
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): October 21, 2014

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)

01-0609375

(IRS Employer Identification No.)

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

(Address of principal executive offices)

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))

Item 2.02 Results of Operations and Financial Conditions.

Asbury Automotive Group, Inc. (the “Company”) issued an earnings release on October 21, 2014, announcing its financial results for the three and nine months ended September 30, 2014. A copy of the earnings release is furnished as Exhibit 99.1 to this Current Report.

The information furnished under Item 2.02 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 exhibit is furnished as part of this report.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated October 21, 2014.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ASBURY AUTOMOTIVE GROUP, INC.

Date: October 21, 2014

By: /s/ Craig T. Monaghan

Name: Craig T. Monaghan

Title: President and Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated October 21, 2014.

**Investors & Reporters May Contact:**

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

ASBURY AUTOMOTIVE GROUP ANNOUNCES RECORD 2014 THIRD QUARTER FINANCIAL RESULTS

**Record third quarter EPS from continuing operations of \$1.08 per diluted share, up 19% over prior year quarter
 adjusted EPS from continuing operations**

Duluth, GA, October 21, 2014 - Asbury Automotive Group, Inc. (NYSE: ABG), one of the largest automotive retail and service companies in the U.S., today reported income from continuing operations for the third quarter of 2014 of \$32.4 million, or \$1.08 per diluted share, versus adjusted income from continuing operations in the third quarter of 2013 of \$28.3 million, or \$0.91 per diluted share, a 19% increase per diluted share. There were no adjustments for the third quarter of 2014, see attached reconciliation for reported adjustments related to the third quarter of 2013. Net income for the third quarter of 2014 was \$32.5 million, or \$1.08 per diluted share, compared to \$22.7 million, or \$0.73 per diluted share in the prior year period.

Third Quarter 2014 Operational Highlights (compared to the prior year period):

- Total revenues increased 8% to \$1.5 billion
- New vehicle retail revenues up 8%; gross profit up 6%
- Used vehicle retail revenues up 8%; gross profit up 2%
- Finance and insurance revenues up 8%
- Parts and service gross profit up 12%
- Total gross profit up 9% with increases from all business lines
- SG&A expense as a percent of gross profit improved 60 basis points to 70.1%; same-store SG&A expense as a percent of gross profit improved 120 basis points to 69.5%
- Operating margin of 4.4%

Strategic Highlights:

- Entered into agreements to acquire two stores approximating \$250 million of annualized revenues (subject to manufacturer approvals and customary closing conditions)
- Opened second stand-alone used vehicle store branded as "Q auto" in Jacksonville, FL

- Announced plans to open third “Q auto” store in Ft. Myers, FL in Q4 2014
- Repurchased \$40 million of common stock in Q3 2014
- Closed on \$60 million of mortgages in Q3 2014
- At its October 15, 2014 meeting, the Board authorized an increase in share repurchase authorization to a total of \$200 million

“Asbury is pleased to announce another record third quarter EPS from continuing operations,” said Craig Monaghan, Asbury’s President and Chief Executive Officer. “The overall automotive retail and lending environments remain healthy. Going forward we will continue to execute our two part strategy: to drive operational excellence and to deploy capital to its highest returns.”

“Our current quarter results demonstrate, once again, the strength and diversity of our business model,” said Asbury’s Executive Vice President and Chief Operating Officer, Michael Kearney. “While we did experience some pressure on new and used vehicle margins, our parts and service gross profit grew at 12% driven principally by growth in warranty and reconditioning.”

For the nine-month period ended September 30, 2014, the Company reported income from continuing operations of \$100.1 million, or \$3.29 per diluted share, compared to adjusted income from continuing operations \$82.6 million, or \$2.66 per diluted share in the prior year period. The Company’s revenues for the nine-month period of 2014 totaled \$4.4 billion, an increase of 10% compared to \$4.0 billion in the prior year period. Net income for the nine-month period ended September 30, 2014 was \$99.8 million, or \$3.28 per diluted share, compared to \$82.2 million, or \$2.64 per diluted share, for the prior year period. Included in net income for the prior year period, as part of discontinued operations, is an after tax gain of \$8.9 million, or \$0.29 per diluted share, from the sale of a mid-line import store. See attached reconciliation for reported adjustments.

