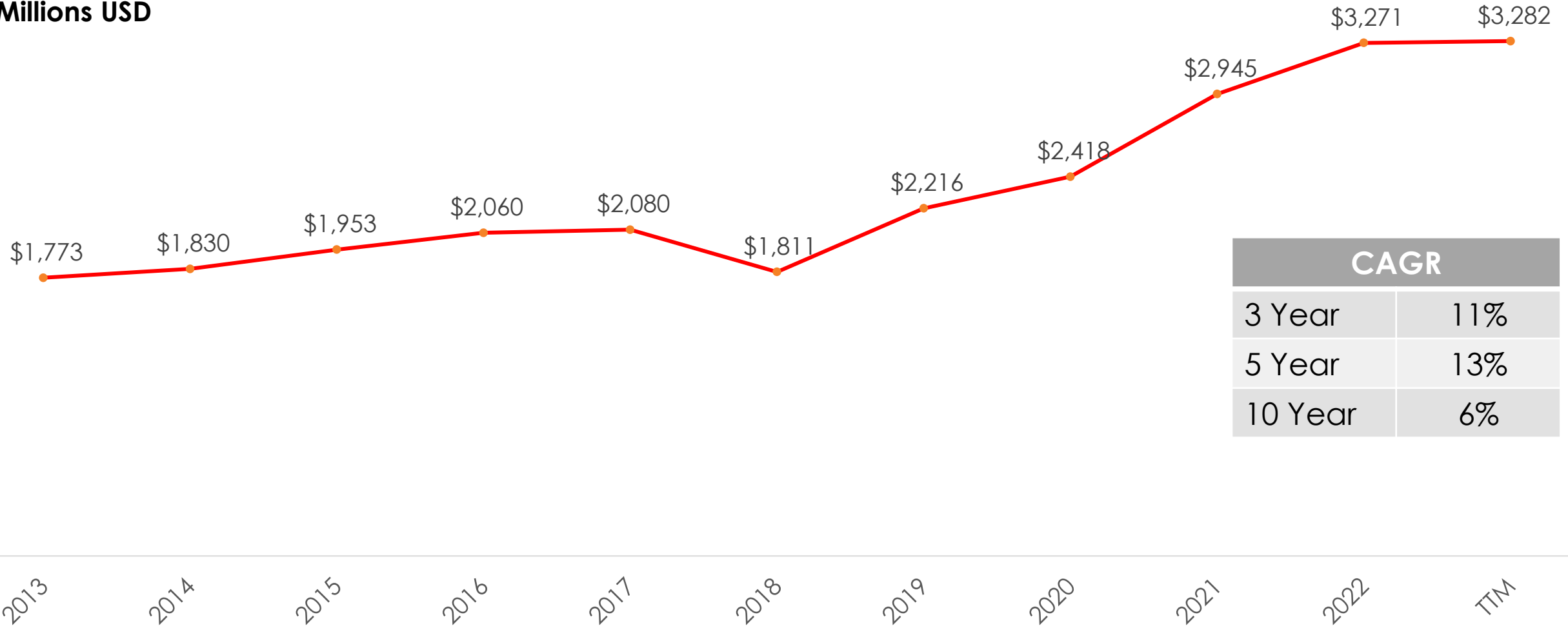
# Selling, General, and Admin. / Gross Profit





# Operating Income

In Millions USD



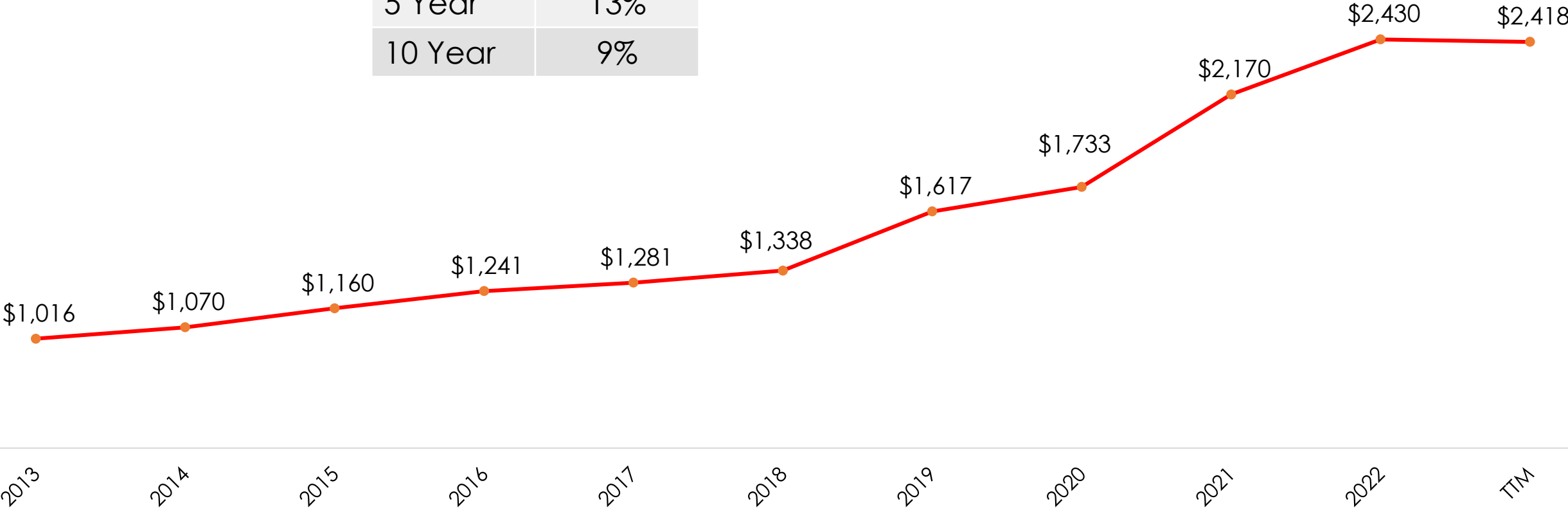
CAGR	
3 Year	11%
5 Year	13%
10 Year	6%



# Net Income

In Millions USD

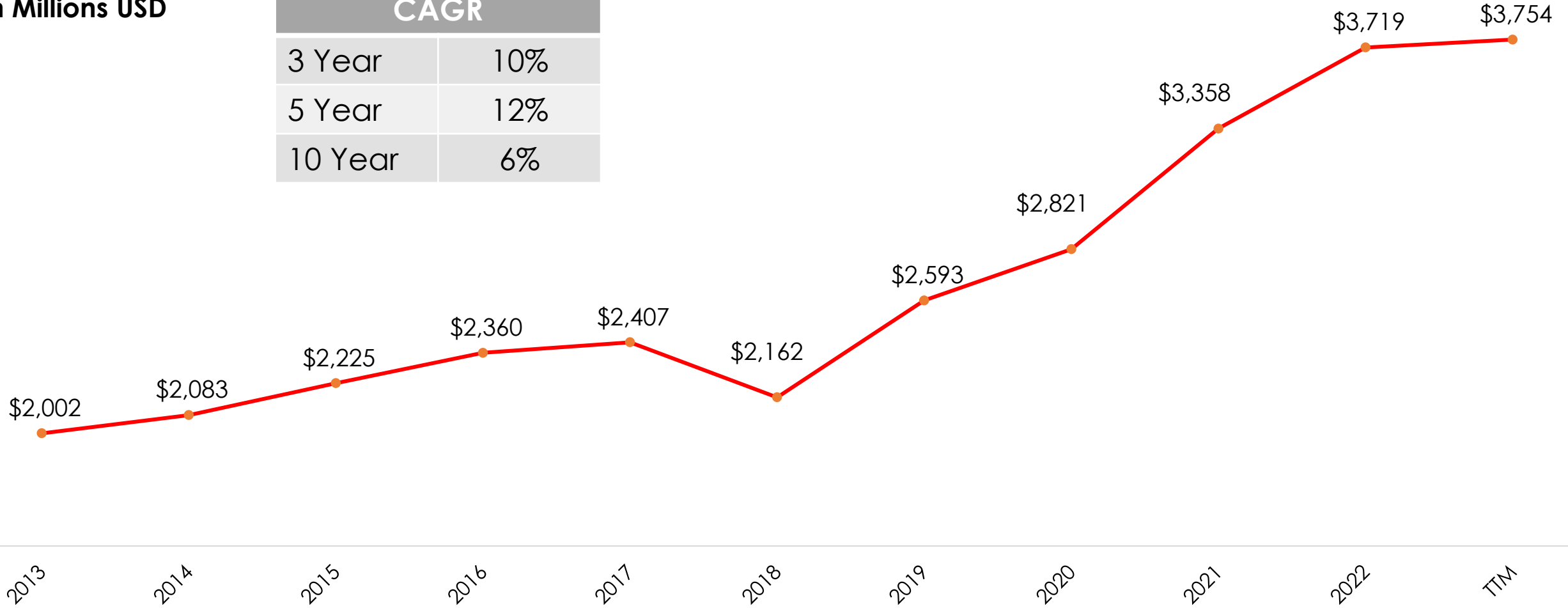
CAGR	
3 Year	12%
5 Year	13%
10 Year	9%



# EBITDA

In Millions USD

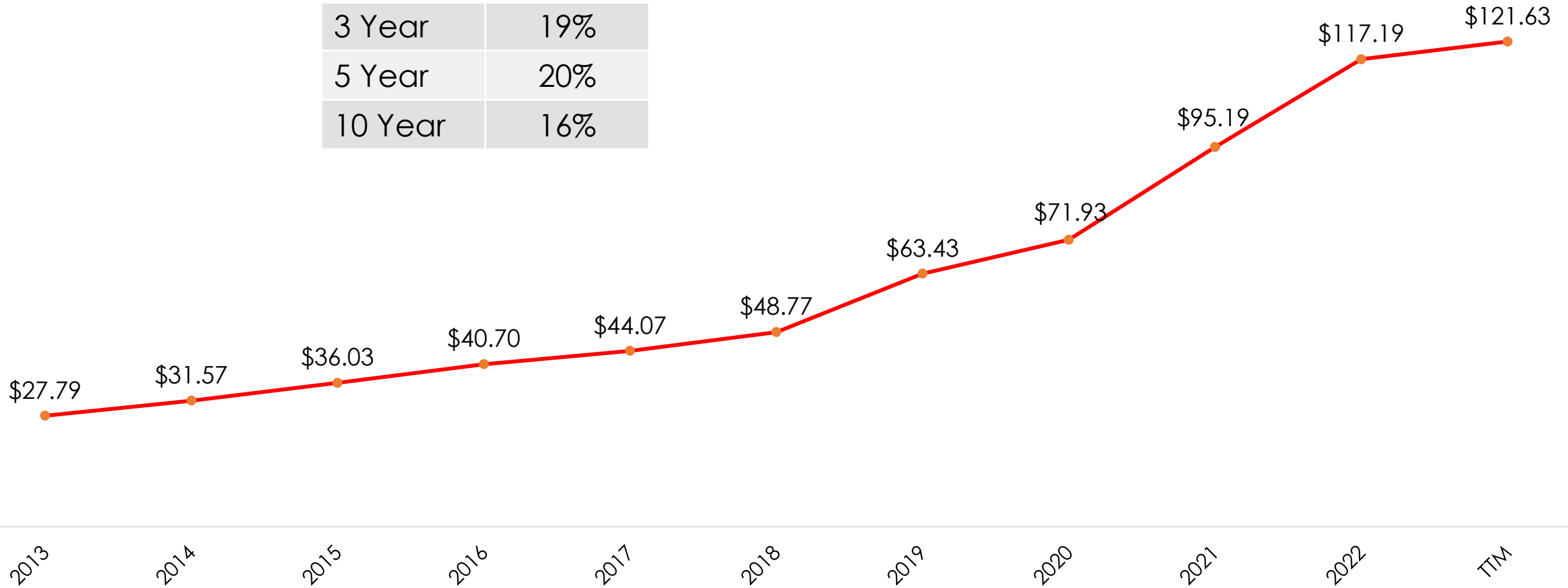
CAGR	
3 Year	10%
5 Year	12%
10 Year	6%



# Earnings Per Share

In Millions USD

CAGR	
3 Year	19%
5 Year	20%
10 Year	16%

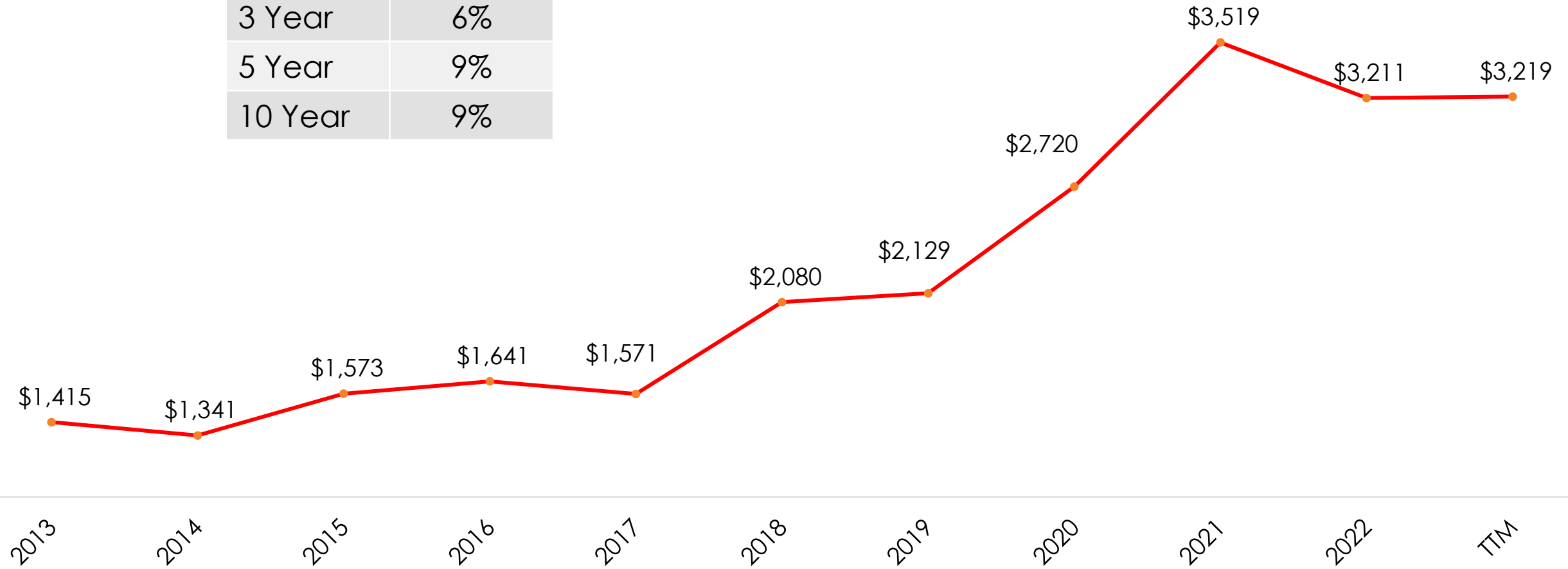




# Cash Flow from Operating Income

In Millions USD

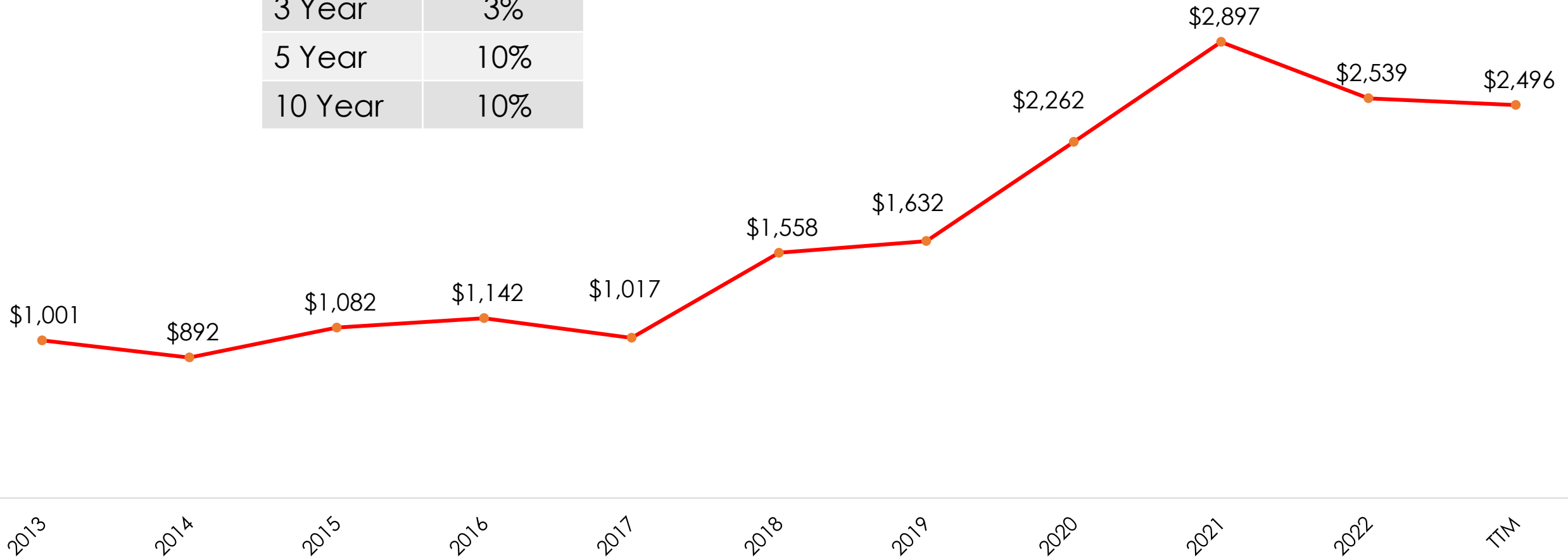
CAGR	
3 Year	6%
5 Year	9%
10 Year	9%



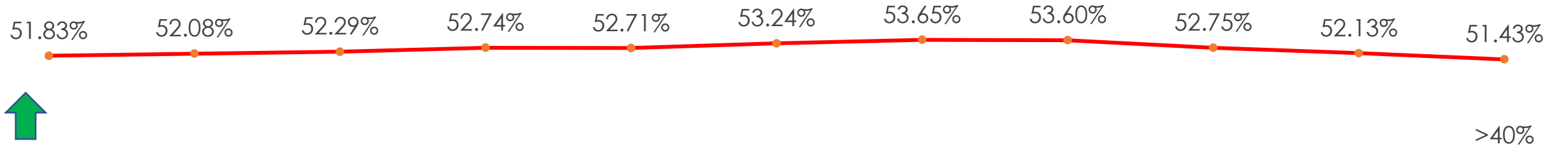
# Free Cash Flow

In Millions USD

CAGR	
3 Year	3%
5 Year	10%
10 Year	10%



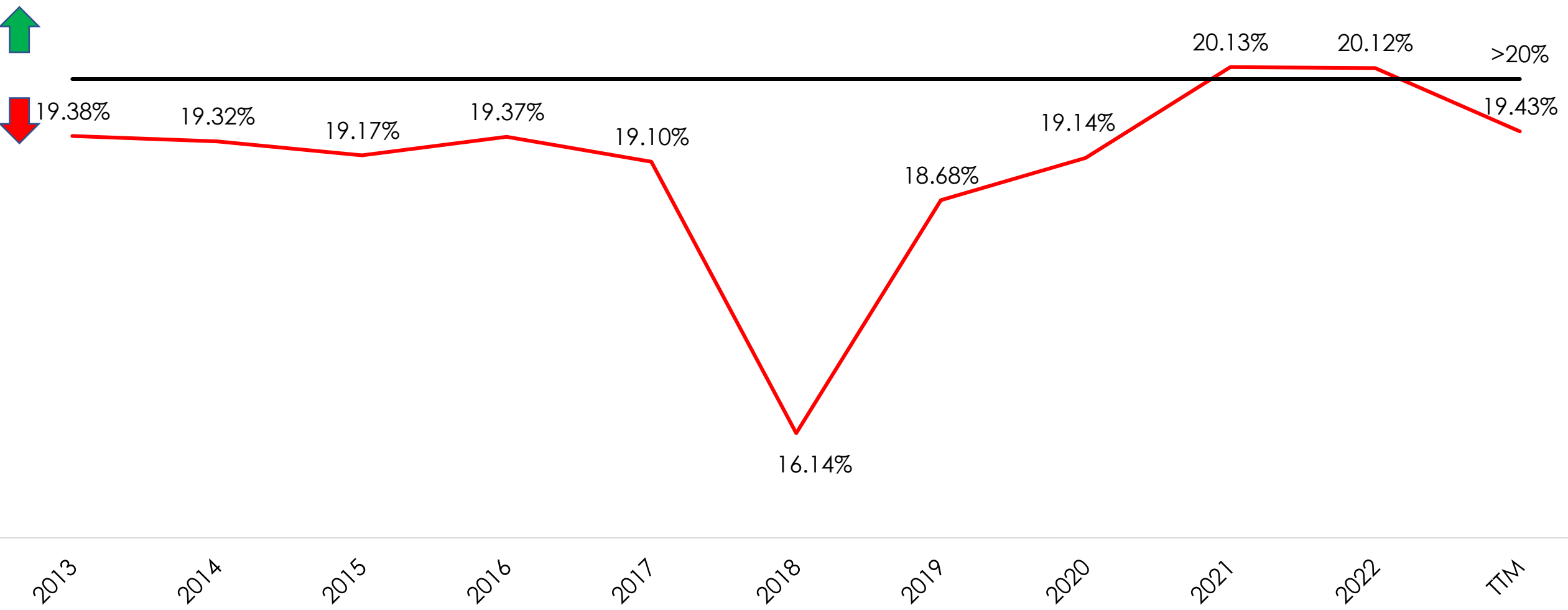
# Gross Margin



2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 TTM

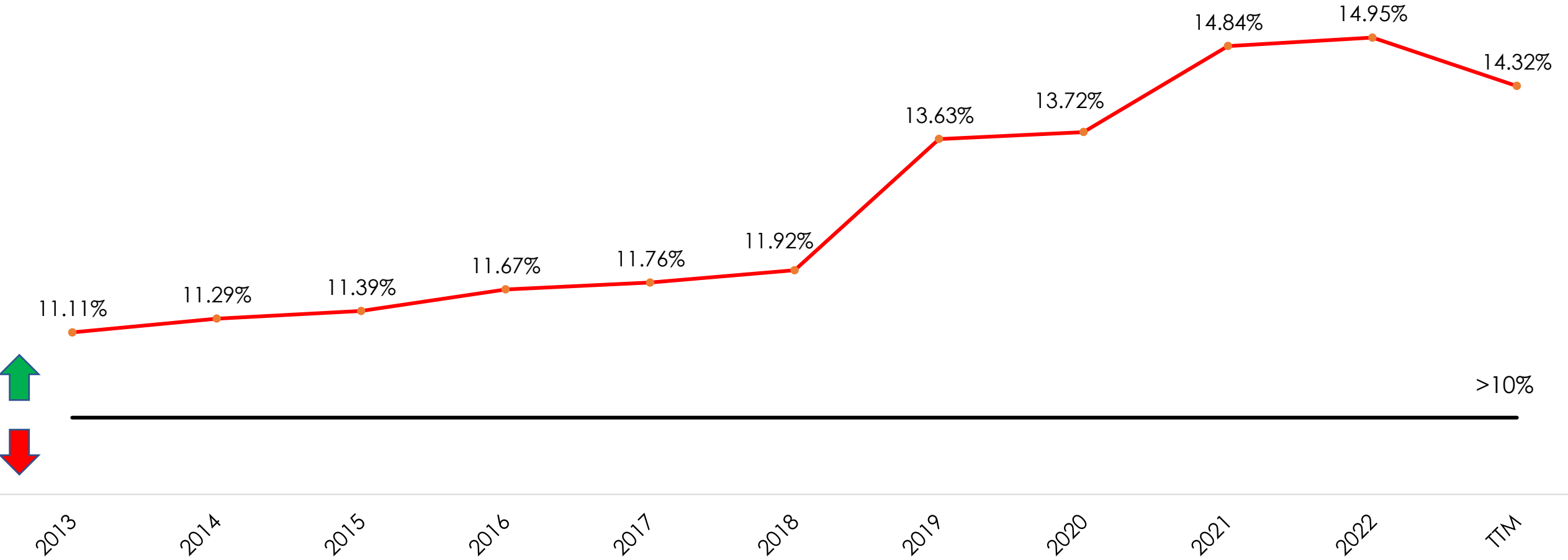


# Operating Margin

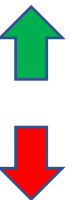
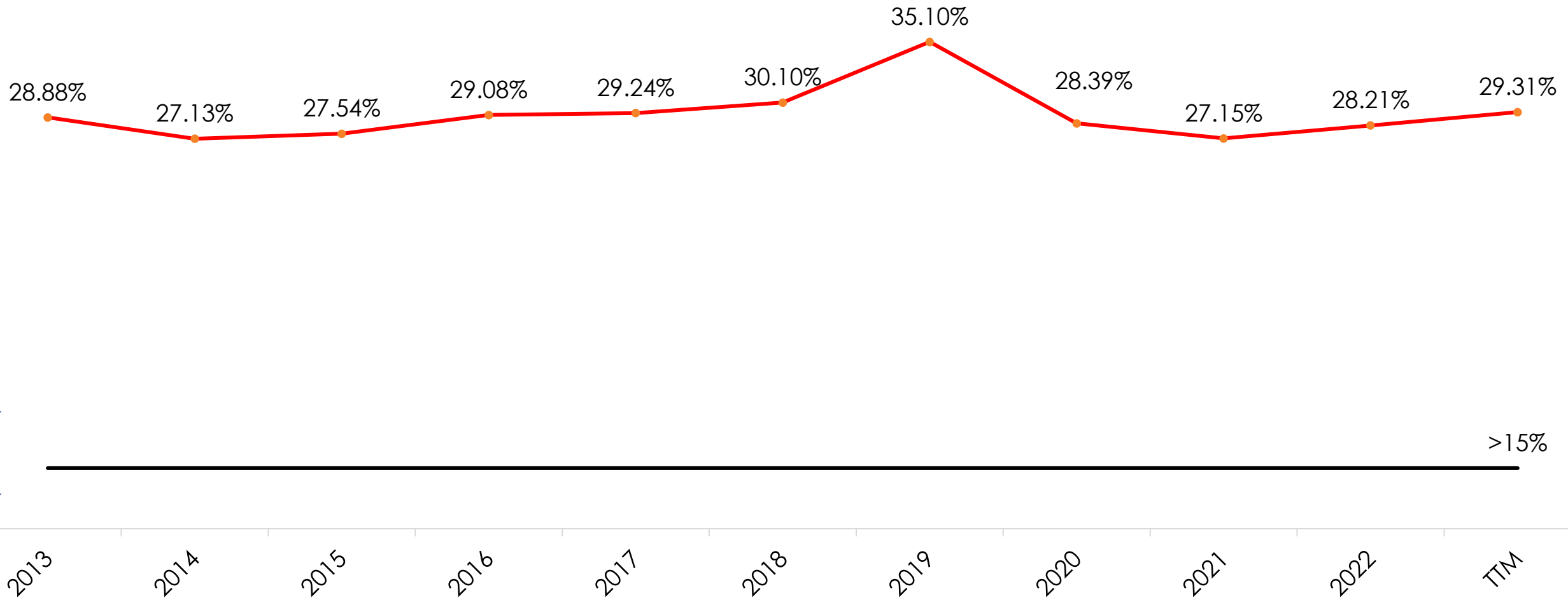




