

AutoZone, Inc. (AZO)

\$3,808.55 (Stock Price as of 11/19/2025)

Price Target (6-12 Months): **\$3,123.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 09/26/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM: C

Value: D

Growth: B

Momentum: D

Summary

AutoZone's technology investments to improve the electronic catalog might limit near-term cash inflows. The company also remains dedicated to investing in rapid store expansion. Its stretched balance sheet raises concerns. Its total debt-to-capital ratio is significantly higher than the industry's, indicating that the firm is highly leveraged. Amid the high debt levels, the company estimates fiscal first-quarter 2026 interest to be higher than year ago period. In fiscal 2025, the company's gross margin, operating profit and earnings per share took a hit because of a noncash LIFO accounting charge. Looking ahead, it expects another LIFO charge in the fiscal first quarter due to higher tariff-related costs. We are bearish on the stock now.

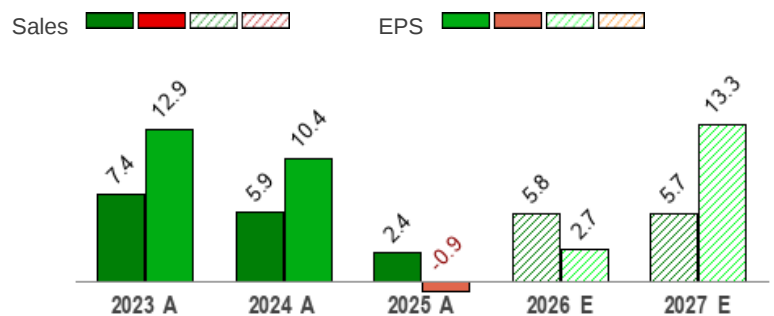
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$4,388.11 - \$3,055.02
20 Day Average Volume (sh)	139,640
Market Cap	\$63.3 B
YTD Price Change	18.9%
Beta	0.37
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Automotive - Retail and Wholesale - Parts
Zacks Industry Rank	Bottom 23% (185 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	-3.6%
Last Sales Surprise	0.3%
EPS F1 Est- 4 week change	-1.3%
Expected Report Date	12/09/2025
Earnings ESP	5.1%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	4,760 E	4,427 E	4,933 E	7,058 E	21,178 E
2026	4,541 E	4,212 E	4,685 E	6,604 E	20,042 E
2025	4,280 A	3,952 A	4,464 A	6,243 A	18,939 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	35.69 E	34.58 E	39.67 E	58.70 E	168.63 E
2026	31.94 E	27.00 E	35.85 E	54.06 E	148.84 E
2025	32.52 A	28.29 A	35.36 A	48.71 A	144.87 A

*Quarterly figures may not add up to annual.

P/E TTM	26.3
P/E F1	25.6
PEG F1	3.2
P/S TTM	3.3

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 11/19/2025.

(2) The report's text and the price target are as of 11/04/2025.

