UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2020

OR

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

For the transition period from to

Commission file number: 001-31262

ASBURY AUTOMOTIVE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**01-0609375** **(I.R.S. Employer Identification No.)**
2905 Premiere Parkway NW, Suite 300 **Duluth, Georgia** **(Address of principal executive offices)**	**30097** **(Zip Code)**

(770) 418-8200
(Registrant's telephone number, including area code)

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: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: The number of shares of common stock outstanding as of November 2, 2020 was 19,285,548.

ASBURY AUTOMOTIVE GROUP, INC.

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Item 1. Condensed Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value and share data)
(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4.1	$ 3.5
Contracts-in-transit	119.1	194.7
Accounts receivable, net	126.4	136.2
Inventories	828.7	985.0
Assets held for sale	49.6	154.2
Other current assets	170.1	129.0
Total current assets	1,298.0	1,602.6
PROPERTY AND EQUIPMENT, net	945.4	909.7
OPERATING LEASE RIGHT-OF-USE ASSETS	286.9	65.6
GOODWILL	888.6	201.7
INTANGIBLE FRANCHISE RIGHTS	101.9	121.7
OTHER LONG-TERM ASSETS	9.8	10.0
Total assets	$ 3,530.6	$ 2,911.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floor plan notes payable—trade, net	$ 60.4	$ 130.3
Floor plan notes payable—non-trade, net	635.2	657.7
Current maturities of long-term debt	49.7	32.4
Current maturities of operating leases	26.9	17.0
Accounts payable and accrued liabilities	418.0	308.7
Liabilities associated with assets held for sale	22.5	100.9
Total current liabilities	1,212.7	1,247.0
LONG-TERM DEBT	1,174.1	907.0
OPERATING LEASE LIABILITIES	263.6	52.6
DEFERRED INCOME TAXES	24.7	26.0
OTHER LONG-TERM LIABILITIES	43.6	32.4
COMMITMENTS AND CONTINGENCIES (Note 12)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, $.01 par value; 90,000,000 shares authorized; 41,133,862 and 41,072,080 shares issued, including shares held in treasury, respectively	0.4	0.4
Additional paid-in capital	592.1	582.9
Retained earnings	1,259.8	1,094.5
Treasury stock, at cost; 21,848,314 and 21,791,707 shares, respectively	(1,033.7)	(1,028.6)
Accumulated other comprehensive loss	(6.7)	(2.9)
Total shareholders' equity	811.9	646.3
Total liabilities and shareholders' equity	$ 3,530.6	$ 2,911.3

See accompanying Notes to Condensed Consolidated Financial Statements

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

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
REVENUE:				
New vehicle	$ 957.9	$ 986.9	$ 2,541.8	$ 2,823.9
Used vehicle	569.5	546.9	1,510.2	1,590.4
Parts and service	237.2	227.6	628.0	669.7
Finance and insurance, net	80.8	80.6	217.8	232.3
TOTAL REVENUE	1,845.4	1,842.0	4,897.8	5,316.3
COST OF SALES:				
New vehicle	897.3	948.3	2,406.2	2,709.1
Used vehicle	520.3	514.5	1,393.2	1,487.6
Parts and service	91.9	86.1	247.3	252.3
TOTAL COST OF SALES	1,509.5	1,548.9	4,046.7	4,449.0
GROSS PROFIT	335.9	293.1	851.1	867.3
OPERATING EXPENSES:				
Selling, general, and administrative	206.5	202.0	553.4	593.7
Depreciation and amortization	9.8	9.1	29.0	26.7
Franchise rights impairment	—	—	23.0	—
Other operating expense (income), net	0.5	(0.2)	9.4	1.0
INCOME FROM OPERATIONS	119.1	82.2	236.3	245.9
OTHER EXPENSES (INCOME):				
Floor plan interest expense	3.0	9.0	14.1	29.7
Other interest expense, net	12.9	13.7	41.7	41.2
Loss on extinguishment of long-term debt, net	—	—	20.6	—
Gain on dealership divestitures, net	(24.7)	—	(58.4)	(11.7)
Total other (income) expense, net	(8.8)	22.7	18.0	59.2
INCOME BEFORE INCOME TAXES	127.9	59.5	218.3	186.7
Income tax expense	31.7	14.5	53.0	45.9
NET INCOME	$ 96.2	$ 45.0	$ 165.3	$ 140.8
EARNINGS PER SHARE:				
Basic—				
Net income	$ 5.01	$ 2.36	$ 8.61	$ 7.37
Diluted—				
Net income	$ 4.96	$ 2.33	$ 8.56	$ 7.30
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	19.2	19.1	19.2	19.1
Restricted stock	0.1	0.1	—	0.1
Performance share units	0.1	0.1	0.1	0.1
Diluted	19.4	19.3	19.3	19.3

