
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 23, 2019

Asbury Automotive Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-31262

(Commission File Number)

**2905 Premiere Parkway NW Suite 300
Duluth, GA**

(Address of principal executive offices)

01-0609375

(IRS Employer Identification No.)

30097

(Zip Code)

(770) 418-8200

(Registrant's telephone number, including area code)

None

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Asbury Automotive Group, Inc. (the “Company”) issued an earnings release on April 23, 2019, announcing its financial results for the three months ended March 31, 2019. A copy of the earnings release is furnished as Exhibit 99.1 to this Current Report.

The information furnished in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished as part of this report.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 23, 2019.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 23, 2019.



Investors & Reporters May Contact:

Matt Pettoni
 VP of Finance & Treasurer
 (770) 418-8219
 ir@asburyauto.com

ASBURY AUTOMOTIVE GROUP ANNOUNCES 2019 FIRST QUARTER FINANCIAL RESULTS

**Record first quarter EPS of \$2.11 per diluted share,
 up 9% over prior year EPS**

**Record first quarter adjusted EPS of \$2.20 per diluted share
 (a non-GAAP measure), up 14% over prior year EPS**

DULUTH, GA, April 23, 2019 - Asbury Automotive Group, Inc. (NYSE: ABG), one of the largest automotive retail and service companies in the U.S., reported net income for the first quarter 2019 of \$40.9 million (\$2.11 per diluted share) and adjusted net income (a non-GAAP measure) of \$42.7 million (\$2.20 per diluted share). This compares to net income of \$40.1 million (\$1.93 per diluted share) in the prior year quarter. Net income for the first quarter 2019 was adjusted for a fixed assets write-off of \$2.4 million pre-tax (\$0.09 per diluted share). There were no non-core adjustments in the first quarter of 2018.

“In a lower SAAR environment, we grew revenue 4%, delivered 8% parts and service gross profit growth, improved our SG&A as a percentage of gross profit 100 basis points, and grew adjusted EPS 14%,” said David Hult, Asbury's President and Chief Executive Officer. “We also continued with our balanced approach to capital allocation, acquiring 4 dealerships, repurchasing \$7 million of our common stock, and investing \$9 million in our dealerships.”

First Quarter 2019 Operational Summary

Total company:

- Total revenue increased 4%; gross profit increased 5%
- Gross margin increased 20 basis points to 16.7%
- SG&A as a percentage of gross profit decreased 100 basis points to 68.4%
- Adjusted income from operations increased 10%
- Adjusted operating margin increased 30 basis points to 4.8%
- Adjusted EPS from continuing operations increased 14%

Same store:

- Total revenue increased 1%; gross profit increased 2%
- New vehicle revenue decreased 1%; gross profit decreased 5%
- Used vehicle retail revenue increased 2%; gross profit decreased 1%

- Finance and insurance revenue and gross profit increased 1%
- Parts and service revenue increased 7%; gross profit increased 6%

Strategic Highlights:

- Closed on the acquisition of four stores in the Indianapolis market that we expect will generate approximately \$250 million in annualized revenue
- Repurchased \$7 million of common stock

On January 1, 2019, the company adopted ASC 842 for lease accounting. The adoption of this standard impacted our balance sheet by creating a right of use asset and corresponding lease liability for leases with terms longer than 12 months, however there was no material impact on our financial results for the quarter.

Additional commentary regarding the first quarter results will be provided during the earnings conference call on April 23, 2019 at 10:00 a.m. The conference call will be simulcast live on the internet and can be accessed at www.asburyauto.com. A replay will be available at these sites for 30 days.

In addition, a live audio of the call will be accessible to the public by calling (323) 994-2093 (domestic), or (888) 254-3590 (international); passcode - 5686268. Callers should dial in approximately 5 to 10 minutes before the call begins.

A conference call replay will be available two hours following the call for seven days, and can be accessed by calling (888) 203-1112 (domestic), or (719) 457-0820 (international); passcode - 5686268.

About Asbury Automotive Group, Inc.

