
**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): November 29, 2021

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value per share	ABG	New York Stock Exchange

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 7.01 Regulation FD Disclosure.

Asbury Automotive Group, Inc. (the “Company”) is scheduled to present at the 2021 Bank of America Securities Leveraged Finance Virtual Conference on November 30, 2021 at 8:15 a.m. Eastern Time and at the 2021 Stephens Annual Investment Conference on December 2, 2021 at 12:00 p.m. Eastern Time. The Company has posted an investor presentation to the Investor Relations section of its website www.asburyauto.com, which it will refer to at the conferences and may use from time to time, with possible modifications, in conversations with investors, analysts and others. A copy of the investor presentation is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information set forth in and incorporated into this Item 7.01 of this Current Report on Form 8-K is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended (the “Securities Act”), or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing. The filing of this Item 7.01 of this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by reason of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Date: November 29, 2021

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ George A Villasana

Name: **George A. Villasana**

Title: **Senior Vice President, Chief Legal Officer & Secretary**

ASBURY

AUTOMOTIVE GROUP



Investor Conference Presentation
November/December | 2021

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This presentation 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, the expected benefits of Clicklane, and other initiatives and future business strategy, including the expected terms or timeline of currently anticipated or recently completed acquisitions or dispositions, such as the LHM acquisition, the anticipated cost savings, run-rate synergies, revenue enhancement strategies, operational improvements and other benefits of such currently anticipated or recently completed acquisitions or dispositions. 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, the impact of the ongoing COVID-19 pandemic on our industry and business, market factors, Asbury’s relationships with, and the financial and operational stability of, vehicle manufacturers and other suppliers, acts of God or other incidents and the shortage of semiconductor chips, which may adversely impact supply from vehicle manufacturers and/or present retail sales challenges, any event or circumstance that could give rise to the termination of the LHM acquisition, including the failure to obtain necessary manufacturer and regulatory approvals; the ability to consummate the LHM acquisition and other pending acquisitions on the terms or timeline currently contemplated or at all; the ability to successfully integrate the LHM business or other acquisitions in our existing operations and the diversion of management’s attention from ongoing business and regular business responsibilities; the effects of increased expenses or unanticipated liabilities incurred as a result of the LHM acquisition and other pending acquisitions; the disruption from the LHM acquisition and other acquisitions, making it more difficult to maintain relationships with customers or suppliers; risks associated with Asbury’s indebtedness and our ability to comply with applicable covenants in our various financing agreements, or to obtain waivers of these covenants as necessary; 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 five-year strategic plan, 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 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.



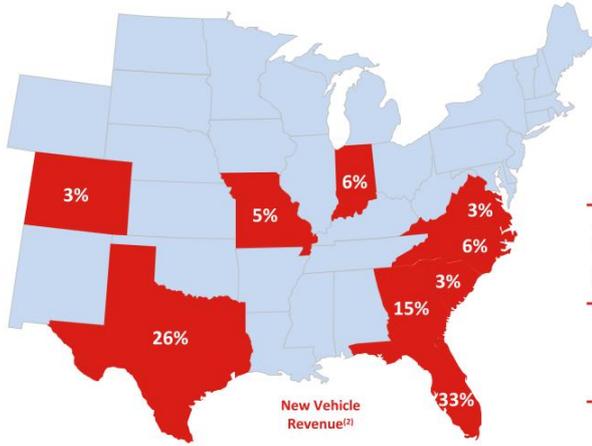
North Star is the "Guest Experience"



FORTUNE **500**
AUTOMOTIVE RETAILER

~\$8B
TOTAL REVENUE ⁽¹⁾

6th LARGEST ⁽⁵⁾
AUTOMOTIVE RETAILER



91⁽³⁾

Locations

112⁽³⁾

Franchises

31⁽³⁾

Brands

25⁽³⁾

Collision Centers

Q3 HIGHLIGHTS

Announced acquisitions under contract totaling \$6.6B in annualized revenue; All expected to close in Q4

New PVR	Adj. SG&A % of GP ⁽⁴⁾
\$5,088/+106%	55.3%/-580 bps
Used Retail PVR	Adj. Operating Margin ⁽⁴⁾
\$2,475/+17%	8.5%/+190 bps
F&I PVR	Adj. EPS ⁽⁴⁾
\$1,912/+7%	\$7.36/+80%

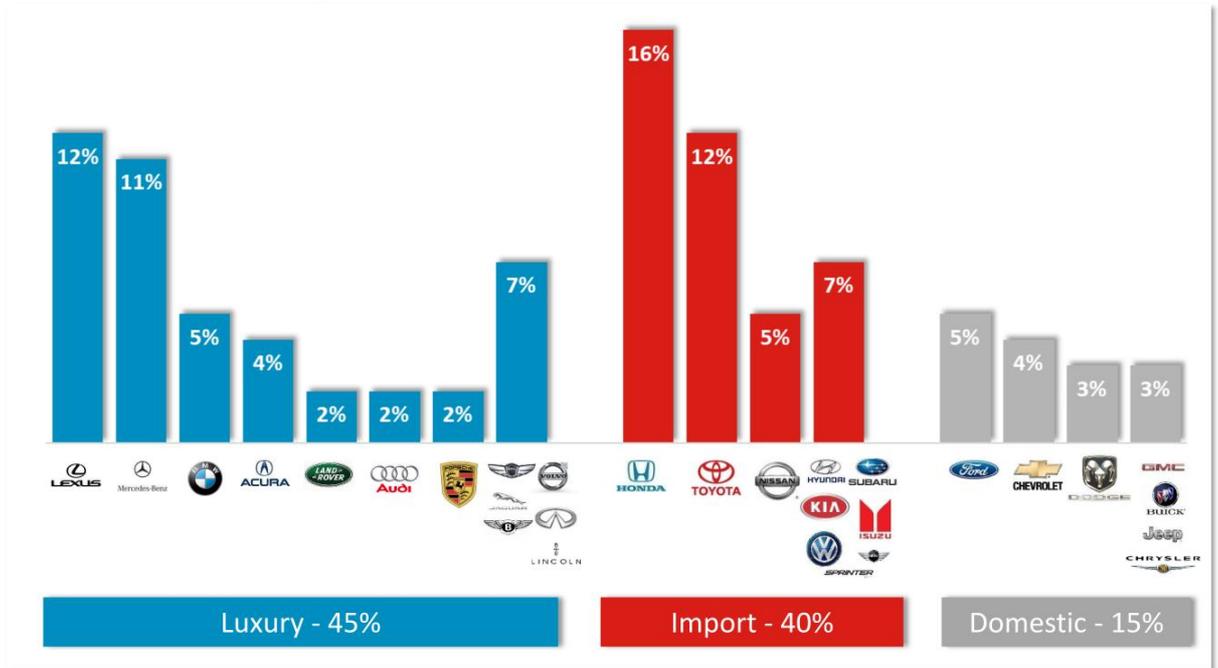
Adjusted
Net Leverage^(3,4)
1.2x

Available
Liquidity⁽³⁾
\$777M

Q3 / 2021

Attractive Brand Mix

(Based on New Vehicle Revenue – September '21 YTD)