The conference call will be simulcast live on the Internet and can be accessed by logging onto www.asburyauto.com or www.ccbn.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 (888) 523-1228 (domestic), or (719) 457-1035 (international); passcode - 5097575. 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 - 5097575.

About Asbury Automotive Group, Inc.

Asbury Automotive Group, Inc. (“Asbury”), a Fortune 500 company headquartered in Duluth, Georgia, a suburb of Atlanta, is one of the largest automotive retailers in the U.S. Built through a combination of organic growth and a series of strategic acquisitions, Asbury currently operates 81 dealership locations, encompassing 102 franchises for the sale and servicing of 29 domestic and foreign brands of new vehicles. We also operate 24 collision repair centers and two standalone used vehicle stores. 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, capital allocation, 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), 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 IT 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 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 September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
REVENUES:				
New vehicle	\$ 821.3	\$ 759.9	\$ 2,378.8	\$ 2,167.9
Used vehicle	457.0	421.7	1,319.2	1,183.5
Parts and service	168.3	154.0	495.9	455.5
Finance and insurance, net	59.0	54.7	170.8	154.1
Total revenues	1,505.6	1,390.3	4,364.7	3,961.0
COST OF SALES:				
New vehicle	772.1	713.4	2,232.4	2,035.6
Used vehicle	425.8	391.2	1,220.6	1,090.8
Parts and service	63.1	60.4	189.1	180.7
Total cost of sales	1,261.0	1,165.0	3,642.1	3,307.1
GROSS PROFIT	244.6	225.3	722.6	653.9
OPERATING EXPENSES:				
Selling, general and administrative	171.5	159.2	500.5	460.8
Depreciation and amortization	6.7	6.2	19.4	18.0
Other operating expense, net	0.3	1.9	0.2	7.1
Income from operations	66.1	58.0	202.5	168.0
OTHER EXPENSES:				
Floor plan interest expense	(3.0)	(2.9)	(9.3)	(9.1)
Other interest expense, net	(9.6)	(11.1)	(28.2)	(29.8)
Swap interest expense	(0.5)	(0.1)	(1.5)	(2.2)
Loss on extinguishment of long-term debt	—	(6.8)	—	(6.8)
Total other expenses, net	(13.1)	(20.9)	(39.0)	(47.9)
Income before income taxes	53.0	37.1	163.5	120.1
INCOME TAX EXPENSE	20.6	14.3	63.4	46.2
INCOME FROM CONTINUING OPERATIONS	32.4	22.8	100.1	73.9
DISCONTINUED OPERATIONS, net of tax	0.1	(0.1)	(0.3)	8.3
NET INCOME	\$ 32.5	\$ 22.7	\$ 99.8	\$ 82.2
EARNINGS PER COMMON SHARE:				
Basic—				
Continuing operations	\$ 1.09	\$ 0.74	\$ 3.31	\$ 2.40
Discontinued operations	—	—	(0.01)	0.27
Net income	\$ 1.09	\$ 0.74	\$ 3.30	\$ 2.67
Diluted—				
Continuing operations	\$ 1.08	\$ 0.73	\$ 3.29	\$ 2.38
Discontinued operations	—	—	(0.01)	0.26
Net income	\$ 1.08	\$ 0.73	\$ 3.28	\$ 2.64
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	29.8	30.7	30.2	30.8
Restricted stock	0.1	0.2	0.1	0.2
Performance share units	0.1	0.2	0.1	0.1
Diluted	30.0	31.1	30.4	31.1

