



# **Q3 2025 RESULTS**

OCTOBER 30 | 2025

# Forward Looking Statements and Non-GAAP

Certain statements herein are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are usually identifiable by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "likely," "may," "plan," "position," "possible," "potential," "probable," "project," "should," "strategy," "target," "will," or similar language. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements about the Company's strategic initiatives, restructuring and asset optimization plans, financial objectives, including with respect to the Company's reorganized debt capital structure, operational plans and objectives, statements about the benefits of the Company's Worldpac sale and use of proceeds therefrom, statements regarding expectations for economic conditions, future business and financial performance, including with respect to tariffs, as well as statements regarding underlying assumptions related thereto. Forward-looking statements reflect the Company's views based on historical results, current information and assumptions related to future developments. Except as may be required by law, the Company undertakes no obligation to update any forward-looking statements made herein. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements. They include, among others, the Company's ability to hire, train and retain qualified employees, the timing and implementation of strategic initiatives, risks associated with the Company's restructuring and asset optimization plans, risks relating to incurrence of indebtedness and increased leverage, risks relating to the Company's credit ratings or perceived creditworthiness, deterioration of general macroeconomic conditions, geopolitical factors including increased tariffs and trade restrictions, the highly competitive nature of the industry, demand for the Company's products and services, risks relating to the impairment of assets, including intangible assets such as goodwill, access to financing on favorable terms, complexities in the Company's inventory and supply chain and challenges with transforming and growing its business. Please refer to "Item 1A. Risk Factors" of the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), as updated by the Company's subsequent filings with the SEC, for a description of these and other risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements.

## **Non-GAAP Financial Measures.**

The Company's financial results include certain financial measures not derived in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Non-GAAP financial measures, including Adjusted Net (loss) Income, Adjusted Diluted (loss) Earnings Per Share, Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Selling, General and Administrative Expense, Adjusted SG&A Margin, Adjusted Operating (loss) Income, Adjusted Operating (loss) Income Margin, Free Cash Flow and Adjusted Net Debt to Adjusted EBITDAR should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing our operating performance, financial position or cash flows. For additional information about these measures and a reconciliation to their most comparable GAAP measures, please refer to the Appendix in these materials.



