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 01-0609375
(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

2905 Premiere Parkway NW, Suite 300

Duluth, Georgia

(Address of principal executive offices) (Zip Code)

(770) 418-8200

(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 x No o

30097

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 x No o

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 x

Accelerated Filer

1

Non-Accelerated Filer o Smaller Reporting Company o Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

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.

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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)

ASSETS CURRENT ASSETS: Cash and cash equivalents \$6.1 \$5.4 \$1.40.9 \$1.40		March 31, 2014	December 31, 2013
Cash and cash equivalents	ASSETS		
Contracts-in-transit 31,9 40,9 40,0	CURRENT ASSETS:		
Accounts receivable (net of allowance of \$0.9 and \$1.0, respectively)	Cash and cash equivalents	\$6.1	\$5.4
Inventories	Contracts-in-transit	131.9	140.9
Deferred income taxes	Accounts receivable (net of allowance of \$0.9 and \$1.0, respectively)	88.1	95.7
Assets held for sale	Inventories	772.3	767.7
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 LIABILITIES AND SHAREHOLDERS' EQUITY *** CURRENT LIABILITIES: *** Floor plan notes payable—trade \$60.3 \$74.7 Floor plan notes payable—onn-trade \$13.8 534.8 Current maturities of long-term debt 11.4 11.1 Accounts payable and accrued liabilities 21.0 20.5 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) ** ** SHAREHOLDERS' EQUITY: ** ** Preferred stock, \$.01 par value, 90,000,000 shares authorized; none issued or outstanding 0.4	Deferred income taxes	9.5	9.4
Total current assets	Assets held for sale	11.7	9.1
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 LIABILITIES AND SHAREHOLDERS' EQUITY *** CURRENT LIABILITIES: *** Floor plan notes payable—trade \$60.3 \$74.7 Floor plan notes payable—mon-trade \$13.8 \$34.8 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) — — SHAREHOLDERS' EQUITY: — — Preferred stock, \$.01 par value, 90,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares — — authorized; 40,291,487 and 40,095,557 share	Other current assets	76.0	80.4
S8.1	Total current assets	1,095.6	1,108.6
S8.1 S4.5 DEFERRED INCOME TAXES, net of current portion 13.3 13.1 13.1 13.3 13.1 1	PROPERTY AND EQUIPMENT, net	656.1	651.5
OTHER LONG-TERM ASSETS 60.0 60.9 Total assets \$1,883.1 \$1,888.6 LIABILITIES AND SHAREHOLDERS' EQUITY \$60.3 \$74.7 CURRENT LIABILITIES: \$60.3 \$74.7 Floor plan notes payable—trade \$13.8 \$34.8 Current plan notes payable—mon-trade \$13.8 \$34.8 Current maturities of long-term debt \$11.4 \$11.1 Accounts payable and accrued liabilities \$224.5 \$213.6 Total current liabilities \$810.0 \$34.2 LONG-TERM DEBT \$40.4 \$43.3 OTHER LONG-TERM LIABILITIES \$21.0 \$20.5 COMMITMENTS AND CONTINGENCIES (Note 10) \$2.5 SHAREHOLDERS' EQUITY: *** *** Preferred stock, \$.01 par value, \$0,000,000 shares authorized; none issued or outstanding \$4.0 0.4 Common stock, \$.01 par value, \$9,000,000 shares authorized; hone issued or substanding \$5.5 \$5.5 Retained earnings \$15.4 \$10.5 \$6.5 Retained earnings \$194.9 \$163.5 Treasury stock, at cost; \$6,618,277 and \$9,330,		58.1	54.5
OTHER LONG-TERM ASSETS 60.0 60.9 Total assets \$1,883.1 \$1,888.6 LIABILITIES AND SHAREHOLDERS' EQUITY \$60.3 \$74.7 CURRENT LIABILITIES: \$60.3 \$74.7 Floor plan notes payable—trade \$13.8 \$34.8 Current plan notes payable—mon-trade \$13.8 \$34.8 Current maturities of long-term debt \$11.4 \$11.1 Accounts payable and accrued liabilities \$224.5 \$213.6 Total current liabilities \$810.0 \$34.2 LONG-TERM DEBT \$40.4 \$43.3 OTHER LONG-TERM LIABILITIES \$21.0 \$20.5 COMMITMENTS AND CONTINGENCIES (Note 10) \$2.5 SHAREHOLDERS' EQUITY: *** *** Preferred stock, \$.01 par value, \$0,000,000 shares authorized; none issued or outstanding \$4.0 0.4 Common stock, \$.01 par value, \$9,000,000 shares authorized; hone issued or substanding \$5.5 \$5.5 Retained earnings \$15.4 \$10.5 \$6.5 Retained earnings \$194.9 \$163.5 Treasury stock, at cost; \$6,618,277 and \$9,330,	DEFERRED INCOME TAXES, net of current portion	13.3	13.1
CURRENT LIABILITIES		60.0	60.9
CURRENT LIABILITIES	Total assets	\$1,883.1	\$1,888.6