Very attractive, diversified portfolio of brands

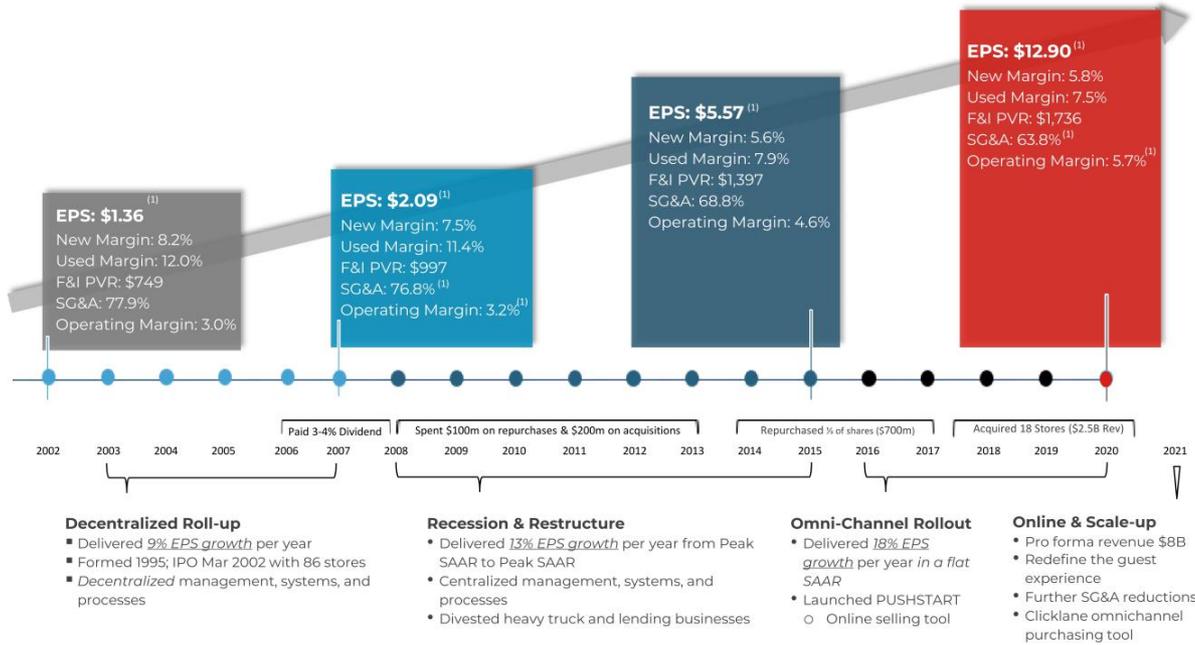
Operational
Excellence
Strategy

- ❑ Attract and retain the best talent
- ❑ Implement best practices and improve productivity
- ❑ Provide an exceptional guest experience
- ❑ Leverage our scale and cost structure to improve our operating efficiencies
- ❑ Enhance our omni-channel and online selling tools

Capital
Deployment
Strategy

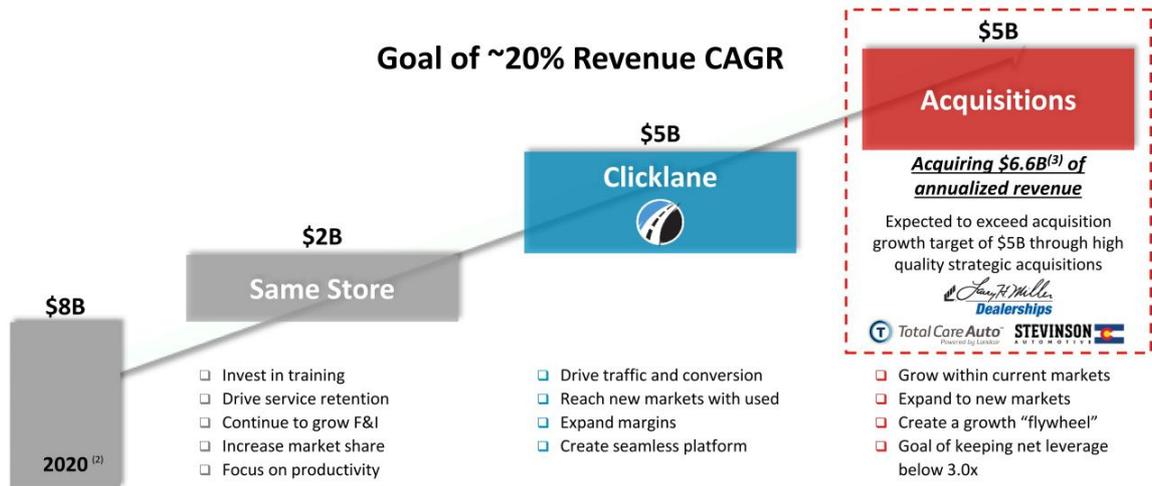
- ❑ Continue to invest in the business
- ❑ Acquire dealerships meeting our criteria
- ❑ Return capital to stockholders via share repurchases

Two fundamental principles to drive shareholder value



Business model returned between 9% and 18% EPS growth in each of the three periods where SAAR was either recovering or flat

(1) Adjusted for reported non-core items; See Non-GAAP Reconciliations
NYSE | ABG



Goals

1. Grow revenue at an average of 20% per year
2. Expand operating margins
3. Grow EPS in excess of top line (20%+ per year)

Focused, disciplined execution and capital allocation to drive revenue growth and profitability

(1) These goals are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results could differ materially from these goals. Nothing herein should be regarded as a representation that these goals will be achieved and Asbury undertakes no duty to update its goals.
 (2) Pro forma to reflect impact of 2020 acquisitions and divestitures
 (3) Includes acquisitions of Larry H. Miller Dealerships, TCA and additional acquisitions



Sales & Marketing

- ❑ Industry leading data aggregation, deployment, and messaging services
- ❑ Redesigned telephony services with systematic APIs designed to enhance guest experience
- ❑ SEO platform designed for scalability & traffic growth while lowering acquisition cost



Parts & Service

- ❑ Online service appointment scheduling
- ❑ Online parts sales
- ❑ Service status tracker
- ❑ Service MPI photo and video inspection
- ❑ Collision center remote photo estimating
- ❑ Online customer payments
- ❑ Touchless loaner vehicle contracting

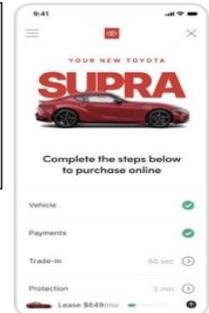


Features unique to Clicklane:

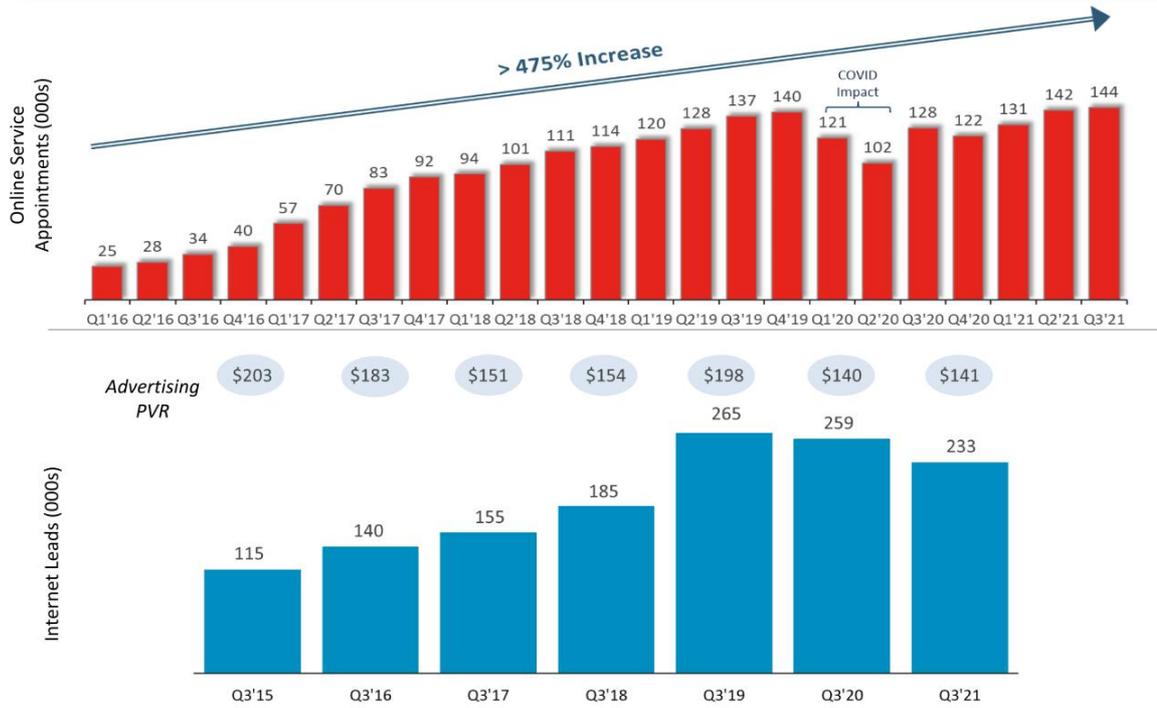
- ❑ Penny perfect trade-in values and loan payoffs
- ❑ Real-payment figures based on local taxes and fees
- ❑ The ability to sign all documents online via DocuSign
- ❑ In-tool service and collision appointment scheduler
- ❑ A loan marketplace, which now includes more than 35 lenders
- ❑ VIN-specific finance & warranty products customized to the vehicle and consumer
- ❑ Full accessories visualizer to upfit vehicles and transact on parts sales
- ❑ Embedded insurance tool providing personalized quotes from over a dozen large carriers

“Communications technology ecosystem which allows for a true online car-buying and selling experience; built around transparency that will deliver the ultimate Guest Experience.”

**- David Hult,
CEO, ABG**



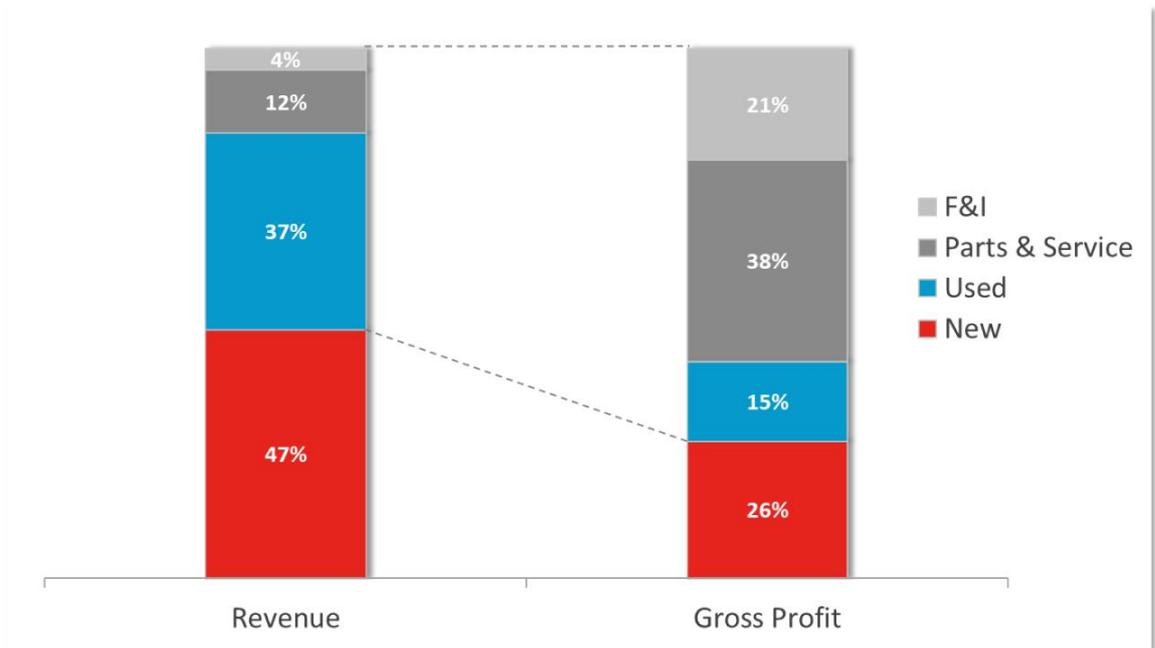
Omni-channel initiatives are driving sales, creating operational efficiencies and enhancing the guest experience



Digital is driving business growth and enhancing the customer experience; quarterly online service appointment volume has grown ~475% since Q1'16

The Four Key Components of Our Business

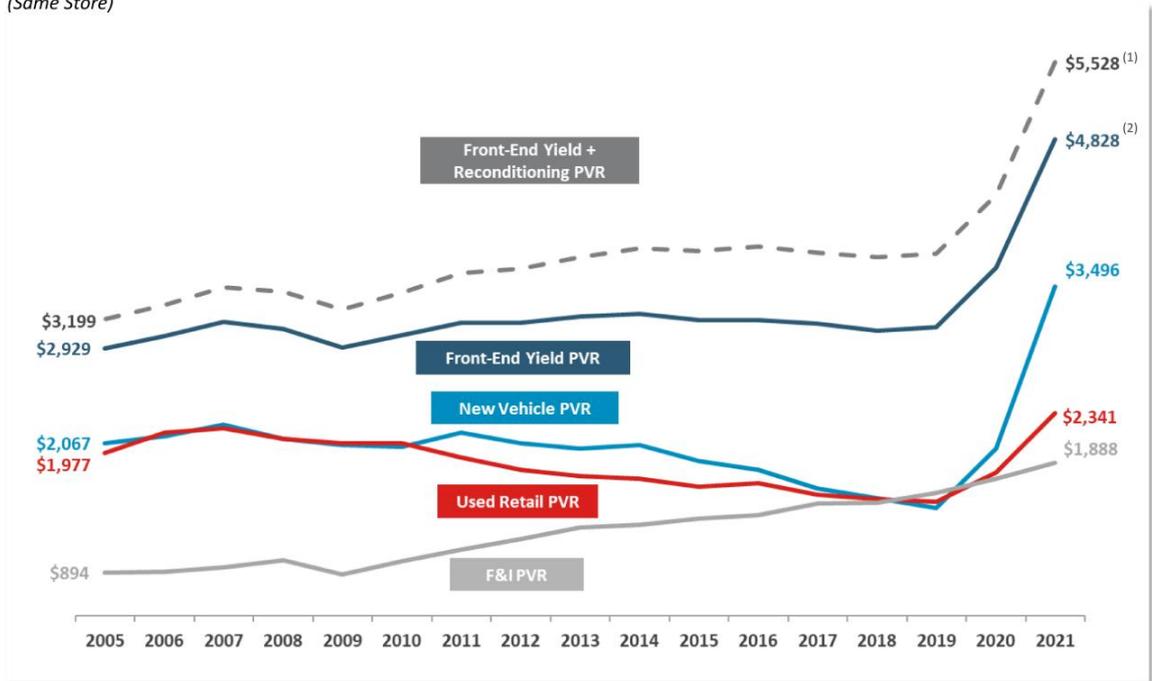
(Q3 2021)



Used, Parts & Service and F&I account for 53% of revenue and 74% of gross profit

YTD Front-End Yield and PVR Trends

(Same Store)



Since 2005, improvement in F&I PVR has more than offset pressure on new and used margins; however, since Q1 2020, margins have improved due to inventory shortages

Note: Data shown represents September YTD PVR in each year specified.