See accompanying Notes to Condensed Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	$ 96.2	$ 45.0	$ 165.3	$ 140.8
Other comprehensive (loss) income:				
Change in fair value of cash flow swaps	—	(1.0)	(5.1)	(5.3)
Income tax benefit associated with cash flow swaps	—	0.3	1.3	1.4
Comprehensive income	$ 96.2	$ 44.3	$ 161.5	$ 136.9

See accompanying Notes to Condensed Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in millions)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			Shares	Amount		
Balances, December 31, 2019	41,072,080	$ 0.4	$ 582.9	$ 1,094.5	21,791,707	$ (1,028.6)	$ (2.9)	$ 646.3
Comprehensive Income:								
Net income	—	—	—	19.5	—	—	—	19.5
Change in fair value of cash flow swaps, net of reclassification adjustment and $1.1 tax benefit	—	—	—	—	—	—	(3.4)	(3.4)
Comprehensive income	—	—	—	19.5	—	—	(3.4)	16.1
Share-based compensation	—	—	3.8	—	—	—	—	3.8
Issuance of common stock, net of forfeitures in connection with share-based payment arrangements	68,577	—	(0.3)	—	—	—	—	(0.3)
Repurchase of common stock associated with net share settlements of employee share-based awards	—	—	—	—	53,915	(5.0)	—	(5.0)
Balances, March 31, 2020	41,140,657	$ 0.4	$ 586.4	$ 1,114.0	21,845,622	$ (1,033.6)	$ (6.3)	$ 660.9
Comprehensive Income:								
Net income	—		—	49.6	—	—	—	49.6
Change in fair value of cash flow swaps, net of reclassification adjustment and $0.2 tax benefit	—	—	—	—	—	—	(0.4)	(0.4)
Comprehensive income	—	—	—	49.6	—	—	(0.4)	49.2
Share-based compensation	—	—	3.1			—	—	3.1
Forfeitures in connection with share-based payment arrangements	(2,916)	—	—	—	—	—	—	—
Repurchase of common stock associated with net share settlements of employee share-based awards	—	—	—	—	2,552	(0.1)	—	(0.1)
Balances, June 30, 2020	41,137,741	$ 0.4	$ 589.5	$ 1,163.6	21,848,174	$ (1,033.7)	$ (6.7)	$ 713.1
Comprehensive Income:								
Net income	—		—	96.2	—	—	—	96.2
Comprehensive income	—	—	—	96.2	—	—	—	96.2
Share-based compensation	—	—	2.8	—	—	—	—	2.8
Forfeitures in connection with share-based payment arrangements	(3,879)	—	(0.2)	—	—	—	—	(0.2)
Repurchase of common stock associated with net share settlements of employee share-based awards	—	—	—	—	140	—	—	—
Balances, September 30, 2020	41,133,862	$ 0.4	$ 592.1	$ 1,259.8	21,848,314	$ (1,033.7)	$ (6.7)	$ 811.9

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			Shares	Amount		
Balances, December 31, 2018	41,065,069	$ 0.4	$ 572.9	$ 922.7	21,719,339	$ (1,023.4)	$ 0.6	$ 473.2
Comprehensive Income:								
Net income	—	—	—	40.9	—	—	—	40.9
Change in fair value of cash flow swaps, net of reclassification adjustment and $0.5 tax benefit	—	—	—	—	—	—	(1.3)	(1.3)
Comprehensive income	—	—	—	40.9	—	—	(1.3)	39.6
Cumulative effect adjustment of ASU 2018-02	—	—	—	0.2	—	—	(0.2)	—
Share-based compensation	—	—	3.9	—	—	—	—	3.9
Issuance of common stock, net of forfeitures in connection with share-based payment arrangements	238,078	—	—	—	—	—	—	—
Repurchase of common stock associated with net share settlement of employee share-based awards	—	—	—	—	66,912	(4.7)	—	(4.7)
Share repurchases	—	—	—	—	108,978	(7.4)	—	(7.4)
Retirement of previously repurchased common stock	(108,978)	—	(1.3)	(6.1)	(108,978)	7.4	—	—
Balances, March 31, 2019	41,194,169	$ 0.4	$ 575.5	$ 957.7	21,786,251	$ (1,028.1)	$ (0.9)	$ 504.6
Comprehensive Income:								
Net income	—	—	—	54.9	—	—	—	54.9
Change in fair value of cash flow swaps, net of reclassification adjustment and $0.6 tax benefit	—	—	—	—	—	—	(1.9)	(1.9)
Comprehensive income	—	—	—	54.9	—	—	(1.9)	53.0
Share-based compensation	—	—	2.9	—	—	—	—	2.9
Issuance of common stock, net of forfeitures in connection with share-based payment arrangements	(3,656)	—	—	—	—	—	—	—
Repurchase of common stock associated with net share settlement of employee share-based awards	—	—	—	—	3,328	(0.3)	—	(0.3)
Share repurchases	—	—	—	—	50,436	(3.9)	—	(3.9)
Retirement of previously repurchased common stock	(50,436)	—	(0.6)	(3.3)	(50,436)	3.9	—	—
Balances, June 30, 2019	41,140,077	$ 0.4	$ 577.8	$ 1,009.3	21,789,579	$ (1,028.4)	$ (2.8)	$ 556.3
Comprehensive Income:								
Net income	—	—	—	45.0	—	—	—	45.0
Other comprehensive loss	—	—	—	—	—	—	(0.7)	(0.7)
Share-based compensation	—	—	3.6	—	—	—	—	3.6
Issuance of common stock, net of forfeitures in connection with share-based payment arrangements	(704)	—	—	—			—	—
Repurchase of common stock associated with net share settlement of employee share-based awards	—	—	—	—	2,128	(0.2)	—	(0.2)
Share repurchases	—	—	—	—	42,965	(4.0)	—	(4.0)
Retirement of previously repurchased common stock	(42,965)	—	(0.6)	(3.4)	(42,965)	4.0	—	—
Balances, September 30, 2019	41,096,408	$ 0.4	$ 580.8	$ 1,050.9	21,791,707	$ (1,028.6)	$ (3.5)	$ 600.0