# Net Margin



# Return on Invested Capital



# Obligation Ratio

In Millions USD

(+) Long Term Debt	\$7042
(+) Short Term Debt	0
(+) Leases*7	\$2854
(+) Pension Shortfall	0
(+) Preferred Stock	0
(-) Cash	\$2496
<hr/> Net Income	<hr/> \$2418

Obligation Ratio = **3.06** years



# Debt Maturity Schedule

<i>(in thousands)</i>	Total Contractual Obligations	Payment Due by Period			
		Less than 1 year	Between 1-3 years	Between 3-5 years	Over 5 years
Debt <sup>(1)</sup> .....	\$ 6,153,400	\$ 1,403,400	\$ 1,200,000	\$ 1,000,000	\$ 2,550,000
Interest payments <sup>(2)</sup> .....	1,093,088	187,838	326,425	242,300	336,525
Operating leases <sup>(3)</sup> .....	3,950,359	344,900	733,201	635,840	2,236,418
Finance leases <sup>(3)</sup> .....	336,709	94,226	137,509	60,281	44,693
Self-insurance reserves <sup>(4)</sup> .....	262,347	88,655	80,608	34,922	58,162
Construction commitments .....	91,526	91,526	—	—	—
	<u>\$ 11,887,429</u>	<u>\$ 2,210,545</u>	<u>\$ 2,477,743</u>	<u>\$ 1,973,343</u>	<u>\$ 5,225,798</u>

Spread out

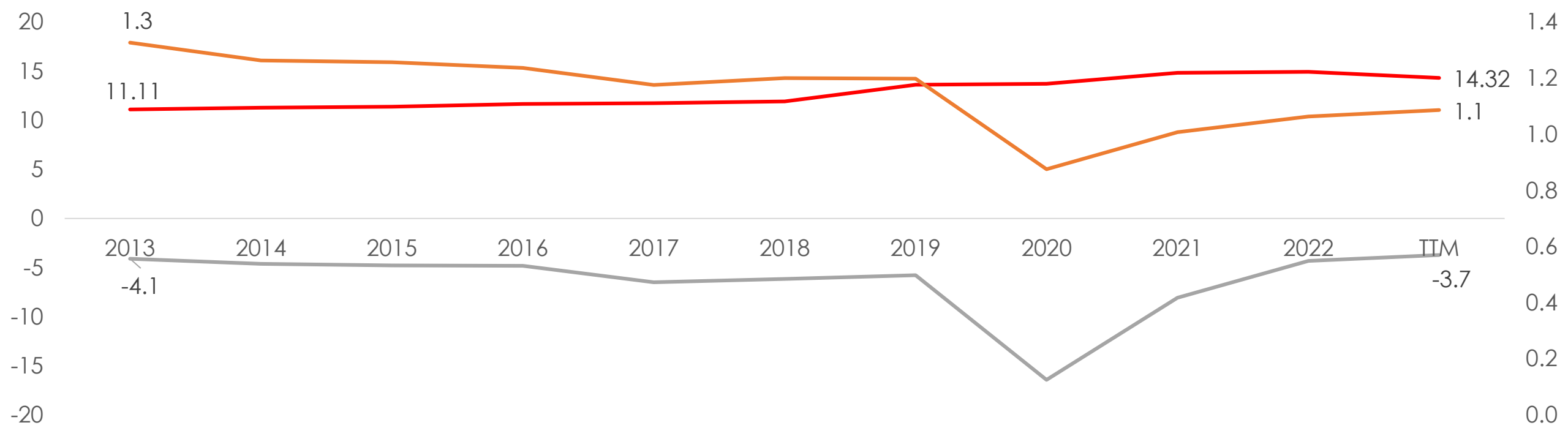
\$2,496 million in free  
cash flow in 2022

# Dupont Analysis

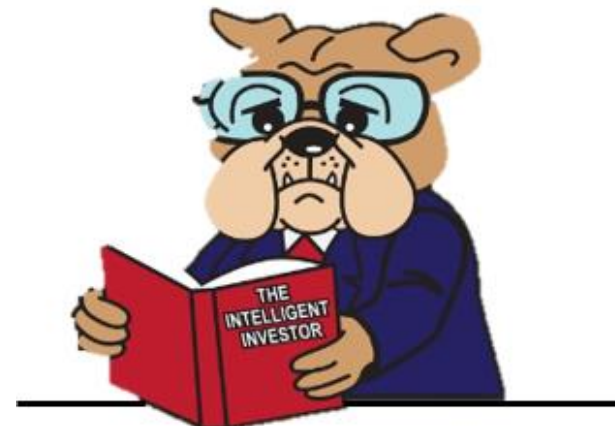
ROE

$$= \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Assets}}{\text{Equity}} \times \frac{\text{Sales}}{\text{Assets}}$$

— Net Margin    — Equity Multiplier    — Asset Turnover







# Management & Capital Allocation

Michael Resendez



# Management



William C. Rhodes, III  
*President and CEO*

Tenure: 18 years



Jamere Jackson  
*Executive VP, Finance  
and **Store Development***

Tenure: 3 years



Philip B. Daniele  
*CFO, Executive VP,  
**Supply Chain** and  
Marketing,  
Merchandising*

Tenure: 2 years



Thomas B. Newbern  
*Executive VP, **Store  
Operations**, International,  
Information Systems, Loss  
Prevention*

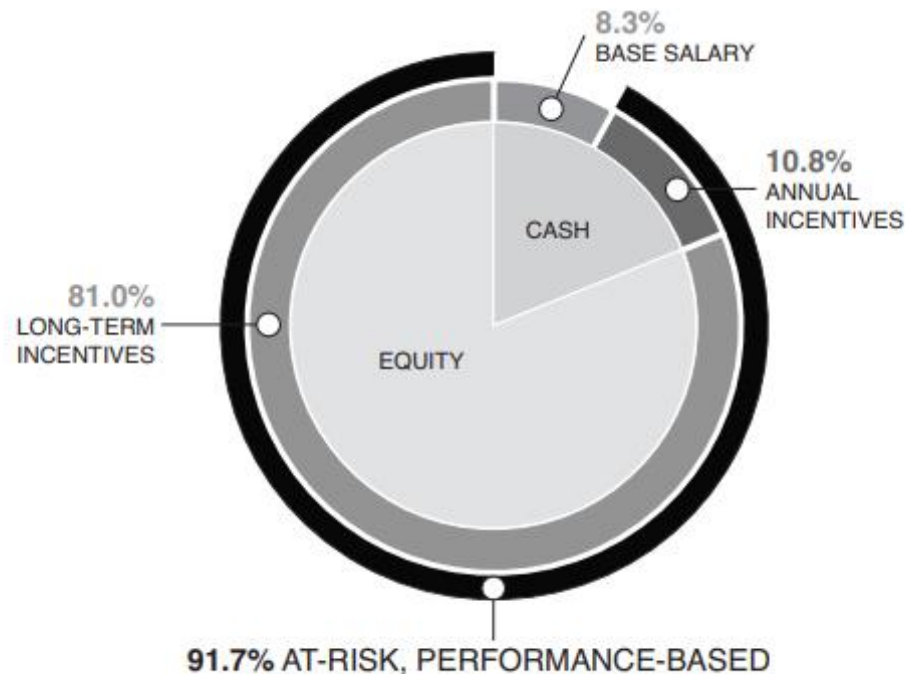
Tenure: 8 years



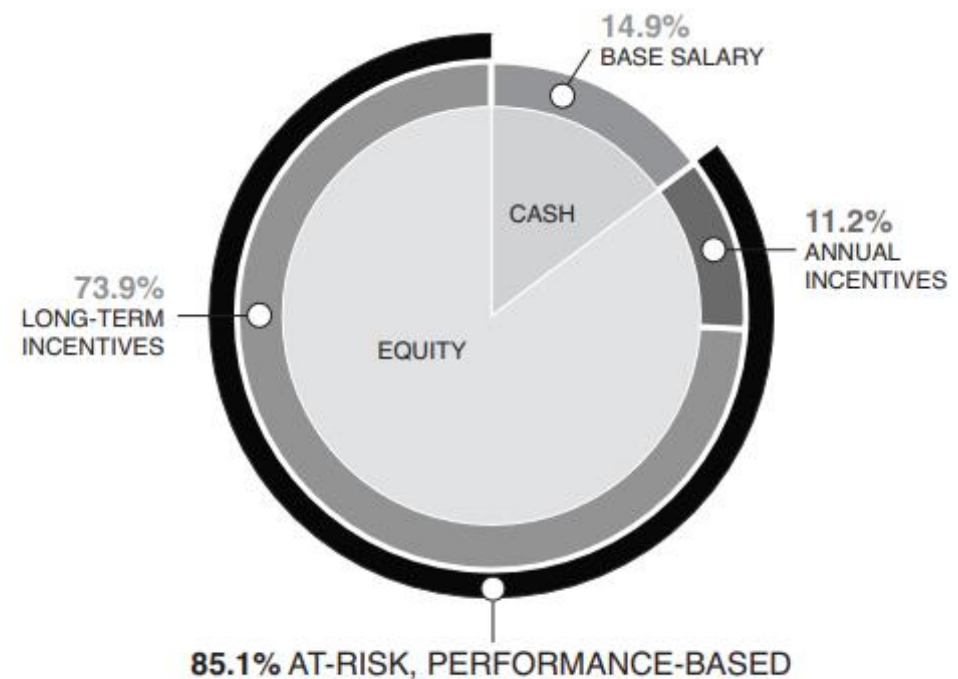
# Management Compensation

## Target Compensation Mix

Chairman, President and CEO

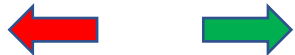


Average of Other NEOs



# Compensation Structure

Annual Incentives



**AutoZone FY22 Annual Incentive Plan Payout Matrix**

EBIT (MMs)	\$ 2,308.6	\$ 2,452.9	\$ 2,597.2	\$ 2,741.5	\$ 2,885.8	\$ 2,914.7	\$ 3,030.1	\$ 3,174.4	\$ 3,292.2
	80 %	85 %	90 %	95 %	100 %	101 %	105 %	110 %	115 %
43.65 %	—	—	50 %	72 %	94 %	98 %	116 %	138 %	155 %
44.15 %	—	—	52 %	74 %	96 %	100 %	118 %	139 %	157 %
44.65 %	—	—	53 %	75 %	97 %	102 %	119 %	141 %	159 %
45.15 %	—	—	55 %	77 %	99 %	103 %	121 %	143 %	161 %
45.65 %	—	—	56 %	78 %	100 %	105 %	123 %	145 %	163 %
46.15 %	—	—	58 %	80 %	100 %	107 %	125 %	147 %	165 %
46.65 %	—	—	59 %	82 %	100 %	108 %	126 %	148 %	167 %
47.15 %	—	—	61 %	83 %	100 %	110 %	128 %	150 %	168 %
47.65 %	—	—	62 %	84 %	100 %	111 %	129 %	152 %	170 %
48.15 %	—	—	63 %	86 %	100 %	113 %	131 %	153 %	172 %
48.65 %	—	—	65 %	87 %	100 %	114 %	132 %	155 %	173 %
49.15 %	—	—	66 %	89 %	100 %	116 %	134 %	157 %	175 %
49.65 %	—	—	67 %	90 %	100 %	117 %	135 %	158 %	177 %
50.15 %	—	—	69 %	91 %	100 %	119 %	137 %	160 %	178 %
50.65 %	—	—	70 %	93 %	100 %	120 %	138 %	161 %	180 %
51.15 %	—	—	71 %	94 %	100 %	121 %	140 %	162 %	181 %
51.65 %	—	—	72 %	95 %	100 %	123 %	141 %	164 %	183 %
52.15 %	—	—	73 %	96 %	100 %	124 %	142 %	165 %	184 %
52.65 %	—	—	74 %	97 %	100 %	125 %	144 %	167 %	185 %
53.15 %	—	—	76 %	99 %	100 %	126 %	145 %	168 %	187 %
53.65 %	—	—	77 %	100 %	100 %	128 %	146 %	169 %	188 %
54.15 %	—	—	78 %	100 %	100 %	129 %	147 %	171 %	189 %
54.65 %	—	—	79 %	100 %	100 %	130 %	149 %	172 %	191 %
54.93 %	—	—	79 %	100 %	100 %	131 %	149 %	172 %	192 %