Asbury Automotive Group, Inc. ("Asbury"), a Fortune 500 company headquartered in Duluth, GA, is one of the largest automotive retailers in the U.S. Asbury currently operates 87 dealerships, consisting of 106 franchises, representing 30 domestic and foreign brands of vehicles. Asbury also operates 25 collision repair centers. Asbury offers customers an extensive range of automotive products and services, including new and used vehicle sales and related financing and insurance, vehicle maintenance and repair services, replacement parts and service contracts.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical fact, and may include statements relating to goals, plans, market conditions and projections regarding Asbury's financial position, liquidity, results of operations, market position and dealership portfolio, and other initiatives and future business strategy. These statements are based on management's current expectations and beliefs and involve significant risks and uncertainties that may cause results to differ materially from those set forth in the statements. These risks and uncertainties include, among other things, market factors, Asbury's relationships with, and the financial and operational stability of, vehicle manufacturers and other suppliers, acts of God or other incidents which may adversely impact supply from vehicle manufacturers and/or present retail sales challenges, risks associated with Asbury's indebtedness (including available borrowing capacity, compliance

with its financial covenants and ability to refinance or repay such indebtedness, on favorable terms), Asbury's relationships with, and the financial stability of, its lenders and lessors, risks related to competition in the automotive retail and service industries, general economic conditions both nationally and locally, governmental regulations, legislation, adverse results in litigation and other proceedings, and Asbury's ability to execute its technology initiatives and other operational strategies, Asbury's ability to leverage gains from its dealership portfolio, Asbury's ability to capitalize on opportunities to repurchase its debt and equity securities or purchase properties that it currently leases, and Asbury's ability to stay within its targeted range for capital expenditures. There can be no guarantees that Asbury's plans for future operations will be successfully implemented or that they will prove to be commercially successful.

These and other risk factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements are and will be discussed in Asbury's filings with the U.S. Securities and Exchange Commission from time to time, including its most recent annual report on Form 10-K and any subsequently filed quarterly reports on Form 10-Q. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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

	For the Three Months Ended March 31,		Increase (Decrease)	% Change
	2019	2018		
REVENUE:				
New vehicle	\$ 871.8	\$ 857.1	\$ 14.7	2 %
Used vehicle:				
Retail	458.2	435.8	22.4	5 %
Wholesale	51.7	48.8	2.9	6 %
Total used vehicle	509.9	484.6	25.3	5 %
Parts and service	217.6	199.3	18.3	9 %
Finance and insurance, net	71.5	68.2	3.3	5 %
TOTAL REVENUE	1,670.8	1,609.2	61.6	4 %
GROSS PROFIT:				
New vehicle	37.9	38.6	(0.7)	(2)%
Used vehicle:				
Retail	33.6	32.2	1.4	4 %
Wholesale	0.9	1.3	(0.4)	(31)%
Total used vehicle	34.5	33.5	1.0	3 %
Parts and service	135.3	125.1	10.2	8 %
Finance and insurance, net	71.5	68.2	3.3	5 %
TOTAL GROSS PROFIT	279.2	265.4	13.8	5 %
OPERATING EXPENSES:				
Selling, general and administrative	191.0	184.2	6.8	4 %
Depreciation and amortization	8.6	8.2	0.4	5 %
Other operating expense (income), net	1.8	(0.2)	2.0	NM
INCOME FROM OPERATIONS	77.8	73.2	4.6	6 %
OTHER EXPENSES:				
Floor plan interest expense	10.2	6.6	3.6	55 %
Other interest expense, net	13.9	13.0	0.9	7 %
Swap interest expense	—	0.2	(0.2)	(100)%
Total other expenses, net	24.1	19.8	4.3	22 %
INCOME BEFORE INCOME TAXES	53.7	53.4	0.3	1 %
Income tax expense	12.8	13.3	(0.5)	(4)%
NET INCOME	\$ 40.9	\$ 40.1	\$ 0.8	2 %
EARNINGS PER COMMON SHARE:				
Basic—				
Net income	\$ 2.13	\$ 1.95	\$ 0.18	9 %
Diluted—				
Net income	\$ 2.11	\$ 1.93	\$ 0.18	9 %
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	19.2	20.6	(1.4)	(7)%
Restricted stock	0.1	0.1	—	— %
Performance share units	0.1	0.1	—	— %
Diluted	19.4	20.8	(1.4)	(7)%

NM—Not Meaningful

ASBURY AUTOMOTIVE GROUP, INC.
KEY OPERATING HIGHLIGHTS (In millions, except per unit data)
(Unaudited)

