

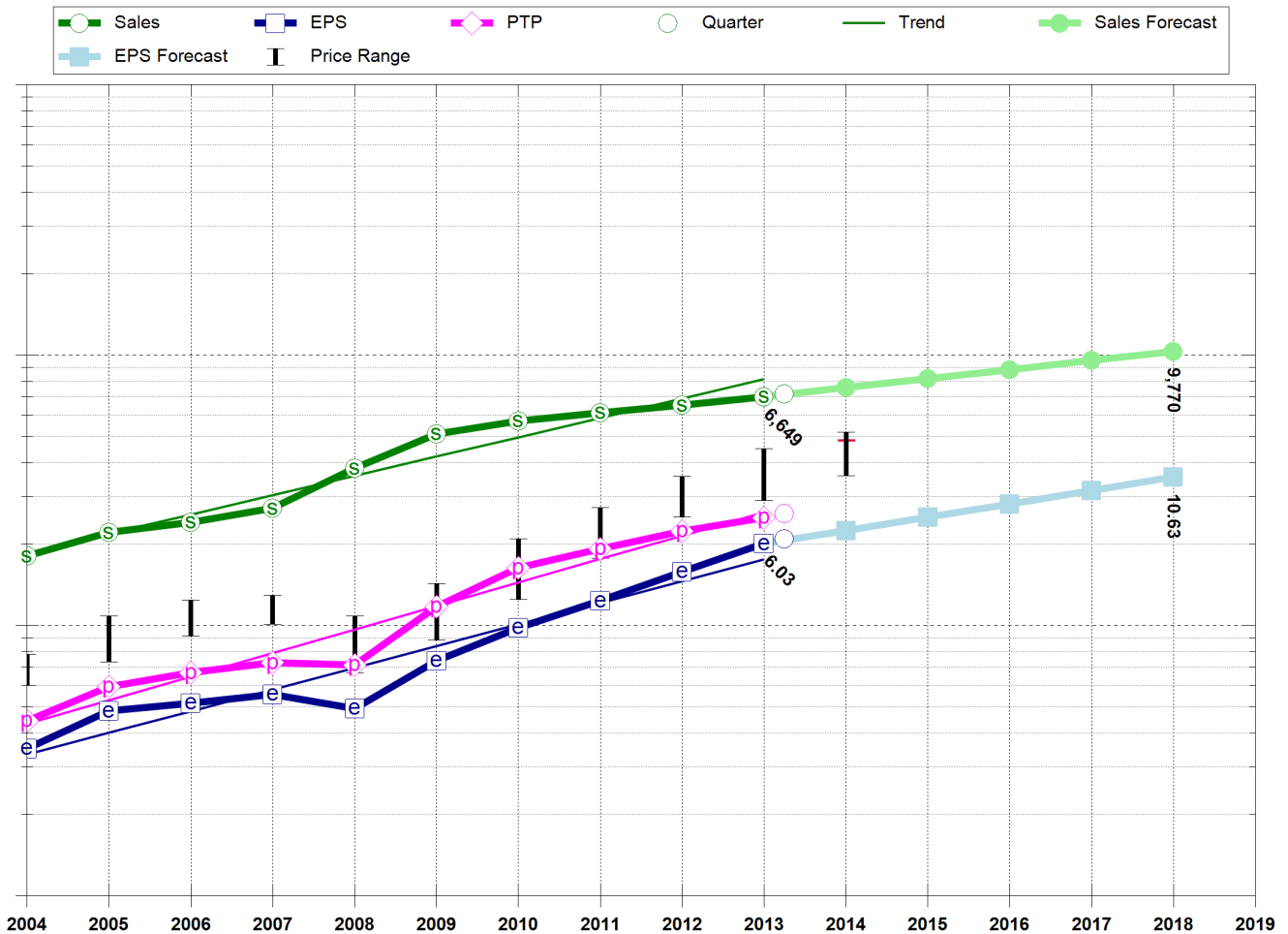
Company	O'Reilly Automotive		Date	5/20/2014	
Prepared by	TAYLOR		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Specialty Retail		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	106.2	0.8	92.9		
Debt (\$M)	1,396.3	% to Tot Cap	39.2	% Pot Dil	1.8

Stock Selection Guide

Symbol: ORLY

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2013 Quarter Ending (03/14)	Sales (\$M)	Earnings Per Share
Latest Quarter	1,727.9	1.61
Year Ago Quarter	1,585.0	1.36
Percentage Change	9.0%	18.2%



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 17.9% | (3) Historical Earnings Per Share Growth | 20.3% |
| (2) Estimated Future Sales Growth | 8.0% | (4) Estimated Future Earnings Per Share Growth | 12.0% |

2 EVALUATING Management

O'Reilly Automotive

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Last 5 Year Avg.
Pre-tax Profit on Sales	10.9%	12.3%	12.4%	12.2%	8.5%	10.3%	12.8%	14.0%	15.2%	15.9%	13.6%
% Earned on Equity	12.3%	14.2%	12.9%	12.1%	8.8%	11.4%	13.0%	16.6%	25.5%	32.5%	19.8%
% Debt To Capital	9.6%	8.1%	7.5%	5.9%	24.3%	22.7%	10.1%	21.9%	34.2%	41.5%	26.1%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 145.7

HIGH THIS YEAR 155.94

LOW THIS YEAR 107.80

	A	B	C	D	E	F	G	H	
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
1 2009	42.9	26.5	2.23	19.2	11.9	0.00	0.0	0.0	
2 2010	63.1	37.5	2.95	21.4	12.7	0.00	0.0	0.0	
3 2011	82.2	53.3	3.71	22.2	14.4	0.00	0.0	0.0	
4 2012	107.1	75.6	4.75	22.6	15.9	0.00	0.0	0.0	
5 2013	135.6	87.1	6.03	22.5	14.4	0.00	0.0	0.0	
AVERAGE		56.0		21.6	13.9		0.0		
CURRENT/TTM			6.28			0.00	0.0		
AVERAGE PRICE EARNINGS RATIO 17.7					CURRENT PRICE EARNINGS RATIO 23.2				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 17.50 X Estimate High Earnings/Share 10.63 = Forecasted High Price \$ 186.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 13.86 X Estimate Low Earnings/Share 6.03 = Forecasted Low Price \$ 83.6

(b) Avg. Low Price of Last 5 Years 56.0

(c) Recent Market Low Price 75.61

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 83.6

C ZONING using 25%-50%-25%

Forecasted High Price 186.0 Minus Forecasted Low Price 83.6 = 102.4 Range. 25% of Range 25.6

Buy Zone 83.6 to 109.2

Hold Zone 109.2 to 160.4

Sell Zone 160.4 to 186.0

Present Market Price of 145.71 is in the **Hold** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{186.0 - 145.71}{145.71 - 83.6} = \frac{40.32}{62.13} = 0.6$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{186.0 - 145.71}{145.71} = 1.28$ X 100 = 127.67 - 100 = 27.7 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.00}{145.71} = 0.00 = 0.0\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{17.50} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 5.0 %

Average Yield 0.0 %

Annualized Rate of Return 5.0 %