CURRENT LIABILITIES: \$60.3 \$74.7 Floor plan notes payable—trade \$60.3 \$74.7 Floor plan notes payable—non-trade \$13.8 \$34.8 Current maturities of long-term debt \$11.4 \$11.1 Accounts payable and accrued liabilities \$224.5 \$213.6 Total current liabilities \$10.0 \$34.2 LONG-TERM DEBT \$40.4 \$43.3 OTHER LONG-TERM LIABILITIES \$21.0 \$20.5 COMMITMENTS AND CONTINGENCIES (Note 10) — — SHAREHOLDERS' EQUITY: Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares authorized; none issued or outstanding — — Cauthorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury, 0.4 0.4 0.4 respectively Additional paid-in capital 515.4 510.5 Retained earnings <td>LIABILITIES AND SHAREHOLDERS' EQUITY</td> <td></td> <td></td>	LIABILITIES AND SHAREHOLDERS' EQUITY		
Floor plan notes payable—non-trade			
Floor plan notes payable—non-trade	Floor plan notes payable—trade	\$60.3	\$74.7
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) — — SHAREHOLDERS' EQUITY: Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares authorized; authorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury, 0.4 0.4 0.4 respectively 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		513.8	534.8
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) — — SHAREHOLDERS' EQUITY: 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, 0.4 0.4 respectively 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	A A 4	11.4	11.1
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) — — SHAREHOLDERS' EQUITY: — — Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding — — Common stock, \$.01 par value, 90,000,000 shares authorized; authorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury, 0.4 0.4 0.4 respectively Additional paid-in capital 515.4 510.5 510.5 Retained earnings 194.9 163.5 163.5 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		224.5	213.6
OTHER LONG-TERM LIABILITIES COMMITMENTS AND CONTINGENCIES (Note 10) SHAREHOLDERS' EQUITY: Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding Common stock, \$.01 par value, 90,000,000 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, 0.4 respectively Additional paid-in capital S15.4 S10.5 Retained earnings 194.9 163.5 Treasury stock, at cost; 9,618,277 and 9,330,443 shares, respectively Accumulated other comprehensive (loss) income (0.3) 0.2 Total shareholders' equity		810.0	834.2
COMMITMENTS AND CONTINGENCIES (Note 10) SHAREHOLDERS' EQUITY: 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, 0.4 respectively Additional paid-in capital S15.4 S10.5 Retained earnings 194.9 163.5 Treasury stock, at cost; 9,618,277 and 9,330,443 shares, respectively Accumulated other comprehensive (loss) income (0.3) 0.2 Total shareholders' equity	LONG-TERM DEBT	540.4	543.3
SHAREHOLDERS' EQUITY: 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, 0.4 respectively 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	OTHER LONG-TERM LIABILITIES	21.0	20.5
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, 0.4 respectively 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	COMMITMENTS AND CONTINGENCIES (Note 10)		_
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, 0.4 respectively Additional paid-in capital Setained earnings 194.9 Treasury stock, at cost; 9,618,277 and 9,330,443 shares, respectively Accumulated other comprehensive (loss) income (0.3) 0.2 Total shareholders' equity	SHAREHOLDERS' EQUITY:		
Common stock, \$.01 par value, 90,000,000 shares authorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury, 0.4 respectively 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	Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or		
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respectively Additional paid-in capital Setained earnings Accumulated other comprehensive (loss) income Total shareholders' equity 515.4 510.5 194.9 163.5 (198.7 (198.7) (184.0) 0.2 511.7 490.6	Common stock, \$.01 par value, 90,000,000 shares		
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	authorized; 40,291,487 and 40,095,557 shares issued, including shares held in treasury,	0.4	0.4
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	respectively		
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	Additional paid-in capital	515.4	510.5
Accumulated other comprehensive (loss) income (0.3) 0.2 Total shareholders' equity 511.7 490.6		194.9	163.5
Total shareholders' equity 511.7 490.6	Treasury stock, at cost; 9,618,277 and 9,330,443 shares, respectively	(198.7)	(184.0)
Total shareholders' equity 511.7 490.6	· · · · · · · · · · · · · · · · · · ·	(0.3)	
	Total shareholders' equity		490.6
		\$1,883.1	\$1,888.6

See accompanying Notes to Condensed Consolidated Financial Statements

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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)