# AGENDA

## **Business Update**

Shane O'Kelly

President and Chief Executive Officer

## **Financial Update**

Ryan Grimsland

Executive Vice President and Chief Financial Officer

## **Q&A**

# BUSINESS UPDATE

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Shane O'Kelly



# SUMMARY



**Strong Q3 2025  
Operating  
Performance**



**Steady Execution of  
Strategic Plan**



**Technology Roadmap  
Positioning Advance  
For the Future**

# STRATEGIC PILLARS AND KEY INITIATIVES

## Right Part.

### Merchandising Excellence

Strategic sourcing

Assortment management

Promotions & margin management

## Right Place.

### Supply Chain

Distribution center productivity

Hub network expansion

Transportation optimization

## Right Service.

### Store Operations

Store operating model

Service-level improvements

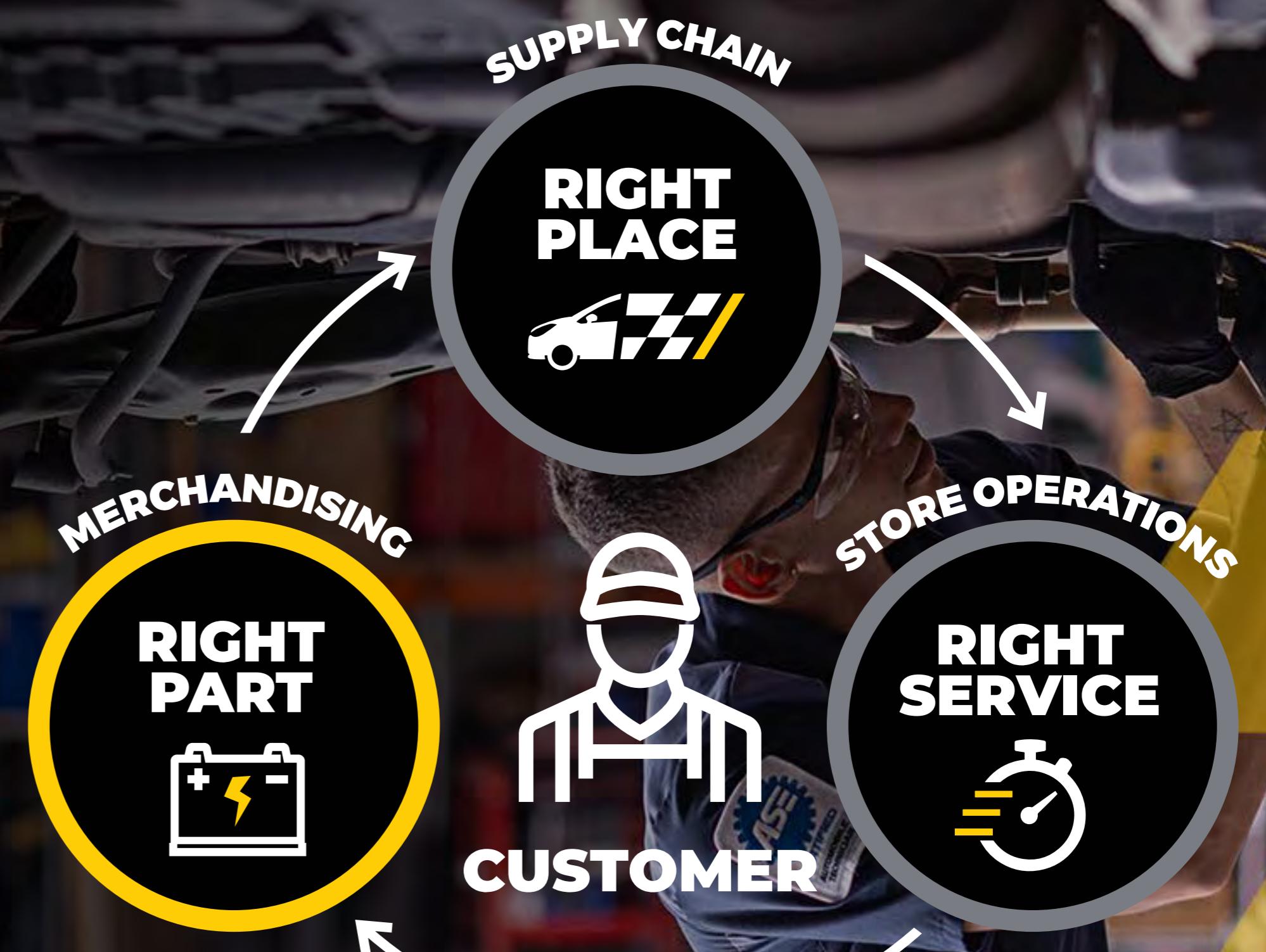
New store growth

# MERCHANDISING

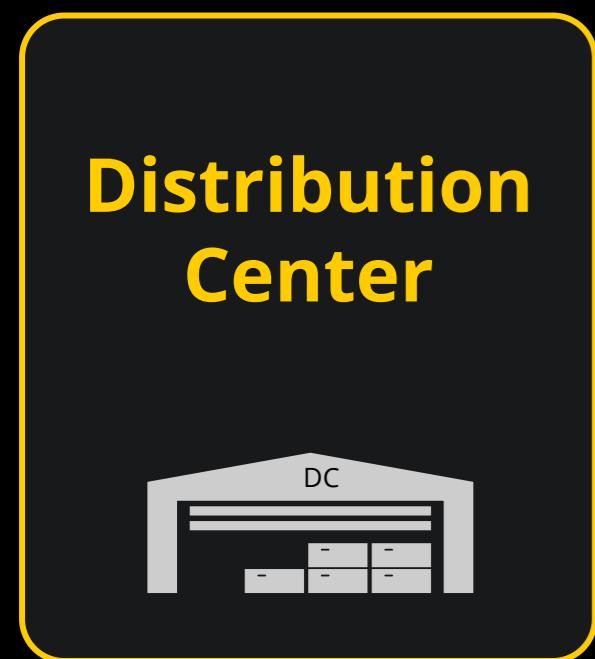
- Long-term growth partner for vendors
- On track to deliver product cost savings through vendor negotiations
- Top 50 DMAs operating with new assortment framework
- Achieved store depth availability target
- Improving speed to market to enhance breadth of assortment
- Deploying segmented pricing and promotions strategy