See accompanying Notes to Condensed Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 165.3	$ 140.8
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	29.0	26.7
Share-based compensation	9.2	10.4
Franchise rights impairment	23.0	—
Loss on extinguishment of long-term debt, net	20.6	—
Loaner vehicle amortization	15.5	17.6
Gain on divestitures, net	(58.4)	(11.7)
Change in right-of-use asset	13.0	14.3
Other adjustments, net	1.4	4.0
Changes in operating assets and liabilities, net of acquisitions and divestitures—		
Contracts-in-transit	75.6	49.7
Accounts receivable	10.2	17.6
Inventories	420.5	201.0
Other current assets	(110.7)	(131.1)
Floor plan notes payable—trade, net	(68.3)	8.1
Accounts payable and other current liabilities	84.4	11.8
Operating lease liabilities	(13.0)	(14.5)
Other long-term assets and liabilities, net	7.9	3.0
Net cash provided by operating activities	625.2	347.7
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures—excluding real estate	(27.5)	(28.7)
Capital expenditures—real estate	(2.3)	(9.2)
Purchases of previously leased real estate	—	(4.9)
Acquisitions	(954.1)	(210.0)
Divestitures	161.6	39.1
Proceeds from the sale of assets	4.2	7.5
Net cash used in investing activities	(818.1)	(206.2)
CASH FLOW FROM FINANCING ACTIVITIES:		
Floor plan borrowings—non-trade	2,838.3	3,118.7
Floor plan borrowings—acquisitions	131.6	55.3
Floor plan repayments—non-trade	(2,995.7)	(3,273.1)
Floor plan repayments—non-trade divestitures	(55.3)	(14.1)
Proceeds from borrowings	1,875.3	—
Repayments of borrowings	(1,599.7)	(12.0)
Proceeds from sale and leaseback transaction	7.3	—
Payment of debt issuance costs	(3.1)	(2.3)
Repurchases of common stock, including shares associated with net share settlement of employee share-based awards	(5.2)	(20.5)
Net cash provided by (used in) financing activities	193.5	(148.0)
Net increase in cash and cash equivalents	0.6	(6.5)
CASH AND CASH EQUIVALENTS, beginning of period	3.5	8.3
CASH AND CASH EQUIVALENTS, end of period	$ 4.1	$ 1.8

See Note 11 "Supplemental Cash Flow Information" for further details
See accompanying Notes to Condensed Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We are one of the largest automotive retailers in the United States. As of September 30, 2020, we owned and operated 113 new vehicle franchises (90 dealership locations) representing 31 automobile brands and 25 collision repair centers in 16 metropolitan markets within nine states. Our stores offer an extensive range of automotive products and services, including new and used vehicles; parts and service, which includes repair and maintenance services, replacement parts and collision repair services; and finance and insurance products. As of September 30, 2020, our new vehicle revenue brand mix consisted of 44% imports, 34% luxury, and 22% domestic brands.

Our retail network is made up of dealerships operating primarily under the following locally-branded dealership groups:

- Coggin dealerships operating primarily in Jacksonville, Fort Pierce and Orlando, Florida;
- Courtesy dealerships operating in Tampa, Florida;
- Crown dealerships operating in North Carolina, South Carolina and Virginia;
- Greenville Automotive dealerships operating in Greenville, South Carolina;
- Hare and Estes dealerships operating in the Indianapolis, Indiana area;
- McDavid dealerships operating in metropolitan Austin and Dallas, Texas;
- Nalley dealerships operating in metropolitan Atlanta, Georgia;
- Park Place dealerships operating in the Dallas-Fort Worth area;
- Plaza dealerships operating in metropolitan St. Louis, Missouri; and
- Mike Shaw dealerships in the Denver, Colorado area.

