

ASBURY AUTOMOTIVE GROUP INC  
Form 10-Q  
April 24, 2014  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended March 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-31262

ASBURY AUTOMOTIVE GROUP, INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

01-0609375  
(I.R.S. Employer  
Identification No.)

2905 Premiere Parkway NW, Suite 300  
Duluth, Georgia  
(Address of principal executive offices)  
(770) 418-8200

30097  
(Zip Code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Edgar Filing: ASBURY AUTOMOTIVE GROUP INC - Form 10-Q

Non-Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: The number of shares of common stock outstanding as of April 22, 2014 was 30,658,060.

---

Table of ContentsASBURY AUTOMOTIVE GROUP, INC.  
INDEX

	Page
PART I—Financial Information	
<u>Item 1. Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013</u>	<u>1</u>
<u>Condensed Consolidated Statements of Income for the Three Months Ended March 31, 2014 and 2013</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2014 and 2013</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>28</u>
<u>Item 4. Controls and Procedures</u>	<u>28</u>
PART II—Other Information	
<u>Item 1. Legal Proceedings</u>	<u>29</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>29</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>29</u>
<u>Item 6. Exhibits</u>	<u>29</u>
<u>Signatures</u>	<u>31</u>
<u>Index to Exhibits</u>	<u>32</u>

---

Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## ASBURY AUTOMOTIVE GROUP, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except par value and share data)

(Unaudited)

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$6.1	\$5.4
Contracts-in-transit	131.9	140.9
Accounts receivable (net of allowance of \$0.9 and \$1.0, respectively)	88.1	95.7
Inventories	772.3	767.7
Deferred income taxes	9.5	9.4
Assets held for sale	11.7	9.1
Other current assets	76.0	80.4
Total current assets	1,095.6	1,108.6
PROPERTY AND EQUIPMENT, net	656.1	651.5
GOODWILL	58.1	54.5
DEFERRED INCOME TAXES, net of current portion	13.3	13.1
OTHER LONG-TERM ASSETS	60.0	60.9
Total assets	\$1,883.1	\$1,888.6
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Floor plan notes payable—trade	\$60.3	\$74.7
Floor plan notes payable—non-trade	513.8	534.8
Current maturities of long-term debt	11.4	11.1
Accounts payable and accrued liabilities	224.5	213.6
Total current liabilities	810.0	834.2
LONG-TERM DEBT	540.4	543.3
OTHER LONG-TERM LIABILITIES	21.0	20.5
COMMITMENTS AND CONTINGENCIES (Note 10)	—	—
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par value, 90,000,000 shares authorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury, respectively	0.4	0.4
Additional paid-in capital	515.4	510.5
Retained earnings	194.9	163.5
Treasury stock, at cost; 9,618,277 and 9,330,443 shares, respectively	(198.7)	(184.0)
Accumulated other comprehensive (loss) income	(0.3)	0.2
Total shareholders' equity	511.7	490.6
Total liabilities and shareholders' equity	\$1,883.1	\$1,888.6

See accompanying Notes to Condensed Consolidated Financial Statements

1

---

Table of Contents

ASBURY AUTOMOTIVE GROUP, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (In millions, except per share data)  
 (Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
REVENUES:		
New vehicle	\$726.0	\$664.5
Used vehicle	416.9	366.3
Parts and service	159.4	147.6
Finance and insurance, net	53.4	47.0
Total revenues	1,355.7	1,225.4
COST OF SALES:		
New vehicle	680.6	623.8
Used vehicle	382.9	335.0
Parts and service	62.1	60.3
Total cost of sales	1,125.6	1,019.1
GROSS PROFIT	230.1	206.3
OPERATING EXPENSES:		
Selling, general and administrative	159.8	147.7
Depreciation and amortization	6.3	5.9
Other operating (income) expense, net	(0.2)	) 0.1
Income from operations	64.2	52.6
OTHER EXPENSES:		
Floor plan interest expense	(3.0)	) (3.1)
Other interest expense, net	(9.1)	) (9.2)