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): December 17, 2021

Asbury Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-31262	**01-0609375**
(Commission File Number)	**(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))

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 1.01 Entry into a Material Definitive Agreement.

The information under Section 2.03 below is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 17, 2021, Asbury Automotive Group, LLC (“ABG LLC”), a Delaware limited liability company and a wholly-owned subsidiary of Asbury Automotive Group, Inc., a Delaware corporation (the “Company”), completed its previously announced acquisition of the equity interests of, and the real property related to (collectively, the “Transactions”), the businesses of the Larry H. Miller Dealerships and Total Care Auto, Powered by Landcar pursuant to (i) a Purchase Agreement, dated as of September 28, 2021 (the “Equity Purchase Agreement”), by and among ABG LLC and certain members of the Larry H. Miller Dealership family of entities; (ii) a Real Estate Purchase and Sale Agreement, dated as of September 28, 2021 (the “Real Estate Purchase Agreement”), by and between ABG LLC and Miller Family Real Estate, L.L.C. and (iii) a Purchase Agreement, dated as of September 28, 2021 (the “Insurance Purchase Agreement” and together with the Equity Purchase Agreement and the Real Estate Purchase Agreement, the “Transaction Agreements”), by and among ABG LLC and certain equity owners of the Total Care Auto, Powered by Landcar insurance business (the “TCA Insurance Business”) affiliated with the Larry H. Miller Dealership family of entities.

As a result of the Transactions, the Company acquired 54 new vehicle dealerships, seven used cars stores, 11 collision centers, a used vehicle wholesale business, the real property related thereto, and the entities comprising the TCA Insurance Business for a total purchase price of $3.2 billion. The real property was acquired in escrow, to be released, together with the related portion of the purchase price, subject to the satisfaction of certain title related conditions. The purchase price was financed through a combination of cash and debt.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 17, 2021, certain subsidiaries of Asbury Automotive Group, Inc. (the “Company”) borrowed $689.7 million under a real estate term loan credit agreement, dated as of December 17, 2021 (as amended, restated or supplemented from time to time, the “Real Estate Credit Agreement”), by and among the Company, certain of the Company’s subsidiaries that own or lease the real estate financed thereunder, as borrowers or guarantors, Bank of America, N.A., as administrative agent and the various financial institutions party thereto, as lenders, which provides for term loans in an aggregate amount equal to $689.7 million (the “Real Estate Facility”). The Company used the proceeds from these borrowings to finance the purchase of the real property in connection with the Transactions.

Term loans under our Real Estate Facility bear interest, at our option, based on (1) Daily Simple SOFR plus 1.55-1.95% per annum (as determined by the consolidated total lease adjusted leverage ratio), or (2) the Base Rate (as described below) plus 0.55-0.95% per annum (as determined by the consolidated total lease adjusted leverage ratio). The Base Rate is the highest of (i) the Federal Funds rate plus 0.50%, (ii) the Bank of America prime rate, (iii) the Daily Simple SOFR plus 1.0% and (iv) 1.00%. We will be required to make 20 consecutive quarterly principal payments of 1.25% of the initial amount of each loan, with a balloon repayment of the outstanding principal amount of loans due on the maturity date. The Real Estate Facility matures five years from the initial funding date. Borrowings under the Real Estate Facility are guaranteed by us, and are collateralized by first priority liens, subject to certain permitted exceptions, on all of the real property financed thereunder.

The representations and covenants in the Real Estate Credit Agreement are customary for financing transactions of this nature, including, among others, a requirement to comply with a minimum consolidated fixed charge coverage ratio and maximum consolidated total lease adjusted leverage ratio, in each case as set out in the Real Estate Credit Agreement. In addition, certain other covenants could restrict our ability to incur additional debt, pay dividends or acquire or dispose of assets. The Real Estate Credit Agreement also provides for events of default that are customary for financing transactions of this nature, including cross-defaults to other material indebtedness. Upon the occurrence of an event of default, we could be required by the Real Estate Credit Agreement to immediately repay all amounts outstanding thereunder.

Item 7.01 Regulation FD Disclosure.