	For the Three Months Ended March 31,		Increase (Decrease)	% Change
	2019	2018		
Unit sales				
New vehicle:				
Luxury	5,162	5,252	(90)	(2)%
Import	14,443	14,021	422	3 %
Domestic	4,504	4,386	118	3 %
Total new vehicle	24,109	23,659	450	2 %
Used vehicle retail	21,083	20,570	513	2 %
Used to new ratio	87.4%	86.9%	50 bps	
Average selling price				
New vehicle	\$ 36,161	\$ 36,227	\$ (66)	— %
Used vehicle retail	21,733	21,186	547	3 %
Average gross profit per unit				
New vehicle:				
Luxury	\$ 3,700	\$ 3,713	\$ (13)	— %
Import	810	799	11	1 %
Domestic	1,576	1,801	(225)	(12)%
Total new vehicle	1,572	1,632	(60)	(4)%
Used vehicle retail	1,594	1,565	29	2 %
Finance and insurance, net	1,582	1,542	40	3 %
Front end yield (1)	3,164	3,143	21	1 %
Gross margin				
New vehicle:				
Luxury	6.6%	6.8%	(20) bps	
Import	2.9%	2.8%	10 bps	
Domestic	4.0%	4.6%	(60) bps	
Total new vehicle	4.3%	4.5%	(20) bps	
Used vehicle retail	7.3%	7.4%	(10) bps	
Parts and service	62.2%	62.8%	(60) bps	
Total gross profit margin	16.7%	16.5%	20 bps	
SG&A metrics				
Rent expense	\$ 6.8	\$ 6.3	\$ 0.5	8 %
Total SG&A as a percentage of gross profit	68.4%	69.4%	(100) bps	
SG&A, excluding rent expense as a percentage of gross profit	66.0%	67.0%	(100) bps	
Operating metrics				
Income from operations as a percentage of revenue	4.7%	4.5%	20 bps	
Income from operations as a percentage of gross profit	27.9%	27.6%	30 bps	
Adjusted income from operations as a percentage of revenue	4.8%	4.5%	30 bps	
Adjusted income from operations as a percentage of gross profit	28.7%	27.6%	110 bps	
Revenue mix				
New vehicle	52.2%	53.3%		
Used vehicle retail	27.4%	27.1%		
Used vehicle wholesale	3.1%	3.0%		
Parts and service	13.0%	12.4%		
Finance and insurance	4.3%	4.2%		
Total revenue	100.0%	100.0%		
Gross profit mix				
New vehicle	13.6%	14.5%		
Used vehicle retail	12.0%	12.2%		
Used vehicle wholesale	0.3%	0.5%		
Parts and service	48.5%	47.1%		
Finance and insurance	25.6%	25.7%		
Total gross profit	100.0%	100.0%		

(1) Front end yield is calculated as gross profit from new vehicles, used retail vehicles and finance and insurance (net), divided by combined new and used

retail unit sales.

ASBURY AUTOMOTIVE GROUP, INC.
SAME STORE OPERATING HIGHLIGHTS (In millions)
(Unaudited)

	For the Three Months Ended March		Increase (Decrease)	% Change
	31,			
	2019	2018		
Revenue				
New vehicle:				
Luxury	\$ 288.5	\$ 286.0	\$ 2.5	1 %
Import	393.2	396.3	(3.1)	(1)%
Domestic	161.4	172.4	(11.0)	(6)%
Total new vehicle	843.1	854.7	(11.6)	(1)%
Used Vehicle:				
Retail	442.0	435.3	6.7	2 %
Wholesale	50.6	48.8	1.8	4 %
Total used vehicle	492.6	484.1	8.5	2 %
Parts and service	212.6	198.8	13.8	7 %
Finance and insurance, net	68.9	68.2	0.7	1 %
Total revenue	\$ 1,617.2	\$ 1,605.8	\$ 11.4	1 %
Gross profit				
New vehicle:				
Luxury	\$ 19.1	\$ 19.5	\$ (0.4)	(2)%
Import	11.2	11.1	0.1	1 %
Domestic	6.2	7.9	(1.7)	(22)%
Total new vehicle	36.5	38.5	(2.0)	(5)%
Used Vehicle:				
Retail	31.9	32.1	(0.2)	(1)%
Wholesale	0.9	1.3	(0.4)	(31)%
Total used vehicle	32.8	33.4	(0.6)	(2)%
Parts and service:				
Customer pay	75.5	70.5	5.0	7 %
Warranty	21.2	18.9	2.3	12 %
Wholesale parts	6.0	5.8	0.2	3 %
Parts and service, excluding reconditioning and preparation	102.7	95.2	7.5	8 %
Reconditioning and preparation	29.6	29.6	—	— %
Total parts and service	132.3	124.8	7.5	6 %
Finance and insurance	68.9	68.2	0.7	1 %
Total gross profit	\$ 270.5	\$ 264.9	\$ 5.6	2 %
SG&A expense	\$ 185.1	\$ 183.7	\$ 1.4	1 %
SG&A expense as a percentage of gross profit	68.4%	69.3%	(90) bps	