Long-Term Incentives

Vest in long term

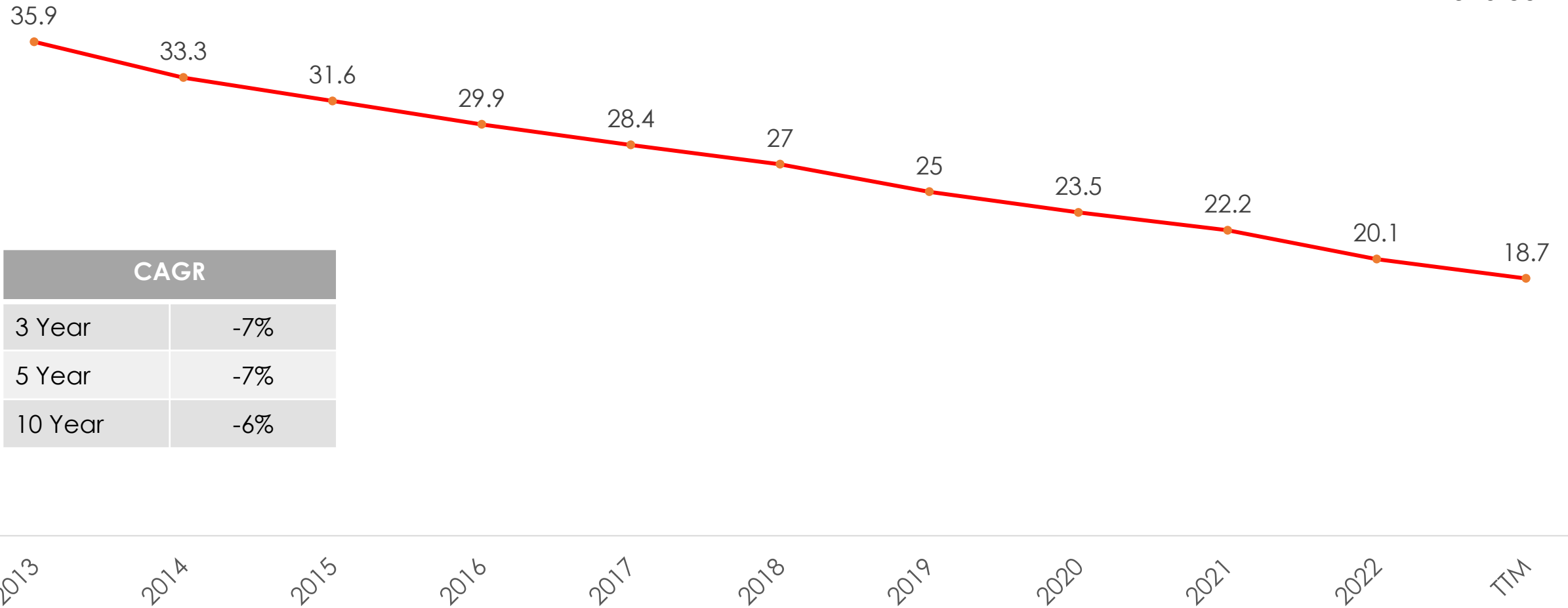
7- 10 year performance

Long-Term stock options



# Shares Outstanding

In Millions USD



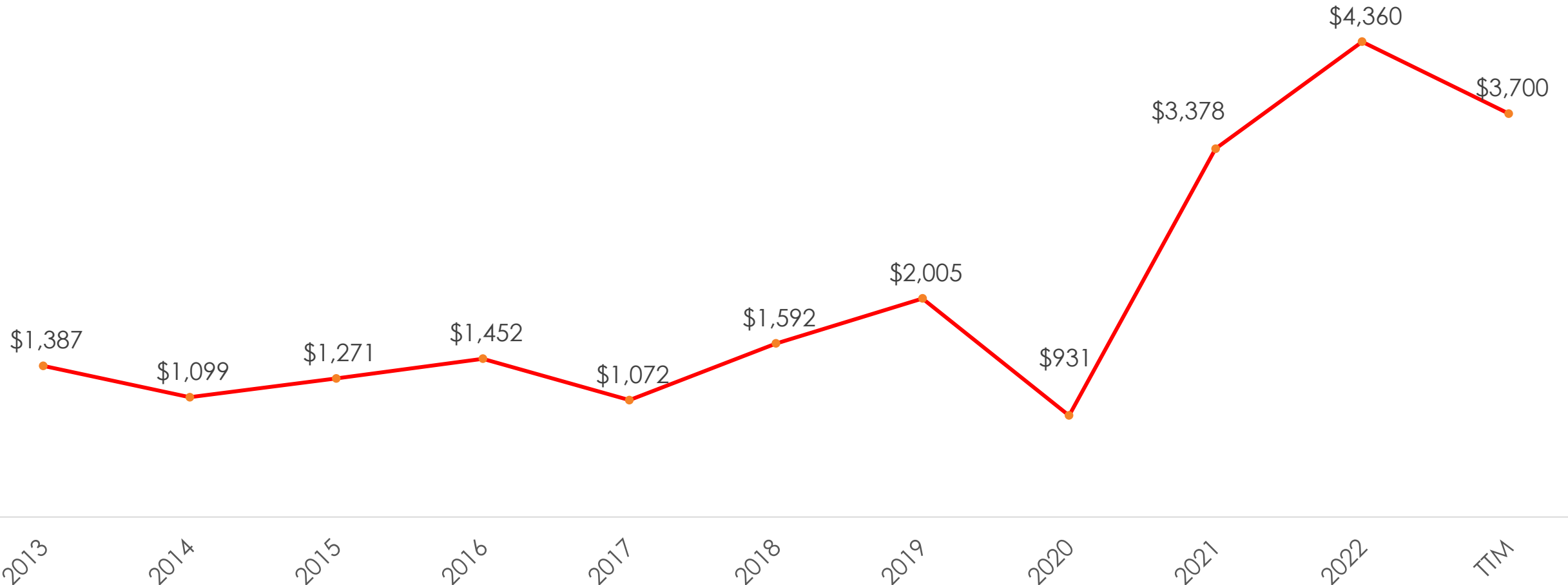
CAGR	
3 Year	-7%
5 Year	-7%
10 Year	-6%

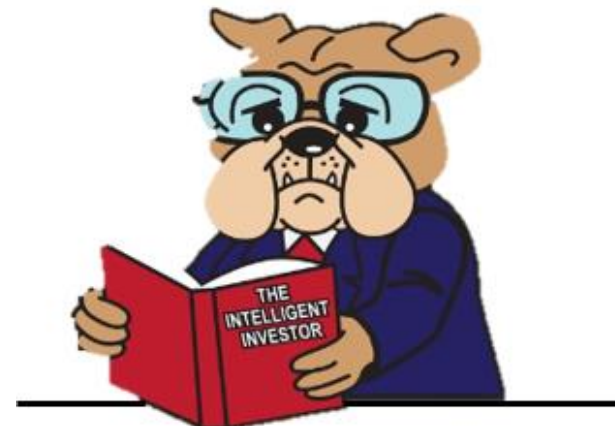




# Repurchase of Stock

In Millions USD



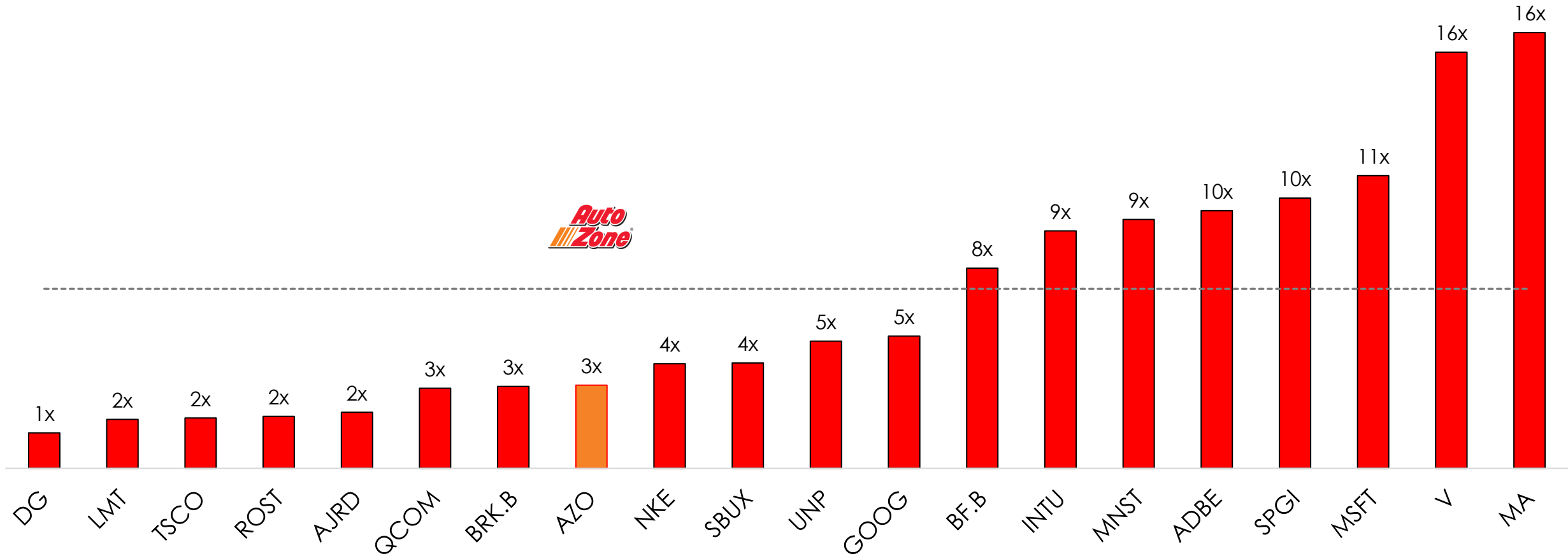


# Value Bands & Intraportfolio Analysis

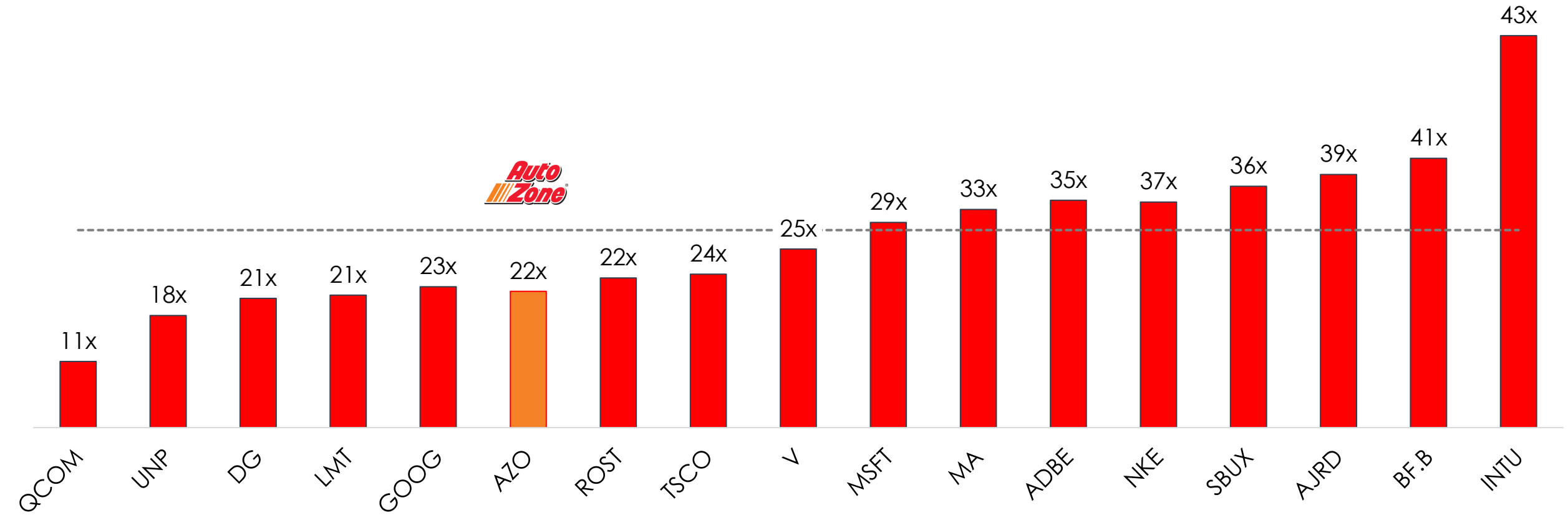
Joaquin Rodriguez



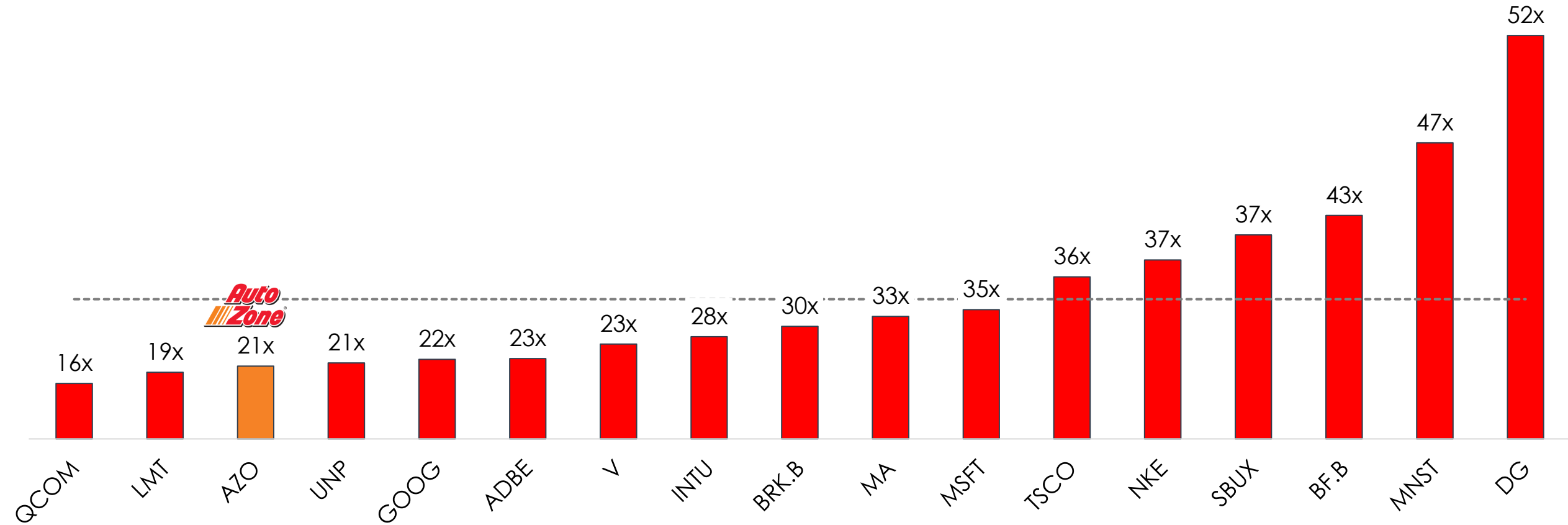
# Price to Sales



# Price to Earnings

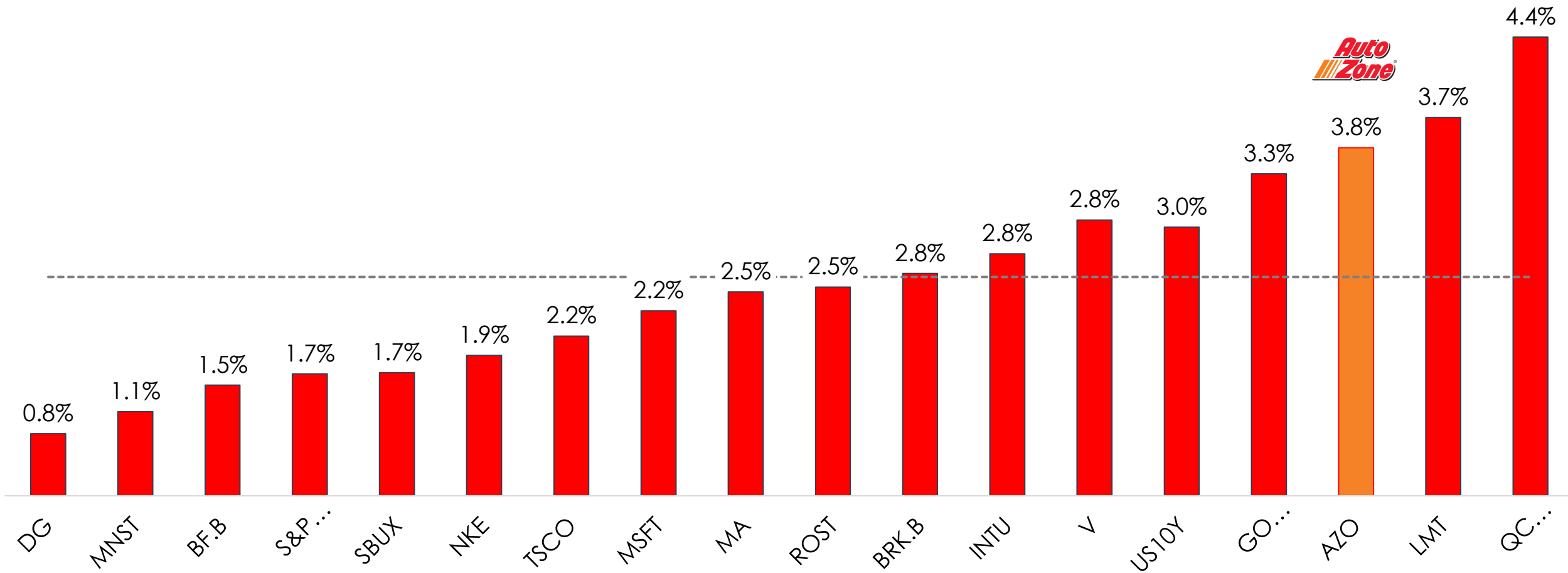


# Price to Free Cash Flow

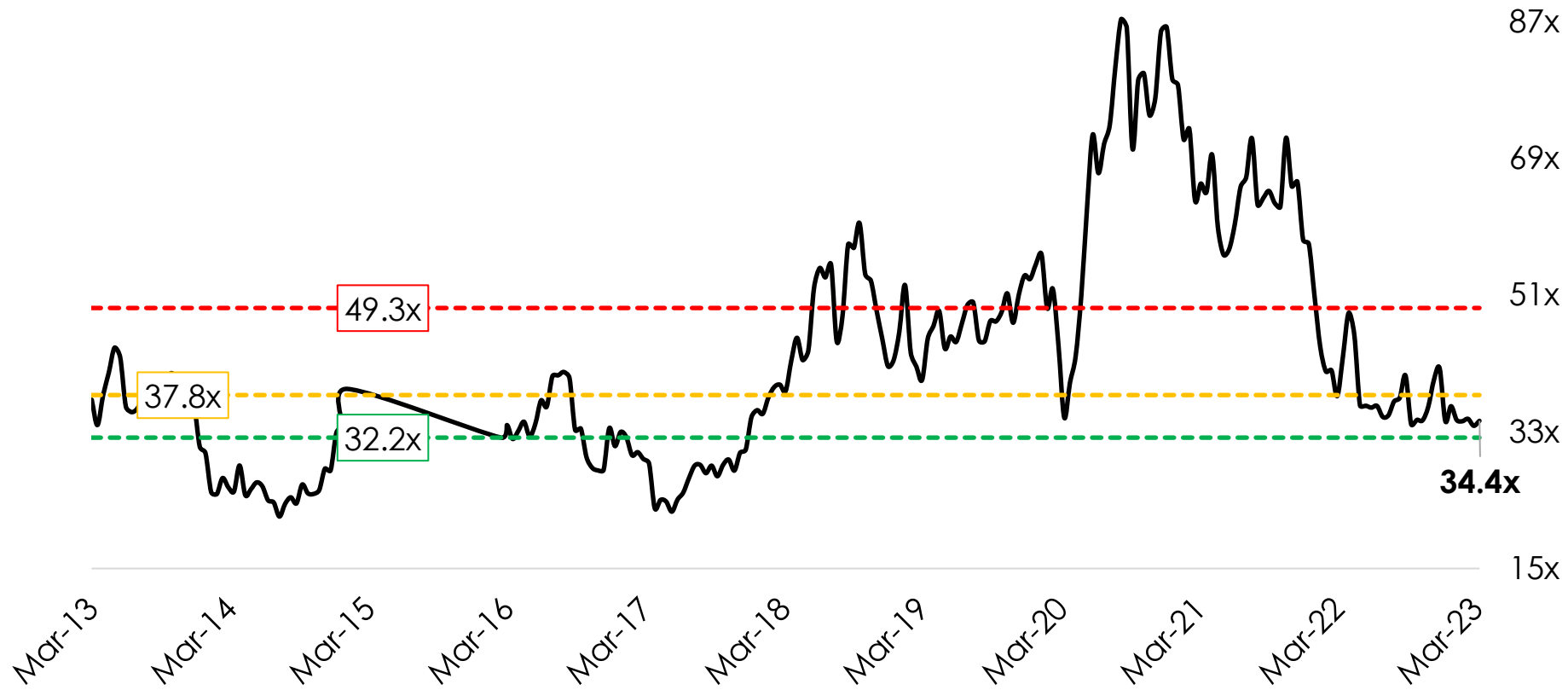




# Free Cash Flow Yield



# Value Bands



What does it mean?