On December 17, 2021, the Company published a press release announcing the completion of the Transactions. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated into this Item 7.01 by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The Company previously provided the financial statements required by Item 9.01(a) of Form 8-K as Exhibits 99.1, 99.2, 99.3, 99.4, 99.5 and 99.6 to its Current Report on Form 8-K filed with the SEC on November 1, 2021.

(b) Pro forma financial information.

The Company previously provided the pro forma financial information required by Item 9.01(b) of Form 8-K as Exhibit 99.7 to its Current Report on Form 8-K filed with the SEC on November 1, 2021.

(d) Exhibits.

Exhibit No.	Description
2.1	Purchase Agreement, dated September 28, 2021 by and among Asbury Automotive Group, LLC, through c of its subsidiaries, and certain identified members of the Larry H. Mill Dealership family of entities (incorporate by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2021)*
2.2	Real Estate Purchase Agreement, dated September 28, 2021 by and between Asbury Automotive Group, L through one of its subsidiaries, and Miller Family Real Estate L.L.C. (incorporated by reference to Exhibit 2.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2021)*
2.3	Purchase Agreement, dated September 28, 2021 by and between Asbury Automotive Group, LLC, through one of its subsidiaries, and certain identified equity owners of the Total Care Auto, Powered by Landcar insuran business affiliated with the Larry H. Miller Dealership family of entities (incorporated by reference to Exhibit 2. to the Company's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2021)*
99.1	Press Release, dated December 17, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

*Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K, and the Company agrees to furnis supplementally to the Commission a copy of any omitted exhibits or schedules upon request.

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: December 17, 2021	By:	/s/ George A Villasana
	Name:	**George A. Villasana**
	Title:	**Senior Vice President, Chief Legal Officer & Secretary**

Exhibit 99.1

Investors & Reporters May Contact:
Karen Reid
VP – Corporate FP&A and Treasurer
(770) 418-8211
ir@asburyauto.com

Asbury Automotive Group Completes the Transformative Acquisition of Larry H. Miller Dealerships and Total Care Auto, Powered by Landcar

Acquisition Represents:

- *Eighth largest franchised dealership group in the US*[1]
  - *Over 60 stores in the attractive Western US representing 18 franchise brands with best-in-class operators*
- *Provider of service contracts and other vehicle protection products*
- *Well-respected group with the leading brands in high-growth markets*
- *Includes 54 new vehicle dealerships, seven used vehicle dealerships, 11 collision centers, a used vehicle wholesale business and the F&I product provider*

Strategically Important to Asbury:

- *Expected to generate significant value for shareholders*
  - *LTM Revenue through September 30, 2021 of $5.7 billion and LTM Adjusted EBITDA (a non-GAAP measure) through September 30, 2021 of $473 million, including day-one cost savings*
- *Expands Asbury's footprint coast to coast and increases potential of Asbury's Clicklane omni-channel platform*
- *Diversifies Asbury with addition of vertically integrated profitable F&I product provider, offering opportunity for future expansion into other Asbury dealerships*

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[1] Per Automotive News 2020 Top 150 Dealership Groups by New Vehicle Retail Sales dated April 5, 2021.

DULUTH, Ga., Dec. 17, 2021 -- Asbury Automotive Group, Inc. (NYSE: ABG), one of the largest automotive retail and service companies in the U.S., completed the previously announced acquisition (the LHM Acquisition), which includes Larry H. Miller Dealerships (LHM Dealerships) and Total Care Auto, Powered by Landcar (TCA) from the Larry H. Miller Group of Companies (LHM Group), adding 54 new vehicle dealerships, seven used vehicle dealerships, 11 collision centers, a used vehicle wholesale business and an F&I product provider. The LHM Acquisition will add approximately $5.7 billion in annualized revenues.

“We are excited to complete the transformative acquisition of Larry H. Miller Dealerships. With its strong culture and stewardship mentality, coupled with the ability to rapidly expand Asbury’s presence into these desirable, high-growth Western markets, it is a rare opportunity,” said David Hult, Asbury's President and Chief Executive Officer. “Larry H. Miller Dealerships is a well-run operation with a rich history, and we are honored to be the stewards of Larry and Gail’s vision. We have enjoyed getting to know the Larry H. Miller team members during this acquisition process and look forward to working together to continue the journey.”