On July 6, 2020, the Company, through two of its subsidiaries, entered into an Asset Purchase Agreement (the "Revised Asset Purchase Agreement") with certain members of the Park Place Dealership group, to acquire substantially all of the assets of, and lease the real property related to, 12 new vehicle dealership franchises, two collision centers and an auto auction comprising the Park Place Dealership group (collectively, the "Revised Transaction"). The Revised Transaction was completed on August 24, 2020 for a purchase price of $889.9 million. The purchase price was financed through a combination of cash, debt and seller financing. See Note 3 "Acquisitions and Divestitures" for details of the Revised Transaction.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and reflect the consolidated accounts of Asbury Automotive Group, Inc. (the "Company") and our wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation. If necessary, reclassifications of amounts previously reported have been made to the accompanying Condensed Consolidated Financial Statements in order to conform to current presentation.

In the opinion of management, all adjustments, consisting only of normal, recurring adjustments, considered necessary for a fair statement of the Condensed Consolidated Financial Statements as of September 30, 2020, and for the three and nine months ended September 30, 2020 and 2019, have been included, unless otherwise indicated. The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for any other interim period, or any full year period. Our Condensed Consolidated Financial Statements should be read together with our audited Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2019.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the periods presented. Actual results could differ materially from these estimates. Estimates and assumptions are reviewed quarterly and the effects of any revisions are reflected in the Consolidated Financial Statements in the period they are determined to be necessary. Significant estimates made in the accompanying Condensed Consolidated Financial Statements include, but are not limited to, those relating to inventory valuation reserves, variable consideration and constraint considerations related to retro-commission arrangements, reserves for chargebacks against revenue recognized from the sale of finance and insurance products, reserves for insurance programs, certain assumptions related to intangible and long-lived assets, and reserves for certain legal or similar proceedings relating to our business operations.

Contracts-In-Transit

Contracts-in-transit represent receivables from third-party finance companies for the portion of new and used vehicle purchase price financed by customers through sources arranged by us.

Accounts Receivable

The allowance for credit losses is estimated using an annual loss rate approach, by type of receivable, utilizing historical loss rates which have been adjusted for expectations of future economic conditions.

Revenue Recognition

Please refer to Note 2 "Revenue Recognition".

Internal Profit

Revenues and expenses associated with internal work performed by our parts and service departments on new and used vehicle inventory are eliminated in consolidation. The gross profit earned by our parts and service departments for internal work performed is included as a reduction of Parts and Service Cost of Sales in the accompanying Condensed Consolidated Statements of Income upon the sale of the vehicle. The costs incurred by our new and used vehicle departments for work performed by our parts and service departments is included in either New Vehicle Cost of Sales or Used Vehicle Cost of Sales in the accompanying Condensed Consolidated Statements of Income, depending on the classification of the vehicle serviced. We eliminate the internal profit on vehicles that remain in inventory.

Income Taxes

We use the liability method to account for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using currently enacted tax rates.

Share Repurchases

Share repurchases may be made from time-to-time in open market transactions or through privately negotiated transactions under the authorization approved by the Board of Directors. Periodically, the Company may retire repurchased shares of common stock previously held by the Company as treasury stock. In accordance with our accounting policy, we allocate any excess share repurchase price over par value between additional paid-in capital, which is limited to amounts initially recorded for the same issue, and retained earnings.

Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted-average common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted-average common shares and common share equivalents outstanding during the period. The Company excluded 0 and 78,180 restricted share units issued under the Asbury Automotive Group, Inc. 2019 Equity and Incentive Compensation Plan, from its computation of diluted earnings per share for the three and nine months ended September 30, 2020, respectively, because they were anti-dilutive. For all periods presented, there were no adjustments to the numerator necessary to compute diluted earnings per share.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale

Certain amounts have been classified as Assets Held for Sale in the accompanying Condensed Consolidated Balance Sheets. Assets and liabilities classified as held for sale may include assets and liabilities associated with pending dealership disposals, real estate we are actively marketing to sell, and any related mortgage notes payable or other liabilities, if applicable. Classification as held for sale begins on the date that we have met all of the criteria for classification as held for sale.

At the time of classifying assets as held for sale, we compare the carrying value of these assets to estimates of fair value to assess for impairment. We compare the carrying value to estimates of fair value utilizing the assistance of third-party broker opinions of value and third-party desktop appraisals to assist in our fair value estimates related to real estate properties.

Statements of Cash Flows

Borrowings and repayments of floor plan notes payable to a lender unaffiliated with the manufacturer from which we purchase a particular new vehicle ("Non-Trade") and all floor plan notes payable relating to pre-owned vehicles (together referred to as "Floor Plan Notes Payable—Non-Trade") are classified as financing activities in the accompanying Condensed Consolidated Statements of Cash Flows, with borrowings reflected separately from repayments. The net change in floor plan notes payable to a lender affiliated with the manufacturer from which we purchase a particular new vehicle (collectively referred to as "Floor Plan Notes Payable—Trade") is classified as an operating activity in the accompanying Condensed Consolidated Statements of Cash Flows. Borrowings of floor plan notes payable associated with inventory acquired in connection with all acquisitions and repayments made in connection with all divestitures are classified as financing activities in the accompanying Condensed Consolidated Statements of Cash Flows. Cash flows related to floor plan notes payable included in operating activities differ from cash flows related to floor plan notes payable included in financing activities only to the extent that the former are payable to a lender affiliated with the manufacturer from which we purchased the related inventory, while the latter are payable to a lender not affiliated with the manufacturer from which we purchased the related inventory.

