

GROUP 1 AUTOMOTIVE INC
Form 10-Q
May 03, 2016

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
p 1934

For the quarterly period ended March 31, 2016

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: 1-13461

Group 1 Automotive, Inc.

(Exact name of registrant as specified in its charter)

Delaware 76-0506313
(State or other (I.R.S.
jurisdiction of Employer
incorporation or Identification
organization) No.)

800 Gessner, Suite
500
Houston, Texas
77024
(Address of
principal executive
offices) (Zip code)
(713) 647-5700
(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 Web site, 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. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

As of April 30, 2016, the registrant had 22,095,331 shares of common stock, par value \$0.01, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GROUP 1 AUTOMOTIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2016	December 31, 2015
	(Unaudited, in thousands, except per share amounts)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$22,381	\$13,037
Contracts-in-transit and vehicle receivables, net	209,542	252,438
Accounts and notes receivable, net	154,162	157,768
Inventories, net	1,826,531	1,737,751
Prepaid expenses and other current assets	41,463	27,376
Total current assets	2,254,079	2,188,370
PROPERTY AND EQUIPMENT, net	1,063,852	1,033,981
GOODWILL	886,293	854,915
INTANGIBLE FRANCHISE RIGHTS	319,895	307,588
OTHER ASSETS	9,727	11,862
Total assets	\$4,533,846	\$4,396,716
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable - credit facility and other	\$1,239,792	\$1,265,719
Offset account related to floorplan notes payable - credit facility	(104,081)	(110,759)
Floorplan notes payable - manufacturer affiliates	437,672	389,071
Offset account related to floorplan notes payable - manufacturer affiliates	(30,000)	(25,500)
Current maturities of long-term debt and short-term financing	37,506	54,991
Accounts payable	327,594	280,423
Accrued expenses	194,870	185,323
Total current liabilities	2,103,353	2,039,268
LONG-TERM DEBT, net of current maturities	1,256,679	1,199,534
DEFERRED INCOME TAXES	138,984	136,644
LIABILITIES FROM INTEREST RATE RISK MANAGEMENT ACTIVITIES	43,122	31,153
OTHER LIABILITIES	78,915	71,865
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value, 1,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value, 50,000 shares authorized; 25,708 and 25,706 issued, respectively	257	257
Additional paid-in capital	283,196	291,092
Retained earnings	955,326	926,169
Accumulated other comprehensive loss	(144,856)	(137,984)
Treasury stock, at cost; 2,700 and 2,291 shares, respectively	(181,130)	(161,282)
Total stockholders' equity	912,793	918,252
Total liabilities and stockholders' equity	\$4,533,846	\$4,396,716

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2016	2015
	(Unaudited, in thousands, except per share amounts)	
REVENUES:		
New vehicle retail sales	\$1,409,851	\$1,332,724
Used vehicle retail sales	688,171	623,193
Used vehicle wholesale sales	101,592	100,192
Parts and service sales	308,592	282,189
Finance, insurance and other, net	100,149	94,556
Total revenues	2,608,355	2,432,854
COST OF SALES:		
New vehicle retail sales	1,338,124	1,262,993
Used vehicle retail sales	638,971	577,072
Used vehicle wholesale sales	100,143	97,513
Parts and service sales	142,016	131,392
Total cost of sales	2,219,254	2,068,970
GROSS PROFIT	389,101	363,884
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	293,664	271,469
DEPRECIATION AND AMORTIZATION EXPENSE	12,464	11,684
ASSET IMPAIRMENTS	932	