- (1) Front End + Reconditioning PVR = new vehicle GP, used retail GP, F&I and Reconditioning GP divided by new and used retail unit sales
- (2) Front End PVR = new vehicle GP, used retail GP, and F&I GP divided by new and used retail unit sales

F&I Gross Profit per Unit Sold

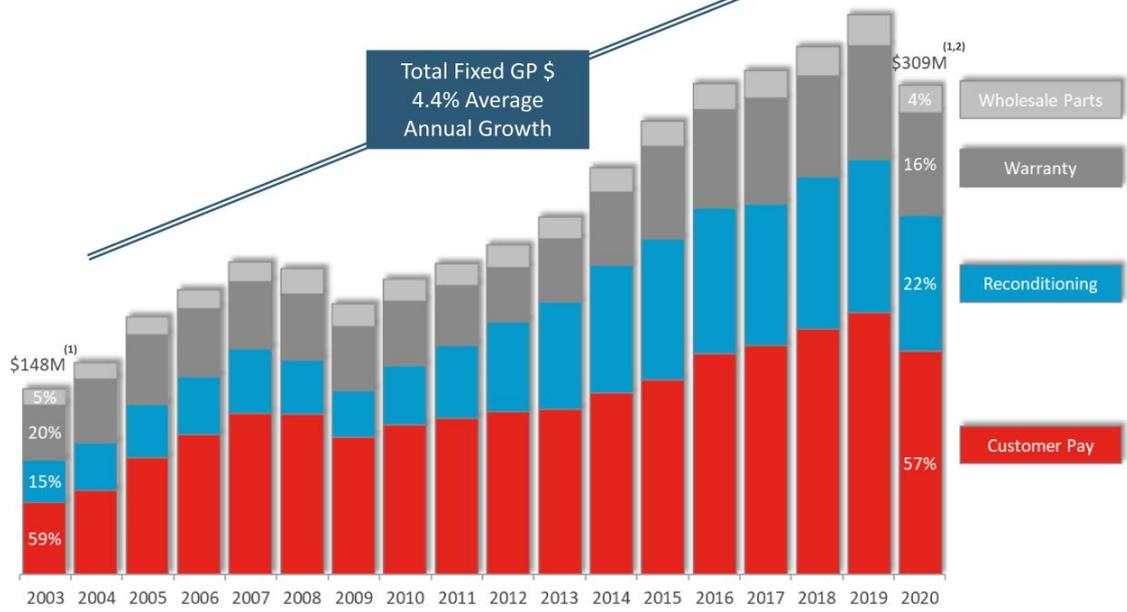
(Same store)



Solid training and execution continue to drive F&I performance

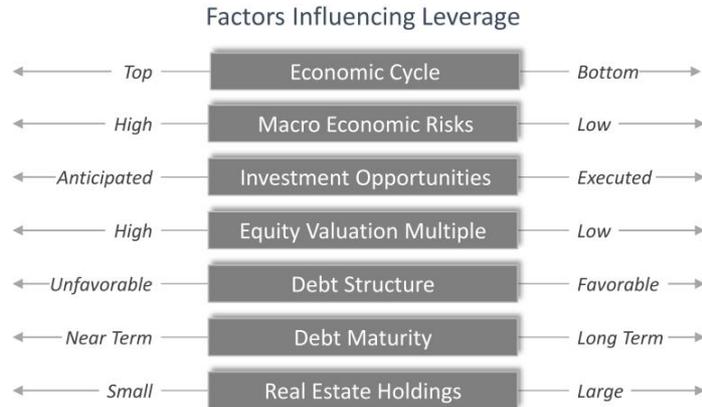
NYSE | ABG Note: Excludes discontinued operations

Parts & Service gross profit has steadily improved



More units in operation, online scheduling capabilities and the complexity of modern vehicles should drive mid-single digit parts and service growth through economic cycles

NYSE | ABG (1) Performance of stores continuously owned and operated since 2003;
(2) 2020 results were adversely impacted by the COVID-19 pandemic



Equilibrium leverage target range balances financial flexibility with an efficient capital structure



Minimizing Impact on the Environment

- *Recycling* – cardboard, glass, plastic, motor oil, tires
- *Reclaiming* – water in car washes
- *Reducing* – water usage, energy through motion sensors and LED lighting



Giving Back to our Friends and Neighbors

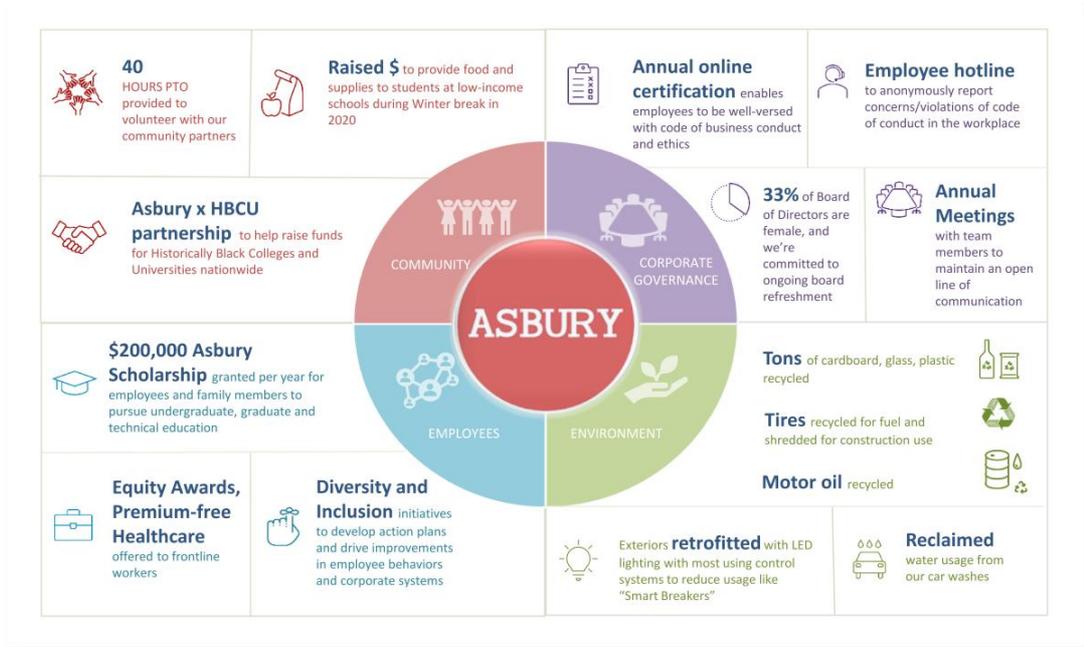
- Talent and career development programs
- Employee appreciation and recognition opportunities
- Technician Guild and apprenticeship programs
- Diversity and inclusion ("D&I") initiatives
- Asbury CARES
- Volunteer time off



Operating our Business Ethically and with Integrity

- Independent directors
- Gender diversity on the Board
- Code of conduct
- Open and transparent culture

We have dedicated significant resources toward enhancing our ESG footprint...