Loaner vehicles account for a significant portion of Other current assets. We acquire loaner vehicles either with available cash or through borrowing from either our manufacturer affiliated lenders or through our senior secured credit agreement with Bank of America, as administrative agent, and the other agents and lenders party thereto (as amended, the "2019 Senior Credit Facility"). Loaner vehicles are initially used by our service department for a short period of time (typically six to twelve months) before we seek to sell them. Therefore, we classify the acquisition of loaner vehicles in Other current assets and the borrowings and repayments of loaner vehicle notes payable in Accounts payable and accrued liabilities in the accompanying Condensed Consolidated Statements of Cash Flows. Loaner vehicles are depreciated over the service period to their estimated value. At the end of the loaner service period, loaner vehicles are transferred from Other current assets to used vehicle inventory. These transfers are reflected as non-cash transfers between Other current assets and Inventories in the accompanying Condensed Consolidated Statements of Cash Flows.

Recent Accounting Pronouncements

Effective January 1, 2020, the Company adopted Financial Accounting Standard Board Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changed the way entities assess the impairment of its financial instruments based on its estimate of expected credit losses versus the current incurred loss model. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

2. REVENUE RECOGNITION

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good or performing a service to a customer. Sales and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers for the three and nine months ended September 30, 2020 and 2019:

	For the Three Months Ended September 30,	
	2020	2019
	(In millions)	
Revenue:		
New vehicle	$ 957.9	$ 986.9
Used vehicle retail	507.4	505.0
Used vehicle wholesale	62.1	41.9
New and used vehicle	1,527.4	1,533.8
Sale of vehicle parts and accessories	36.8	36.7
Vehicle repair and maintenance services	200.4	190.9
Parts and services	237.2	227.6
Finance and insurance, net	80.8	80.6
Total revenue	$ 1,845.4	$ 1,842.0

	For the Nine Months Ended September 30,	
	2020	2019
	(In millions)	
Revenue:		
New vehicle	$ 2,541.8	$ 2,823.9
Used vehicle retail	1,366.0	1,449.8
Used vehicle wholesale	144.2	140.6
New and used vehicle	4,052.0	4,414.3
Sale of vehicle parts and accessories	99.5	109.7
Vehicle repair and maintenance services	528.5	560.0
Parts and services	628.0	669.7
Finance and insurance, net	217.8	232.3
Total revenue	$ 4,897.8	$ 5,316.3

Contract Asset

Changes in contract assets during the period are reflected in the table below. Contract assets related to vehicle repair and maintenance services are transferred to receivables when a repair order is completed and invoiced to the customer.

	Vehicle Repair and Maintenance Services	Finance and Insurance, net	Total
		(In millions)	
Contract Assets (Current), January 1, 2020	$ 4.8	$ 12.3	$ 17.1
Transferred to receivables from contract assets recognized at the beginning of the period	(4.8)	(4.1)	(8.9)
Increases related to revenue recognized, inclusive of adjustments to constraint, during the period	3.7	4.6	8.3
Contract Assets (Current), March 31, 2020	$ 3.7	$ 12.8	$ 16.5
Transferred to receivables from contract assets recognized at the beginning of the period	(3.7)	(4.0)	(7.7)
Increases related to revenue recognized, inclusive of adjustments to constraint, during the period	3.3	4.0	7.3
Contract Assets (Current), June 30, 2020	3.3	12.8	16.1
Transferred to receivables from contract assets recognized at the beginning of the period	(3.3)	(3.2)	(6.5)
Increases related to revenue recognized, inclusive of adjustments to constraint, during the period	6.8	3.9	10.7
Contract Assets (Current), September 30, 2020	$ 6.8	$ 13.5	$ 20.3

3. ACQUISITIONS AND DIVESTITURES

Results of acquired dealerships are included in our accompanying Condensed Consolidated Statements of Income commencing on the date of acquisition. Our acquisitions are accounted for such that the assets acquired and liabilities assumed are recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. Goodwill is an asset representing operational synergies and future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The fair value of our manufacturer franchise rights are determined as of the acquisition date, by discounting the projected cash flows specific to each franchise. Included in this analysis are market participant assumptions related to the cash flows directly attributable to the franchise rights, including year-over-year and terminal growth rates, working capital requirements, weighted average cost of capital, future gross margins, and future selling, general, and administrative expenses.