Overview

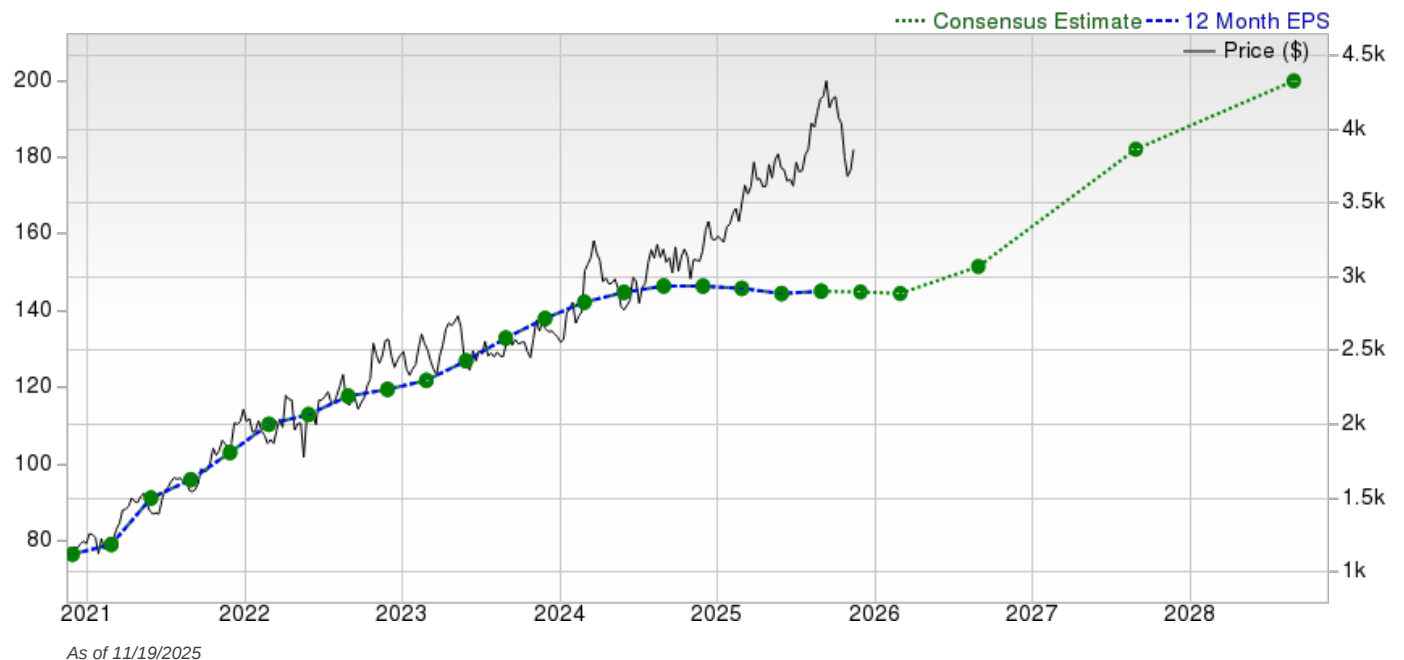
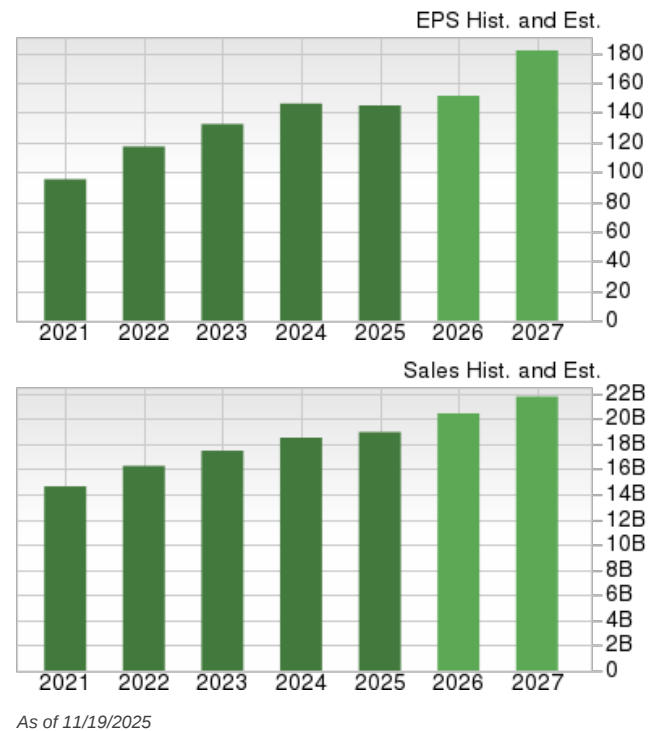
AutoZone, Inc. is one of the leading specialty retailers and distributors of automotive replacement parts and accessories in the United States. It operates in the Do-It-Yourself (DIY) retail, Do-It-for-Me (DIFM) auto parts and products markets. At the end of fiscal 2025, the company had 6,627 stores in the United States, 883 in Mexico and 147 in Brazil. The total store count was 7,657 as of Aug 30, 2025. Each store offers wide-ranging products for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

Apart from automotive products, it also has many commercial sales programs, which provide commercial credit and deliver parts and other products to local repair garages, dealers and service stations. AutoZone sells the ALLDATA brand's automotive diagnostic and repair software through www.alldata.com and www.alldatadiy.com. This offers comprehensive factory-correct repair information to DIY customers, along with an ALLDATA repair subscription.

The company has an online presence to sell automotive hard parts, maintenance items, accessories and non-automotive products through its website, www.autozone.com. For commercial customers, it has www.autozonepro.com. AutoZone selects and purchases merchandise from store support centers situated in Memphis, TN, Monterrey, MX and Sao Paulo, BR. Also, it has an office in Shanghai, China, Haryana, India and Istanbul, Turkey to support global sourcing efforts. This centralization improves the execution of merchandising and marketing strategies at the store level, as well as reduces expenses and cost of sales.