## Metric - Store Availability

- Target - High 90% range
- Q3 2025 - 96% to 97%  
(vs. Low-90% range in FY 2024)



# SUPPLY CHAIN



## Metric - DC Labor Productivity

- Target – Continuous improvement in product lines per hour
- YTD Q3 2025 – Mid-single-digit % improvement vs. FY 24

US Distribution Center consolidation plan

- 16 DCs by end-2025 vs. 38 at end-2023
- Additional focus on DC productivity

Accelerating market hub expansion

- Opening 14 in 2025 (vs. prior 10)
- Includes 4 greenfield hubs
- 33 hubs by end-2025 vs. 0 at end-2023
- Targeting 60 market hubs by mid-2027



# STORE OPERATIONS

- Professional/ DIFM
  - Launching store operating model in Q4 2025. Expect to be complete in 1H 2026
  - Collaborating with national, regional and main street accounts to improve service capabilities
- Retail/ DIY incl e-commerce
  - Simplifying operations to enhance productivity and improve team member experience
  - Launched a refreshed NPS metric in Q3 2025
- Building new stores pipeline
  - Expect to open at least 100 new stores over the next two years

## Metric - Time to Serve

- Target - 30 to 40 min
- Q3 2025 - More than 10 mins faster YoY (vs. Over 50 min avg in FY 2024)



# FINANCIAL UPDATE

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Ryan Grimsland



# Q3 2025 RESULTS

Advance Auto Parts Continuing Operations

## Net Sales

**\$2.0B**

(-5.2% YoY)

## Comparable Store Sales Growth

**+3.0% YoY**

## Adjusted Diluted Earnings Per Share

**\$0.92**

## Net Leverage Ratio

**2.6x**

TTM Adj. Net Debt/  
Adj. EBITDAR

## Adjusted Gross Margin

**44.8%**

(+257 bps YoY)

## Adjusted SG&A Margin

**40.4%**

(-110 bps YoY)

## Adjusted Operating Income Margin

**4.4%**

(+368 bps YoY)

# FY 2025 GUIDANCE (53 WEEKS)

(\$ in million, except margins and per share data)	Current - As of October 30, 2025	Prior Guidance
<b>Net sales <sup>(1)</sup></b>	\$8,550 - \$8,600	\$8,400 - \$8,600
<b>Comparable store sales (52 weeks)</b>	0.70% - 1.30%	0.50% - 1.50%
<b>Adjusted operating income margin</b>	2.40% - 2.60%	2.00% - 3.00%
<b>Adjusted diluted EPS</b>	\$1.75 - \$1.85	\$1.20 - \$2.20
<b>Capital expenditures</b>	Approx. \$250	Approx. \$300
<b>Free cash flow</b> (incl. one-time strategic cash costs)	(\$90) - (\$80)	(\$85) - (\$25)
<b>New store growth</b>		
<b>Store openings</b>	30 new stores	30 new stores
<b>Market Hub openings</b>	14 new market hubs	10 new market hubs

(1) Includes approximately \$100 to \$120 million of net sales in the 53<sup>rd</sup> week

The company is not able to provide a reconciliation of these forward-looking non-GAAP measures because it is unable to predict with reasonable accuracy the value of certain adjustments and as a result, the comparable GAAP measures are unavailable without unreasonable efforts.

# Q&A

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**ADVAN**  
PROFE

# APPENDIX - Q3 2025 RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The Company uses certain non-GAAP financial measures described below to supplement the Company's unaudited condensed consolidated financial statements prepared and presented in accordance with GAAP and to understand and evaluate the Company's core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented as the Company believes that such non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by management for financial and operational decision-making. The Company is presenting these non-GAAP metrics to provide investors insight to the information used by our management to evaluate our business and financial performance. The Company believes that these measures provide investors increased comparability of our core financial performance over multiple periods with other companies in our industry. The Company's Non-GAAP financial measures reflect results from continuing operations, including Adjusted Net (loss) Income, Adjusted Diluted (loss) Earnings Per Share ("Adjusted Diluted EPS"), Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Selling, General and Administrative expense ("Adjusted SG&A"), Adjusted SG&A Margin, Adjusted Operating (loss) Income, Adjusted Operating (loss) Income Margin, Free Cash Flow and Adjusted Net Debt to Adjusted EBITDAR, and should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing operating performance, financial position or cash flows.