Park Place Acquisition

On December 11, 2019, we announced the proposed acquisition of substantially all of the assets of the businesses of the Park Place Dealership family of entities (collectively, "Park Place") pursuant to that certain Asset Purchase Agreement, dated as of December 11, 2019, among the Company, Park Place and the other parties thereto (the "2019 Asset Purchase Agreement"), and related agreements and transactions (collectively, the "2019 Acquisition"). On March 24, 2020, we delivered notice to the sellers terminating the 2019 Acquisition pursuant to the terms of the related agreements and transactions in exchange for the payment of $10.0 million of liquidated damages which is reflected in our accompanying Condensed Consolidated Statements of Income as Other operating expense (income), net. See Note 9 "Debt" for details related to the impact on certain financing arrangements as a result of terminating the 2019 Acquisition.

On July 6, 2020, the Company, through two of its subsidiaries, entered into a Revised Asset Purchase Agreement with certain members of the Park Place Dealership group, to acquire substantially all of the assets of, and lease the real property related to, 12 new vehicle dealership franchises (8 dealership locations), two collision centers and an auto auction. The Revised Transaction was completed on August 24, 2020 and financed through a combination of cash, floor plan facilities and seller financing. The seller financing comprised $150.0 million in aggregate principal amount of a 4.00% promissory note due August 2021 and $50.0 million in aggregate principal amount of 4.00% promissory note due February 2022 (collectively, the "Seller Notes"). In September 2020, the Company redeemed the Seller Notes. See Note 9 "Debt" for further details.

The sources of the preliminary purchase consideration are as follows:

		(In millions)
Cash	$	527.4
Seller Notes		200.0
New Vehicle Floor Plan Facility		127.5
Used Vehicle Floor Plan Facility		35.0
Preliminary purchase price	$	889.9

Under the acquisition method of accounting, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on information currently available. We have not finalized our valuation for manufacturer franchise rights which will be reclassified from goodwill once completed. Our valuation for property and equipment and our assessment with respect to certain assumed leases is preliminary as of September 30, 2020. Furthermore, the assignment of goodwill to reporting units has not been completed as of the date of issuance of these Condensed Consolidated Financial Statements. The following table summarizes the allocation of the estimated purchase price based on preliminary estimates of fair value:

		(In millions)
Summary of Assets Acquired and Liabilities Assumed		
Inventories	$	120.8
Loaner vehicles		57.0
Property and equipment		35.0
Goodwill and intangible assets		685.9
Operating lease right-of-use assets		202.7
Total assets acquired		1,101.4
Operating lease liabilities		(202.2)
Other liabilities		(9.3)
Total liabilities assumed		(211.5)
Net assets acquired	$	889.9

The Company recorded $1.3 million of acquisition related costs during the three months ended September 30, 2020. These costs are included in Selling, general, and administrative in the Condensed Consolidated Statements of Income.

The Company's Condensed Consolidated Statements of Income included revenue and net income attributable to Park Place from August 24, 2020 through September 30, 2020 of $148.4 million and $7.0 million, respectively.

The following represents the unaudited pro forma information as if Park Place had been included in the consolidated results of the Company since January 1, 2019:

	For the Three Months Ended September 30,	
	2020	2019
	(In millions)	
	(Unaudited)	
Pro Forma Revenue	$ 2,045.7	$ 2,261.4
Pro Forma Net Income	$ 107.0	$ 56.6

	For the Nine Months Ended September 30,	
	2020	2019
	(In millions)	
	(Unaudited)	
Pro Forma Revenue	$ 5,755.6	$ 6,517.5
Pro Forma Net Income	$ 187.4	$ 173.9

This pro forma information incorporates the Company's accounting policies and adjusts the results of Park Place for depreciation, rent expense, and interest expense assuming that the fair value adjustments and indebtedness incurred in connection with the Revised Transaction had occurred on January 1, 2019. They have also been adjusted to reflect the $1.3 million of acquisition related costs incurred during the three months ended September 30, 2020 as having occurred on January 1, 2019. The pro forma information also assumes that the September 2020 divestiture of the Lexus Greenville dealership, which was related to the Park Place acquisition, occurred on January 1, 2019.

Other Acquisitions and Divestitures

In addition to the Revised Transaction, during the nine months ended September 30, 2020, we acquired the assets of three franchises (one dealership location) in the Denver, Colorado market for a combined purchase price of $63.6 million. We funded this acquisition with an aggregate of $34.5 million of cash and $27.1 million of floor plan borrowings for the purchase of the related new vehicle inventory. In the aggregate, this acquisition included purchase price holdbacks of $2.0 million for potential indemnity claims made by us with respect to the acquired franchises. In addition to the acquisition amounts above, we released $2.5 million of purchase price holdbacks related to a prior year acquisition during the nine months ended September 30, 2020.

