

GROUP 1 AUTOMOTIVE INC
Form 10-Q
October 31, 2013

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 September 30, 2013

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

(State or other jurisdiction of
incorporation or organization)

76-0506313

(I.R.S. Employer
Identification 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):

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 October 29, 2013, the registrant had 24,371,498 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

	September 30, 2013 (Unaudited)	December 31, 2012	
	(In thousands, except per share amounts)		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$26,278	\$4,650	
Contracts-in-transit and vehicle receivables, net	160,554	204,396	
Accounts and notes receivable, net	123,376	111,228	
Inventories, net	1,351,719	1,194,288	
Deferred income taxes	22,273	19,750	
Prepaid expenses and other current assets	23,775	31,869	
Total current assets	1,707,975	1,566,181	
PROPERTY AND EQUIPMENT, net	716,514	667,768	
GOODWILL	689,871	582,384	
INTANGIBLE FRANCHISE RIGHTS	279,806	196,058	
OTHER ASSETS	15,742	10,624	
Total assets	\$3,409,908	\$3,023,015	
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Floorplan notes payable - credit facility and other	\$960,871	\$968,959	
Offset account related to floorplan notes payable - credit facility	(47,709)	(112,261))
Floorplan notes payable - manufacturer affiliates	308,869	211,965	
Current maturities of long-term debt and short-term financing	27,010	31,358	
Accounts payable	201,699	167,439	
Accrued expenses	133,777	128,118	
Total current liabilities	1,584,517	1,395,578	
LONG-TERM DEBT, net of current maturities	560,427	555,016	
DEFERRED INCOME TAXES	136,664	94,130	
LIABILITIES FROM INTEREST RATE RISK MANAGEMENT ACTIVITIES	29,184	43,089	
OTHER LIABILITIES	46,200	42,413	
COMMITMENTS AND CONTINGENCIES (NOTE 11)			
TEMPORARY EQUITY - Redeemable equity portion of the 3.00% Convertible Senior Notes	29,974	32,505	
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; 25,888 and 25,836 issued, respectively	259	258	
Additional paid-in capital	369,198	332,836	
Retained earnings	758,498	677,864	
Accumulated other comprehensive loss	(46,345)	(33,057))
Treasury stock, at cost; 1,514 and 3,110 shares, respectively	(58,668)	(117,617))
Total stockholders' equity	1,022,942	860,284	
Total liabilities and stockholders' equity	\$3,409,908	\$3,023,015	

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

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	(Unaudited, in thousands, except per share amounts)			
REVENUES:				
New vehicle retail sales	\$1,386,667	\$1,141,286	\$3,873,121	\$3,134,591
Used vehicle retail sales	529,828	462,395	1,536,031	1,333,603
Used vehicle wholesale sales	85,800	78,424	243,667	218,415
Parts and service sales	255,316	224,990	753,776	658,404
Finance, insurance and other, net	82,536	69,477	232,494	192,130
Total revenues	2,340,147	1,976,572	6,639,089	5,537,143
COST OF SALES:				