2019 ANNUAL REPORT

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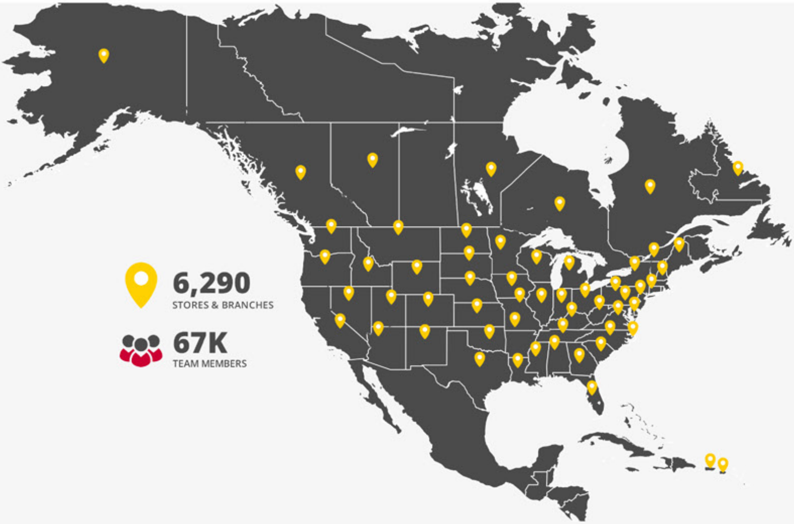
Advance Auto Parts | CARQUEST AUTO PARTS | AUTOPART INTERNATIONAL | WORLDPAC

CORPORATE PROFILE

Advance Auto Parts, Inc. is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself customers. As of December 28, 2019, Advance operated 4,877 stores and 160 Worldpac branches in the United States, Canada, Puerto Rico and the U.S. Virgin Islands. The Company also serves 1,253 independently owned Carquest branded stores across these locations in addition to Mexico, the Bahamas, Turks and Caicos and British Virgin Islands. Additional information about Advance, including employment opportunities, customer services, and online shopping for parts, accessories and other offerings can be found at www.AdvanceAutoParts.com.



6,290
STORES & BRANCHES

67K
TEAM MEMBERS

LETTER TO SHAREHOLDERS

Looking back to review 2019, this was an important year marked by steady improvement in our financial performance with continued progress against our long-term objectives. In 2019 we delivered our second consecutive year of sales growth and margin expansion. At the same time, we made significant investments in our business that will help enable long-term growth and add value to our customers and Team Members. We also delivered operational improvements which will increase productivity and efficiency over the long term.

READ MORE

"At Advance, focusing on our customers means putting customers first in every decision we make. It means delivering with care and speed, because getting the right parts quickly is critically important to enable both professional and do-it-yourself customers to complete their jobs."

– Tom Greco,
President and Chief Executive Officer

WATCH VIDEO

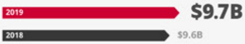
"It is incumbent on all of us to drive customer and shareholder value. And we did this by remaining disciplined in executing against our strategic plans while controlling costs."

– Jeffrey W. Shepherd,
Executive Vice President, Chief Financial Officer

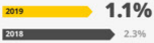
WATCH VIDEO

2019 FINANCIAL SUMMARY

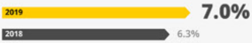
TOTAL NET SALES



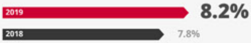
COMPARABLE STORE SALES



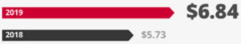
OPERATING INCOME MARGIN



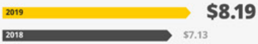
ADJUSTED OPERATING INCOME MARGIN[1]



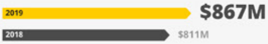
DILUTED EARNINGS PER SHARE



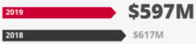
ADJUSTED EARNINGS PER SHARE[1]



OPERATING CASH FLOW



FREE CASH FLOW[2]



(1) Operating Income Margin and Diluted earnings per share have been reported on an adjusted basis to exclude certain non-operational and non-cash expenses in 2019 and 2018, including General Parts International, Inc. ("GPI") integration and store closure and consolidation expenses, GPI amortization of acquired intangible assets, transformation expenses, a make-whole provision and debt issuance costs resulting from the early redemption of our 2020 Notes, an out-of-period correction and the net impact of the Tax Cuts and Jobs. A reconciliation of the adjusted financial results to the most comparable GAAP results for 2019 and 2018 can be found on pages 17 and 20 of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2018 Annual Report on Form 10-K

(2) Free cash flow is a non-GAAP measure and should be considered in addition to, but not as a substitute for, information contained in our "Consolidated Statements of Cash Flows" that can be found on page 36 in our 2019 Annual Report on Form 10-K. Free cash flow of $597 million can be reconciled to net cash provided by operating activities on a GAAP basis of $867 million by adding back purchases of property and equipment of $270 million.

DOWNLOAD 10-K

EXECUTIVE OFFICERS

Thomas R. Greco
President and Chief Executive Officer

Michael T. Broderick
Executive Vice President, Merchandising and Store Operations Support

Robert B. Cushing
Executive Vice President, Professional

Tammy M. Finley
Executive Vice President, General Counsel and Corporate Secretary

Natalie S. Schechtman
Executive Vice President, Human Resources

Jeffrey W. Shepherd
Executive Vice President, Chief Financial Officer

Reuben E. Slone
Executive Vice President, Supply Chain

Andrew Page
Senior Vice President, Controller and Chief Accounting Officer

BOARD OF DIRECTORS*

Advance Auto Parts

From Left to Right: John Bergstrom Sharon McCollam John Ferraro Eugene Lee, Jr. Thomas Greco Brad Buss Jeffrey Smith Douglas Pertz Nigel Travis Adriana Karaboutis Jeffrey Jones II

*As of February 11, 2020

BUILDING A WINNING CULTURE

We know that when we take care of our Team Members, they in turn will take care of our Customers which ultimately translates to shareholder value. As a result, our goal is to attract the very best people in the industry across the board in every function throughout the entire company. In 2019, we continued to make progress on this critically important objective as we invested in the areas of Team Member health, safety and productivity.

OUR PEOPLE ARE OUR BEST PART

In 2019 we invested in our people through programs such as Fuel the Frontline and Be an Owner as well as listened to our Team Members through unique programs such as Innovation Garage.

SUPPLY CHAIN ENHANCEMENTS

We made important enhancements to our Supply Chain optimization efforts in 2019, including Cross Banner Replenishment, which allows our AAP stores to order from Carquest Distribution Centers and vice versa. And we are on our way to consolidating our warehouse management systems which will increase productivity and efficiency.

SAFETY CULTURE

The safety of our Team Members is a priority and in 2019, we significantly reduced the number of claims as well as implemented new safety programs, so our Team Members can return home safely.

CORPORATE SUSTAINABILITY AND SOCIAL REPORT
2019

ADVANCING OUR FUTURE

Advance Auto Parts

At Advance, we understand the awesome responsibility we have to take action and care for our people, planet and community. We are proud of all that we accomplished in 2019, and we are committed to building on our achievements in the months and years ahead. We invite you to follow us on social media and our website to learn more.

READ MORE

> "Once again my friends at my neighborhood @AdvanceAuto in West Akron came to my rescue. Thanks for the battery help and for always being quick, reliable and helpful when I come through the door."
>
> **– Eric Mansfield, West Akron, OH**

2019 ANNUAL REPORT | EXECUTIVE TEAM |
LETTER TO SHAREHOLDER | 10-K | SUSTAINABILITY

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