New Vehicle-

	For the Three Months Ended September 30,			% Change
	2014	2013	Increase	
(Dollars in millions, except for per vehicle data)				
Revenue:				
New vehicle revenue—same store(1)				
Luxury	\$ 298.0	\$ 282.8	\$ 15.2	5%
Mid-line import	403.5	377.5	26.0	7%
Mid-line domestic	112.1	99.6	12.5	13%
Total new vehicle revenue—same store(1)	813.6	759.9	53.7	7%
New vehicle revenue—acquisitions and new stores	7.7	—		
New vehicle revenue, as reported	\$ 821.3	\$ 759.9	\$ 61.4	8%
Gross profit:				
New vehicle gross profit—same store(1)				
Luxury	\$ 21.2	\$ 20.6	\$ 0.6	3%
Mid-line import	20.6	19.5	1.1	6%
Mid-line domestic	6.7	6.4	0.3	5%
Total new vehicle gross profit—same store(1)	48.5	46.5	2.0	4%
New vehicle gross profit—acquisitions and new stores	0.7	—		
New vehicle gross profit, as reported	\$ 49.2	\$ 46.5	\$ 2.7	6%

	For the Three Months Ended September 30,			
	2014	2013	Increase	% Change
New vehicle units:				
New vehicle retail units—same store(1)				
Luxury	5,879	5,705	174	3%
Mid-line import	15,238	14,193	1,045	7%
Mid-line domestic	2,965	2,747	218	8%
Total new vehicle retail units—same store(1)	24,082	22,645	1,437	6%
Fleet vehicles	336	242	94	39%
Total new vehicle units—same store(1)	24,418	22,887	1,531	7%
New vehicle units—acquisitions and new stores	236	—		
New vehicle units—actual	24,654	22,887	1,767	8%

New Vehicle Metrics-

	For the Three Months Ended September 30,		Increase (Decrease)	% Change
	2014	2013		
Revenue per new vehicle sold—same store(1)	\$ 33,320	\$ 33,202	\$ 118	— %
Gross profit per new vehicle sold—same store(1)	\$ 1,986	\$ 2,032	\$ (46)	(2)%
New vehicle gross margin—same store(1)	6.0%	6.1%	(0.1)%	(2)%

- (1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Used Vehicle-

	For the Three Months Ended September 30,			
	2014	2013	Increase (Decrease)	% Change
(Dollars in millions, except for per vehicle data)				
Revenue:				
Used vehicle retail revenues—same store(1)	\$ 391.0	\$ 371.2	\$ 19.8	5 %
Used vehicle retail revenues—acquisitions and new stores	8.6	—		
Total used vehicle retail revenues	399.6	371.2	28.4	8 %
Used vehicle wholesale revenues—same store(1)	56.8	50.5	6.3	12 %
Used vehicle wholesale revenues—acquisitions and new stores	0.6	—		
Total used vehicle wholesale revenues	57.4	50.5	6.9	14 %
Used vehicle revenue, as reported	<u>\$ 457.0</u>	<u>\$ 421.7</u>	<u>\$ 35.3</u>	<u>8 %</u>
Gross profit:				
Used vehicle retail gross profit—same store(1)	\$ 31.9	\$ 31.6	\$ 0.3	1 %
Used vehicle retail gross profit—acquisitions and new stores	0.7	—		
Total used vehicle retail gross profit	32.6	31.6	1.0	3 %
Used vehicle wholesale gross profit—same store(1)	(1.2)	(1.1)	(0.1)	(9)%
Used vehicle wholesale gross profit—acquisitions and new stores	(0.2)	—		
Total used vehicle wholesale gross profit	(1.4)	(1.1)	(0.3)	(27)%
Used vehicle gross profit, as reported	<u>\$ 31.2</u>	<u>\$ 30.5</u>	<u>\$ 0.7</u>	<u>2 %</u>
Used vehicle retail units:				
Used vehicle retail units—same store(1)	19,178	18,715	463	2 %
Used vehicle retail units—acquisitions and new stores	447	—		
Used vehicle retail units—actual	19,625	18,715	910	5 %

Used Vehicle Metrics-

	For the Three Months Ended September 30,		Increase (Decrease)	% Change
	2014	2013		
Revenue per used vehicle retailed—same store(1)	<u>\$ 20,388</u>	<u>\$ 19,834</u>	<u>\$ 554</u>	<u>3 %</u>
Gross profit per used vehicle retailed—same store(1)	<u>\$ 1,663</u>	<u>\$ 1,688</u>	<u>\$ (25)</u>	<u>(1)%</u>
Used vehicle retail gross margin—same store(1)	<u>8.2%</u>	<u>8.5%</u>	<u>(0.3)%</u>	<u>(4)%</u>