The company reported a 2.4% year-over-year increase in net revenues to \$18.94 billion in fiscal 2025, with domestic same-store sales rising 3.2%. AutoZone generated net income of \$2.5 billion, down 6.2% on a year-over-year basis.

AutoZone's competitors span a wide range including national, regional, and local auto parts chains, independent parts stores, online automotive parts stores, wholesale distributors, repair shops, car washes, and auto dealers. It also competes with discount and mass merchandise stores, hardware stores, supermarkets, drugstores, convenience stores, home stores, and other retailers selling aftermarket vehicle parts, supplies, chemicals, accessories, and tools.



Reasons To Sell:

- ▼ AutoZone's **technology investments** to improve the electronic catalog might limit near-term cash inflows. In fiscal 2025, the company spent around \$1.4 billion in capex, and it expects to spend around the same amount in fiscal 2026. The company also remains dedicated to investing in rapid store expansion, particularly in hubs and mega-hubs, bringing inventory closer to its customers.
- ▼ AutoZone's **stretched balance sheet** raises concerns. Its total debt-to-capital ratio stands at 1.81, which is significantly higher than the industry's 0.92, indicating that the firm is highly leveraged.
- ▼ In the fiscal fourth quarter of 2025, the company's **interest expense** rose 2.7% year over year to \$148 million. Amid the high debt levels, the company estimates fiscal first-quarter 2026 interest to be \$112 million, up from \$108 million in the fourth quarter of fiscal 2025.
- ▼ In fiscal 2025, the company's gross margin, operating profit and earnings per share took a hit because of a noncash \$80 million **LIFO accounting charge**, including \$80 million in the fourth quarter alone. Looking ahead, it expects another LIFO charge of about \$120 million in the fiscal first quarter due to higher tariff-related costs. For the first, second and third quarters, these charges are projected to be around \$80-\$85 million each quarter.

Heavy capex requirements, stretched balance sheet and high interest expense remain a concern for AZO.

Risks⁽²⁾ (to the Underperform recommendation)

- AutoZone has achieved record sales for 36 consecutive years. Its fiscal 2025 revenues of \$18.9 billion rose 2.4% year over year. The company expects continued growth in fiscal 2026, driven by **strong DIY and commercial business performance** with expanded coverage and improved parts availability. The company continues to grow its market share through new customer wins and deeper engagement with existing clients.
 - Focus on increasing its market penetration via the **expansion of mega hubs** is set to boost long-term prospects. Expanded hub and mega-hub rollouts, along with the expansion of the distribution center footprint, bode well. With 133 mega hub locations at the end of the fourth quarter of fiscal 2025, AutoZone is halfway through its objective of establishing more than 200 mega hubs. It aims to open 25-30 more locations over the next fiscal year. The company's international operations are growing, and it is allocating a significant portion of expansion funds to these regions. With continued dedication to Mexico and Brazil, AZO is set to ramp up store openings in these markets, aiming for as many as 500 annually by 2028, which is poised to significantly boost AutoZone's future growth.
 - The company's **omni-channel efforts** to improve customer shopping experience are reaping profits. The ramp-up of e-commerce efforts, including ship-to-home next day, buy online, pick-up in stores and commercial customer ordering, is driving traffic to the company's online site, helping the company deliver sizzling growth. AutoZone's distribution network transformation, highlighted by the strategy to bring inventory closer to customers, will enhance efficiency and drive growth with increased availability and speed.
 - AutoZone's **robust buyback program** also sparks confidence. In fiscal 2025, the firm repurchased shares worth \$1.5 billion. At the end of fiscal 2025, AZO had over \$632.3 million remaining under share repurchase authorization. In October, the company approved an additional \$1.5 billion share repurchase program. Notably, it has bought back more than 100% of the then-outstanding shares since 1998. The company's disciplined capital allocation approach to reinvest in the business and engage in meaningful investor-friendly moves is praiseworthy.
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Last Earnings Report

AutoZone Q4 Earnings Miss Expectations, Sales Increase Y/Y

AutoZone reported earnings of \$48.71 per share for the fourth quarter of fiscal 2025 (ended Aug. 30, 2025), which missed the Zacks Consensus Estimate of \$50.52. The company had reported earnings of \$48.11 per share in the corresponding quarter of fiscal 2024. Net sales grew 0.6% year over year to \$6.24 billion and topped the Zacks Consensus Estimate of \$6.22 billion.