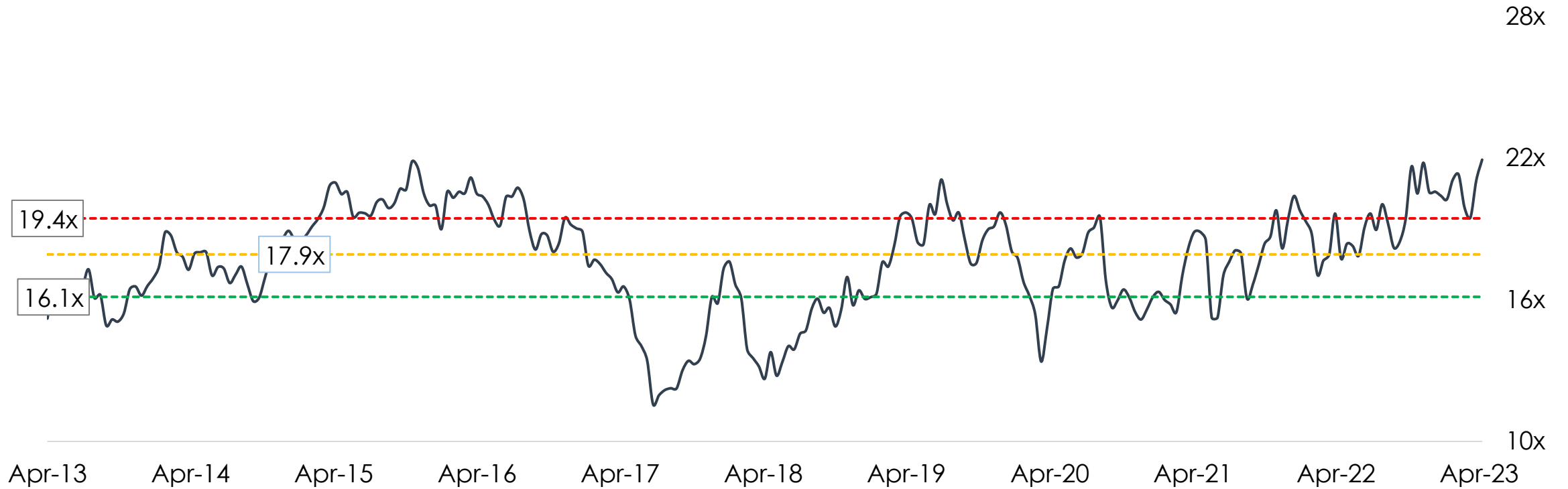
Overvalued – 75<sup>th</sup>

Fairly valued – 50<sup>th</sup>

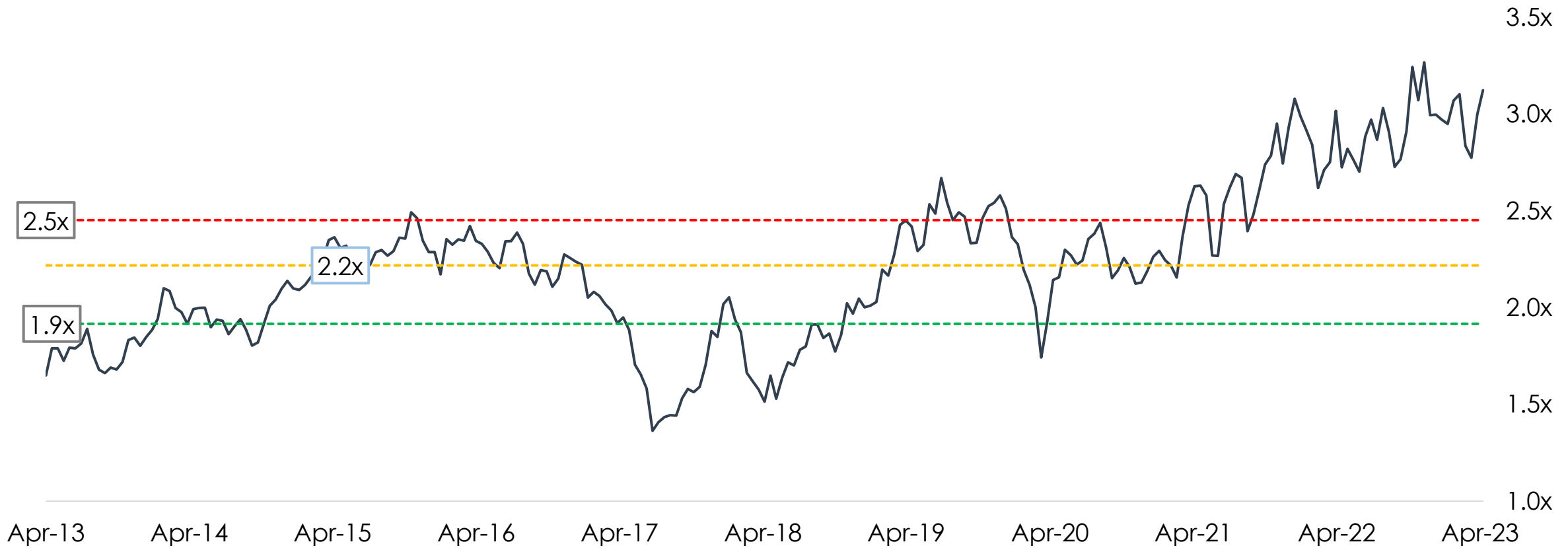
Undervalued – 25<sup>th</sup>



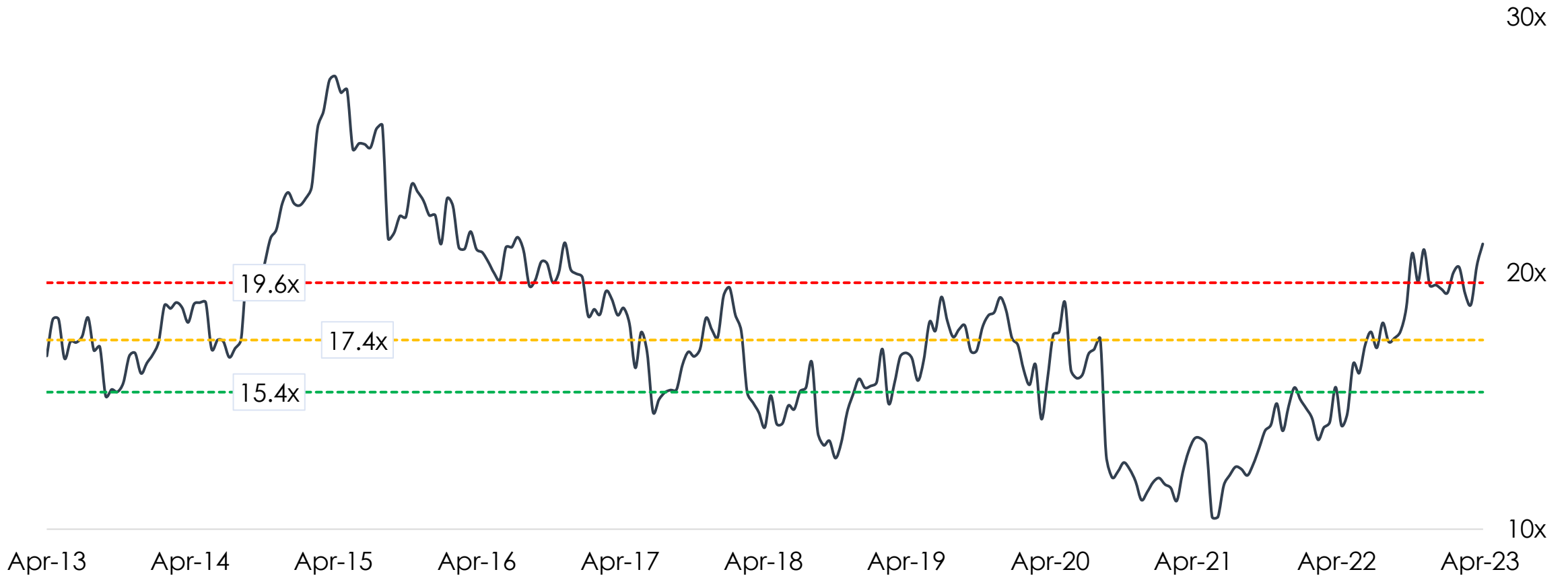
# Price to Earnings



# Price to Sales

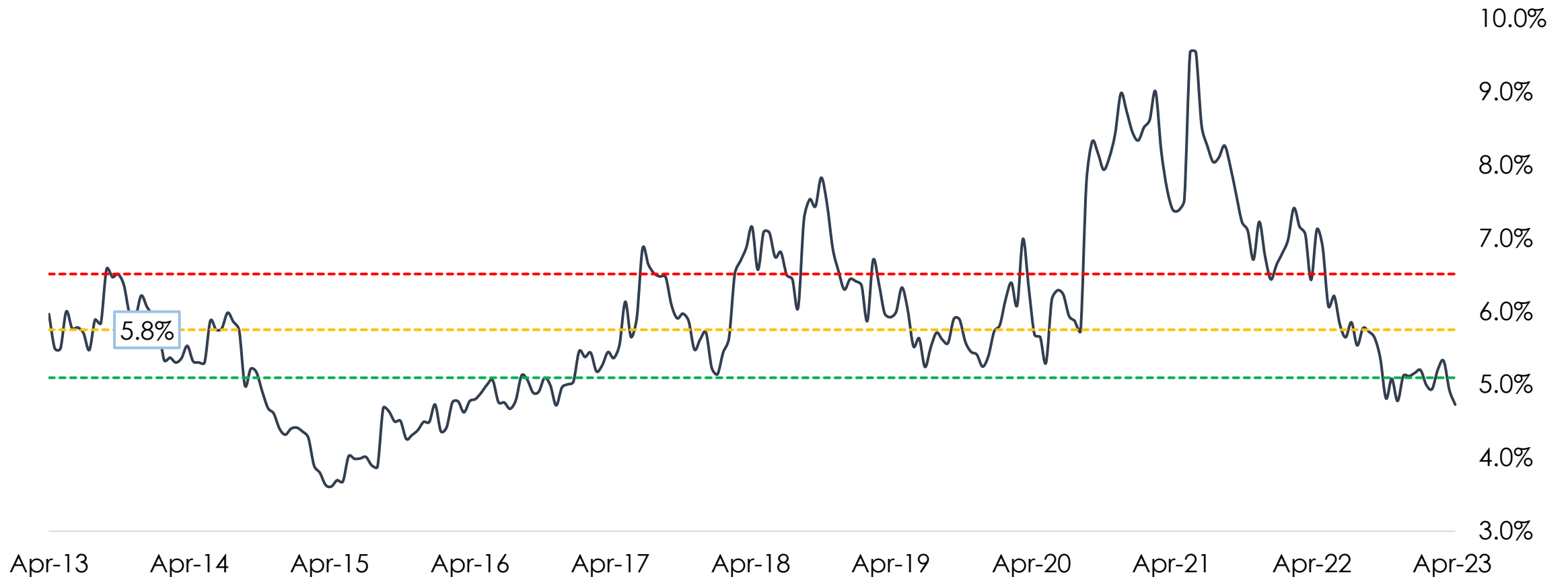


# Price to Free Cash Flow





# Free Cash Flow Yield







Bear  
Team







# Competitor Analysis

Jenna

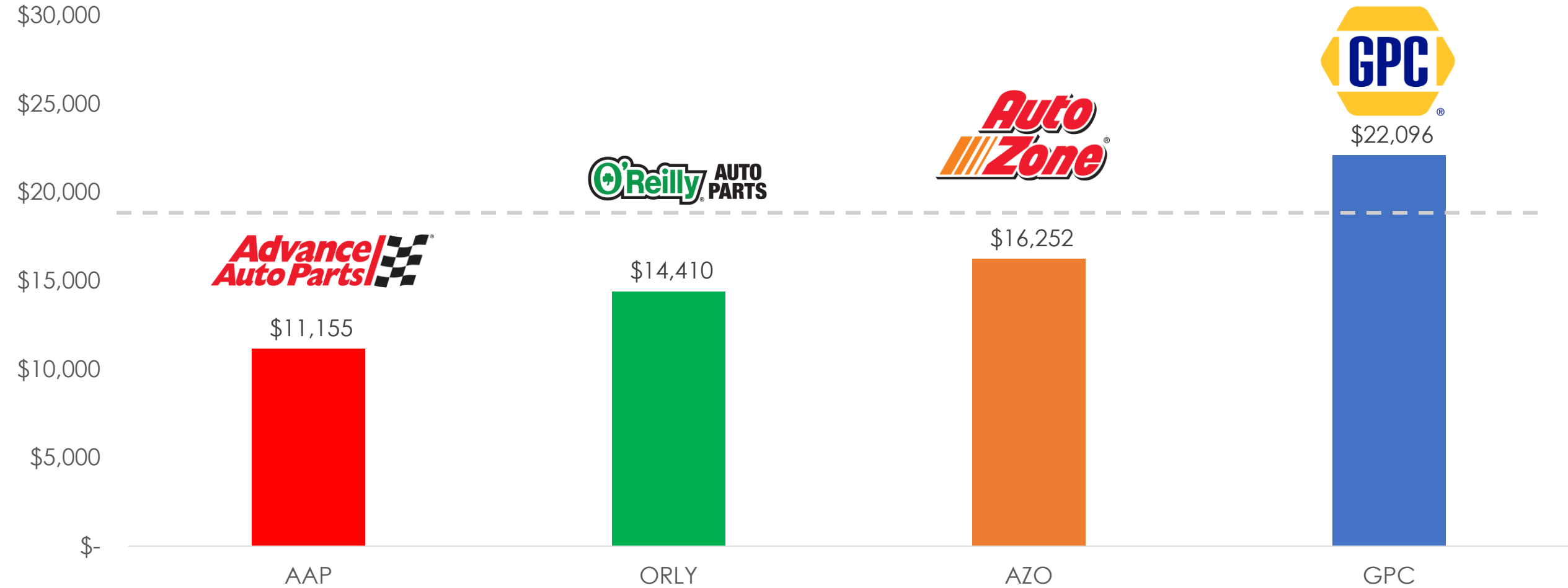


# Competitors

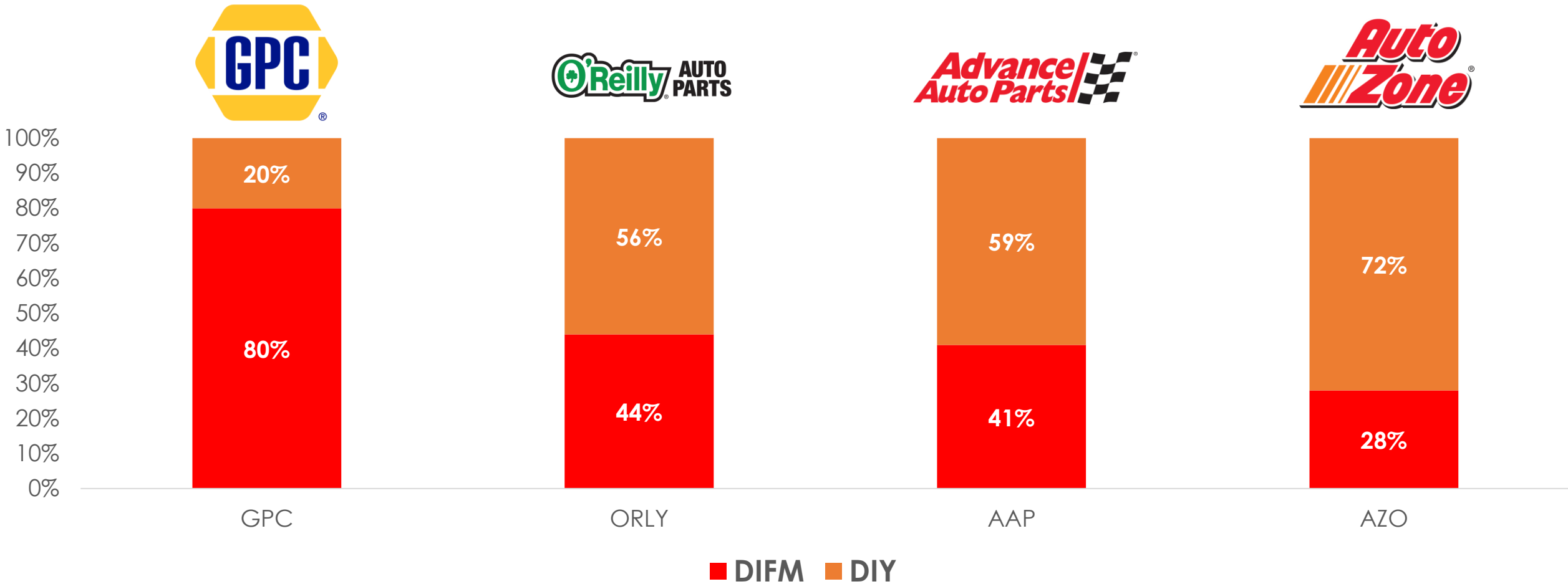


# Revenue

In Millions USD

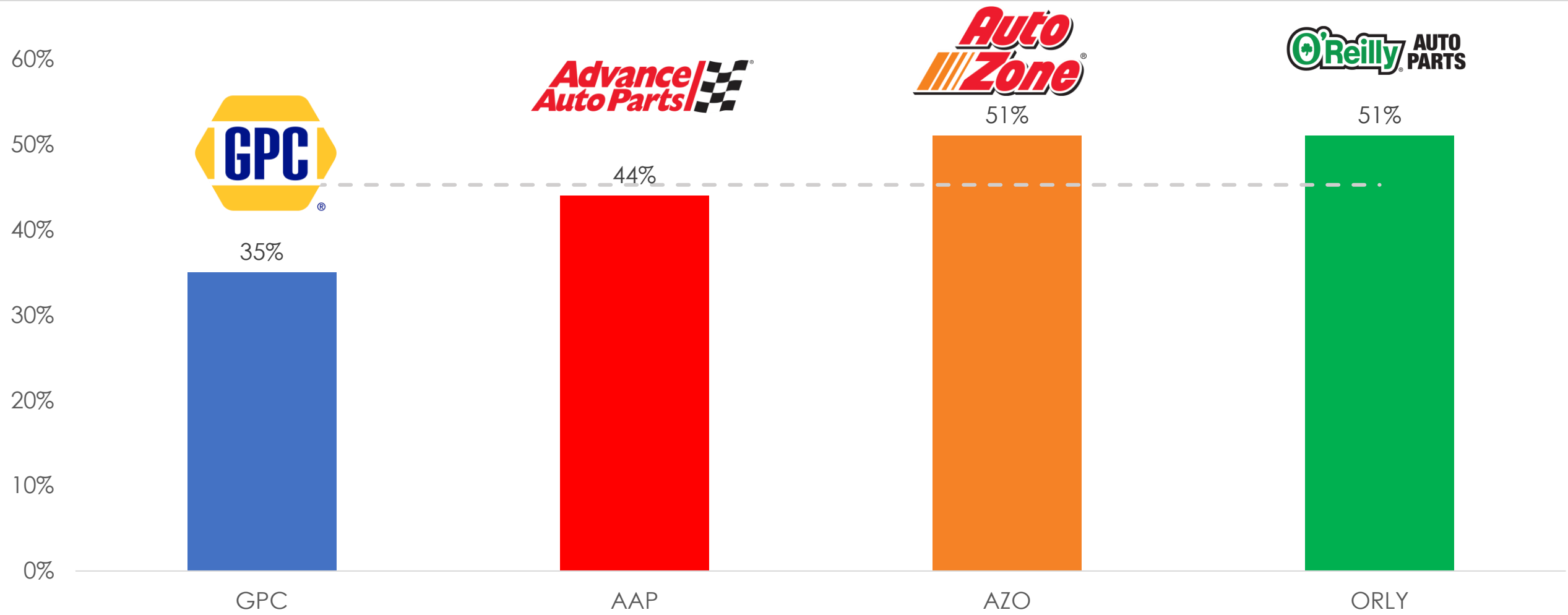


# DIY vs Commercial/ Professional

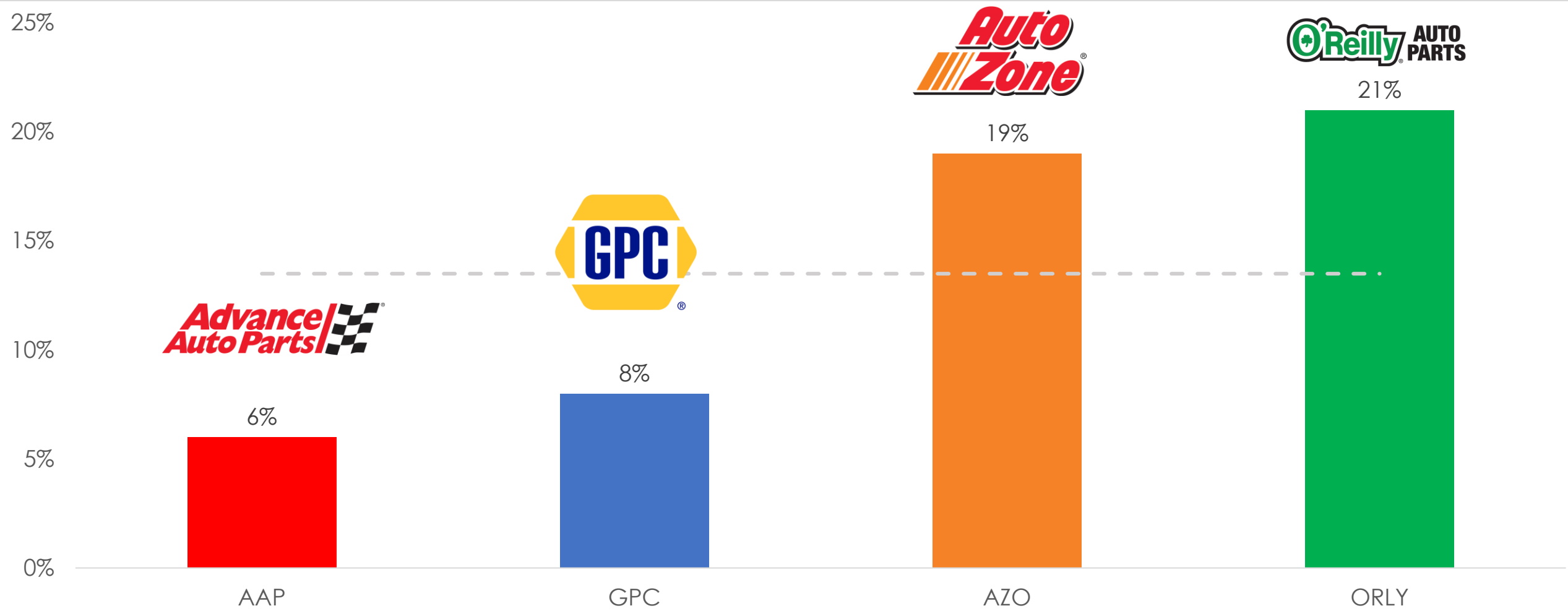




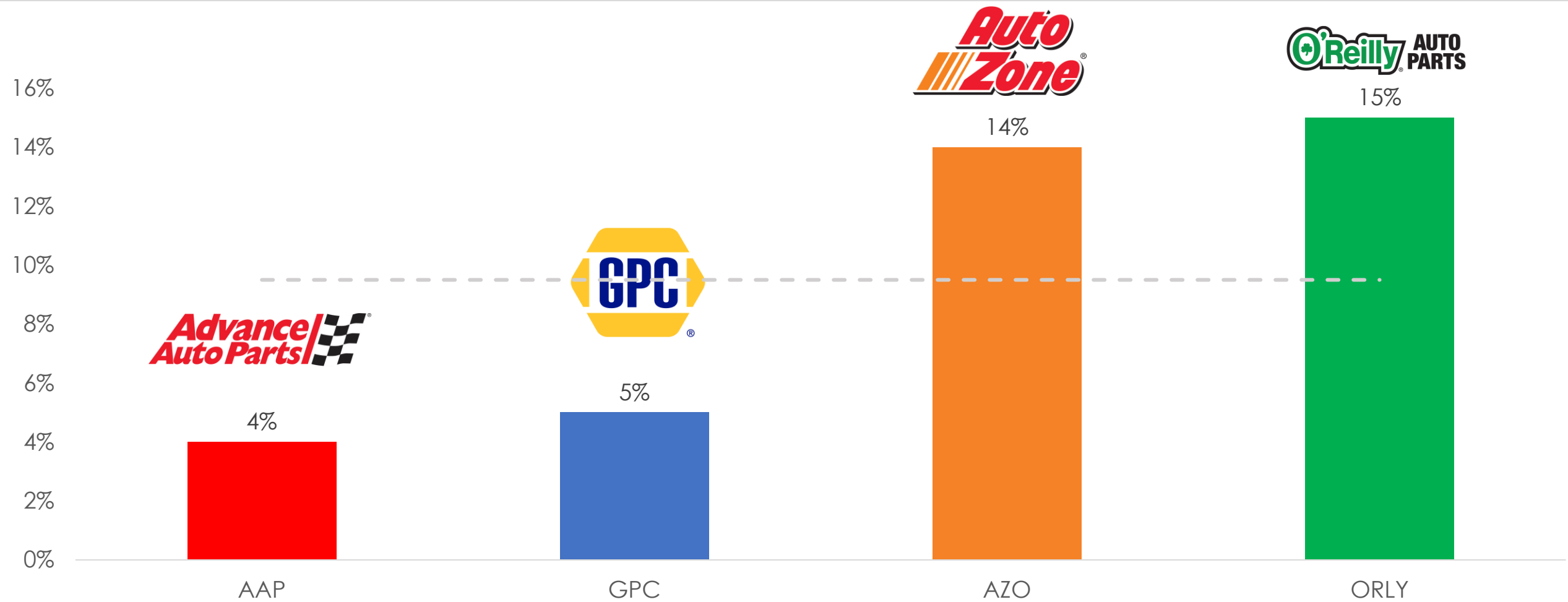
# Gross Margin



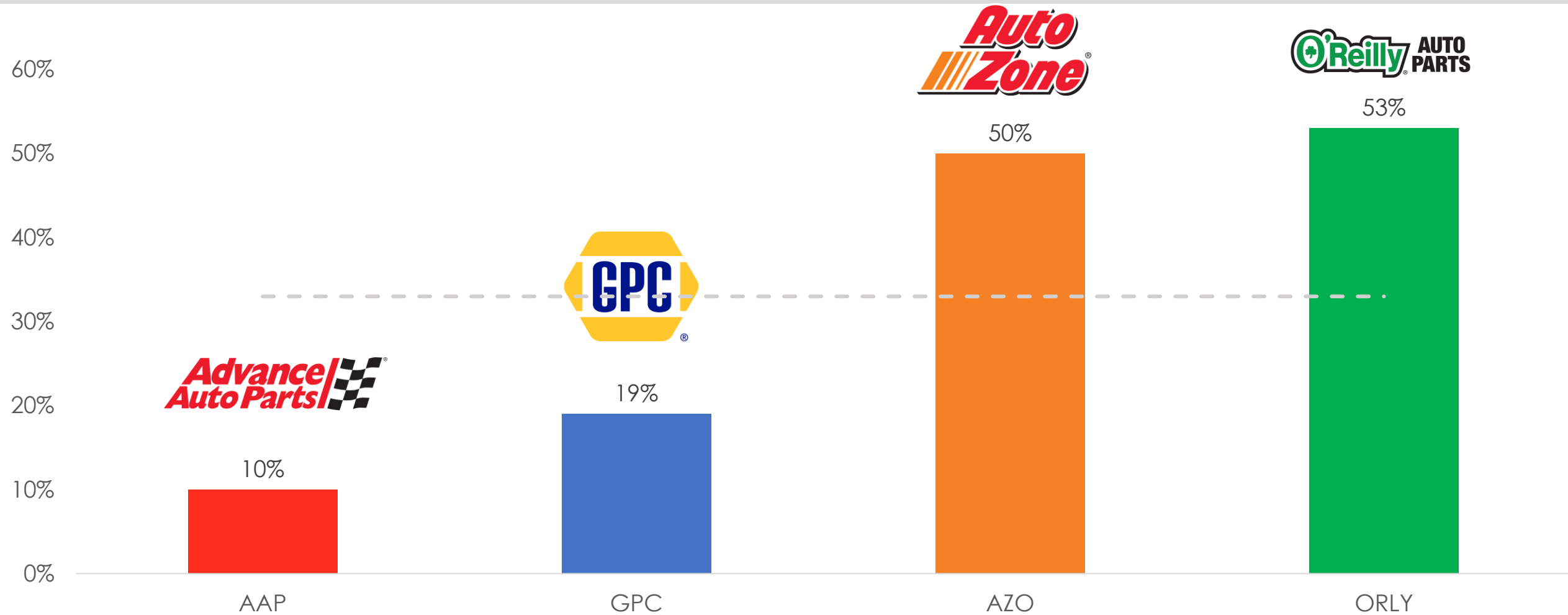
# Operating Margin



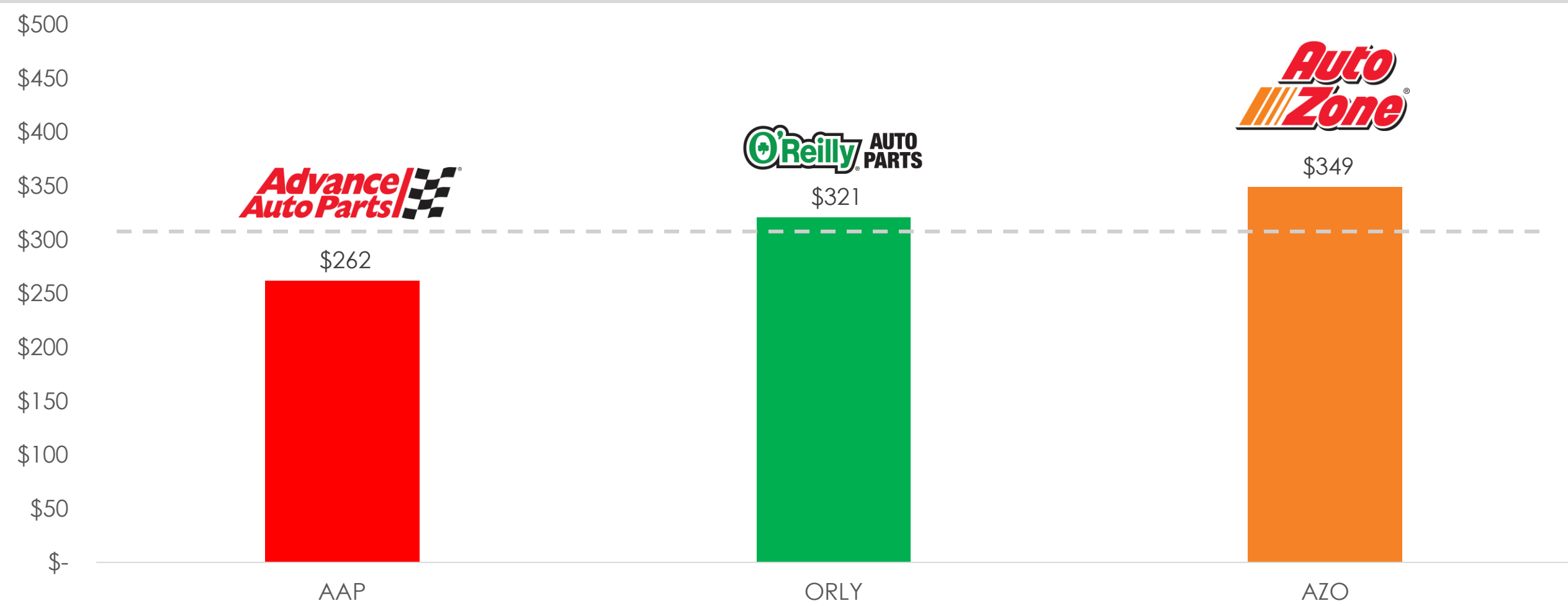
# Net Margin



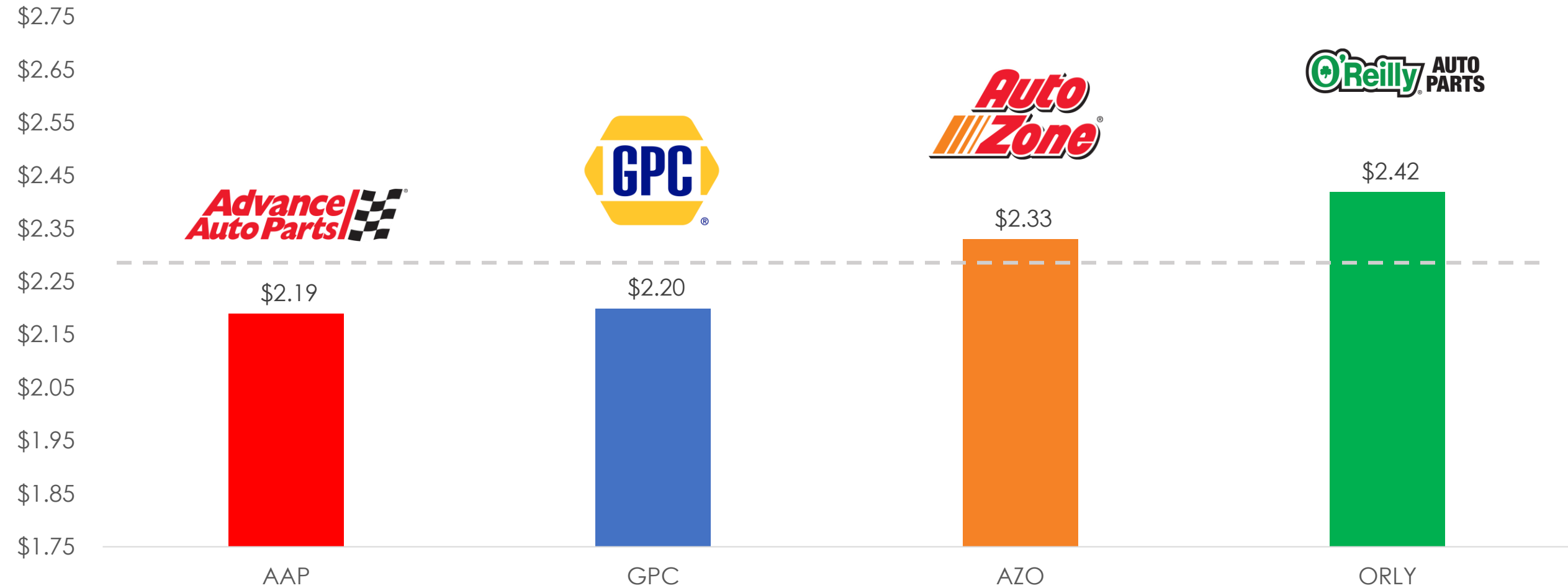
# Return on Capital Employed



# Sales per Store (thousands)

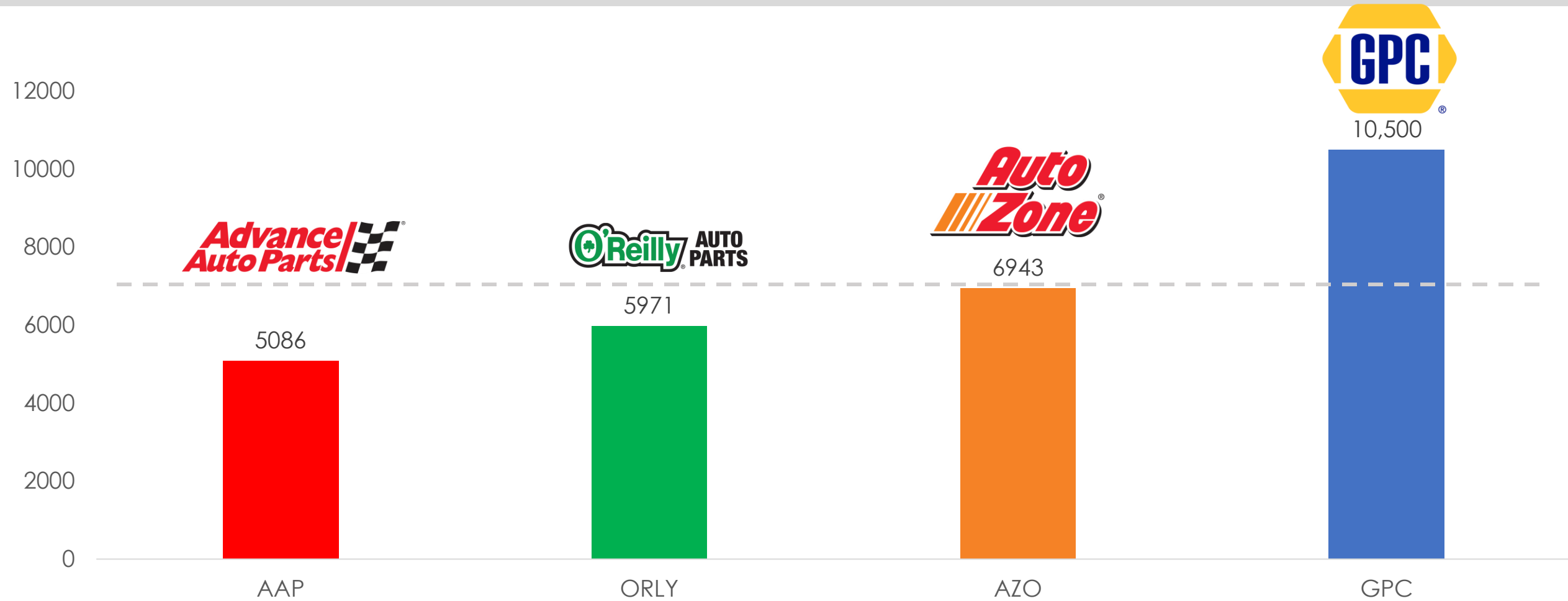


# Sales Per Square Foot

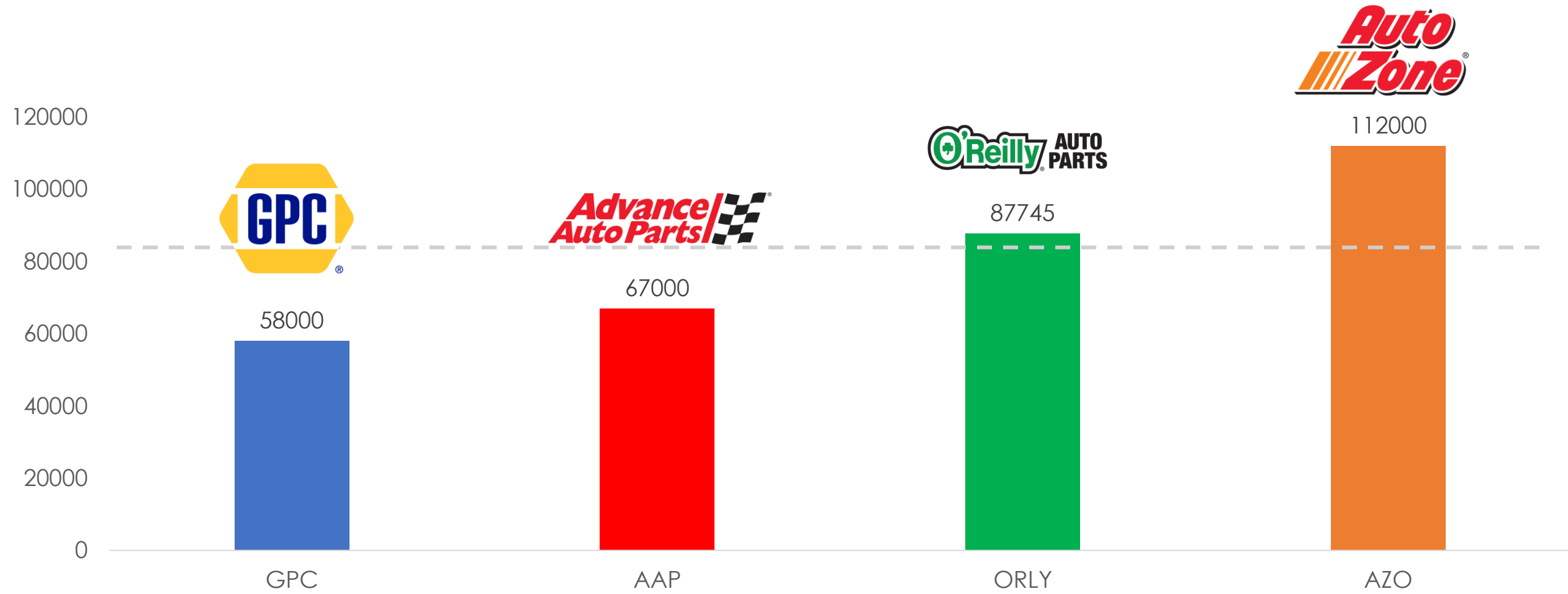




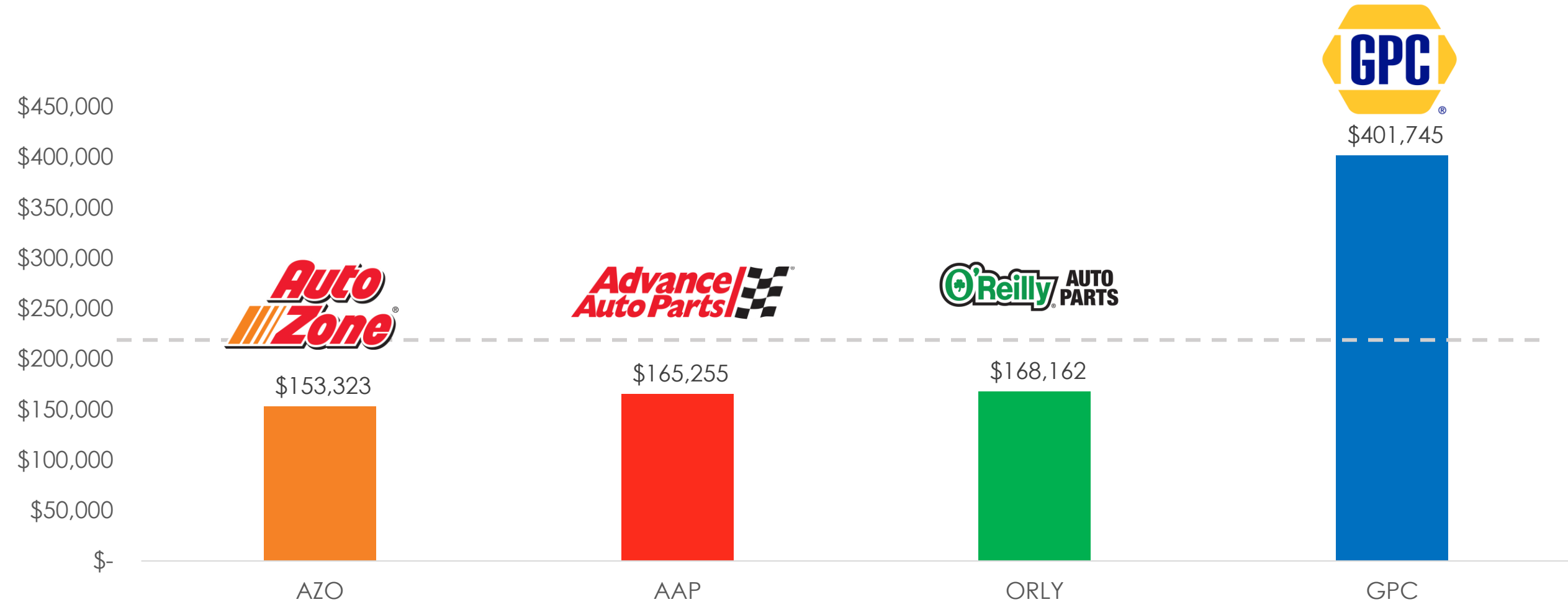
# Store Count



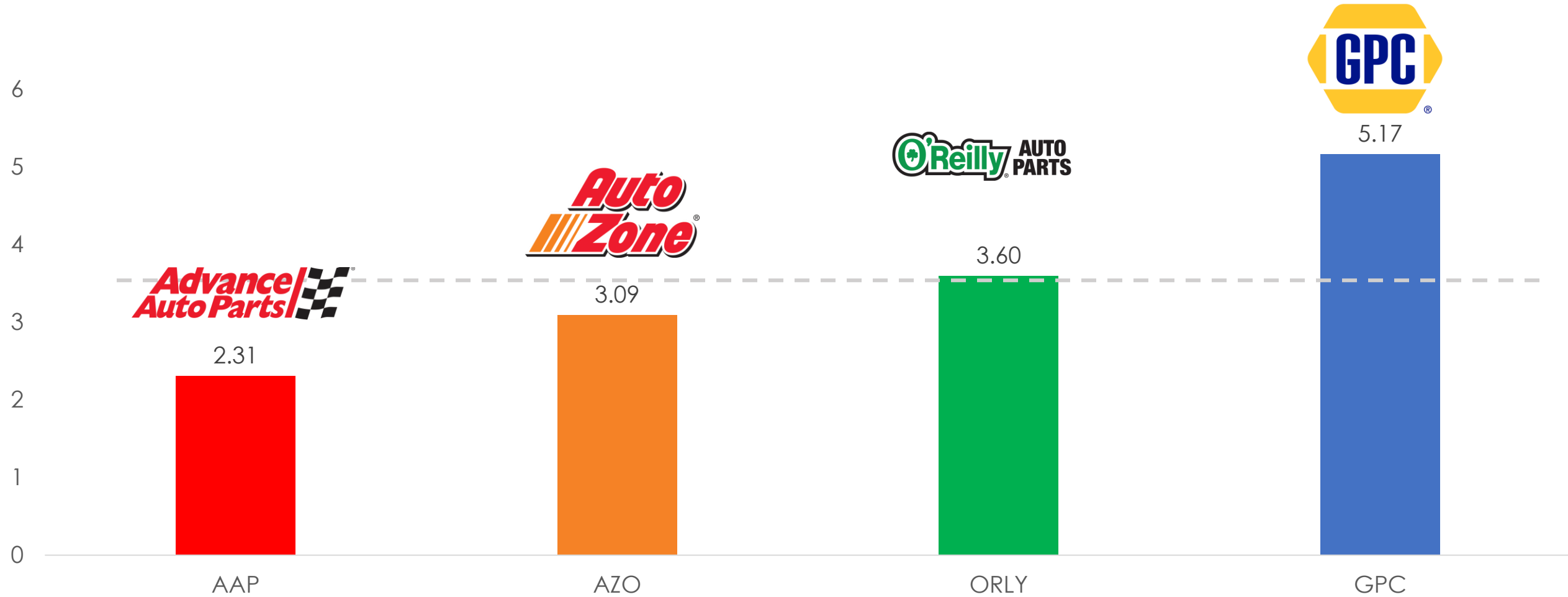
# Total Number of Employees



# Sales per Employee

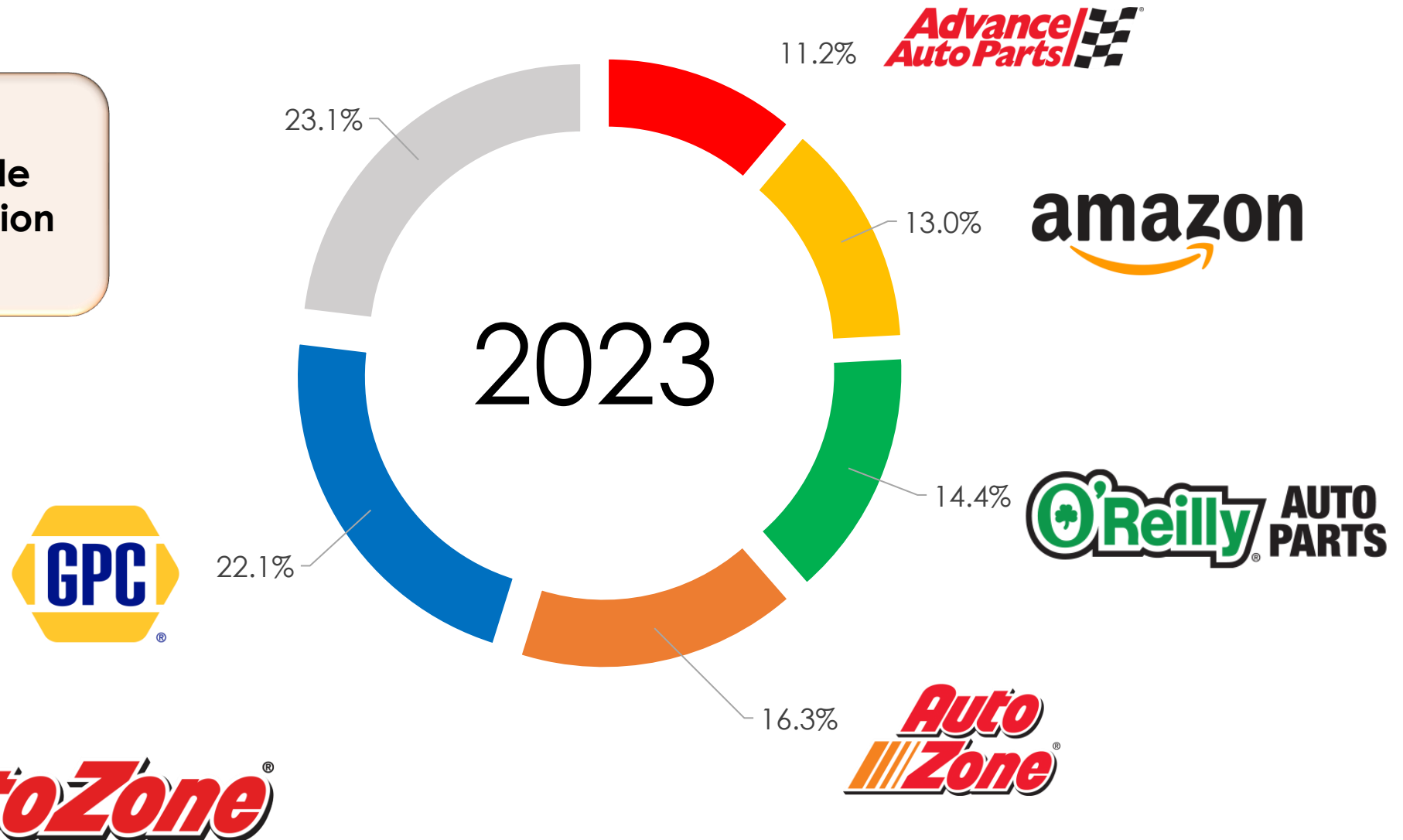


