AutoZone Expects Growth to Accelerate

Auto-parts retailer is forecasting an acceleration across each of its regions

By Kelly Cloonan

DAVID PAUL MORRIS/BLOOMBERG NEWS

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AutoZone said it expects its growth to continue in the year ahead, forecasting an acceleration across each of its regions.

The auto-parts retailer's forecast came as it reported fiscal fourth-quarter sales that missed Wall Street's expectations, as inflation-weary consumers dialed back on car repairs. The company said its sales trends improved in the back half of the quarter, and it expects the momentum to continue in the year ahead.

The stock gained 3.3% to $2,894.73, its largest percent increase since July. Shares are now down 15% year to date.

AutoZone's fourth-quarter revenue rose 5.6% to $6.59 billion, compared with analyst estimates of $6.7 billion, according to FactSet.

AutoZone said the quarter got off to a weak start because of milder temperatures and lower foot traffic. The company pointed to softness in its do-it-yourself business in particular as consumers came under pressure from higher gas and oil prices.

"We see evidence of deferrals and trade-down in DIY, particularly with the most financially challenged DIY customers," Chief Financial Officer Jamere Jackson said during a call with analysts.

However, the company said sales trends picked up later in the quarter, and it expects further improvement in the year ahead.

"We're bullish on our growth prospects behind a resilient DIY business, a solid international business, and a domestic commercial business that is growing share in a meaningful way," Jackson said.

AutoZone expects its domestic same-store sales to be flat to up low-single digits this year, and total domestic commercial sales increasing high single-to-low double digits, Chief Executive Phil Daniele said. Internationally, the company expects same-store sales to be up low to mid-single digits on a constant currency basis.

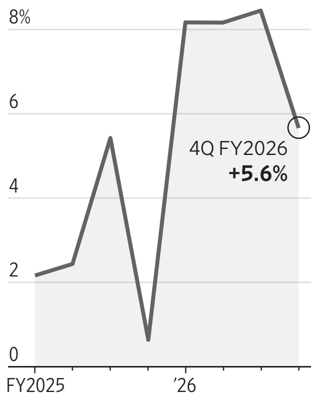
Daniele said the company will remain focused on bolstering its competitive position in its domestic commercial business while accelerating its international growth.

"We believe we can continue to gain market share compared to the overall industry," he said.

AutoZone's fiscal fourth-quarter profit came in at $931.6 million, compared with $837 million a year earlier. Earnings per share were $56.05, compared with the $54.08 expected by analysts polled by FactSet. The company said its margins improved in part due to tariff refunds.

Same-store sales were up 2.7% in the quarter, compared with analyst estimates for a 3.8% increase. On a constant-currency basis, the figure was up 1.5%, with an uptick at both domestic and international locations.

Autozone quarterly revenue, change from a year earlier



Note: Latest fiscal quarter ended Aug. 29
Source: S&P Capital IQ

Travel Group TUI Narrows Outlook And Sees Strong Vacation Demand

By Adrià Calatayud

TUI narrowed its annual guidance, saying strong demand for its vacation segment and improved booking trends for its airline put it on track to deliver robust underlying earnings.

For the year through Sept. 30, the German travel group now expects to report underlying earnings before interest and taxes of between 1.2 billion and 1.3 billion euros, the equivalent of $1.38 billion to $1.49 billion, at constant currency. It had previously guided for a result ranging from 1.1 billion to 1.4 billion euros.

TUI said its revenue guidance remains suspended.

The company had previously withdrawn its revenue guidance for the full year due to uncertainty caused by the Middle East conflict, even as it reiterated its underlying earnings forecast.

$1.49B
Top end of the company's guidance for annual earnings before interest

TUI said its updated outlook reflected strong demand in the fourth quarter for its vacation portfolio, combined with improved booking momentum in its airline segment.

The group's vacation segment looks set to make a strong start to fiscal 2027, while last-minute booking trends continue in the airline segment due to geopolitical and economic uncertainty, TUI said.

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The German travel company has suspended revenue guidance because of the Iran war.