...and we are excited about our progress

- ❑ Attractive brand mix and geographic footprint
- ❑ Operational excellence:
 - Best in class operating margins and strong growth track record
 - Omni-channel and Online selling initiatives are driving sales, efficiencies and the guest experience
- ❑ Diversified business lines:
 - SAAR is not the primary overall business driver
 - The majority of profit comes from the more stable business lines
- ❑ Flexible business model:
 - Variable cost structure moderates downside scenarios
- ❑ Disciplined transparent capital allocation strategy – focused on risk adjusted returns
 - Operating assets & capabilities focused on the future of automotive retail
 - Value added acquisitions
 - Return of capital to shareholders
- ❑ Strong balance sheet
 - Leverage balances an efficient capital structure with financial flexibility
 - \$777 million of total liquidity⁽¹⁾ and adjusted net leverage ratio of 1.2x⁽²⁾

Focused on driving shareholder value

(1) As of September 30, 2021; Includes cash and cash equivalents of \$330.6 million, \$46.8 million of funds in our floor plan offset accounts, \$190.0 million availability under our new vehicle floor plan facility that is able to be converted to our revolving credit facility, \$49.2 million of availability under our revolving credit facility, and \$160.0 million of availability under our used vehicle revolving floor plan facility.

(2) See Non-GAAP reconciliations





8th LARGEST dealership group in the US⁽²⁾

FAMILY-OWNED business since 1979

54 new vehicle dealerships; **7** used vehicle dealerships; **11** collision centers

18 automotive brands

PROFITABLE F&I product provider

\$5.7B in LTM revenue

~119,000 new and used retail units sold

Average Revenue per Rooftop of Over \$100M

Draper Ford Lincoln



American Toyota Albuquerque



Surprise CJDR



Sandy CJDR



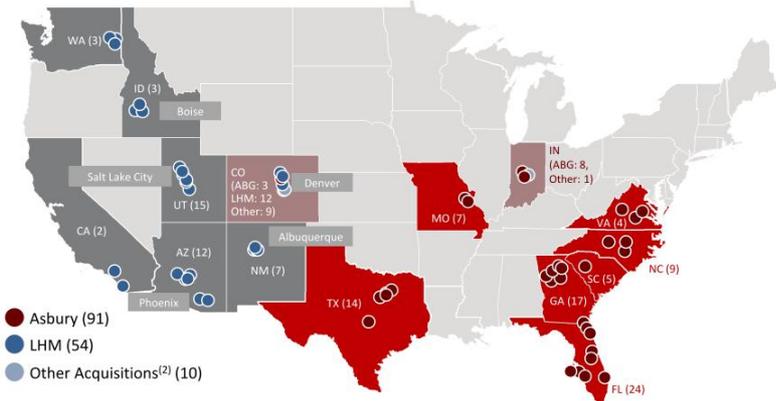
Key Brands



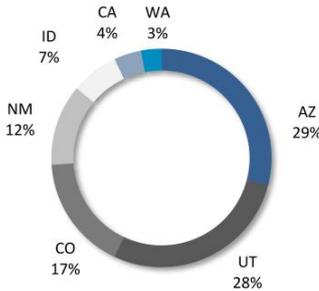
Note: Larry Miller Dealership numbers based on June LTM
 (1) Total Care Auto, Powered by Landcar ("TCA" or "Landcar Agency")
 (2) 2020 Automotive News Top 150 Dealership Groups Report

Geographic Expansion into Strategic High-Growth Markets with Attractive Demographics

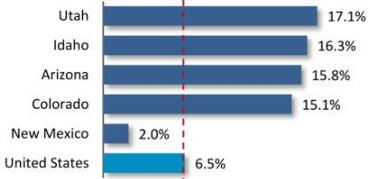
Pro Forma Asbury, LHM and Other Acquisitions Geographic Presence⁽¹⁾



2020 LHM Dealership Revenue by State



Population Growth by State (2010 to 2020)



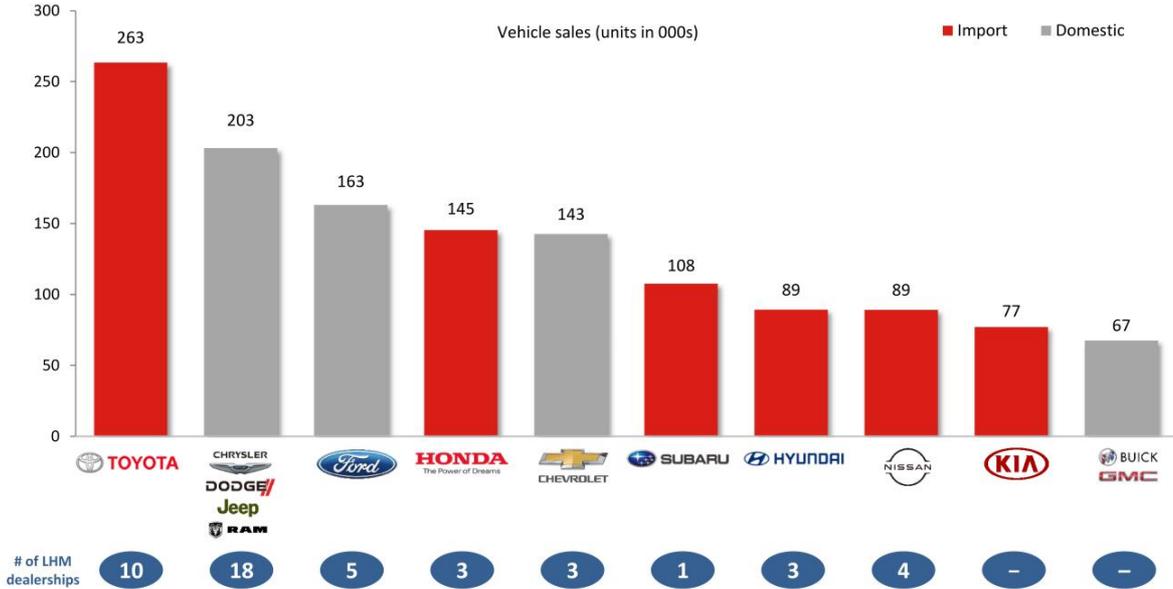
Metropolitan Area Macro Trends ('20-'25 CAGR)



Source: IHS Markit, US Census Bureau
 (1) Excludes used dealerships and collision centers; does not account for anticipated dispositions
 (2) Includes acquisitions of Stevinson, AH and KC

Dealership Portfolio is Highly Aligned to Customer Brand Preferences in its Markets