# Inventory Turnover



# Market Share - 2023

Total Addressable Market ~ \$100 billion





# Risk Factors

Zac Nguyen





# Risk Factors

Mass retail

Increasing complexity of cars

Electric Vehicles



# Electric Vehicles



“Overall, Ford expects 40% to 50% of its global vehicle volume to be fully electric by 2030.” -

**Ford**



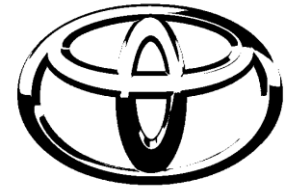
“Climate change is real, and we want to be part of the solution by putting everyone in an electric vehicle” -

**General Motors**



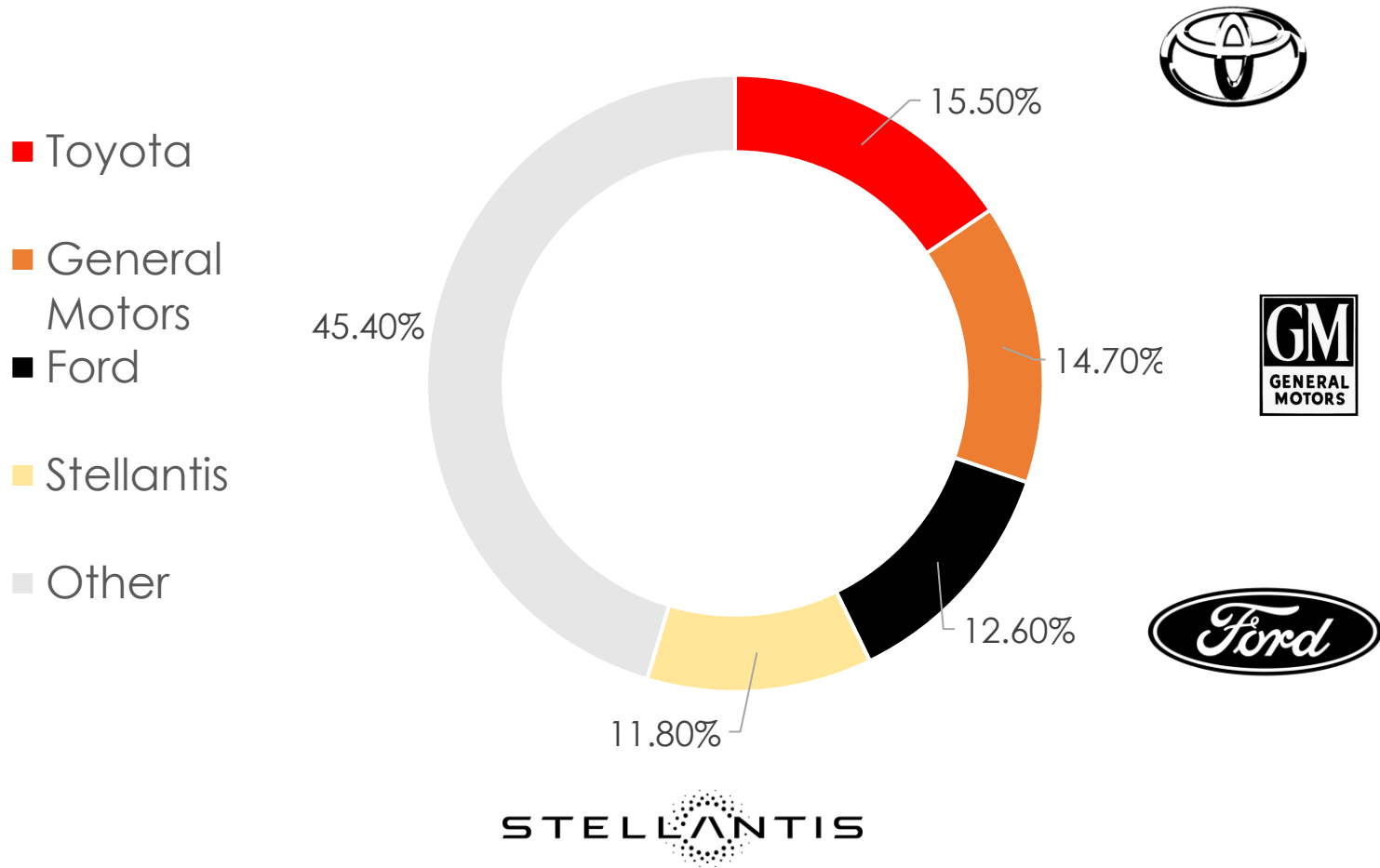
“We are setting the course for 100% of sales in Europe and 50% of sales in the United States to be battery electric vehicles (BEVs) by the end of this decade.” -

**Stellantis**



“Toyota plans to invest approximately \$70 billion globally in electrified vehicles including HEVs, PHEVs, FCEVs and BEVs.” - **Toyota**

# United States Car Manufacturers



# Electric Vehicles

More Complex = Less DIYers

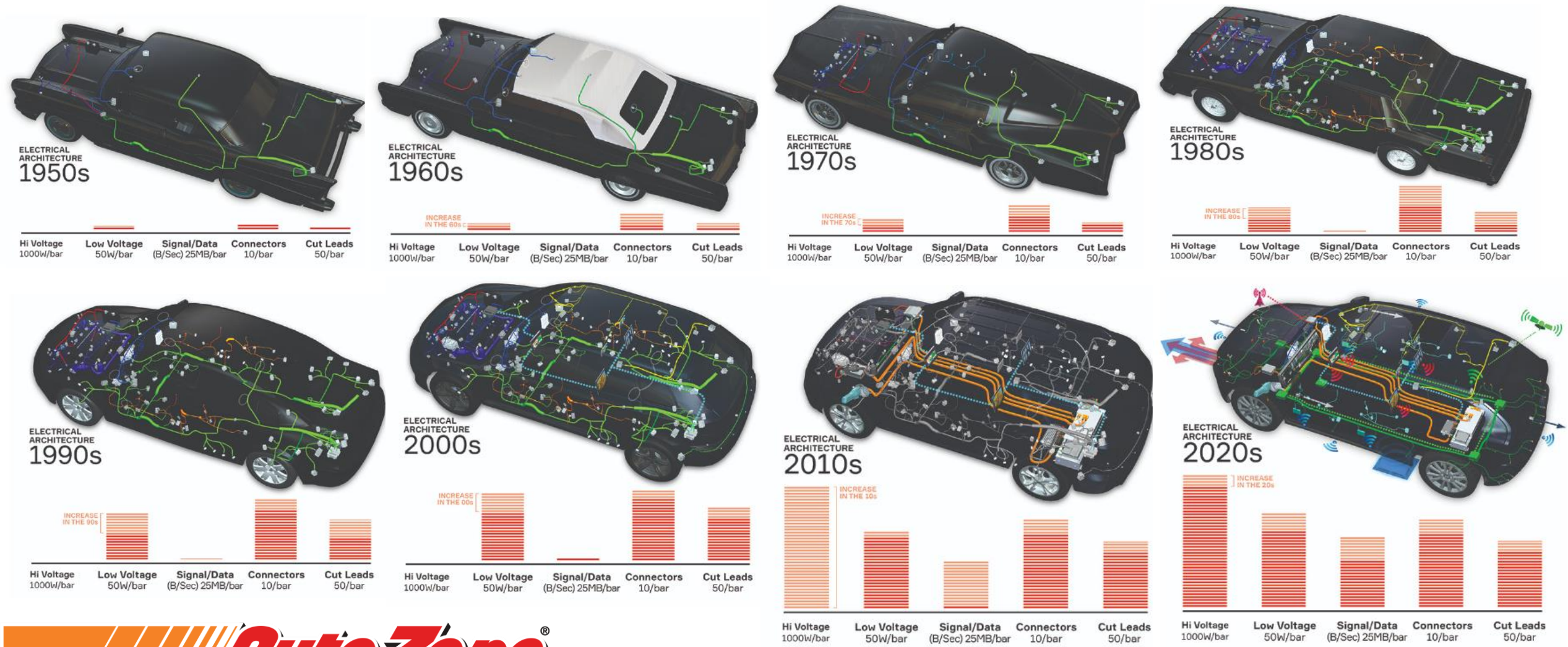
Less frequent repairs

Too complex for most mechanics



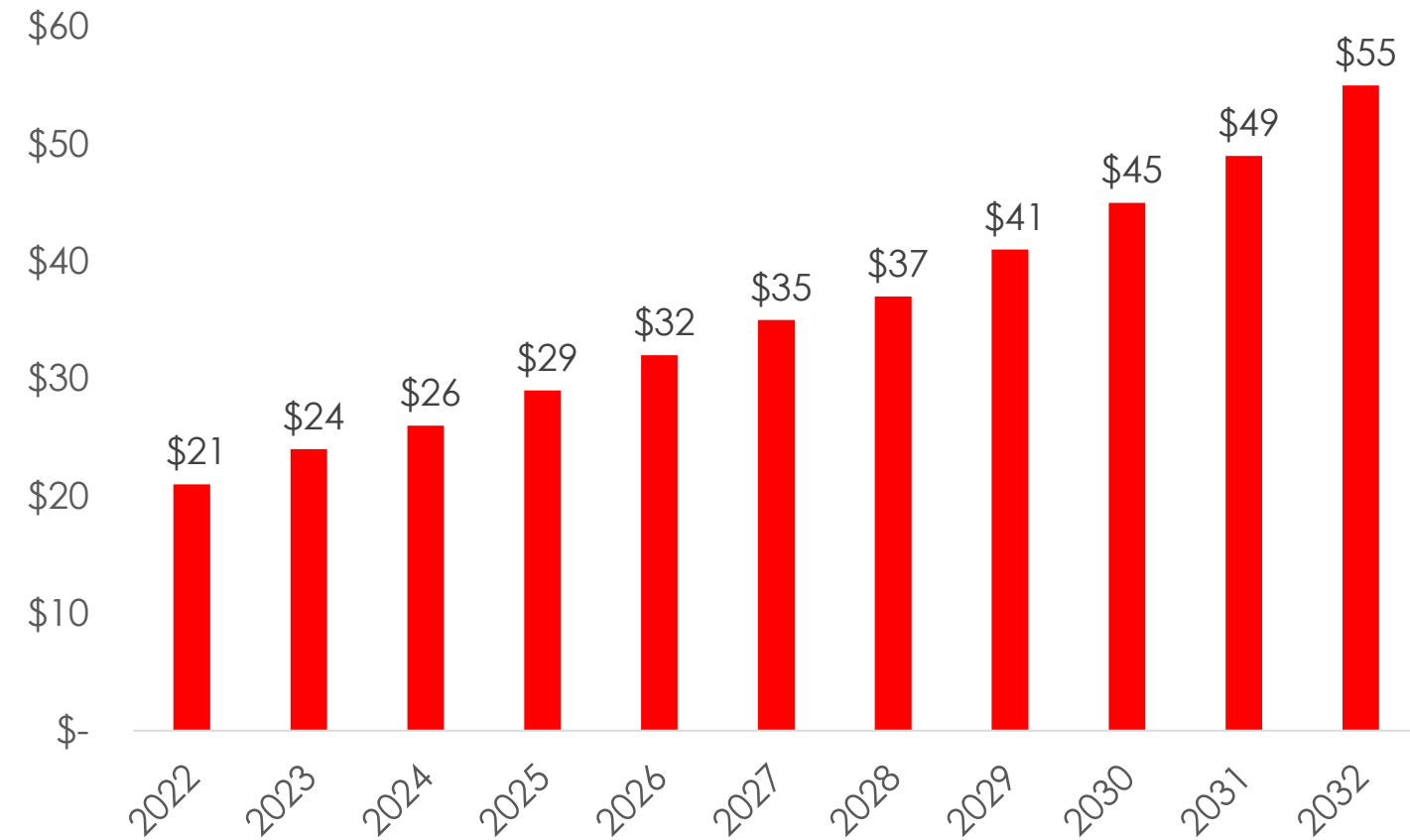


# Increasing Complexity of Cars



# Increasing Complexity of Cars

Projected Automotive Sensor Market (In billions)

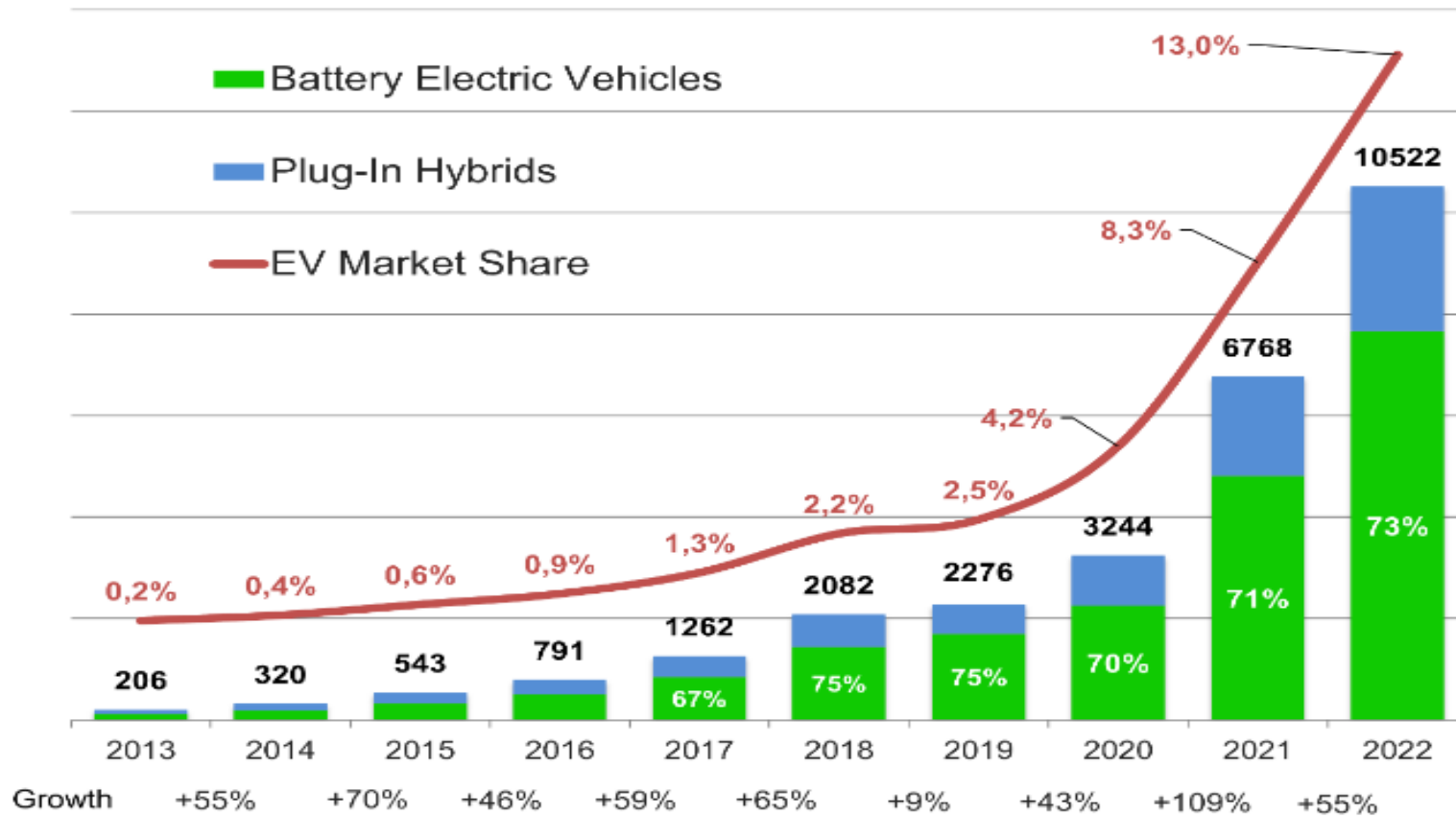




# Electric Vehicle Sales

GLOBAL BEV & PHEV SALES ('000s)