During the nine months ended September 30, 2019, we acquired the assets of nine franchises (five dealership locations) and one collision center in the Indianapolis, Indiana market and one franchise (one dealership location) in the Denver, Colorado market for a combined purchase price of $210.4 million. We funded these acquisitions with an aggregate of $153.9 million of cash, $55.3 million of floor plan borrowings for the purchase of the related new vehicle inventory. In the aggregate, these acquisitions included purchase price holdbacks of $1.2 million for potential indemnity claims made by us with respect to the acquired franchises. In addition to the acquisition amounts above, we released $0.8 million of purchase price holdbacks related to a prior year acquisition.

The goodwill and manufacturer franchise rights associated with our acquisitions will be deductible for federal and state income tax purposes ratably over a 15 year period.

Below is the allocation of purchase price for the other acquisitions completed during the nine months ended September 30, 2020 and 2019, respectively. Our 2020 valuation for manufacturer franchise rights, real estate, property and equipment, and our assessment with respect to certain assumed leases is preliminary as of September 30, 2020.

	For the Nine Months Ended September 30,	
	2020	2019
	(In millions)	
Inventory	$ 29.8	$ 70.9
Real estate	14.5	43.1
Property and equipment	0.4	4.7
Goodwill and manufacturer franchise rights	19.2	91.0
Loaner vehicles	—	1.5
Liabilities assumed	—	(0.8)
Other	(0.3)	—
Total purchase price	$ 63.6	$ 210.4

During the nine months ended September 30, 2020, we sold one franchise (one dealership location) in the Atlanta, Georgia market, we sold six franchises (five dealership locations) and one collision center in the Jackson, Mississippi market, and we sold one franchise (one dealership location) in the Greenville, South Carolina market. The Company recorded a pre-tax gain totaling $58.4 million, which is presented in our accompanying Condensed Consolidated Statements of Income as Gain on dealership divestitures, net.

During the nine months ended September 30, 2019, we sold one franchise (one dealership location) and one collision center in the Houston, Texas market. The Company recorded a pre-tax gain totaling $11.7 million, which is presented in our accompanying Condensed Consolidated Statements of Income as Gain on dealership divestitures, net.

The divested businesses would not be considered significant subsidiaries as defined in Rule 1-02(w) of Regulation S-X.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Vehicle receivables	$ 44.7	$ 44.8
Manufacturer receivables	47.8	50.4
Other receivables	35.2	42.4
Total accounts receivable	127.7	137.6
Less—Allowance for credit losses	(1.3)	(1.4)
Accounts receivable, net	$ 126.4	$ 136.2

5. INVENTORIES

Inventories consisted of the following:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
New vehicles	$ 578.5	$ 802.6
Used vehicles	203.9	140.1
Parts and accessories	46.3	42.3
Total inventories	$ 828.7	$ 985.0

The lower of cost and net realizable value reserves reduced total inventories by $5.1 million and $6.1 million as of September 30, 2020 and December 31, 2019, respectively. In addition to inventories shown above, we had $6.9 million and $67.7 million of inventories classified as Assets held for sale in the accompanying Condensed Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019, respectively, associated with pending dealership disposals. As of September 30, 2020 and December 31, 2019, certain automobile manufacturer incentives reduced new vehicle inventory cost by $7.4 million and $9.6 million, respectively, and reduced new vehicle cost of sales for the nine months ended September 30, 2020 and 2019 by $31.5 million and $33.3 million, respectively.

6. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities classified as held for sale include (i) assets and liabilities associated with pending dealership disposals, (ii) real estate not currently used in our operations that we are actively marketing to sell and (iii) the related mortgage notes payable, if applicable.

A summary of assets held for sale and liabilities associated with assets held for sale is as follows:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Assets:		
Inventory	$ 6.9	$ 67.7
Loaners, net	—	3.0
Property and equipment, net	42.6	69.0
Operating lease right-of-use assets	0.1	6.9
Goodwill	—	5.3
Franchise rights	—	2.3
Total Assets held for sale	49.6	154.2
Liabilities:		
Floor plan notes payable—trade	5.8	21.9
Floor plan notes payable—non-trade	—	40.9
Loaners/ Notes payable	—	3.1
Current maturities of long-term debt	1.1	0.3
Current maturities of operating leases	0.1	4.2
Long-term debt	15.5	27.8
Operating lease liabilities	—	2.7
Total Liabilities associated with assets held for sale	22.5	100.9
Net assets held for sale	$ 27.1	$ 53.3

As of September 30, 2020 assets held for sale consisted of one franchise (one dealership location) and three real estate properties that are not currently used in our operations. The assets and liabilities associated with these properties totaled $49.6 million and $22.5 million, respectively

As of December 31, 2019, assets held for sale consisted of seven franchises (six dealership locations) and one collision center, in addition to four real estate properties. Assets and liabilities totaled $154.2 million and $100.9 million, respectively.

During the nine months ended September 30, 2020, the Company recorded a net pre-tax gain totaling $33.7 million, on the sale of these dealerships. Additionally, during the nine months ended September 30, 2020, we sold one vacant property with a net book value of $3.7 million.