“Our family expresses deep gratitude to the employees of Larry H. Miller Dealerships for their ongoing commitment to our organization over the past 42 years,” said Gail Miller, Owner, LHM Group. “Our employees have continually exemplified our values of hard work, stewardship, integrity and service. Their dedication to our customers and our communities has allowed us to become the second largest privately held automotive group in the nation. We treasure them, our loyal customers, many partners and deep friendships built during four decades in the automobile business. David Hult and his team have been exceptional to work with and we appreciate their approach and care during this transaction. Our family looks forward to continuing our mission of enriching lives through reinvestments in new business opportunities and continued philanthropy.”

“We couldn’t be more pleased with the approach and stewardship Asbury Automotive Group has taken during this process,” said Steve Starks, Chief Executive Officer, LHM Group. “We know they are people-focused, which includes their associates and customers. Our employees now have an opportunity to continue building an exciting future with a leading automotive group that will have coast-to-coast operations. We want to thank Dean Fitzpatrick and the LHM Dealerships leadership team for their incredible work and tenacity throughout this transaction, as well as their constant efforts over the decades to grow the automotive business. Moving forward, the LHM Group expects to further diversify and grow our portfolio of operating businesses and investments.”

This acquisition diversifies Asbury's geographic mix, with entry into six Western states: Arizona, Utah, New Mexico, Idaho, California and Washington, and adds to its growing Colorado footprint. LHM Dealerships portfolio mix of largely domestic brands has historically delivered strong and stable margins in these markets.

LHM Dealerships sold approximately 120,000 new and used vehicles in the 12 months ended September 30, 2021.

In addition to the dealerships, Asbury acquired TCA, a leading provider of service contracts and other vehicle protection products, providing enhanced profitability and cash flow. “TCA is comprehensively integrated with Larry H. Miller Dealerships and presents a compelling opportunity for Asbury to generate significant additional operating income by activating this captive top-quality F&I products provider across our entire, now national, store footprint. Like the dealerships, this service contract company is extremely well run.” Hult said. “Our now national footprint with our digital retailing capabilities in Clicklane and the full reach of TCA create a truly expansive platform of dealerships.”

“We are excited to complete this transaction and to join Asbury,” said Dean Fitzpatrick, President, LHM Dealerships. “Our team is proud to share in the heritage and foundation created by Larry and Gail, and the entire Miller family. We are grateful for the opportunities they provided to our employees and their families. It is with much admiration and appreciation to the Millers and the LHM Group that we now take our first step forward as part of Asbury, a well-respected and employee-focused national leader. We know our LHM Dealerships customers will continue to experience exceptional service.”

Acquisitions Year to Date

With the LHM Acquisition, in total, Asbury has acquired $6.6 billion in annualized revenue in 2021, achieving its five-year target of $5 billion in acquired revenue during the first year of the strategic plan. Asbury maintains a strong balance sheet and expects to provide an update on its strategic plan in April 2022, along with first quarter earnings.

Advisors

For Asbury: BofA Securities served as financial advisor; BofA Securities, JPMorgan Chase Bank, N.A., Wells Fargo, US Bank National Association, Santander Bank, N.A. and Comerica Bank provided the committed financing for the transaction; and Jones Day and Hill Ward Henderson acted as legal counsel. For the LHM Group, J.P. Morgan Securities, LLC served as exclusive financial advisor while Katten Muchin Rosenman LLP and Snell & Wilmer acted as legal counsel.

About Asbury Automotive Group, Inc.

Asbury Automotive Group, Inc. (NYSE: ABG), a Fortune 500 company headquartered in Duluth, GA, is one of the largest automotive retailers in the U.S. In late 2020, Asbury embarked on a five-year plan to increase revenue and profitability strategically through organic and acquisitive growth as well as their innovative Clicklane digital vehicle purchasing platform, with its guest-centric approach as Asbury’s constant North Star. Asbury currently operates 155 dealerships, consisting of 205 franchises, representing 31 domestic and foreign brands of vehicles. Asbury also operates seven stand-alone used vehicle stores, 35 collision repair centers, an auto auction, a used vehicle wholesale business and an F&I product provider. Asbury offers an extensive range of automotive products and services, including new and used vehicles; parts and service, which includes vehicle repair and maintenance services, replacement parts and collision repair services; and finance and insurance products, including arranging vehicle financing through third parties and aftermarket products, such as extended service contracts, guaranteed asset protection debt cancellation, and prepaid maintenance.