- (1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Parts and Service-

	For the Three Months Ended September 30,			% Change
	2014	2013	Increase	
(Dollars in millions)				
Revenue:				
Parts and service revenue—same store(1)	\$ 167.6	\$ 154.0	\$ 13.6	9%
Parts and service revenues—acquisitions and new stores	0.7	—		
Parts and service revenue, as reported	<u>\$ 168.3</u>	<u>\$ 154.0</u>	\$ 14.3	9%
Gross profit:				
Parts and service gross profit—same store(1)				
Customer pay	\$ 58.2	\$ 54.4	\$ 3.8	7%
Reconditioning and preparation	27.2	23.0	4.2	18%
Warranty	14.2	11.4	2.8	25%
Wholesale parts	5.1	4.8	0.3	6%
Total parts and service gross profit—same store(1)	104.7	93.6	11.1	12%
Parts and service gross profit—acquisitions and new stores	0.5	—		
Parts and service gross profit, as reported	<u>\$ 105.2</u>	<u>\$ 93.6</u>	\$ 11.6	12%
Parts and service gross margin—same store(1)	62.5%	60.8%	1.7%	3%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Finance and Insurance, net-

	For the Three Months Ended September 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Finance and insurance, net—same store(1)	\$ 58.3	\$ 54.7	\$ 3.6	7%
Finance and insurance, net—acquisitions and new stores	0.7	—		
Finance and insurance, net as reported	<u>\$ 59.0</u>	<u>\$ 54.7</u>	\$ 4.3	8%
Finance and insurance, net per vehicle sold—same store(1)	<u>\$ 1,337</u>	<u>\$ 1,315</u>	\$ 22	2%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

	For the Three Months Ended September 30,	
	2014	2013
REVENUE MIX PERCENTAGES:		
New vehicles	54.5 %	54.7 %
Used retail vehicles	26.6 %	26.7 %
Used vehicle wholesale	3.8 %	3.6 %
Parts and service	11.2 %	11.1 %
Finance and insurance, net	3.9 %	3.9 %
Total revenue	100.0 %	100.0 %
GROSS PROFIT MIX PERCENTAGES:		
New vehicles	20.1 %	20.6 %
Used retail vehicles	13.4 %	14.1 %
Used vehicle wholesale	(0.6)%	(0.5)%
Parts and service	43.0 %	41.5 %
Finance and insurance, net	24.1 %	24.3 %
Total gross profit	100.0 %	100.0 %
SG&A EXPENSES AS A PERCENTAGE OF GROSS PROFIT	70.1 %	70.7 %

New Vehicle-

	For the Nine Months Ended September 30,			% Change
	2014	2013	Increase	
(Dollars in millions, except for per vehicle data)				
Revenue:				
New vehicle revenue—same store(1)				
Luxury	\$ 873.4	\$ 783.5	\$ 89.9	11%
Mid-line import	1,119.5	1,079.8	39.7	4%
Mid-line domestic	337.2	304.6	32.6	11%
Total new vehicle revenue—same store(1)	2,330.1	2,167.9	162.2	7%
New vehicle revenue—acquisitions and new stores	48.7	—		
New vehicle revenue, as reported	\$ 2,378.8	\$ 2,167.9	\$ 210.9	10%
Gross profit:				
New vehicle gross profit—same store(1)				
Luxury	\$ 63.2	\$ 56.3	\$ 6.9	12%
Mid-line import	59.5	56.2	3.3	6%
Mid-line domestic	20.9	19.8	1.1	6%
Total new vehicle gross profit—same store(1)	143.6	132.3	11.3	9%
New vehicle gross profit—acquisitions and new stores	2.8	—		
New vehicle gross profit, as reported	\$ 146.4	\$ 132.3	\$ 14.1	11%