Same store amounts consist of information from dealerships for identical months in each comparative period, commencing with the first month we owned the dealership. Additionally, amounts related to divested dealerships are excluded from each comparative period.

ASBURY AUTOMOTIVE GROUP, INC.
SAME STORE OPERATING HIGHLIGHTS (Continued)
(Unaudited)

	For the Three Months Ended March 31,		Increase (Decrease)	% Change
	2019	2018		
Unit sales				
New vehicle:				
Luxury	5,150	5,252	(102)	(2)%
Import	14,013	13,939	74	1 %
Domestic	4,060	4,386	(326)	(7)%
Total new vehicle	23,223	23,577	(354)	(2)%
Used vehicle retail	20,236	20,533	(297)	(1)%
Used to new ratio	87.1%	87.1%	0 bps	
Average selling price				
New vehicle	\$ 36,305	\$ 36,251	\$ 54	— %
Used vehicle retail	21,842	21,200	642	3 %
Average gross profit per unit				
New vehicle:				
Luxury	\$ 3,709	\$ 3,713	\$ (4)	— %
Import	799	796	3	— %
Domestic	1,527	1,801	(274)	(15)%
Total new vehicle	1,572	1,633	(61)	(4)%
Used vehicle retail	1,576	1,563	13	1 %
Finance and insurance, net	1,585	1,546	39	3 %
Front end yield (1)	3,159	3,147	12	— %
Gross margin				
New vehicle:				
Luxury	6.6%	6.8%	(20) bps	
Import	2.8%	2.8%	0 bps	
Domestic	3.8%	4.6%	(80) bps	
Total new vehicle	4.3%	4.5%	(20) bps	
Used vehicle retail	7.2%	7.4%	(20) bps	
Parts and service:				
Parts and service, excluding reconditioning and preparation	48.3%	47.9%	40 bps	
Parts and service, including reconditioning and preparation	62.2%	62.8%	(60) bps	
Total gross profit margin	16.7%	16.5%	20 bps	

Same store amounts consist of information from dealerships for identical months in each comparative period, commencing with the first month we owned the dealership. Additionally, amounts related to divested dealerships are excluded from each comparative period.

- (1) Front end yield is calculated as gross profit from new vehicles, used retail vehicles and finance and insurance (net), divided by combined new and used retail unit sales.

ASBURY AUTOMOTIVE GROUP, INC.
Additional Disclosures (In millions)
(Unaudited)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
SELECTED BALANCE SHEET DATA				
Cash and cash equivalents	\$ 10.9	\$ 8.3	\$ 2.6	31 %
New vehicle inventory	973.2	867.2	106.0	12 %
Used vehicle inventory	152.5	158.9	(6.4)	(4)%
Parts inventory	42.1	41.5	0.6	1 %
Total current assets	1,628.6	1,553.0	75.6	5 %
Floor plan notes payable	1,035.3	966.1	69.2	7 %
Total current liabilities	1,416.8	1,303.3	113.5	9 %
CAPITALIZATION:				
Long-term debt (including current portion)	\$ 913.4	\$ 905.3	\$ 8.1	1 %
Shareholders' equity	504.6	473.2	31.4	7 %
Total	<u>\$ 1,418.0</u>	<u>\$ 1,378.5</u>	\$ 39.5	3 %

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
DAYS SUPPLY		
New vehicle inventory	87	67
Used vehicle inventory	29	34

Days supply of inventory is calculated based on new and used inventory levels at the end of each reporting period and a 30-day historical cost of sales.