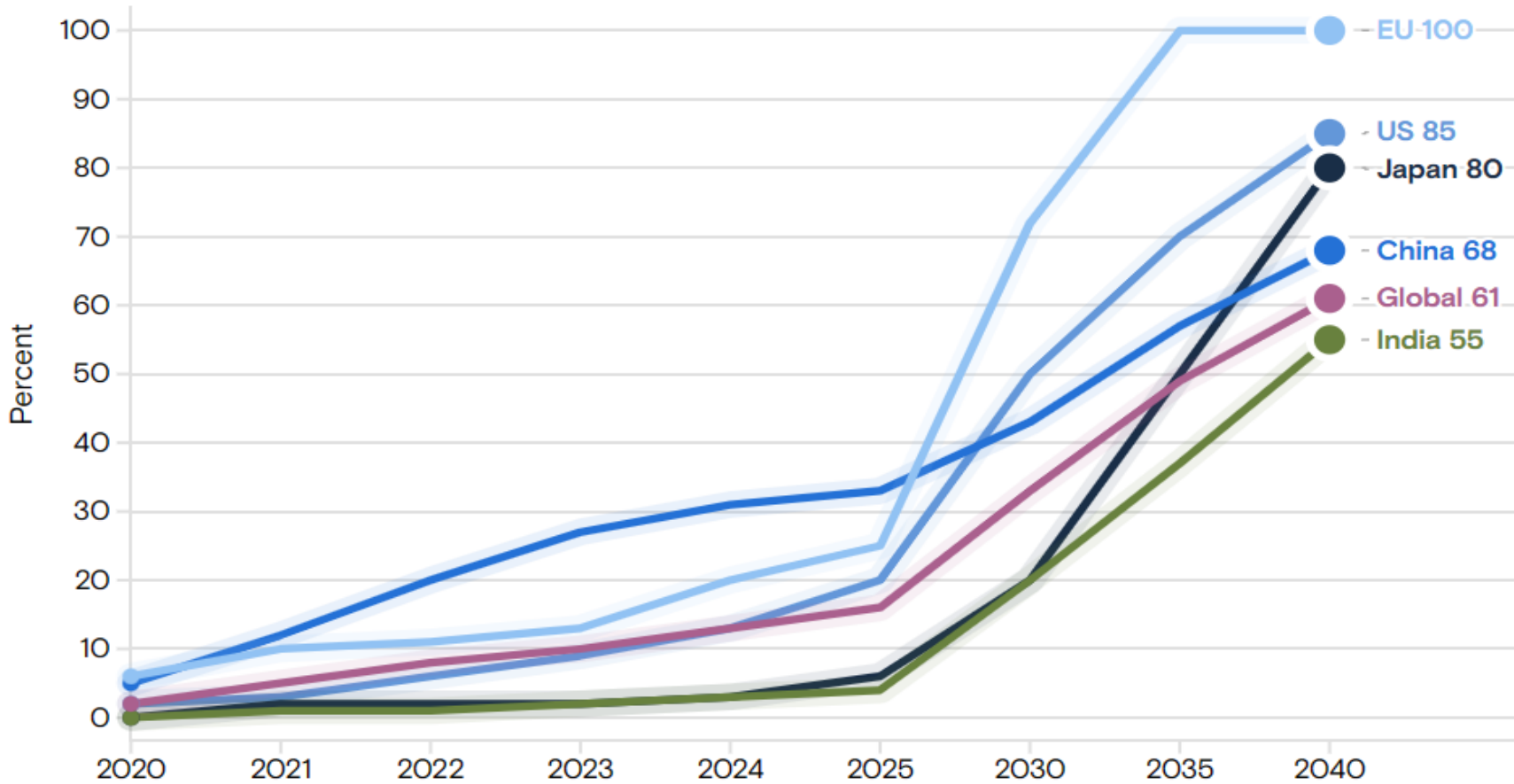
EV VOLUMES



Courtesy of



# Electric Vehicles Expected Production %



Courtesy of



# Mass Retail

\$1.9 billion in OEM sales 2020

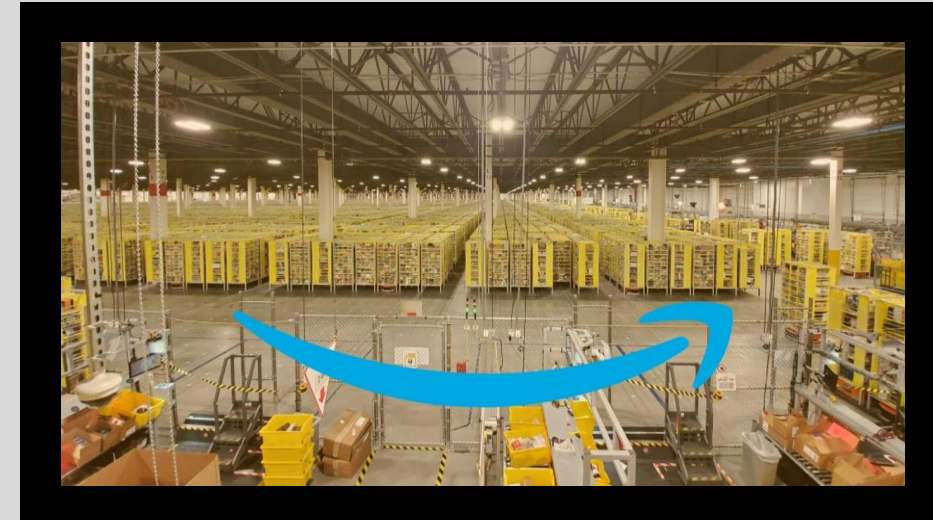
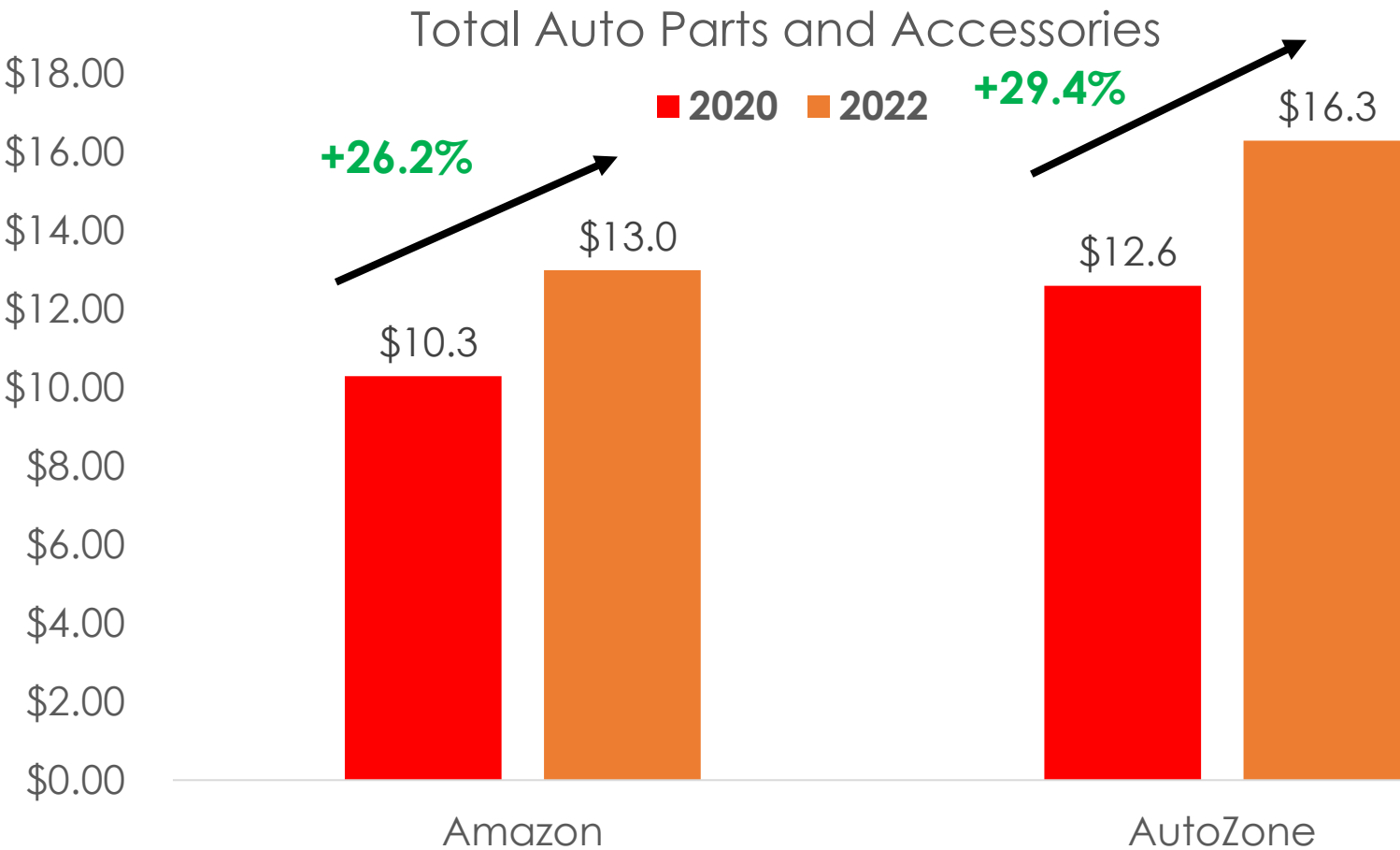
If AutoZone doesn't have the part,  
there is a good chance Amazon  
does

Easy to use



Amazon

# Amazon Auto Parts Sales Growth







# Valuation

Logan  
Arciba



# EPS Model Inputs

5 YEARS	BEAR	BASE	BULL
REVENUE GROWTH	2%	4%	6%
SHARE BUYBACKS	4%	4%	4%
EPS Growth	6%	8%	10%



# EPS Model

Ticker: AZO		5 Year EPS Forecast										
Price: \$2,661.24								P/E	Return Price	PV	5 YR Return	Annual Return
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	11.0x	\$1,756.67	\$1,090.75	(34.0)%	(8.0)%
		\$121.63	\$128.93	\$136.66	\$144.86	\$153.56	\$159.70	16.0x	\$2,555.16	\$1,586.55	(4.0)%	(0.8)%
			6%	6%	6%	6%	4%	21.0x	\$3,353.64	\$2,082.35	26.0%	4.7%
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	11.0x	\$1,965.69	\$1,220.54	(26.1)%	(5.9)%
		\$121.63	\$132.58	\$143.18	\$154.64	\$167.01	\$178.70	16.0x	\$2,859.18	\$1,775.33	7.4%	1.4%
			9%	8%	8%	8%	7%	21.0x	\$3,752.68	\$2,330.12	41.0%	7.1%
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	11.0x	\$2,135.16	\$1,325.77	(19.8)%	(4.3)%
		\$121.63	\$133.79	\$147.17	\$161.89	\$178.08	\$194.11	16.0x	\$3,105.69	\$1,928.39	16.7%	3.1%
			10%	10%	10%	10%	9%	21.0x	\$4,076.22	\$2,531.01	53.2%	8.9%

Discount rate:  
10%



# Sensitivity Analysis

Total RoR Sensitivity				
	\$121.63	Est. EPS growth rate		
		6%	8%	10%
P / E	11.0x	(8.0)%	(5.9)%	(4.3)%
	16.0x	(0.8)%	1.4%	3.1%
	21.0x	4.7%	7.1%	8.9%

# Margin of Safety

	Bear	Base	Bull
Present Value	\$1,587	\$1,775	\$1,928
Margin of Safety	-40%	-33%	-27%



## Conclusion

Dylan  
Swanson



# Concluding Thoughts

~~Emotions~~

Discipline

Logic

Have the fundamentals changed?

Is the moat eroding?

Is there a value gap?



The Compounding Crew



# Suggestion

**Sell**

Strong downside

Slowing growth

Value gap



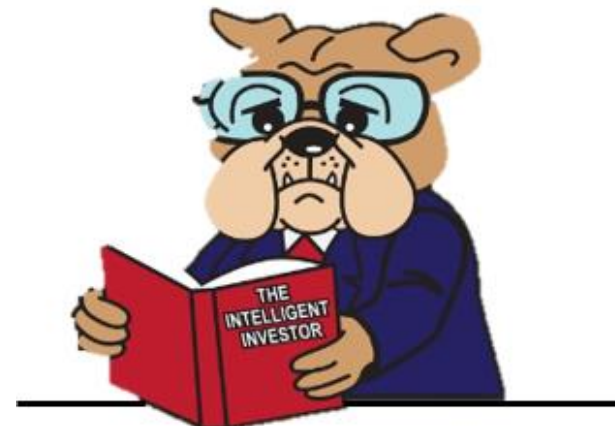
# AutoZone



Bull Team

The Bull Team logo is a circular emblem. It features a cartoon bulldog character with a brown face, wearing blue-rimmed glasses and a dark blue suit with a red tie. The bulldog has its arms crossed and a serious expression. The entire character is set against a green circular background.



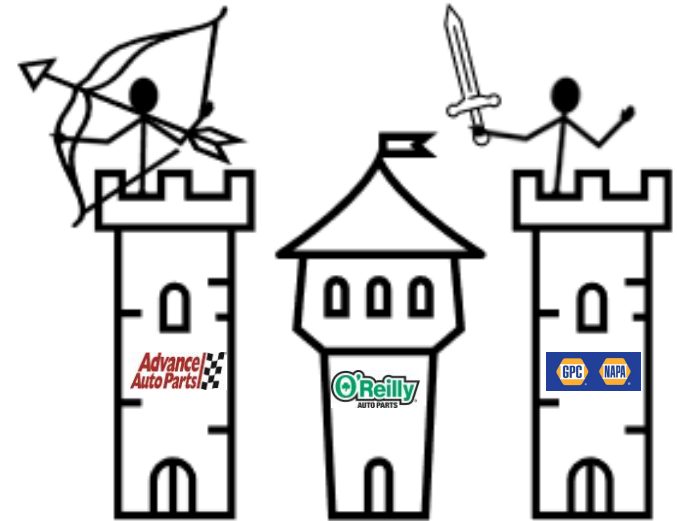
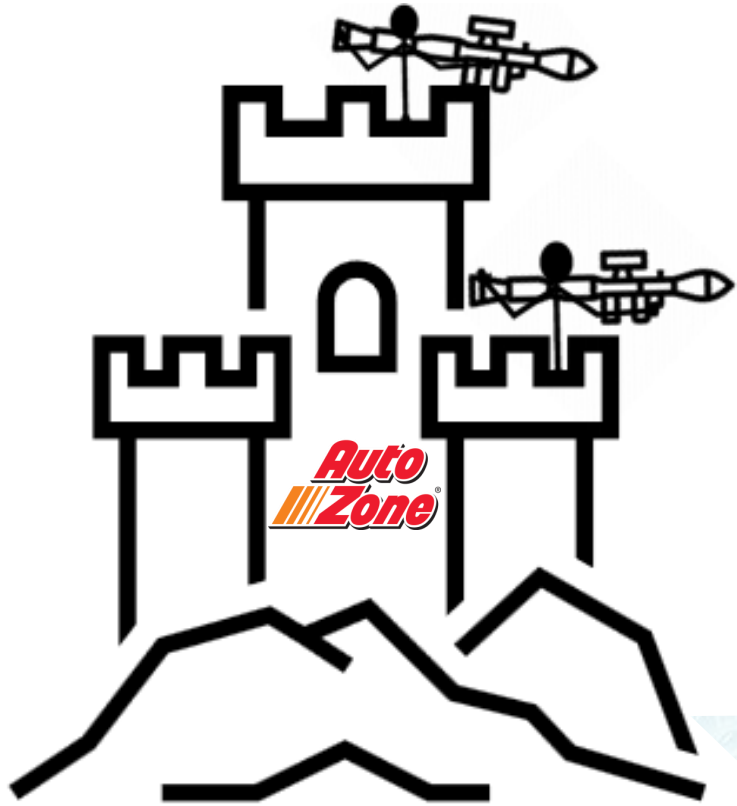


## Economic Moat

Michael Resendez  
and  
Ethan Sanchez



# Intangible Assets



Intangible Assets

Recognition

Mega Hubs

Loyalty

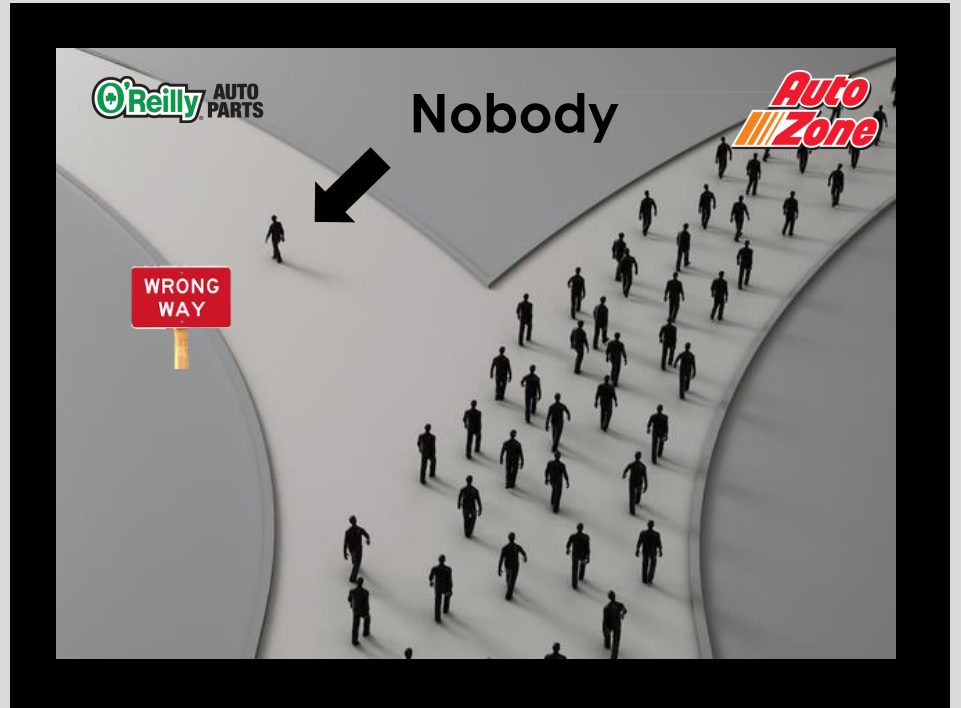


# Brand Recognition

Logo

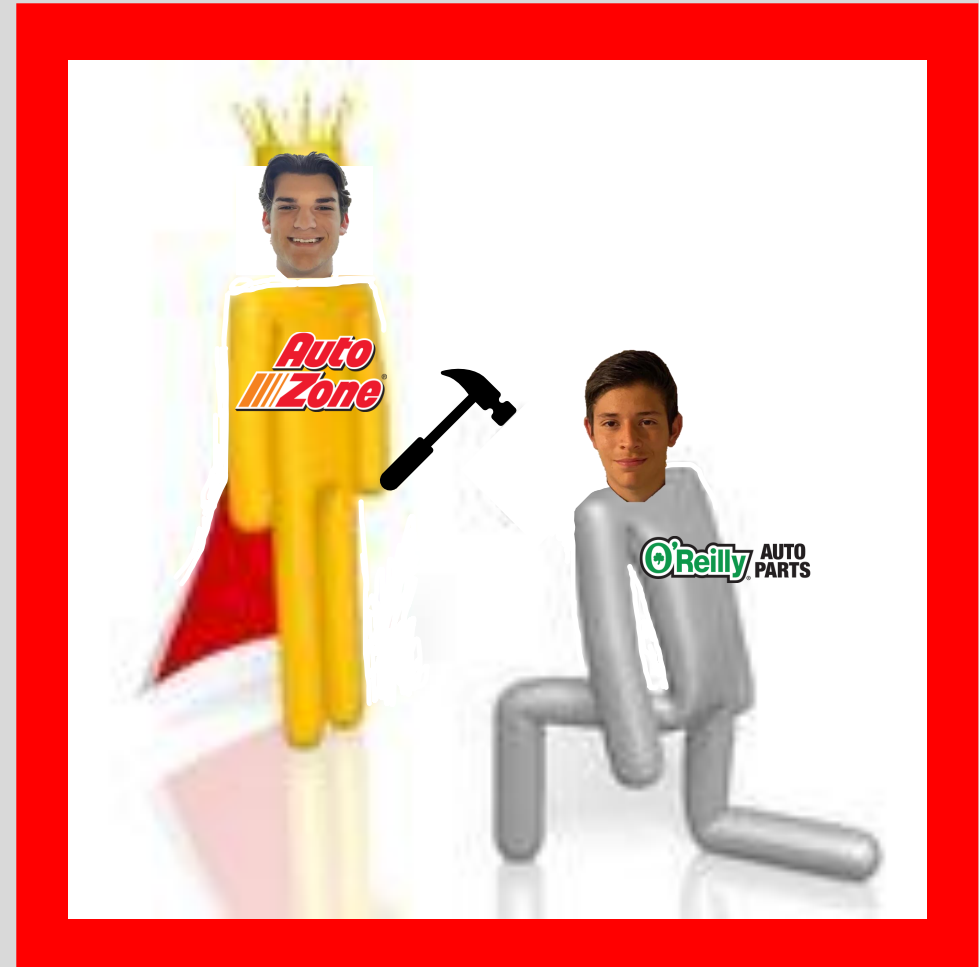
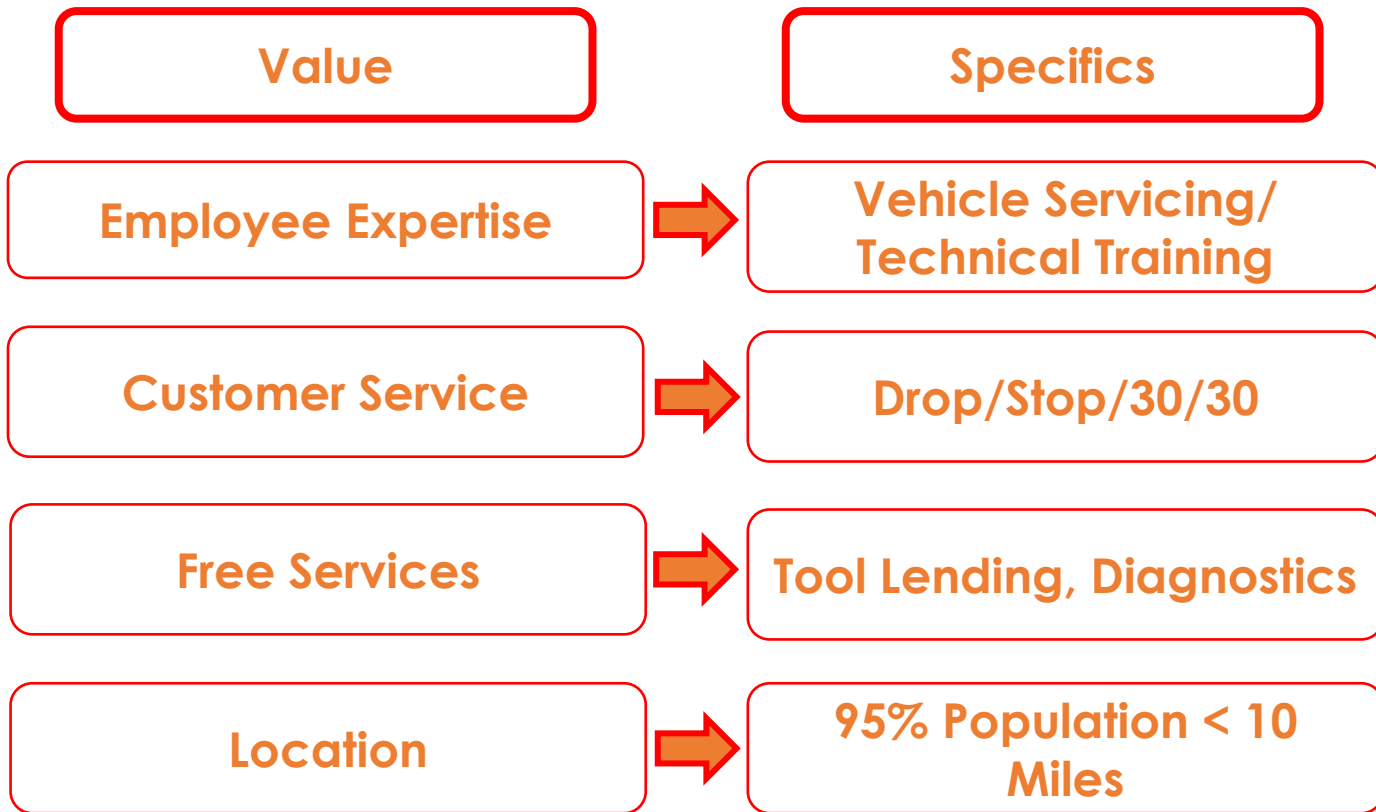
Company Slogan