Top 10 Volume Brands in Markets With Larry H. Miller Dealerships⁽¹⁾

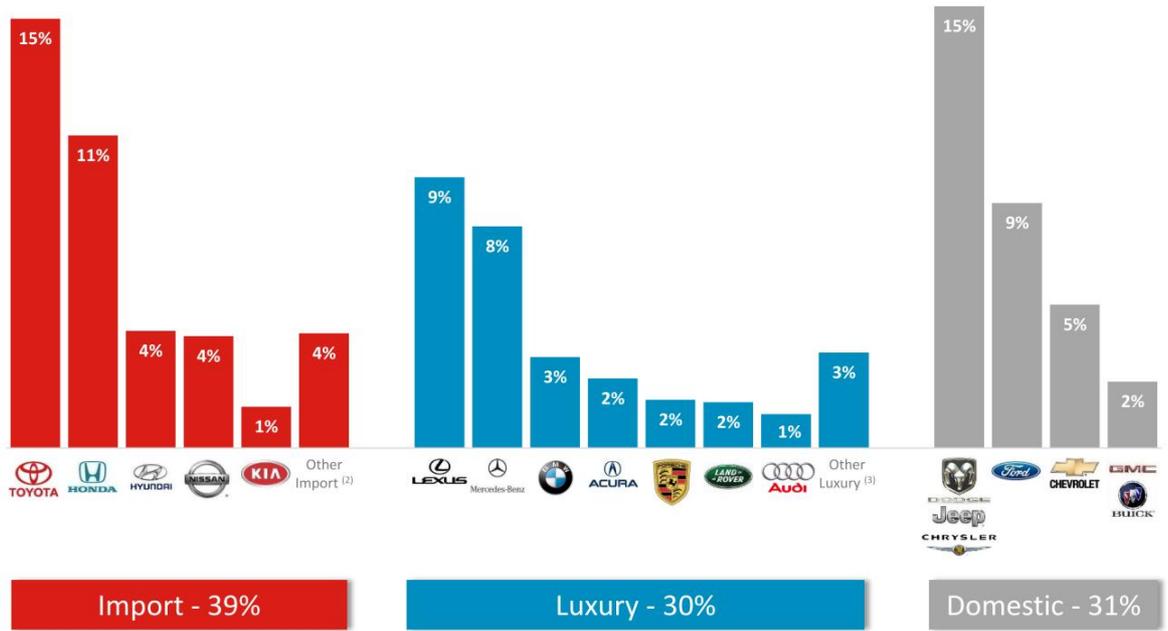


Larry H. Miller Dealerships has leading brands in high-growth, attractive markets

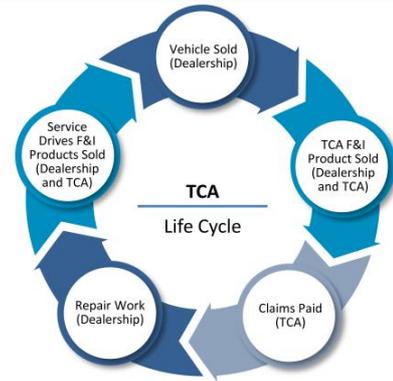
Source: CAI Atlanta
 (1) Total unit sales from 2019-2021; 2021 units annualized; does not include the impact of anticipated dispositions

Asbury's Diverse Pro Forma Brand Portfolio Strategically Aligns to Customer Preferences Across All of its Markets

Based on LTM September 30, 2021 New Vehicle Revenue⁽¹⁾



Note: Pro forma for LHM, Stevinson, KC, AH, Greeley acquisitions and anticipated dispositions
 (1) Stevinson, KC, AH, Greeley acquisitions based on FY 2020
 (2) Other import includes Fiat, Isuzu, Mini, Sprinter, Subaru and Volkswagen
 (3) Other luxury includes Bentley, Genesis, Infiniti, Jaguar, Lincoln and Volvo



Key Offerings

Vehicle service contracts	<ul style="list-style-type: none"> ✓ Extensive list of vehicle parts and systems ✓ High sales and service retention 	Key & remote replacement	<ul style="list-style-type: none"> ✓ 24 hour emergency road service ✓ Lost key or lockout service
Prepaid maintenance	<ul style="list-style-type: none"> ✓ Customizable plans ✓ Oil and filter changes, lubrication 	Leased vehicle protection	<ul style="list-style-type: none"> ✓ Interior and exterior protection ✓ Glass protection and broken parts
Protection plans	<ul style="list-style-type: none"> ✓ Vehicle theft assistance ✓ Guaranteed Asset Protection 	Tire & wheel protection	<ul style="list-style-type: none"> ✓ Covered road hazards ✓ Flat tire coverage

High percentage of claims are serviced by Larry H. Miller Dealerships

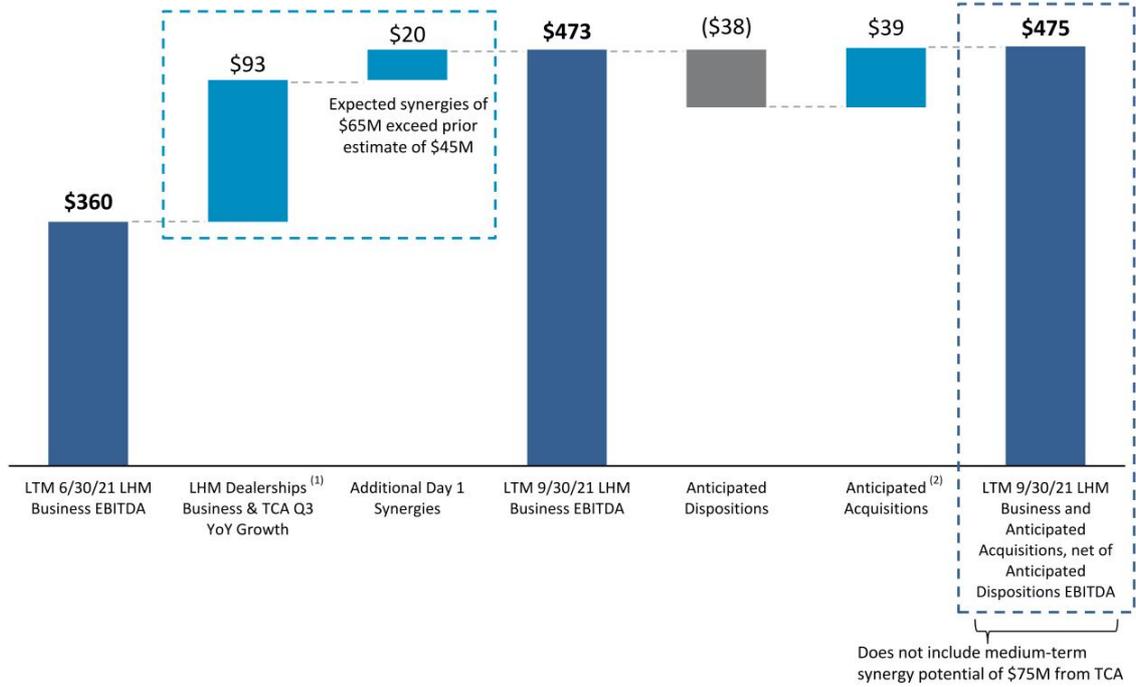
Significant Potential for Revenue Growth and Margin Expansion from Integration of TCA

Incremental F&I Income from Integration of TCA (YTD Sep-21)

LHM / TCA combined F&I income	\$190M	<i>LHM F&I revenue less cost of sales</i>
LHM NV and UV retail units	85K	
LHM / TCA F&I PVR	~\$2,200	$\$190M \div 85K$
Asbury F&I PVR	~\$1,800	
F&I PVR difference	~\$400	$\$2,200 - \$1,800$
LTM Asbury NV and UV retail units	212K	
Annualized additional F&I income	\$85M	$\$400 \times 212K$
Operational expenses and impact of brand / geo mix	(\$10M)	
Net additional F&I income	\$75M	