Key Tidbits

In the reported quarter, domestic commercial sales totaled \$1.76 billion, up from \$1.66 billion recorded in the year-ago period. Domestic same-store sales (sales at stores open at least for a year) were up 4.8%. Gross profit decreased to \$3.22 billion from the prior-year quarter's \$3.26 billion. Operating profit decreased 7.8% year over year to \$1.2 billion.

During the quarter, AutoZone opened 91 new stores in the United States. It opened 45 new stores in Mexico and six in Brazil. It exited the year with 6,627 stores in the United States, 883 in Mexico and 147 in Brazil. The total store count was 7,657 as of Aug. 30, 2025.

Its inventory increased 14.1% year over year in the reported quarter amid growth initiatives. At quarter-end, net inventory per store was negative \$131,000 compared with negative \$163,000 a year ago.

As of Aug. 30, 2025, AutoZone had cash and cash equivalents of \$271.8 million, down from \$298.2 million as of Aug. 31, 2024. Its total debt amounted to \$8.8 billion as of Aug. 30, 2025, compared with \$9.02 billion as of Aug. 31, 2024.

The company repurchased 117,000 shares of its common stock for \$446.7 million during the fiscal fourth quarter at an average price of \$3,821 per share. At year-end, it had \$632.3 million remaining under its current share repurchase authorization.

FY Quarter Ending **8/31/2025**

Earnings Reporting Date	Sep 23, 2025
Sales Surprise	0.34%
EPS Surprise	-3.58%
Quarterly EPS	48.71
Annual EPS (TTM)	144.88

Recent News

AutoZone Boost Share Repurchase

On **Oct 8**, AutoZone announced plans to buy back an additional \$1.5 billion of its common stock as part of its ongoing repurchase program.

Valuation

AutoZone's shares are down 5.3% and up 16.8% over the past six months and in the trailing 12-month period, respectively. Stocks in the Zacks Automotive - Retail and Wholesale - Parts industry and the Zacks Auto-Tires-Trucks sector are down 0.7% and up 40.7%, respectively, over the past six months. Over the past year, the Zacks sub industry and sector are up 13.9% and 44.6%, respectively. The S&P 500 index is up 24.1% and 22.3% over the past six months and in the past year, respectively.

The stock is currently trading at 22.59X forward 12-month earnings, which compares to 22.49X for the Zacks sub-industry, 32.42X for the Zacks sector and 23.77X for the S&P 500 index.

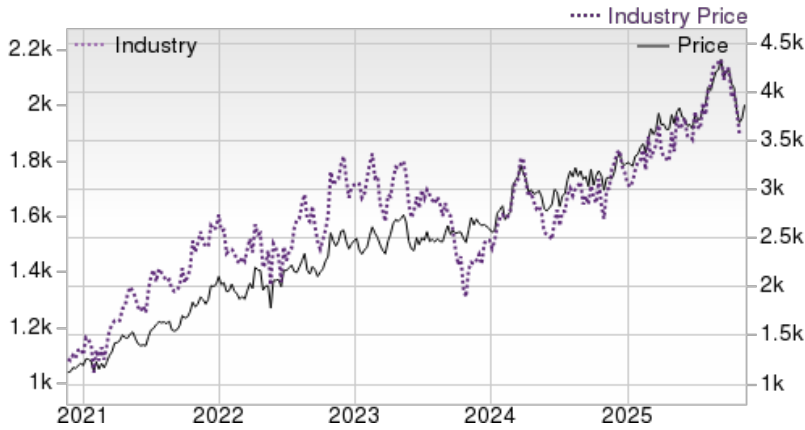
Over the past five years, the stock has traded as high as 28.71X and as low as 14.15X, with a 5-year median of 17.96X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$3,123 price target reflects 19.2X forward 12-month earnings.