The Company has presented these non-GAAP financial measures as the Company believes that the presentation of the financial results that exclude (1) transformation expenses under the Company's turnaround plan, inclusive of the Worldpac divestiture and (2) other significant expenses, are useful and indicative of the Company's base operations because the expenses vary from period to period in terms of size, nature and significance. The income tax impact of these non-GAAP adjustments is also adjusted for using the estimated tax rate in effect for the respective non-GAAP adjustments. These measures assist in comparing the Company's current operating results with past periods and with the operational performance of other companies in the industry. The disclosure of these measures allows investors to evaluate the Company's performance using the same measures management uses in developing internal budgets and forecasts and in evaluating management's compensation. Included below is a description of the expenses the Company has determined are not normal, recurring cash operating expenses necessary to operate the Company's business and the rationale for why providing these measures is useful to investors as a supplement to the GAAP measures.

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## Transformation Expenses

Expenses incurred in connection with the Company's turnaround plan and specific transformative activities related to asset optimization that the Company does not view to be normal cash operating expenses. These expenses primarily include:

- **Restructuring and other related expenses:** Expenses relating to strategic initiatives, including severance expense, retention bonuses offered to store-level employees to help facilitate the closing of stores, incremental reserves related to the collectability of receivables resulting from contract terminations with certain independents associated with the 2024 Restructuring Plan and third-party professionals assisting in the development and execution of the strategic initiatives.
- **Impairment and write-down of long-lived assets:** Expenses relating to the impairment of operating lease ROU assets and property and equipment, incremental depreciation as a result of accelerating long-lived assets over a shorter useful life, depreciation of long-lived assets and ROU asset amortization after store closure, and incremental lease abandonment expenses as a result of accelerating ROU asset amortization for leases the Company expects to exit before the end of the contractual term, net of gains on lease terminations, in connection with the 2024 Restructuring Plan and Other Restructuring Plan.
- **Distribution network optimization:** Expenses primarily relating to the conversion of the stores and distribution centers to market hubs, including, realized losses on liquidated inventory, temporary labor, nonrecurring professional service fees and team member severance.

## Other Expenses

Expenses incurred by the Company that are not viewed as normal cash operating expenses and vary from period to period in terms of size, nature, and significance. These expenses primarily include:

- **Other professional service fees:** Expenses relating to nonrecurring services rendered by third-party vendors engaged to perform a strategic business review, including the Company's transformation initiatives.
- **Worldpac post transaction-related expenses:** Expenses primarily relating to non-recurring separation activities provided by third-party professionals subsequent to the sale of Worldpac.
- **Executive turnover:** Expenses associated with executive level reorganization, including expenses for executive severance, the hiring search for leadership positions and certain compensation benefits.
- **Material weakness remediation:** Incremental expenses associated with the remediation of the Company's previously disclosed material weaknesses in internal control over financial reporting.
- **Cybersecurity incident:** Expenses related to the response and remediation of a cybersecurity incident.
- **Other:** Includes a non-cash charge related to expected future credit losses on vendor receivables due from a vendor that filed voluntary petitions for Chapter 11 bankruptcy protection
- **Other tax adjustments:** Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of the Company's ongoing Non-GAAP tax rate and after-tax earnings.