Trustworthy Reputation

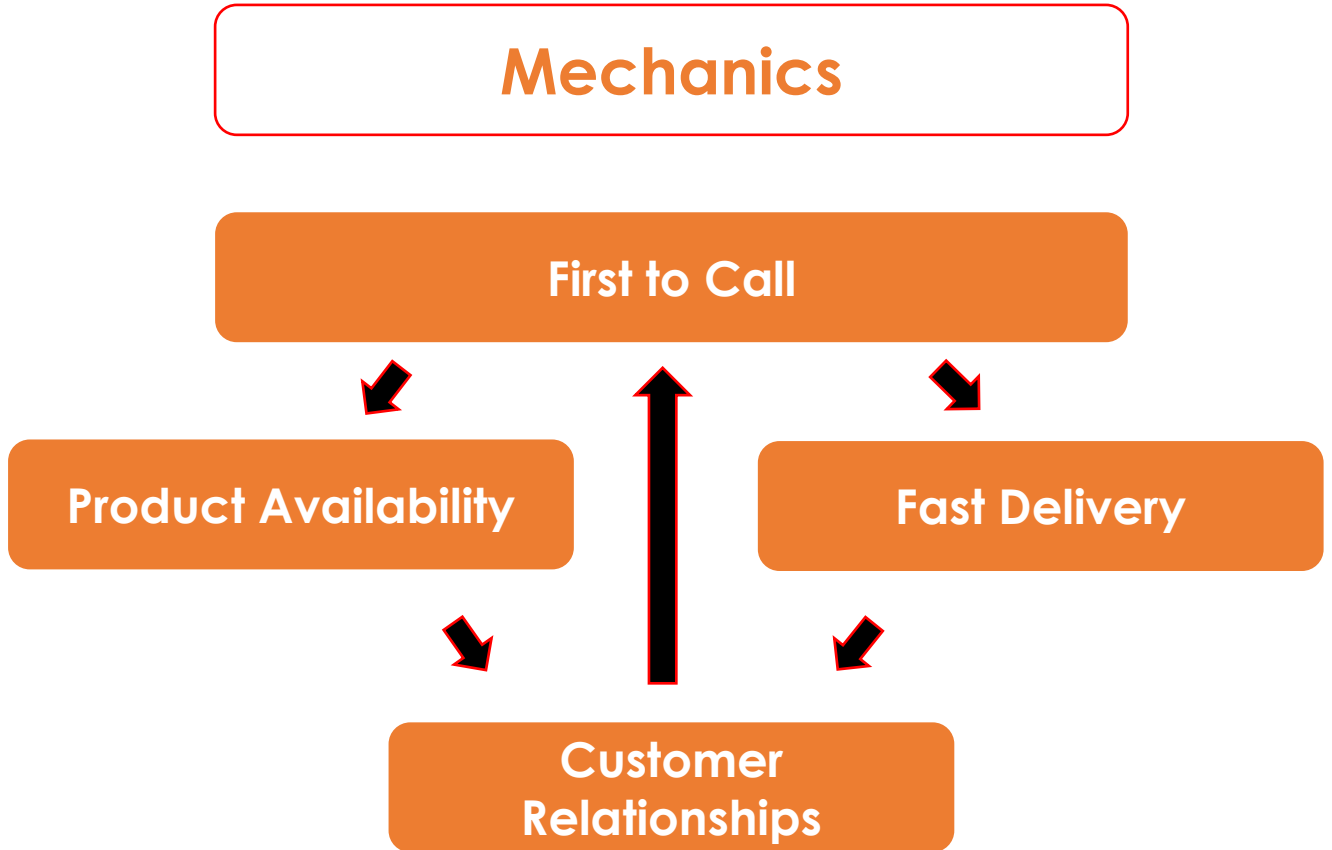




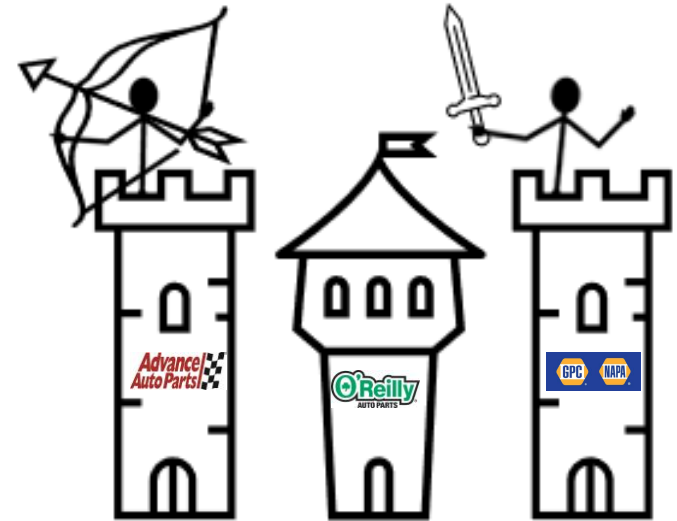
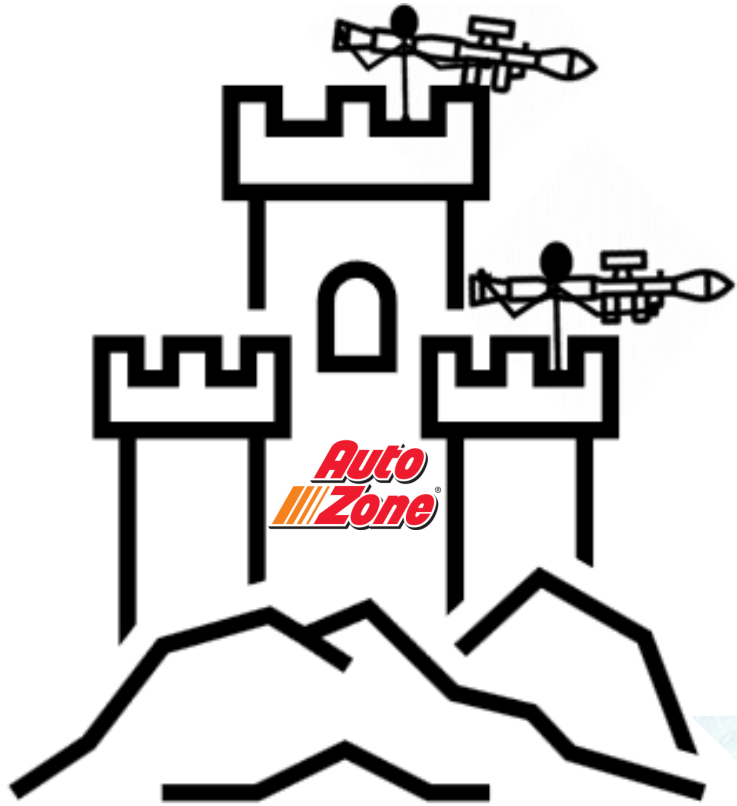
# Brand Loyalty



# Mega Hubs



# Cost Advantages



Cost Advantages

Distribution

Efficiency

Mega Hubs



# Efficiency

Strategically located

90% of stores have access

Saves time and money

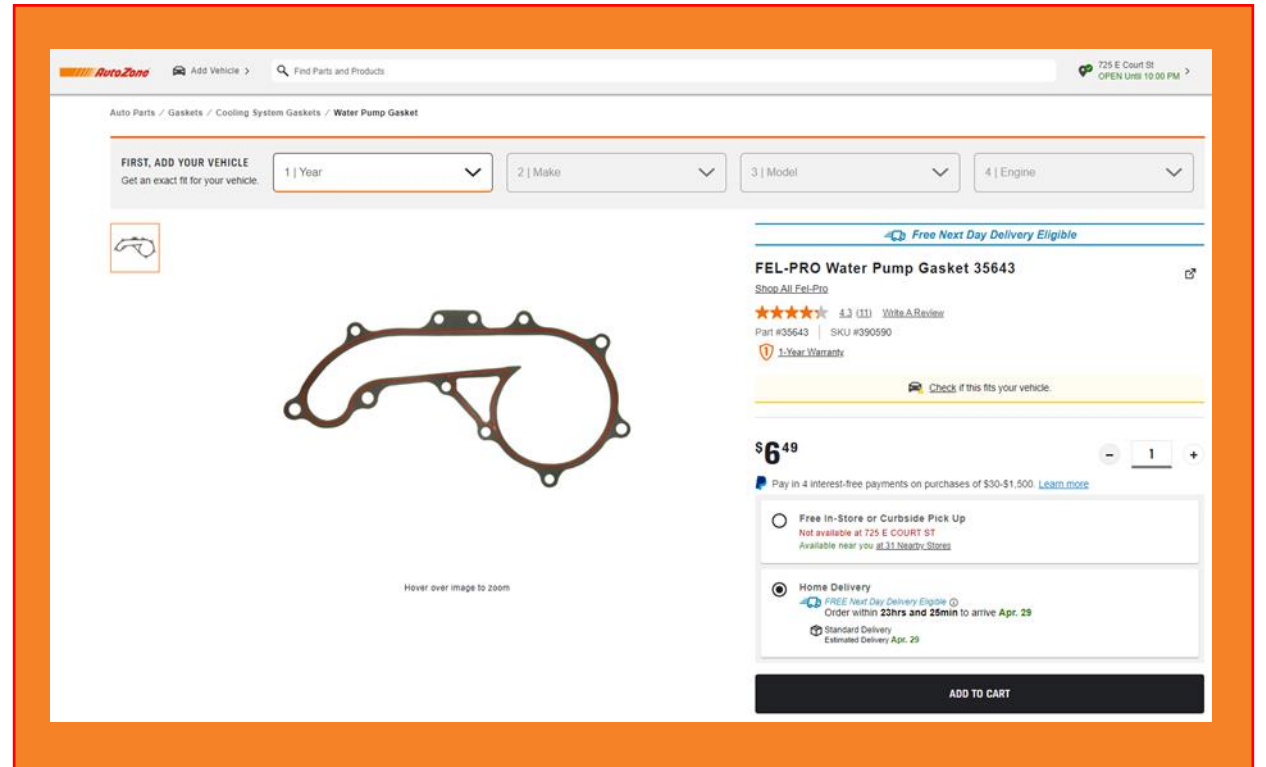


# Distribution

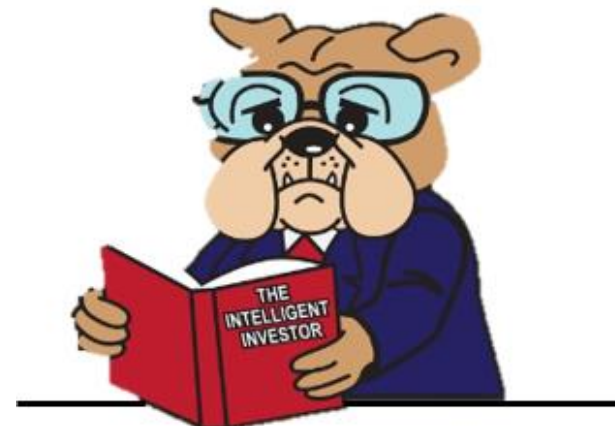
DIY vs DIFM

80,000 – 110,000 SKU

<24 hours







# Growth Opportunities

Pablo Samanez



# Growth Opportunities

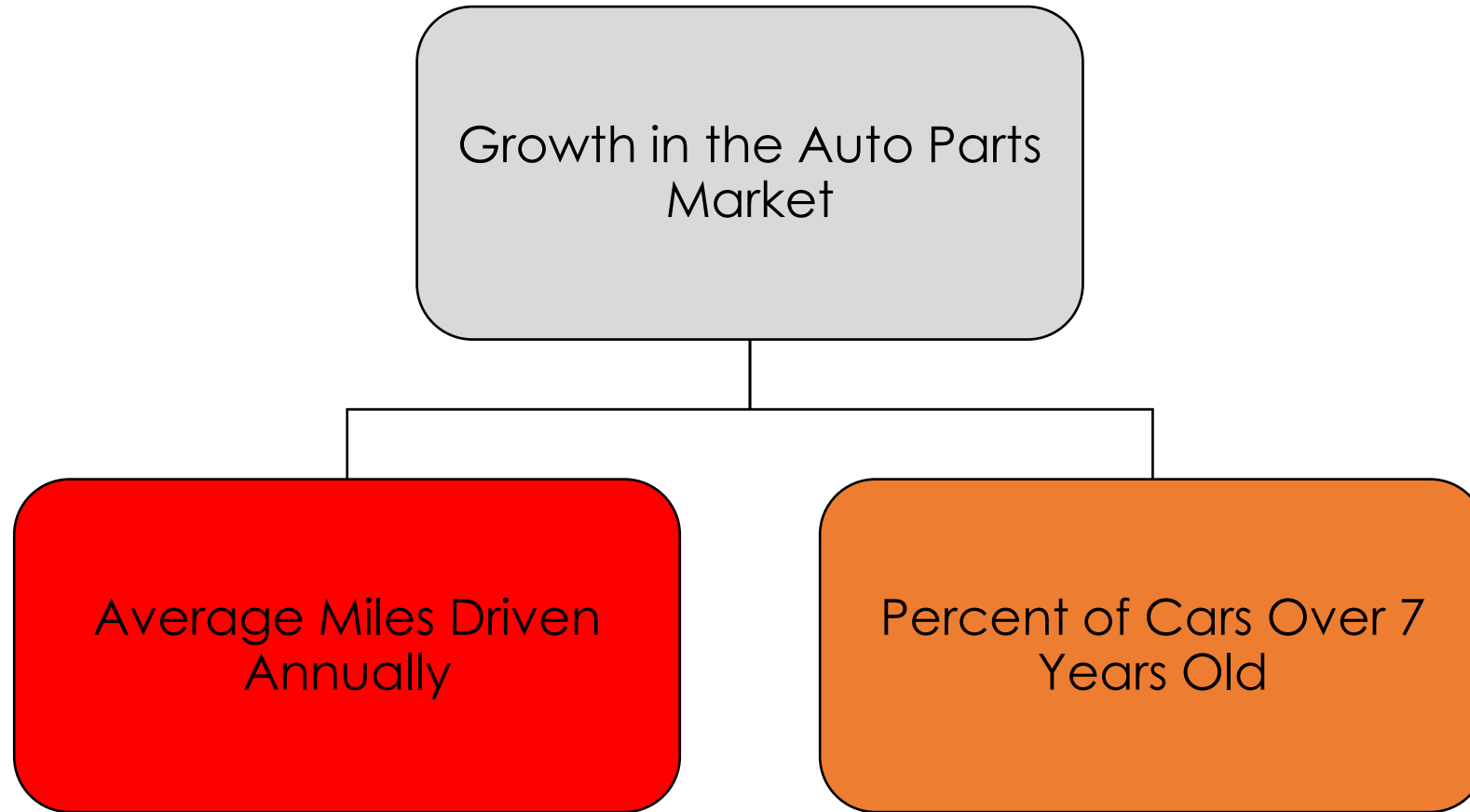
Market Growth

Commercial Growth

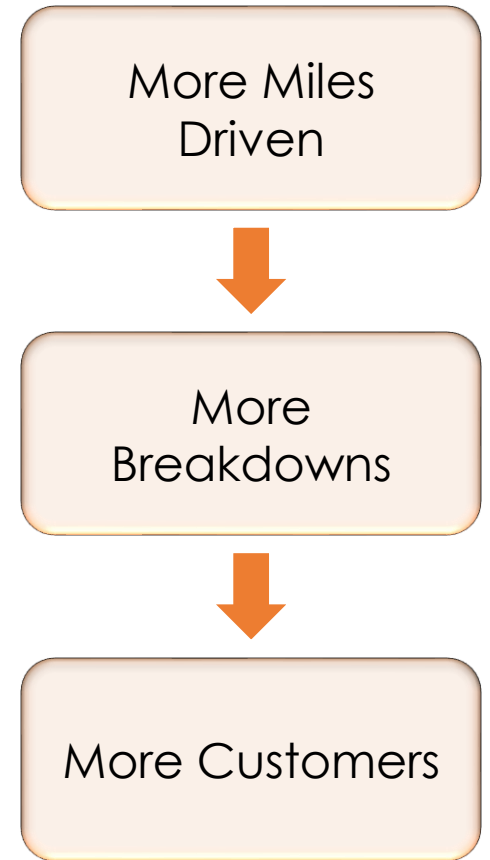
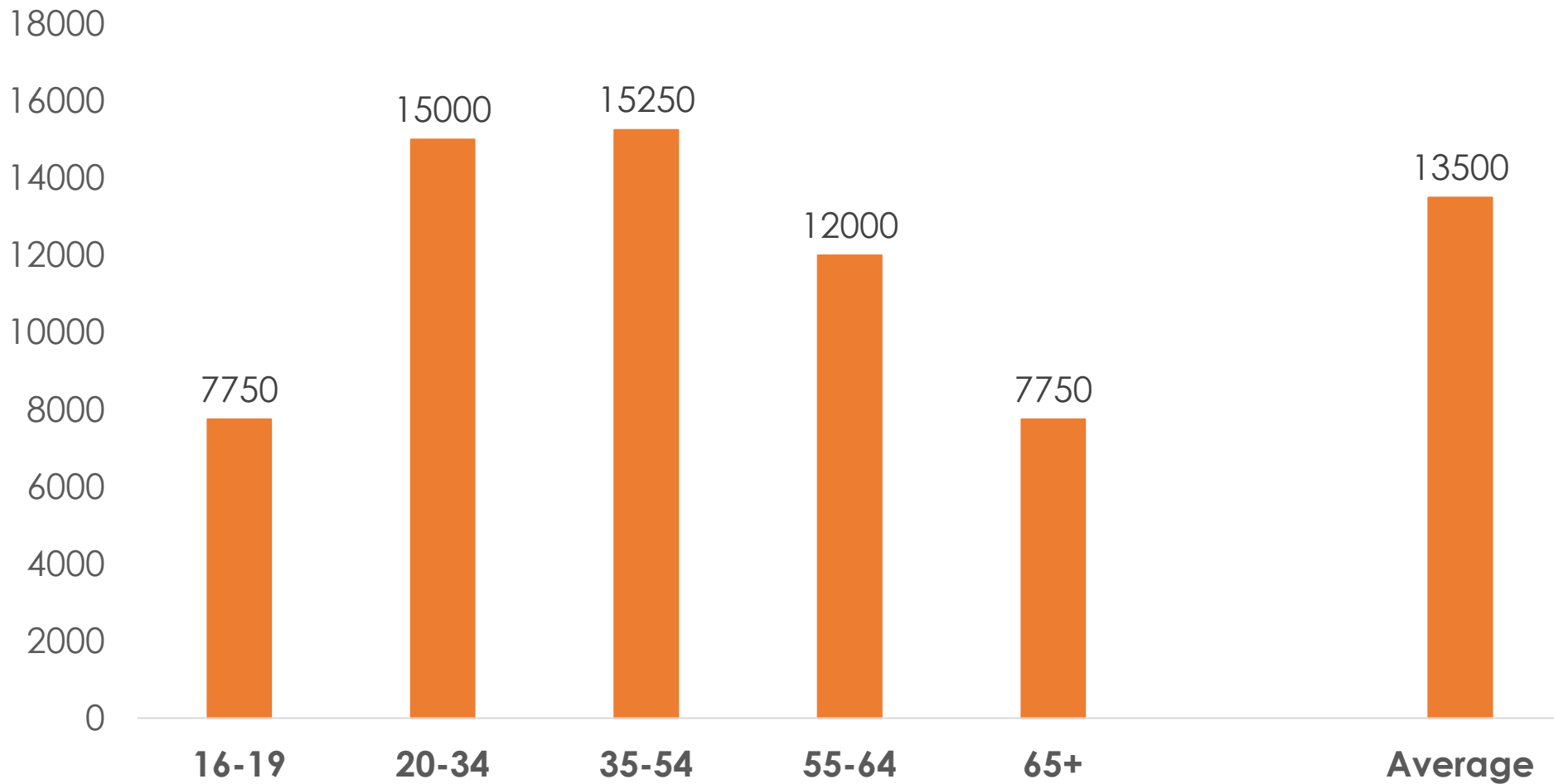
Expansion in International Markets



# Market Growth

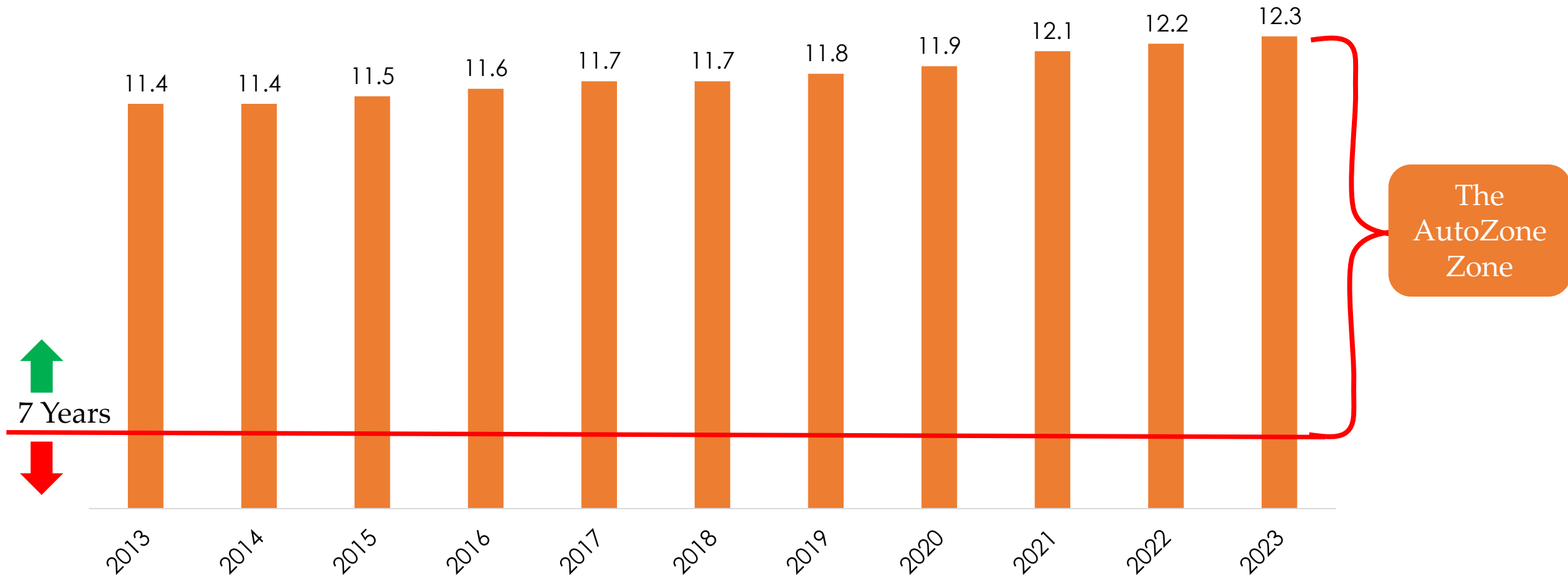


# Average Miles Driven



# Average Age of Cars (U.S)

In Years





# Vin # Year Range

63% of cars are > 9 years old

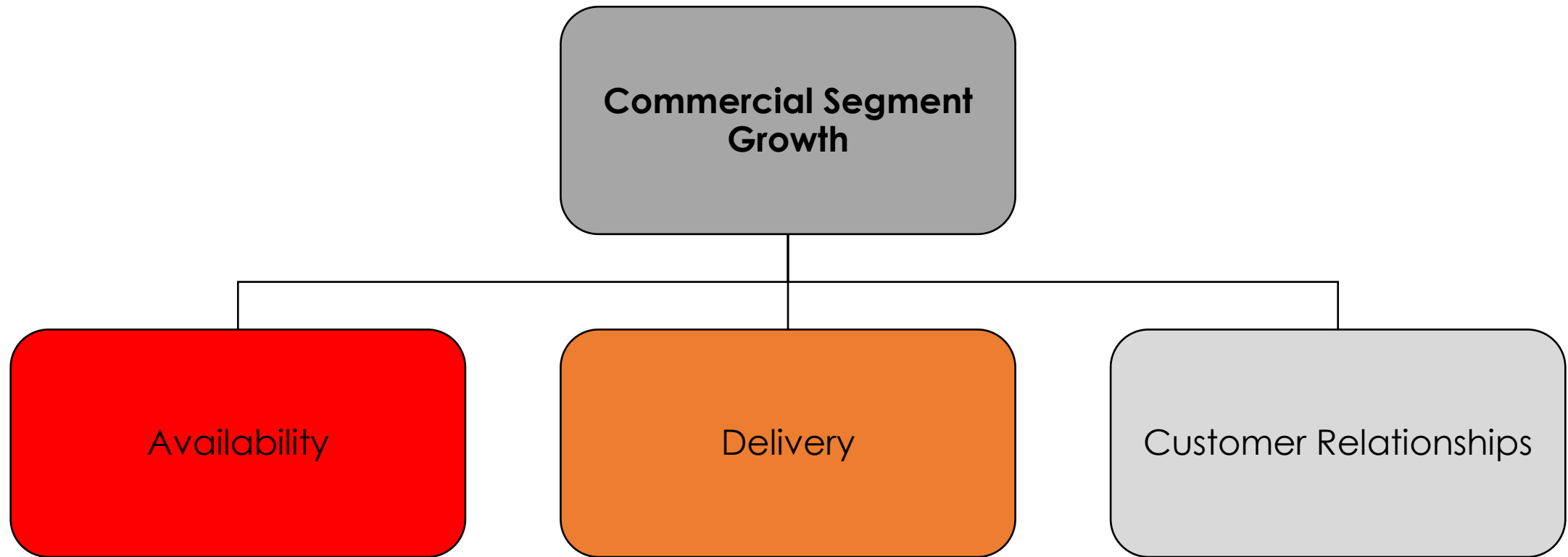
26% are 4-8 years old

**A Majority of U.S cars are possible AutoZone customers**

VIN YEAR RANGE	% OF VEHICLES
2020-2023 model years	11%
2015-2019 model years	26%
2010-2014 model years	19%
2005-2009 model years	20%
2000-2004 model years	14%
1995-1999 model years	5%
1990-1994 model years	2%
1985-1989 model years	1%
Older than 1985	2%
<b>TOTAL</b>	<b>100%</b>