Asbury has potential to add approximately \$75 million of EBITDA over the medium-term

Significant Increase in Larry H. Miller Q3 EBITDA



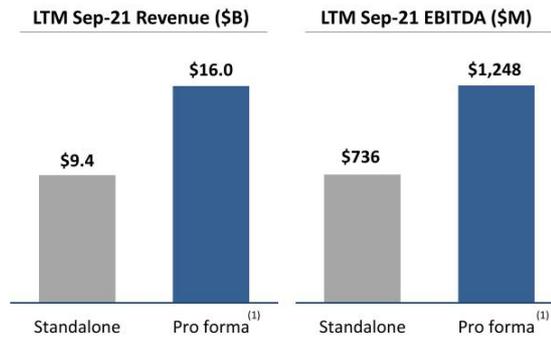
LHM's Q3 2021 EBITDA growth and additional day 1 synergies drove a 31% increase in LTM 9/30/21 over LTM 6/30/21

Note: numbers may not add to \$475M due to rounding

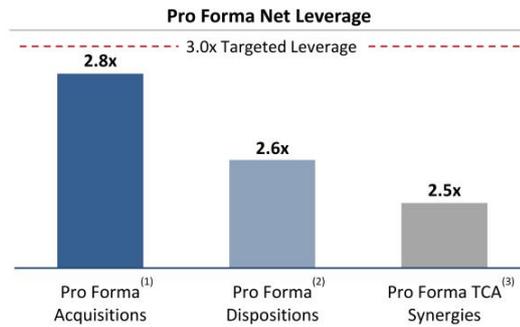
(1) Q3 2020 vs. Q3 2021

(2) Includes acquisitions of Stevinson, AH and KC as well as closed acquisitions and dispositions

Strong Balance Sheet and Operating Cash Flow Provide Asbury with Solid Growth Trajectory



- ✓ Strong free cash flow generation
- ✓ Highly accretive earnings
- ✓ Invest in rolling out Clicklane to acquired dealerships to accelerate growth of online channel
- ✓ Invest in the integration of TCA with existing dealership operations, furthering the realization of incremental F&I margin



Note: See Non-GAAP reconciliations

(1) Pro forma for acquisitions of LHM / TCA and other anticipated and closed acquisitions; EBITDA includes anticipated cost savings of \$65M and does not include \$75M of anticipated medium-term synergies

(2) Pro forma further adjusted for anticipated dispositions totaling ~\$645M in LTM revenue and ~\$38M in LTM EBITDA

(3) Pro forma further adjusted for potential medium-term synergies from integration of TCA of \$75M

Larry H. Miller Dealerships and TCA are Highly Strategic Assets and Transform Asbury into a Coast-to-Coast National Automotive Retailer

- 1** LHM represents a strong portfolio of dealerships with a long history of operational excellence and valuable brands
- 2** Meaningfully increases Asbury's scale and creates the 4th largest US automotive retailer based on sales
- 3** Enhances Asbury's presence in targeted, high-growth markets with attractive demographic dynamics
- 4** LHM's dealership portfolio is highly aligned to customer brand preferences within the markets
- 5** Leverages the Clicklane transactional tool to create a coast-to-coast, truly expansive, omni-channel platform
- 6** TCA is a highly-scalable provider of a full-suite of F&I products with potential to add approximately \$75 million of EBITDA over the medium-term
- 7** Transactions add ~\$475 million⁽¹⁾ in pro forma adjusted LTM EBITDA (~\$550 million⁽²⁾ including incremental F&I income from TCA), strong free cash flow and are expected to be highly accretive to earnings

(1) Includes the impact of \$65M of immediate cost synergies, acquisitions of Stevinson, AH and KC and anticipated dispositions

(2) With respect to certain forward-looking guidance, no reconciliation between a non-GAAP measure to the closest corresponding GAAP measure is included because we are unable to quantify certain reconciling amounts that would be required to be included in the GAAP measure without unreasonable efforts such as certain non-operating expenses or costs, due to the high variability, unpredictability and low visibility with respect to the amounts. We also believe such reconciliations would imply a degree of precision that may be misleading to investors. The unavailable information could have a significant impact on the company's future financial results.



□ **Total Company:**

- Revenue increased 30%; Gross profit increased 43%; Gross margin increased 180 bps to 20%
- New vehicle unit volume increased 1%; new vehicle revenue increased 18%; gross profit increased 108%
- Used vehicle retail unit volume increased 36%; used vehicle retail revenue increased 62%; gross profit increased 59%
- Finance and insurance revenue and gross profit increased 24%
- Parts and service revenue and gross profit increased 25%; customer pay revenue and gross profit increased 30%
- Adjusted SG&A as a percentage of gross profit fell to 55.3%,⁽²⁾ a decrease of 580 bps
- Operating income increased 69%
- Operating margin increased 190 bps to 8.4%; adjusted operating margin increased 190 bps to 8.5%⁽²⁾
- Adjusted EPS increased 80% to \$7.36⁽²⁾
- Strong balance sheet, ending the quarter with \$777M⁽¹⁾ of available and adjusted net leverage of 1.2x.

□ **Same Store:**

- Total revenue increased 16%; gross profit increased 28%; Gross margin increased 190 bps to 20.1%
- New vehicle unit volume decreased 7%; new vehicle revenue increased 5%; gross profit increased 83%
- Used vehicle retail unit volume increased 27%; used vehicle retail revenue increased 47%; gross profit increased 45%
- Finance and insurance revenue and gross profit increased 18%
- Parts and service revenue and gross profit increased 10%; customer pay gross profit increased 12%

Despite SAAR declining, we delivered record front end PVRs and efficiently managed expenses resulting in an 80%⁽²⁾ increase in adjusted EPS in the quarter

Note: All growth rates compared to the prior year quarter on a total company basis, unless otherwise stated

(1) As of September 30, 2021; Includes cash and cash equivalents of \$330.6 million, \$46.8 million of funds in our floor plan offset accounts, \$190.0 million availability under our new vehicle floor plan facility that is able to be converted to our revolving credit facility, \$49.2 million of availability under our revolving credit facility, and \$160.0 million of availability under our used vehicle revolving floor plan facility.

(2) See Non-GAAP reconciliations

	Q3 '21	Q3 '20	Change
Volume Metrics (\$S)			
US Auto Sales (M)	3.40	3.92	(13.4%)
New Units	22,547	24,233	(7.0%)
Used Retail Units	25,442	20,050	26.9%
Used to New Ratio	112.8%	82.7%	3010 bps
Fixed Gross Profit (\$M)	\$155.9	\$142.2	9.6%
Margin Metrics (\$S)			
New Margin	11.0%	6.3%	470 bps
Used Retail Margin	8.4%	8.5%	(10 bps)
Fixed Margin	60.9%	61.2%	(30 bps)
F&I PVR	\$1,955	\$1,800	\$155
Front End PVR ⁽¹⁾	\$5,487	\$4,087	\$1,400
Performance Metrics			
Adj. SG&A %GP ⁽²⁾	55.3%	61.1%	(580 bps)
Adj. EBITDA (\$M) ⁽²⁾	\$213.7	\$127.9	67.1%
EPS	\$7.54	\$4.96	52.0%
Adj. EPS ⁽²⁾	\$7.36	\$4.08	80.4%

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," "Pro forma Adjusted leverage ratio," "Adjusted income from operations," "Adjusted net income," "Adjusted operating margins," "Adjusted EBITDA," "Pro forma Adjusted EBITDA," 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.