# RECONCILIATION OF DILUTED EARNINGS PER SHARE (GAAP) AND ADJUSTED DILUTED EARNINGS PER SHARE (NON-GAAP)

(in millions, except per share data)	Classification	Twelve Weeks Ended	
		October 4, 2025	October 5, 2024
Net income (loss) from continuing operations (GAAP)		\$ (1)	\$ (25)
<b>Cost of sales adjustments:</b>			
Transformation expenses:			
Distribution network optimization	Restructuring	4	—
Expected future credit loss related to vendor receivables <sup>(1)</sup>	Non-restructuring	28	—
<b>Selling, general and administrative adjustments:</b>			
Transformation expenses:			
Restructuring and other related expenses <sup>(2)</sup>	Restructuring	7	4
Impairment and write-down of long-lived assets <sup>(3)</sup>	Restructuring	18	—
Distribution network optimization	Restructuring	6	9
Other expenses:			
Other professional service fees	Non-restructuring <sup>(6)</sup>	3	—
Worldpac post transaction-related expenses	Restructuring	2	—
Executive turnover	Restructuring	—	—
Material weakness remediation	Non-restructuring	—	1
Cybersecurity incident	Non-restructuring	—	2
<b>Other income adjustments:</b>			
TSA services		(1)	—
Losses on extinguishment of debts		9	—
Provision for income taxes on adjustments <sup>(4)</sup>		(19)	(4)
Other tax (benefit) expense adjustments <sup>(5)</sup>		—	10
Adjusted net income (loss) (Non-GAAP)		<u>\$ 56</u>	<u>\$ (3)</u>
Diluted earnings (loss) per share from continuing operations (GAAP)		\$ (0.02)	\$ (0.42)
Adjustments, net of tax		0.94	0.37
Adjusted diluted earnings (loss) per share (Non-GAAP) <sup>(7)</sup>		<u>\$ 0.92</u>	<u>\$ (0.05)</u>

(1) Reflects a charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28, 2025.

(2) Restructuring and other related expenses for the twelve weeks ended October 4, 2025 includes \$2 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan and \$5 million of other related expenses associated with location closures, including the transfer of assets. Restructuring and other related expenses for the forty weeks ended October 4, 2025 includes \$37 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan, \$15 million of severance and other labor related costs, \$7 million for reserves on independent loans and \$19 million of other related expenses associated with location closures, including the transfer of assets.

(3) The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$7 million and impairment charges for ROU assets and property and equipment of \$11 million net of gains on sales, for the twelve weeks ended October 4, 2025. The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$55 million and impairment charges for ROU assets and property and equipment of \$21 million, net of gains on sale, for the forty weeks ended October 4, 2025.

(4) The income tax impact of non-GAAP adjustments is calculated using the estimated tax rate in effect for the respective non-GAAP adjustments.

(5) Income tax (benefit) expenses included a discrete non-recurring tax benefit associated with capital loss deductions effectuated in the first quarter of fiscal 2025. The benefit has been excluded from Non-GAAP results in order to provide a clearer understanding of ongoing Non-GAAP tax rate and after-tax earnings.

(6) Other professional service fees in fiscal 2024 were classified as restructuring and related expenses based on the underlying activity to which they related.

(7) Refer to the reconciliation of diluted weighted-average common shares outstanding (GAAP) to adjusted diluted weighted-average common shares outstanding (Non-GAAP) which is the denominator utilized to calculate adjusted diluted earnings (loss) per share (Non-GAAP). Adjusted diluted weighted average common shares outstanding (Non-GAAP) includes the dilutive impact of share-based awards as such shares are considered dilutive in consideration of the Company's Non-GAAP earnings for the period.

# RECONCILIATION OF ADJUSTED DILUTED WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING

<i>(shares in millions)</i>	Twelve Weeks Ended	
	October 4, 2025	October 5, 2024
Diluted Weighted-Average Common Shares Outstanding (GAAP)	60.0	59.9
Dilutive impact of share-based awards	0.9	—
Adjusted Diluted Weighted-Average Common Shares Outstanding (Non-GAAP)	60.9	59.9

# RECONCILIATION OF ADJUSTED GROSS PROFIT

<i>(in millions)</i>	Twelve Weeks Ended		Change Basis Points
	October 4, 2025	October 5, 2024	
Gross Profit (GAAP)	\$ 881	\$ 908	N/A
Gross Profit adjustments	32	—	N/A
Adjusted Gross Profit (Non-GAAP)	\$ 913	\$ 908	N/A
Gross Profit Margin (GAAP) <sup>(1)</sup>	43.3 %	42.3 %	100
Adjusted Gross Profit Margin (Non-GAAP) <sup>(1)</sup>	44.8 %	42.3 %	257