The table below shows summary valuation data for AZO:

Valuation Multiples - AZO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.59	22.49	32.42	23.77
	5-Year High	28.71	25.94	32.52	23.77
	5-Year Low	14.15	16.08	12.5	15.72
	5-Year Median	17.96	19.51	19.54	21.18
EV/EBITDA TTM	Current	16.18	24.98	24.13	18.29
	5-Year High	19.26	30.96	28.44	22.58
	5-Year Low	9.79	21.41	8.93	13.96
	5-Year Median	13.54	24.75	17.02	18.05
P/S F12M	Current	2.89	3.78	1.56	5.44
	5-Year High	3.75	4.39	1.97	5.52
	5-Year Low	1.89	3.25	0.77	3.84
	5-Year Median	2.55	3.78	1.18	5.04

As of 11/03/2025 Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 23% (185 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Advance Auto Parts, ... (AAP)	Neutral	3
Genuine Parts Compan... (GPC)	Neutral	3
Group 1 Automotive, ... (GPI)	Neutral	3
Lithia Motors, Inc. (LAD)	Neutral	3
O'Reilly Automotive,... (ORLY)	Neutral	3
Penske Automotive Gr... (PAG)	Neutral	4
Sonic Automotive, In... (SAH)	Neutral	4
CarMax, Inc. (KMX)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Automotive - Retail And Wholesale - Parts

	AZO	X Industry	S&P 500	AAP	KMX	ORLY
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	4	-	-	3	5	3
VGM Score	C	-	-	B	A	D
Market Cap	63.35 B	11.23 B	37.00 B	3.00 B	5.02 B	83.31 B
# of Analysts	12	10.5	22	11	10	11
Dividend Yield	0.00%	0.00%	1.54%	2.00%	0.00%	0.00%
Value Score	D	-	-	C	A	D
Cash/Price	0.00	0.05	0.04	1.06	0.23	0.00
EV/EBITDA	16.97	18.59	14.10	-8.20	20.22	23.83
PEG Ratio	3.26	1.29	2.17	NA	0.75	2.33
Price/Book (P/B)	NA	2.10	3.23	1.37	0.81	NA
Price/Cash Flow (P/CF)	20.46	11.08	14.54	10.89	6.54	29.66
P/E (F1)	25.71	20.82	19.43	27.36	11.48	33.19
Price/Sales (P/S)	3.34	0.89	2.96	0.35	0.19	4.77
Earnings Yield	3.97%	5.02%	5.12%	3.66%	8.71%	3.01%
Debt/Equity	-2.58	1.17	0.57	1.55	2.87	-6.61
Cash Flow (\$/share)	186.17	4.91	8.99	4.60	5.23	3.33
Growth Score	B	-	-	B	A	C
Hist. EPS Growth (3-5 yrs)	14.18%	4.31%	8.17%	-68.11%	-16.96%	12.10%
Proj. EPS Growth (F1/F0)	2.74%	6.21%	8.30%	NA	-8.87%	8.39%
Curr. Cash Flow Growth	-1.24%	-4.20%	7.00%	-8.24%	8.79%	4.39%
Hist. Cash Flow Growth (3-5 yrs)	7.85%	7.55%	7.32%	-19.69%	-6.13%	11.59%
Current Ratio	0.88	1.02	1.18	1.73	2.46	0.76
Debt/Capital	NA%	65.89%	38.16%	60.85%	74.18%	NA
Net Margin	13.19%	2.67%	12.75%	-4.37%	1.98%	14.23%
Return on Equity	-60.49%	4.58%	17.04%	0.64%	8.51%	-206.86%
Sales/Assets	1.03	1.00	0.53	0.78	0.97	1.12
Proj. Sales Growth (F1/F0)	5.80%	0.69%	5.49%	-5.80%	-2.30%	6.20%
Momentum Score	D	-	-	D	F	D
Daily Price Chg	-0.51%	0.00%	0.38%	0.56%	2.27%	0.38%
1 Week Price Chg	3.73%	1.76%	-3.05%	2.79%	6.40%	1.76%
4 Week Price Chg	-4.72%	-5.61%	-0.85%	-10.82%	-22.03%	-2.48%
12 Week Price Chg	-9.44%	-10.33%	2.48%	-17.66%	-44.90%	-5.14%
52 Week Price Chg	24.89%	3.84%	12.25%	29.54%	-55.39%	24.53%
20 Day Average Volume	139,640	1,836,424	2,928,402	1,836,424	7,755,677	5,811,586
(F1) EPS Est 1 week change	0.00%	0.03%	0.00%	0.30%	-2.45%	0.07%
(F1) EPS Est 4 week change	-1.34%	0.21%	0.38%	1.98%	-13.06%	0.89%
(F1) EPS Est 12 week change	-10.27%	0.12%	0.57%	1.36%	-23.48%	0.88%
(Q1) EPS Est Mthly Chg	0.19%	0.31%	-0.10%	-20.10%	-55.56%	0.93%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	B
Momentum Score	D
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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