Non-GAAP Reconciliation

(In millions, except EPS)

Adjusted Diluted EPS	Q3'21	Q3'20	2020	2015	2007	2002
Net Income	\$ 147.0	\$ 96.2	\$ 254.4	\$ 169.4	\$ 54.3	\$ 39.9
Non-core items - (income)/expense:						
Legal settlements	-	-	(2.1)	-	2.5	-
Gain on sale of real estate	-	-	(0.3)	-	-	-
Real estate related charges	-	0.7	0.7	-	-	-
Gain on dealership divestitures	(8.0)	(24.7)	(62.3)	(34.9)	-	-
Loss on extinguishment of debt	-	-	20.7	-	18.0	-
Franchise rights impairment	-	-	23.0	-	-	-
Park Place related costs	-	1.3	12.9	-	-	-
LHM Acquisition costs	3.5	-	-	-	-	-
Retirement benefits expense	-	-	-	-	2.9	-
Secondary offering expenses	-	-	-	-	0.3	-
Tax expense (benefit) of non-core items above	1.1	5.7	1.9	13.3	(8.4)	-
Tax related items	-	-	-	(0.8)	-	6.3
Total non-core items	(3.4)	(17.0)	(5.5)	(22.4)	15.3	6.3
Adjusted Net Income	\$ 143.6	\$ 79.2	\$ 248.9	\$ 147.0	\$ 69.6	\$ 46.1
Diluted EPS	\$ 7.54	\$ 4.96	\$ 13.18	\$ 6.42	\$ 1.63	\$ 1.15
Total Non-Core Items, per Share	\$ (0.18)	\$ (0.88)	\$ (0.28)	\$ (0.85)	\$ 0.46	\$ 0.21
Adjusted Diluted EPS	\$ 7.36	\$ 4.08	\$ 12.90	\$ 5.57	\$ 2.09	\$ 1.36
Weighted average common shares outstanding (diluted)	19.5	19.4	19.3	26.4	33.3	34.0

Non-GAAP Reconciliation

(\$ in Millions)

Adjusted Income from Operations

	Q3'21	Q3'20	2020	2018	2007
Total Revenue	\$ 2,406.0	\$ 1,845.4	\$ 7,131.8	\$ 6,874.4	\$ 5,713.0
Income from operations	\$ 201.0	\$ 119.1	\$ 370.8	\$ 310.9	\$ 181.4
Non-core items:					
Legal settlements	-	-	(2.1)	(0.7)	2.5
Gain on sale of real estate	-	-	(0.3)	-	-
Real estate related charges	-	0.7	0.7	-	-
Park Place related costs	-	1.3	12.9	-	-
LHM Acquisition costs	3.5	-	-	-	-
Franchise rights impairment	-	-	23.0	3.7	-
Adjusted income from operations	\$ 204.5	\$ 121.1	\$ 405.0	\$ 313.9	\$ 183.9
Adj. Operating Margin	8.5%	6.6%	5.7%	4.6%	3.2%

Adjusted EBITDA

	Q3'21	Q3'20
Total Revenue	\$ 2,406.0	\$ 1,845.4
Net Income	147.0	96.2
Add:		
Depreciation and amortization	10.7	9.8
Income tax expense	45.7	31.7
Swap and other interest expense	14.8	12.9
EBITDA	\$ 218.2	\$ 150.6
Non-core items:		
Real estate related charges	-	0.7
Gain on dealership divestitures	(8.0)	(24.7)
Park Place related costs	-	1.3
LHM Acquisition costs	3.5	-
Total non-core items	\$ (4.5)	\$ (22.7)
Adjusted EBITDA	\$ 213.7	\$ 127.9
Adj. EBITDA Margin	8.9%	6.9%

Non-GAAP Reconciliation

(\$ in Millions)

	Q3'21	Q3'20	2020	2007
Adjusted SG&A				
Gross Profit	\$ 480.0	\$ 335.9	\$ 1,223.4	\$ 889.4
SG&A Expense	268.7	206.5	781.9	685.6
Professional fees associated with acquisitions	(3.5)	-	-	(2.5)
Legal settlements	-	-	-	(2.5)
Park Place related acquisitions costs	-	(1.3)	(1.3)	-
Adjusted SG&A	\$ 265.2	\$ 205.2	\$ 780.6	\$ 680.6
Adjusted SG&A as a % of Gross Profit	55.3%	61.1%	63.8%	76.5%

Adjusted Leverage Ratio	For the 12 Months Ended	
	Sep. 30, 2021	Jun. 30, 2021
Long-term debt (incl. current portion)	\$ 1,371.0	\$ 1,378.2
Debt included in Liab. held for sale	-	2.3
Cash and floor plan offset	(377.4)	(177.3)
Avail. used vehicle floor plan facility	(160.0)	(160.0)
Net Income	\$ 481.0	\$ 430.1
Depreciation and amortization	40.1	39.2
Income tax expense	153.0	138.9
Swap and other interest expense	58.4	56.4
EBITDA	\$ 732.5	\$ 664.6
Non-core items - (income)/expense:		
Gain on dealership divestitures	\$ (11.9)	\$ (28.6)
Legal settlements	(3.5)	(3.5)
Gain on sale of real estate	(1.9)	(1.9)
Park Place related costs	3.5	1.3
Real estate-related charges	2.1	2.8
Total non-core items	\$ (11.7)	\$ (29.9)
Adjusted EBITDA	\$ 720.8	\$ 634.7
Adj. Net Leverage Ratio	1.2x	1.6x

Non-GAAP Reconciliation

(\$ in Millions)

Adjusted EBITDA	Q3'21 LTM	2020	2019	2018
Total Revenue	\$ 9,416.9	\$ 7,131.8	\$ 7,210.3	\$ 6,874.4
Net Income	481.0	254.4	184.4	168.0
Add:				
Depreciation and amortization	40.1	38.5	36.2	33.7
Income tax expense	152.8	83.7	59.5	56.8
Swap and other interest expense	58.6	57.6	54.9	53.6
EBITDA	<u>\$ 732.5</u>	<u>\$ 434.2</u>	<u>\$ 335.0</u>	<u>\$ 312.1</u>
Non-core items:				
Franchise rights impairment	\$ -	\$ 23.0	\$ 7.1	\$ 3.7
Legal settlements	(3.5)	(2.1)	(0.6)	(0.7)
Gain on sale of real estate	(1.9)	(0.3)	(0.3)	-
Real estate related charges	2.1	0.7	0.6	-
Gain on dealership divestitures	(11.9)	(62.3)	(11.7)	-
Fixed assets write-off	-	-	2.4	-
Park Place related costs	-	12.9	-	-
LHM Acquisition costs	3.5			
Total non-core items	<u>\$ (11.7)</u>	<u>\$ (7.4)</u>	<u>\$ (2.5)</u>	<u>\$ 3.0</u>
Adjusted EBITDA	<u>\$ 720.8</u>	<u>\$ 426.8</u>	<u>\$ 332.5</u>	<u>\$ 315.1</u>
Adj. EBITDA Margin	7.7%	6.0%	4.6%	4.6%