For additional information, visit www.asburyauto.com.

About Larry H. Miller Group of Companies

Headquartered in Sandy, Utah, the Larry H. Miller Group of Companies is a family owned, diversified portfolio of businesses and investments spanning multiple industries and asset classes. What began with the purchase of a single automotive dealership in 1979, has grown to one of the largest privately held companies in the United States. Today, the LHM Group’s main areas of focus include health care, real estate, entertainment, sports, finance, investments and partnerships and philanthropy.

For additional information, visit www.lhm.com or email communications@lhm.com.

Forward-Looking Statements

To the extent that statements in this press release are not recitations of historical fact, such statements constitute "forward-looking statements" as such term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this press release may include statements relating to goals, plans, expectations, projections regarding the expected benefits of the transaction, management’s plans, projections and objectives for the transaction, future operations, scale and performance, integration plans and expected synergies therefrom, and our financial position, results of operations, market position, capital allocation strategy, initiatives, business strategy and expectations of our management.

The following are some but not all of the factors that could cause actual results or events to differ materially from those anticipated, including: failure to realize the benefits expected from the transaction; failure to promptly and effectively integrate the acquisition; our inability to complete future acquisitions or divestitures and the risks resulting thereto; our inability to complete the title process in a timely manner with respect to the real estate related to LHM Dealerships; our ability to execute our business strategy; the impact of the COVID-19 pandemic, 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, 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 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. These risks, uncertainties and other factors are disclosed in Asbury's Annual Report on Form 10-K, subsequent quarterly reports on Form 10-Q and other periodic and current reports filed with the Securities and Exchange Commission from time to time.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this press release. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Reconciliation

The following provides a numerical reconciliation of EBITDA and Adjusted EBITDA of the LHM businesses to the net income of the LHM businesses, which is the most directly comparable financial measure prepared in accordance with GAAP:

	Last Twelve Months Ended September 30, 2021
	(in millions)
Net income	$ 344.0
Income tax expense	2.4
Income before income taxes	346.4
Depreciation and amortization	24.3
Non-floor plan interest expense, net	16.0
EBITDA[1]	386.7
Franchise rights impairment	7.4
Adjusted EBITDA[1]	394.1
Pro forma adjustments[2]	14.3
Adjusted EBITDA with pro forma adjustments	408.4
Anticipated cost savings	65.0
Adjusted EBITDA with cost savings and pro forma adjustments	$ 473.4

[1] We define EBITDA for the LHM business as net income plus income tax expense, depreciation and amortization, swap and non-floor plan interest expense. We define Adjusted EBITDA for the LHM business as EBITDA as adjusted for any (gain) loss on non-recurring or non-core items from time to time such as franchise rights impairment, real estate related charges, legal settlements, fixed assets write-offs, dealership and real estate divestitures, potential fees associated with acquisitions and stock-based compensation expenses, among others. We believe the use of EBITDA and Adjusted EBITDA along with GAAP financial measures enhances the understanding of our operating results and may be useful to investors in comparing our operating performance with that of our competitors and estimating our enterprise value. EBITDA and Adjusted EBITDA are also useful tools in evaluating our core operating results given the significant variation that can result in any period from non-recurring or non-core items.

EBITDA and Adjusted EBITDA are not measurements of our financial performance recognized under GAAP. EBITDA and Adjusted EBITDA are used in addition to and in conjunction with results presented in accordance with GAAP, and should be considered as a supplement to, and not as a substitute for, net income or any other performance measure calculated or derived in accordance with GAAP. Furthermore, this measure is not necessarily comparable to similarly titled measures employed by other companies. EBITDA and Adjusted EBITDA has limitations as an analytical tool as it should not be considered in isolation or as a substitute for analysis of our results of operations as reported under GAAP.

[2] Pro forma adjustments consist of $13.7 million related to LIFO adjustments and $1.6 million in floor plan interest expenses offset by $1.0 million related to the amortization of definite-lived intangible assets.