Brand Mix - New Vehicle Revenue by Brand-

	For the Three Months Ended March 31,	
	2019	2018
Luxury:		
Mercedes-Benz	7%	7%
Lexus	6%	6%
BMW	6%	6%
Acura	4%	4%
Infiniti	3%	3%
Other luxury	7%	7%
Total luxury	33%	33%
Imports:		
Honda	19%	20%
Nissan	11%	11%
Toyota	12%	11%
Other imports	5%	5%
Total imports	47%	47%
Domestic:		
Ford	9%	10%
Chevrolet	6%	5%
Dodge	2%	2%
Other domestics	3%	3%
Total domestic	20%	20%
Total New Vehicle Revenue	100%	100%

Non-GAAP Financial Disclosure and Reconciliation

In addition to evaluating the financial condition and results of our operations in accordance with GAAP, from time to time management evaluates and analyzes results and any impact on the Company of strategic decisions and actions relating to, among other things, cost reduction, growth, and profitability improvement initiatives, and other events outside of normal, or "core," business and operations, by considering certain alternative financial measures not prepared in accordance with GAAP. These measures include "Adjusted leverage ratio," "Adjusted income from operations," "Adjusted net income," "Adjusted operating margins," and "Adjusted diluted earnings per share ("EPS")." Further, management assesses the organic growth of our revenue and gross profit on a same store basis. We believe that our assessment on a same store basis represents an important indicator of comparative financial performance and provides relevant information to assess our performance at our existing locations. Same store amounts consist of information from dealerships for identical months in each comparative period, commencing with the first month we owned the dealership. Additionally, amounts related to divested dealerships are excluded from each comparative period. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not be comparable to similarly titled measures used by other companies. As a result, any non-GAAP financial measures considered and evaluated by management are reviewed in conjunction with a review of the most directly comparable measures calculated in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measures. In their evaluation of results from time to time, management excludes items that do not arise directly from core operations, or are otherwise of an unusual or non-recurring nature. Because these non-core, unusual or non-recurring charges and gains materially affect Asbury's financial condition or results in the specific period in which they are recognized, management also evaluates, and makes resource allocation and performance evaluation decisions based on, the related non-GAAP measures excluding such items. In addition to using such non-GAAP measures to evaluate results in a specific period, management believes that such measures may provide more complete and consistent comparisons of operational performance on a period-over-period historical basis and a better indication of expected future trends. Management discloses these non-GAAP measures, and the related reconciliations, because it believes investors use these metrics in evaluating longer-term period-over-period performance, and to allow investors to better understand and evaluate the information used by management to assess operating performance.

The following tables provide reconciliations for our non-GAAP metrics:

	For the Twelve Months Ended	
	March 31, 2019	December 31, 2018
(Dollars in millions)		
<u>Adjusted leverage ratio:</u>		
Long-term debt (including current portion)	\$ 913.4	\$ 905.3
Calculation of earnings before interest, taxes, depreciation and amortization ("EBITDA"):		
Net Income	\$ 168.8	\$ 168.0
Add:		
Depreciation and amortization	34.1	33.7
Income tax expense	56.3	56.8
Swap and other interest expense	54.1	53.6
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	<u>\$ 313.3</u>	<u>\$ 312.1</u>
Non-core items - expense (income):		
Franchise rights impairment	\$ 3.7	\$ 3.7
Fixed assets write-off	2.4	—
Legal settlements	(0.7)	(0.7)
Total non-core items	<u>5.4</u>	<u>3.0</u>
Adjusted EBITDA	<u>\$ 318.7</u>	<u>\$ 315.1</u>
Adjusted leverage ratio	<u>2.9</u>	<u>2.9</u>

	For the Three Months Ended March 31,	
	2019	2018
(In millions, except per share data)		
<u>Adjusted income from operations:</u>		
Income from operations	\$ 77.8	\$ 73.2
Fixed assets write-off	2.4	—
Adjusted income from operations	<u>\$ 80.2</u>	<u>\$ 73.2</u>
<u>Adjusted net income:</u>		
Net income	\$ 40.9	\$ 40.1
Non-core items - (income) expense:		
Fixed assets write-off	2.4	—
Income tax expense (benefit) on non-core items above	(0.6)	—
Total non-core items	1.8	—
Adjusted net income	<u>\$ 42.7</u>	<u>\$ 40.1</u>
<u>Adjusted diluted earnings per share (EPS):</u>		
Diluted EPS	\$ 2.11	\$ 1.93
Total non-core items	0.09	—
Adjusted diluted EPS	<u>\$ 2.20</u>	<u>\$ 1.93</u>
Weighted average common shares outstanding - diluted	<u>19.4</u>	<u>20.8</u>