<sup>(1)</sup> These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF ADJUSTED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

<i>(in millions)</i>	Twelve Weeks Ended		Change Basis Points
	October 4, 2025	October 5, 2024	
Selling, general and administrative ("SG&A") expenses (GAAP)	\$ 859	\$ 908	N/A
SG&A adjustments	(36)	(16)	N/A
Adjusted SG&A (Non-GAAP)	\$ 823	\$ 892	N/A
SG&A Margin (GAAP) <sup>(1)</sup>	42.2 %	42.3 %	-8
Adjusted SG&A Margin (Non-GAAP) <sup>(1)</sup>	40.4 %	41.5 %	(110)

<sup>(1)</sup> These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF ADJUSTED OPERATING INCOME

(in millions)	Twelve Weeks Ended		Change Basis Points
	October 4, 2025	October 5, 2024	
Operating income (GAAP)	\$ 22	\$ —	N/A
Gross Profit adjustments	32	—	N/A
SG&A adjustments	36	16	N/A
Adjusted Operating Income (Non-GAAP)	\$ 90	\$ 16	N/A
Operating Income Margin (GAAP) <sup>(1)</sup>	1.1 %	— %	108
Adjusted Operating Income Margin (Non-GAAP) <sup>(1)</sup>	4.4 %	0.7 %	368

<sup>(1)</sup> These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF FREE CASH FLOW

(in millions)	Forty Weeks Ended	
	October 4, 2025	October 5, 2024
Cash flows (used in) provided by operating activities of continuing operations <sup>(1)</sup>	\$ (118)	\$ 81
Purchases of property and equipment	(159)	(130)
Free cash flow	\$ (277)	\$ (49)

<sup>(1)</sup> Includes approximately \$130 million of cash charges related to restructuring and other related expenses.

# RECONCILIATION OF ADJUSTED NET DEBT TO ADJUSTED EBITDAR<sup>1</sup>

(In millions, except adjusted debt to adjusted EBITDAR ratio)

	Four Quarters Ended
	October 4, 2025
Total Debt (GAAP)	\$ 3,411
Add: Operating lease liabilities	2,252
Less: Cash & cash equivalents	(3,174)
Adjusted Net Debt (Non-GAAP)	<u><u>\$ 2,489</u></u>
Net loss from continuing operations (GAAP)	\$ (571)
Depreciation and amortization	289
Interest expense	105
Other income, net	(74)
Income tax benefit	(366)
Rent expense	597
Share-based compensation	40
Transformation and other charges <sup>(2)</sup>	<u><u>928</u></u>
Adjusted EBITDAR (Non-GAAP)	<u><u>\$ 948</u></u>
Debt to Net Loss from continuing operations (GAAP)	(6.0)
Adjusted Net Debt to Adjusted EBITDAR (Non-GAAP)	2.6

(1) Management believes its Adjusted Net Debt to Adjusted EBITDAR ratio ("net leverage ratio") is a key financial metric for debt securities, as reviewed by rating agencies, and believes its debt levels are best analyzed using this measure. The Company's goal is to maintain an investment grade rating. The Company's credit rating could impact the Company's ability to obtain additional funding. A negative change in the Company's investment rating, could negatively impact future performance and limit growth opportunities. The net leverage ratio calculated by the Company is a Non-GAAP measure and should not be considered a substitute for debt to net income, as determined in accordance with GAAP. The Company adjusts the calculation to remove rent expense, deduct available cash & cash equivalents and to add back the Company's existing operating lease liabilities related to their right-of-use assets to provide a more meaningful comparison with the Company's peers and to account for differences in debt structures and leasing arrangements. The Company's calculation of its net leverage ratio may not be calculated in the same manner as other companies, and thus may not be comparable to similarly titled measures used by other companies.

(2) The adjustments to the four quarters ended October 4, 2025, include expenses associated with our transformation and restructuring and related activities, in addition to other items, including a charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28, 2025, the Company's material weakness remediation efforts, professional fees and executive turnover.