	For the Nine Months Ended September 30,			
	2014	2013	Increase	% Change
New vehicle units:				
New vehicle retail units—same store(1)				
Luxury	17,143	15,633	1,510	10%
Mid-line import	42,168	40,401	1,767	4%
Mid-line domestic	8,692	8,415	277	3%
Total new vehicle retail units—same store(1)	68,003	64,449	3,554	6%
Fleet vehicles	1,535	924	611	66%
Total new vehicle units—same store(1)	69,538	65,373	4,165	6%
New vehicle units—acquisitions and new stores	1,809	—		
New vehicle units—actual	71,347	65,373	5,974	9%

New Vehicle Metrics-

	For the Nine Months Ended September 30,		Increase	% Change
	2014	2013		
Revenue per new vehicle sold—same store(1)	\$ 33,508	\$ 33,162	\$ 346	1%
Gross profit per new vehicle sold—same store(1)	\$ 2,065	\$ 2,024	\$ 41	2%
New vehicle gross margin—same store(1)	6.2%	6.1%	0.1%	2%

- (1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Used Vehicle-

	For the Nine Months Ended September 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Revenue:				
Used vehicle retail revenues—same store(1)	\$ 1,129.1	\$ 1,040.7	\$ 88.4	8%
Used vehicle retail revenues—acquisitions and new stores	30.8	—		
Total used vehicle retail revenues	1,159.9	1,040.7	119.2	11%
Used vehicle wholesale revenues—same store(1)	156.3	142.8	13.5	9%
Used vehicle wholesale revenues—acquisitions and new stores	3.0	—		
Total used vehicle wholesale revenues	159.3	142.8	16.5	12%
Used vehicle revenue, as reported	<u>\$ 1,319.2</u>	<u>\$ 1,183.5</u>	\$ 135.7	11%
Gross profit:				
Used vehicle retail gross profit—same store(1)	\$ 97.1	\$ 93.6	\$ 3.5	4%
Used vehicle retail gross profit—acquisitions and new stores	2.4	—		
Total used vehicle retail gross profit	99.5	93.6	5.9	6%
Used vehicle wholesale gross profit—same store(1)	(0.7)	(0.9)	0.2	22%
Used vehicle wholesale gross profit—acquisitions and new stores	(0.2)	—		
Total used vehicle wholesale gross profit	(0.9)	(0.9)	—	—%
Used vehicle gross profit, as reported	<u>\$ 98.6</u>	<u>\$ 92.7</u>	\$ 5.9	6%
Used vehicle retail units:				
Used vehicle retail units—same store(1)	55,315	52,761	2,554	5%
Used vehicle retail units—acquisitions and new stores	1,653	—		
Used vehicle retail units—actual	56,968	52,761	4,207	8%

Used Vehicle Metrics-

	For the Nine Months Ended September 30,		Increase (Decrease)	% Change
	2014	2013		
Revenue per used vehicle retailed—same store(1)	\$ 20,412	\$ 19,725	\$ 687	3 %
Gross profit per used vehicle retailed—same store(1)	\$ 1,755	\$ 1,774	\$ (19)	(1)%
Used vehicle retail gross margin—same store(1)	8.6%	9.0%	(0.4)%	(4)%

- (1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Parts and Service-

	For the Nine Months Ended September 30,			% Change
	2014	2013	Increase	
(Dollars in millions)				
Revenue:				
Parts and service revenue—same store(1)	\$ 489.2	\$ 455.5	\$ 33.7	7%
Parts and service revenues—acquisitions and new stores	6.7	—		
Parts and service revenue, as reported	<u>\$ 495.9</u>	<u>\$ 455.5</u>	\$ 40.4	9%
Gross profit:				
Parts and service gross profit—same store(1)				
Customer pay	\$ 171.7	\$ 161.4	\$ 10.3	6%
Reconditioning and preparation	74.9	63.9	11.0	17%
Warranty	40.5	34.9	5.6	16%
Wholesale parts	15.3	14.6	0.7	5%
Total parts and service gross profit—same store(1)	302.4	274.8	27.6	10%
Parts and service gross profit—acquisitions and new stores	4.4	—		
Parts and service gross profit, as reported	<u>\$ 306.8</u>	<u>\$ 274.8</u>	\$ 32.0	12%
Parts and service gross margin—same store(1)	61.8%	60.3%	1.5%	2%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Finance and Insurance, net-