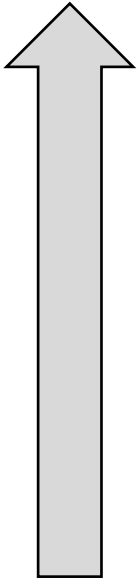


# Commercial Growth



# Commercial Customer

Most  
Used



Least  
Used

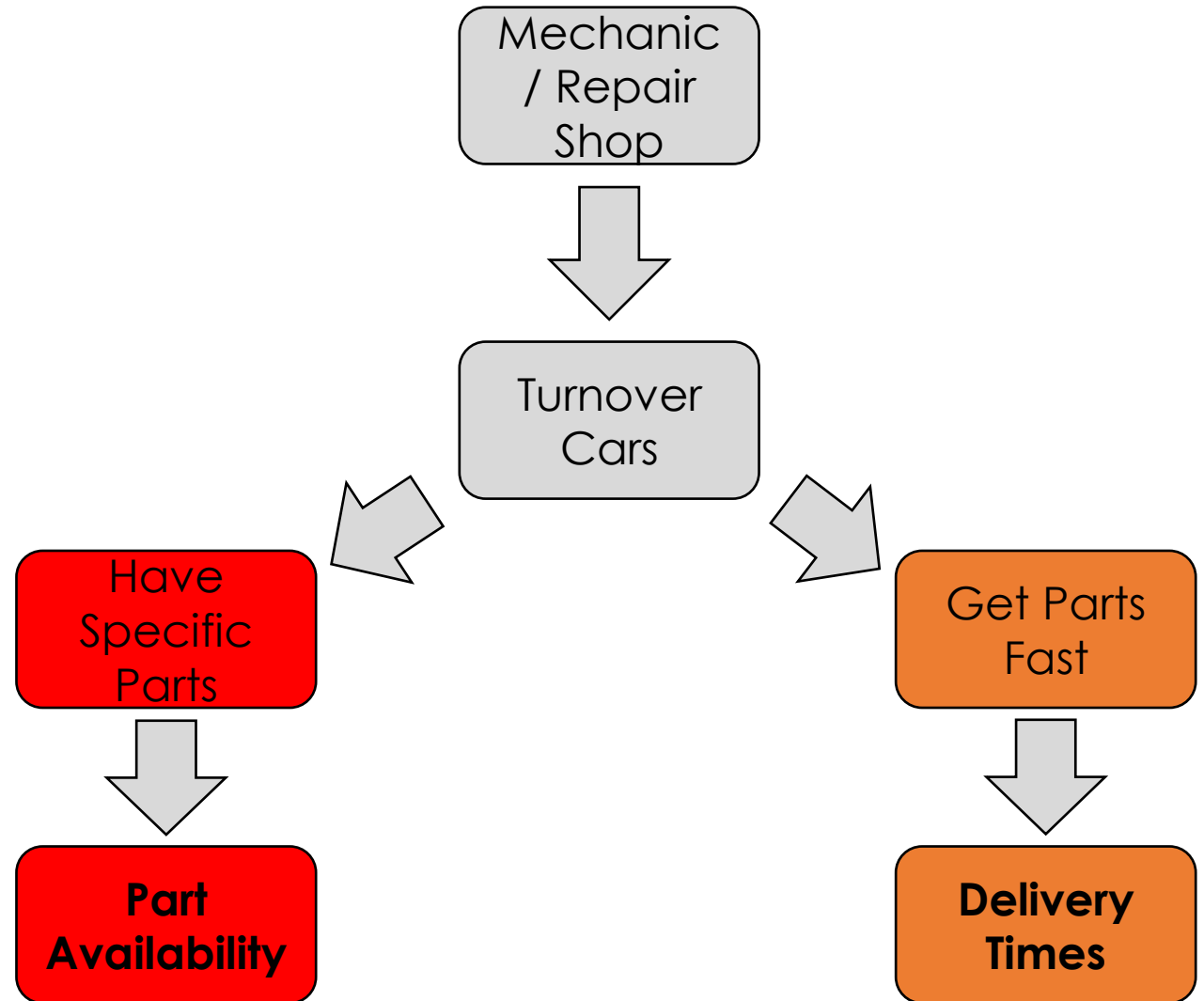
## Suppliers:

1. Competitor
- 2. AutoZone**
3. Competitor
4. Competitor
5. Competitor

The higher on the list,  
the more revenue you  
get from the customer

# Commercial Customer

“How do we get/stay at the top of our customer’s list?” - AZO



# Implementation of More Mega Hubs

- More reliable for mechanics
- Faster turnover for customers



 Delivery Times



Supply Chain Costs 

- Product can be moved for a lower unit cost

- Customers stay with AutoZone
- AutoZone becomes a store's main provider



 Product Availability

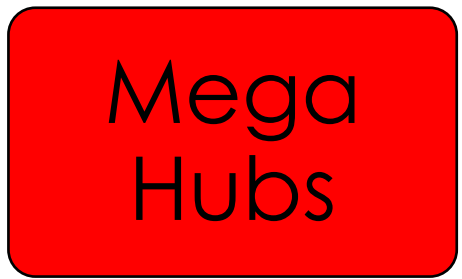


Large Scale 

- More access to new customers
- Improved access to existing customers



# Commercial Supply Chain



- 80,000 – 110,000 SKUs

- 50,000 SKUs

- 25,000 SKUs

## Customer Service

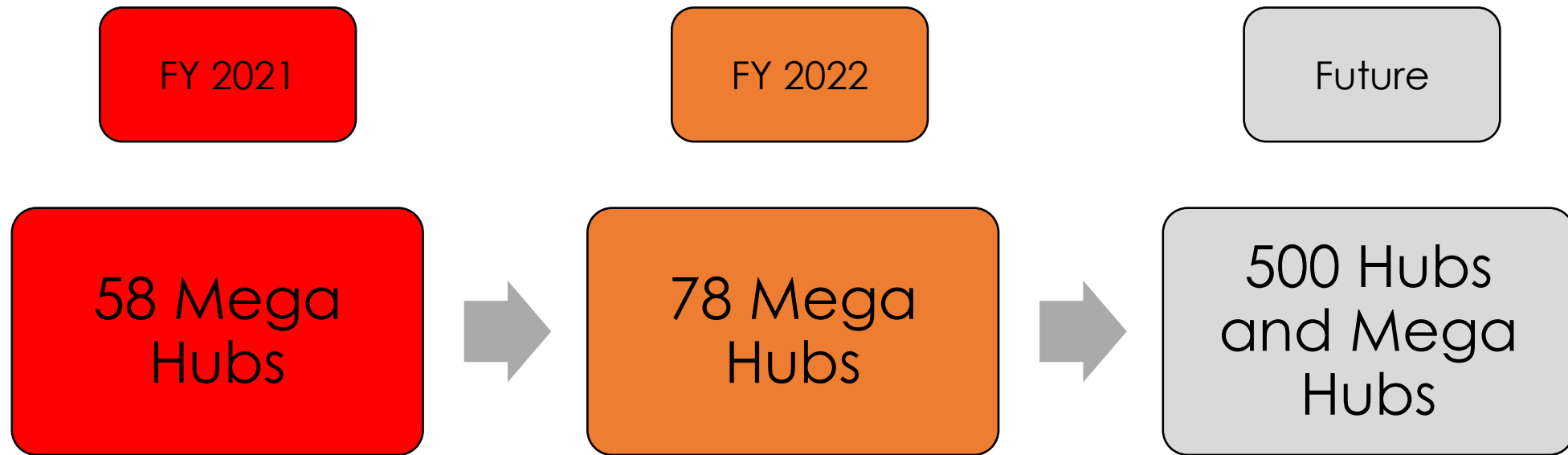
- Increased Availability
- Decreased Delivery Times
- Faster Turnover for Car Repair

SKU (Stock Keeping Unit)

- The number of unique products in the store



# Store Growth



# Commercial Future



- More Specific Models
- Computers in Cars
- Electric Vehicles



- Consumers cannot repair their own cars anymore



- Become the #1 Spot for Customers now
- Continue to build relationships and provide value in the future

# International Market



Mexico



Brazil

Average Car Age:  
13 Years

Average Car Age:  
12 Years

~50% of Population  
Own a Car

~50% of Population  
Own a Car



# International Market



~700 Current Stores

~70 Current Stores

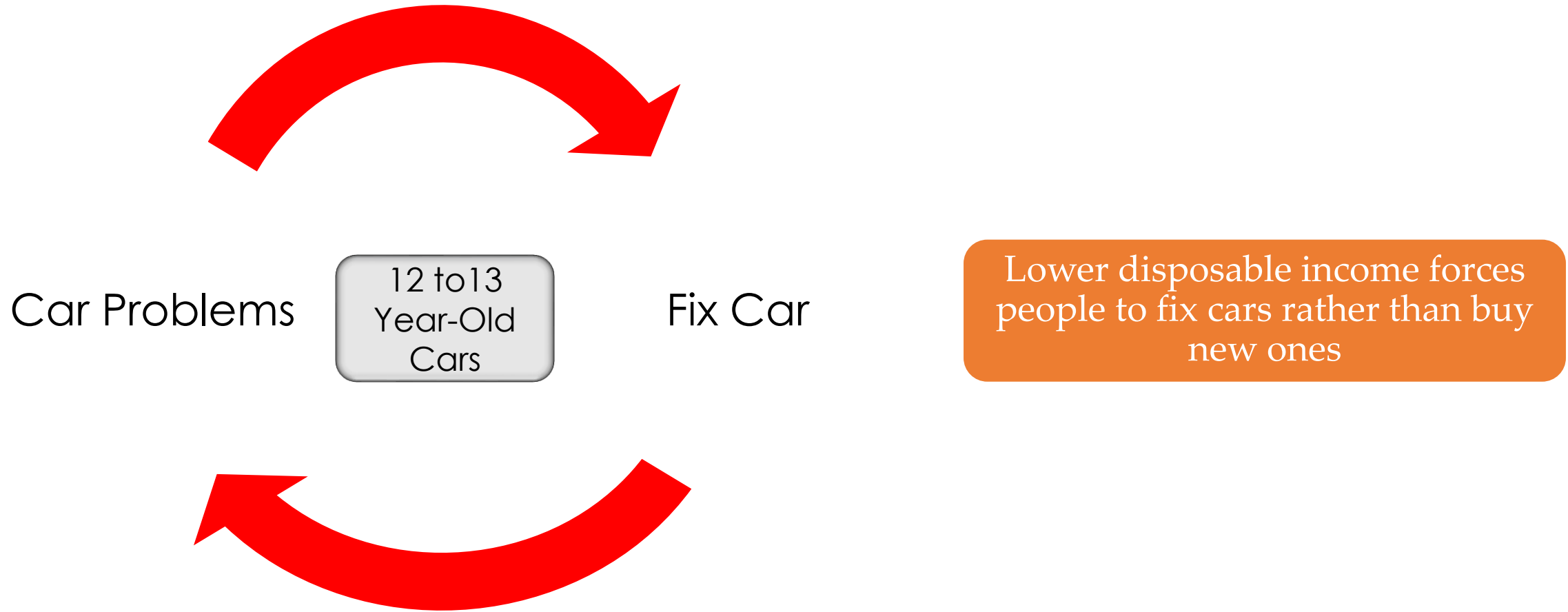
200 New Stores

Multi-Year Store Growth Plan



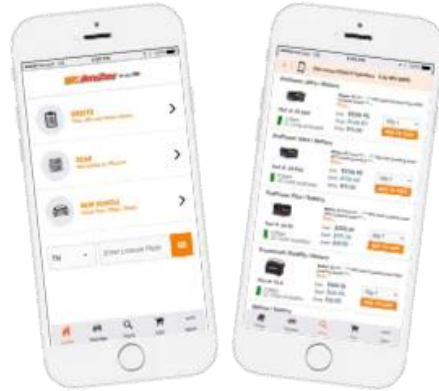


# Mexico/Brazil Car Cycle



# Valued Added to Retail

App Capabilities



Z-Net

Self Checkout

Diagrams	Pictures	Instructions
Automotive System Views	Part Images	Repair Directions
Tools Needed for Job	All Available Brands	Vehicle Specific



# Valuation

Ethan Sanchez



# EPS Model Inputs

5 Years	Bear	Base	Bull
Net Income Growth	5%	6%	7%
Shares Buybacks	2%	3%	4%
EPS Growth	7%	9%	11%

# EPS Model

Ticker: AZO		5 Year EPS Forecast										
Price: \$2,661.24												
								P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	12.0x	\$2,047.11	\$1,271.09	(23.1)%	(5.1)%
		\$121.63	\$130.14	\$139.25	\$149.00	\$159.43	\$170.59	15.0x	\$2,558.89	\$1,588.87	(3.8)%	(0.8)%
			7%	7%	7%	7%	7%	18.0x	\$3,070.66	\$1,906.64	15.4%	2.9%
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	13.0x	\$2,432.86	\$1,510.61	(8.6)%	(1.8)%
		\$121.63	\$132.58	\$144.51	\$157.51	\$171.69	\$187.14	16.0x	\$2,994.29	\$1,859.22	12.5%	2.4%
			9%	9%	9%	9%	9%	19.0x	\$3,555.71	\$2,207.82	33.6%	6.0%
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	14.0x	\$2,869.35	\$1,781.64	7.8%	1.5%
		\$121.63	\$135.01	\$149.86	\$166.34	\$184.64	\$204.95	17.0x	\$3,484.21	\$2,163.42	30.9%	5.5%
			11%	11%	11%	11%	11%	20.0x	\$4,099.07	\$2,545.20	54.0%	9.0%



10% Discount Rate



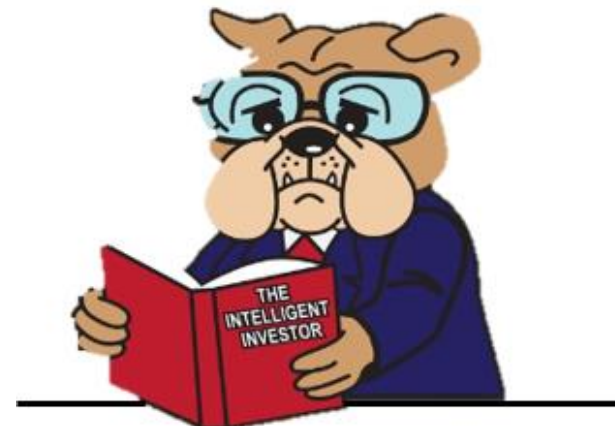
# Sensitivity Analysis

<b>Total RoR Sensitivity</b>				
		<b>Est. EPS growth rate</b>		
		<b>7%</b>	<b>9%</b>	<b>11%</b>
		<b>\$121.63</b>		
<b>P / E</b>	<b>15.0x</b>	(5.1)%	(1.8)%	1.5%
	<b>16.0x</b>	(0.8)%	2.4%	5.5%
	<b>17.0x</b>	2.9%	6.0%	9.0%

# Margin of Safety

Stock Price: \$2661.24

	Bear	Base	Bull
Present Value	\$ 1,589	\$ 1,859	\$ 2,163
<b>Margin of Safety</b>	<b>-40%</b>	<b>-30%</b>	<b>-19%</b>

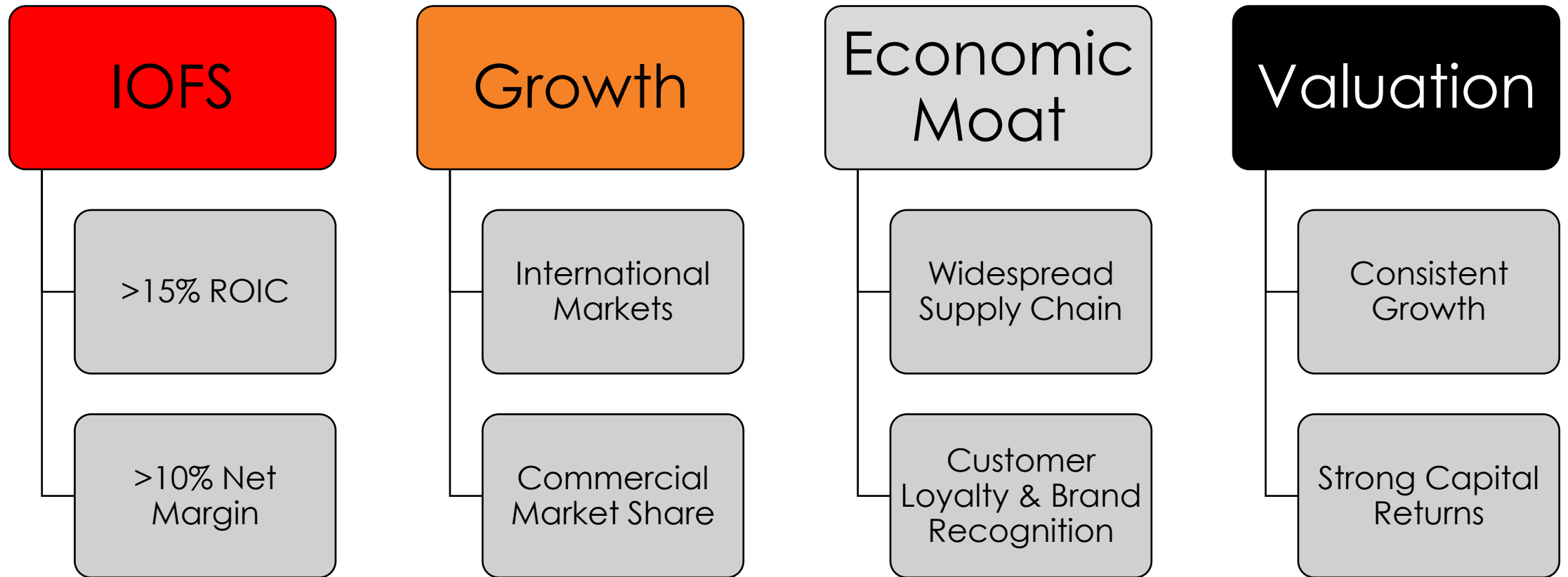


# Conclusion

William Errett



# Concluding Thoughts





# Recommendation

Hold

Steady Moat

- Cost Advantages – Supply Chain
- Intangible Assets – Customer Relations

Predictability

- Car Age – 7-year gap for new models
- Simple – Straight-forward Business

Long-Term  
Focus

- Capital – Strong Buybacks
- Management – Tenured CEO



# Thanks for a Great Year!



The Compounding Crew

The Profit Prophets



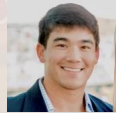


Q&A

# ConGRADulations!



Brandon Chaney



Zac Nguyen



Luis Green



Braeden Jenschke



# Creation Bank



# Customer Service

Cross-functional employee development

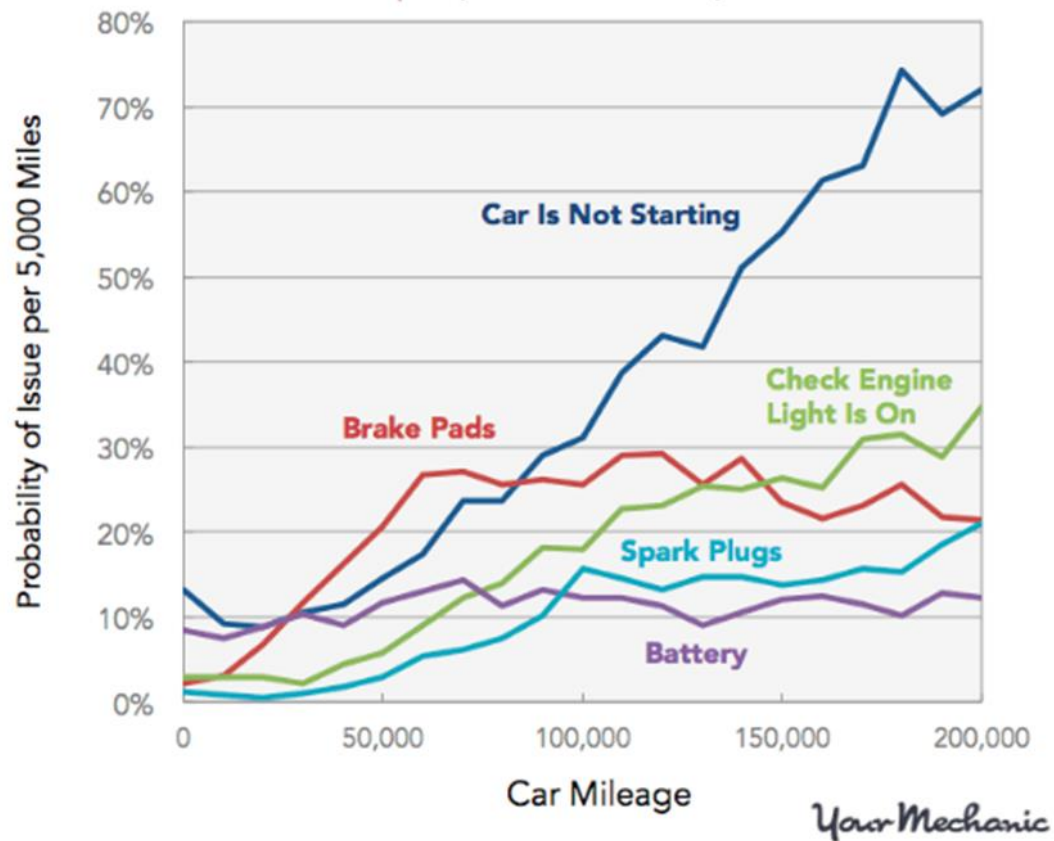


Leadership training

# Frequent Repairs

## Which Repairs Are Needed the Most? And When?

Based On Frequency of Issues Serviced by Your Mechanic



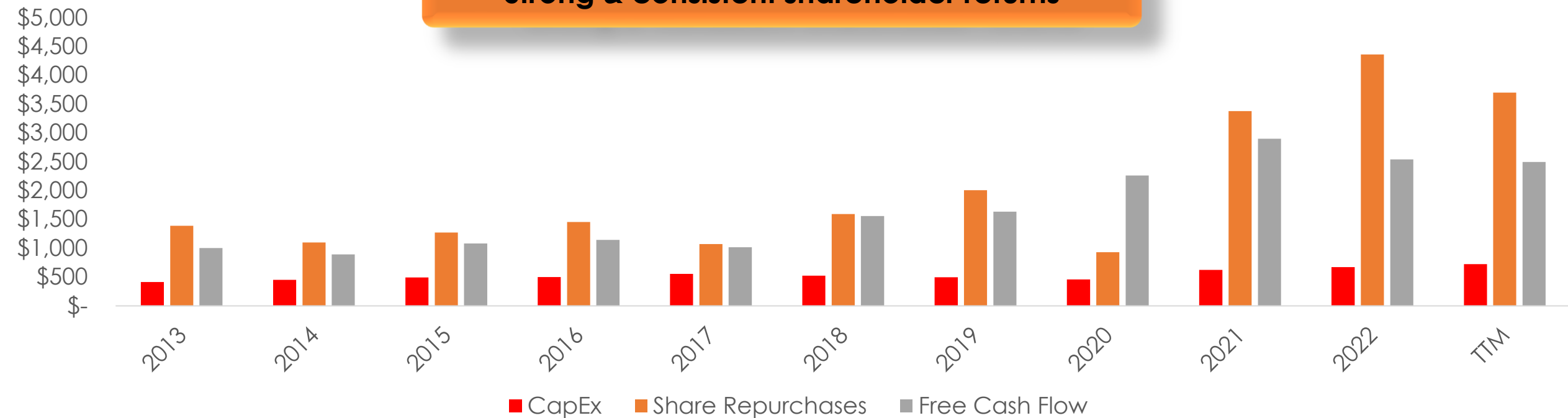


# Capital Allocation Philosophy

Nearly 30% of Free Cash Flow towards capital expenditures at 28% return

110% of Free Cash Flow towards share repurchases

**Strong & consistent shareholder returns**



# Customer Service



**Pro training designed with input from master technicians**



**Beginner to expert level courses**



**Handouts & certificates available for each course**

Part-time sales

Full-time sales

Store manager





District manager

Regional manager

Vice President



# Dupont Analysis

	Net Margin	Asset Turnover	Equity Multiplier
	14.3%	1.06	-4.32
	15.1%	1.14	-11.90
	4.5%	1.04	4.49
	5.5%	1.34	4.35