	For the Nine Months Ended September 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Finance and insurance, net—same store(1)	\$ 164.6	\$ 154.1	\$ 10.5	7%
Finance and insurance, net—acquisitions and new stores	6.2	—		
Finance and insurance, net as reported	<u>\$ 170.8</u>	<u>\$ 154.1</u>	\$ 16.7	11%
Finance and insurance, net per vehicle sold—same store(1)	<u>\$ 1,318</u>	<u>\$ 1,304</u>	\$ 14	1%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

	For the Nine Months Ended September 30,	
	2014	2013
REVENUE MIX PERCENTAGES:		
New vehicles	54.5 %	54.7 %
Used retail vehicles	26.6 %	26.3 %
Used vehicle wholesale	3.6 %	3.6 %
Parts and service	11.4 %	11.5 %
Finance and insurance, net	3.9 %	3.9 %
Total revenue	100.0 %	100.0 %
GROSS PROFIT MIX PERCENTAGES:		
New vehicles	20.3 %	20.2 %
Used retail vehicles	13.7 %	14.3 %
Used vehicle wholesale	(0.1)%	(0.1)%
Parts and service	42.5 %	42.0 %
Finance and insurance, net	23.6 %	23.6 %
Total gross profit	100.0 %	100.0 %
SG&A EXPENSES AS A PERCENTAGE OF GROSS PROFIT	69.3 %	70.5 %

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

	September 30, 2014	December 31, 2013	Increase (Decrease)	% Change
SELECTED BALANCE SHEET DATA				
Cash and cash equivalents	\$ 11.1	\$ 5.4	\$ 5.7	106 %
New vehicle inventory	611.7	605.2	6.5	1 %
Used vehicle inventory	130.4	121.8	8.6	7 %
Parts inventory	42.5	40.7	1.8	4 %
Total current assets	1,091.2	1,108.6	(17.4)	(2)%
Floor plan notes payable	557.1	609.5	(52.4)	(9)%
Total current liabilities	787.3	834.2	(46.9)	(6)%
CAPITALIZATION:				
Long-term debt (including current portion)	\$ 605.6	\$ 554.4	\$ 51.2	9 %
Shareholders' equity	523.9	490.6	33.3	7 %
Total	<u>\$ 1,129.5</u>	<u>\$ 1,045.0</u>	\$ 84.5	8 %

Brand Mix - New Vehicle Revenue by Brand-

	For the Nine Months Ended September 30,	
	2014	2013
Luxury		
BMW	9%	9%
Mercedes-Benz	7%	7%
Lexus	7%	6%
Acura	5%	5%
Infiniti	4%	4%
Other luxury	6%	5%
Total luxury	38%	36%
Mid-Line Imports:		
Honda	18%	20%
Nissan	12%	13%
Toyota	12%	12%
Other imports	6%	5%
Total imports	48%	50%
Mid-Line Domestic:		
Ford	7%	7%
Dodge	3%	3%
Chevrolet	2%	2%
Other domestics	2%	2%
Total domestic	14%	14%
Total New Vehicle Revenue	<u>100%</u>	<u>100%</u>

Selling, General and Administrative Expense (“SG&A”)-

	For the Three Months Ended September 30,					% of Gross Profit
	2014	% of Gross Profit	2013	% of Gross Profit	Increase (Decrease)	% of Gross Profit Decrease
	(Dollars in millions)					
SG&A, excluding rent expense	\$ 163.7	66.9%	\$ 151.1	67.1%	\$ 12.6	(0.2)%
Rent expense	7.8	3.2%	8.1	3.6%	(0.3)	(0.4)%
SG&A-total	<u>\$ 171.5</u>	<u>70.1%</u>	<u>\$ 159.2</u>	<u>70.7%</u>	<u>\$ 12.3</u>	<u>(0.6)%</u>
Gross profit	<u>\$ 244.6</u>		<u>\$ 225.3</u>			

	For the Nine Months Ended September 30,					% of Gross Profit Decrease
	2014	% of Gross Profit	2013	% of Gross Profit	Increase (Decrease)	
	(Dollars in millions)					
SG&A, excluding rent expense	\$ 477.4	66.1%	\$ 435.6	66.6%	\$ 41.8	(0.5)%
Rent expense	23.1	3.2%	25.2	3.9%	(2.1)	(0.7)%
SG&A-total	<u>\$ 500.5</u>	<u>69.3%</u>	<u>\$ 460.8</u>	<u>70.5%</u>	<u>\$ 39.7</u>	<u>(1.2)%</u>
Gross profit	<u>\$ 722.6</u>		<u>\$ 653.9</u>			

Non-GAAP Financial Disclosures and Reconciliations

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 income from continuing operations," "Adjusted earnings per share ("EPS") from continuing operations," "Adjusted long-term debt," "Adjusted EBITDA" and "Adjusted leverage ratio." 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 connection 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 its 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.

	For the Twelve Months Ended	
	September 30, 2014	June 30, 2014
	(Dollars in millions)	
<u>Adjusted leverage ratio:</u>		
Long-term debt (including current portion)	\$ 605.6	\$ 548.9
Less: unamortized premium on 8.375% Senior Subordinated Notes due 2020	(8.4)	(8.7)
Adjusted long-term debt (including current portion)	<u>\$ 597.2</u>	<u>\$ 540.2</u>
Calculation of earnings before interest, taxes, depreciation and amortization ("EBITDA"):		
Income from continuing operations	\$ 127.3	\$ 117.8
Add:		
Depreciation and amortization	25.6	25.1
Income tax expense	81.5	75.0
Swap and other interest expense	39.1	40.5
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	<u>\$ 273.5</u>	<u>\$ 258.4</u>
Non-core items - expense:		
Real estate-related charges	—	2.1
Loss on extinguishment of long-term debt	—	6.8
Total non-core items	—	8.9
Adjusted EBITDA	<u>\$ 273.5</u>	<u>\$ 267.3</u>
Adjusted leverage ratio	2.2	2.0

The non-core operating items shown in the table below consist of expenses related to real estate transactions.

	For the Three Months Ended September 30,	
	2014	2013
	(In millions, except per share data)	
<u>Adjusted income from continuing operations:</u>		
Net income	\$ 32.5	\$ 22.7
Discontinued operations, net of tax	(0.1)	0.1
Income from continuing operations	32.4	22.8
Non-core items - expense (income):		
Real estate-related charges	—	2.1
Loss on extinguishment of long-term debt	—	6.8
Tax benefit on non-core items above	—	(3.4)
Total non-core items	—	5.5
Adjusted income from continuing operations	<u>\$ 32.4</u>	<u>\$ 28.3</u>
<u>Adjusted diluted earnings per share (EPS) from continuing operations:</u>		
Net income	\$ 1.08	\$ 0.73
Discontinued operations, net of tax	—	—
Income from continuing operations	\$ 1.08	\$ 0.73
Total non-core items	—	0.18
Adjusted diluted EPS from continuing operations	<u>\$ 1.08</u>	<u>\$ 0.91</u>
Weighted average common shares outstanding - diluted	30.0	31.1

	For the Nine Months Ended September 30,	
	2014	2013
	(In millions, except per share data)	
<u>Adjusted income from continuing operations:</u>		
Net income	\$ 99.8	\$ 82.2
Discontinued operations, net of tax	0.3	(8.3)
Income from continuing operations	100.1	73.9
Non-core items - expense (income):		
Real estate-related charges	—	7.3
Loss on the extinguishment of long-term debt	—	6.8
Tax benefit on non-core items above	—	(5.4)
Total non-core items	—	8.7
Adjusted income from continuing operations	<u>\$ 100.1</u>	<u>\$ 82.6</u>
<u>Adjusted diluted earnings per share (EPS) from continuing operations:</u>		
Net income	\$ 3.28	\$ 2.64
Discontinued operations, net of tax	0.01	(0.26)
Income from continuing operations	\$ 3.29	\$ 2.38
Total non-core items	—	0.28
Adjusted diluted EPS from continuing operations	<u>\$ 3.29</u>	<u>\$ 2.66</u>
Weighted average common shares outstanding - diluted	30.4	31.1