7. GOODWILL AND INTANGIBLE FRANCHISE RIGHTS

Our acquisitions have resulted in the recording of goodwill and intangible franchise rights. Goodwill is an asset representing operational synergies and future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Franchise rights are indefinite-lived intangible assets representing our rights under franchise agreements with vehicle manufacturers. Goodwill and intangible franchise rights are tested annually as of October 1st, or more frequently in the event that facts and circumstances indicate a triggering event has occurred.

As a result of the adverse impact on our dealership operations caused by the COVID-19 pandemic, the Company considered the extent to which the COVID-19 impacts combined with other relevant circumstances (e.g., the results of the Company’s most recent impairment test) could affect the significant inputs used to determine the fair value of the Company’s franchise rights and goodwill associated with the Company’s reporting units.

To the extent that we determined that the totality of events and circumstances, and their effect on the significant inputs into the fair value determination of our franchise rights and reporting units, would more likely than not lead to an impairment of the carrying value of the franchise rights or goodwill reporting units, we performed quantitative impairment tests as of March 31, 2020. We performed qualitative assessments on the remaining franchise rights and goodwill reporting units as of March 31, 2020.

The results of our quantitative and qualitative assessments indicated that the carrying value of goodwill related to all reporting units did not exceed their fair value.

The quantitative impairment tests for franchise rights included a comparison of the estimated fair value to the carrying value of each franchise right asset. The Company estimates fair value by using a discounted cash flow model (income approach) based on market participant assumptions related to the cash flows directly attributable to the franchise. These assumptions include year-over-year and terminal growth rates, working capital requirements, weighted average cost of capital, future gross margins, and future selling, general, and administrative expenses.

The results of the quantitative impairment testing for certain franchise rights as of March 31, 2020, identified that the carrying values of certain of our franchise rights assets exceeded their fair value. As a result, we recognized a $23.0 million pre-tax non-cash impairment charge during the three months ended March 31, 2020. We did not record an impairment charge related to goodwill and franchise rights for the three months ended June 30, 2020 or September 30, 2020.

8. FLOOR PLAN NOTES PAYABLE

Floor plan notes payable consisted of the following:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
Floor plan notes payable—trade (a)	$ 67.1	$ 146.5
Floor plan notes payable offset account	(6.7)	(16.2)
Floor plan notes payable—trade, net	$ 60.4	$ 130.3
Floor plan notes payable—new non-trade (b)	$ 618.3	$ 773.6
Floor plan notes payable—used non-trade	50.0	—
Floor plan notes payable offset account	(33.1)	(115.9)
Floor plan notes payable—non-trade, net	$ 635.2	$ 657.7

(a) Amounts reflected for floor plan notes payable—trade as of September 30, 2020 and December 31, 2019, excluded $5.8 million and $21.9 million classified as Liabilities associated with assets held for sale.
(b) Amounts reflected for floor plan notes payable—new non-trade as of December 31, 2019, excluded $40.9 million classified as Liabilities associated with assets held for sale.

We have a floor plan facility with Ford Motor Credit Company ("Ford Credit") to purchase new Ford and Lincoln vehicle inventory. Our floor plan facility with Ford Credit was amended in July 2020 to extend the maturity date to July 31, 2021. We have established a floor plan notes payable offset account with Ford Credit that allows us to transfer cash to the account as an offset to our outstanding Floor Plan Notes Payable—Trade. In addition, we have a similar floor plan offset account with Bank of America that allows us to offset our Floor Plan Notes Payable—Non-Trade. These accounts allow us to transfer cash to reduce the amount of outstanding floor plan notes payable that would otherwise accrue interest, while retaining the ability to transfer amounts from the offset account into our operating cash accounts within one to two days. As of September 30, 2020 and December 31, 2019, we had $39.8 million and $132.1 million, respectively, in these floor plan offset accounts.

At our option, we have the ability to re-designate a portion of our availability under the Revolving Credit Facility to the New Vehicle Floor Plan Facility or the Used Vehicle Floor Plan Facility. The maximum amount we are allowed to re-designate is determined based on our aggregate revolving commitment under the Revolving Credit Facility, less $50.0 million. In addition, we are able to re-designate any amounts moved to the New Vehicle Floor Plan Facility or Used Vehicle Floor Plan Facility back to the Revolving Credit Facility.

As of December 31, 2019, $190.0 million of availability under our Revolving Credit Facility was re-designated to the New Vehicle Floor Plan Facility to take advantage of the lower commitment fee rates on the New Vehicle Floor Plan Facility when compared to the Revolving Credit Facility. On March 17, 2020, the entire $190.0 million was re-designated from the New Vehicle Floor Plan Facility to the Revolving Credit Facility. As of September 30, 2020, there was $50.0 million outstanding under the Used Vehicle Floor Plan Facility.

9. DEBT

Long-term debt consisted of the following:

	As of	
	September 30, 2020	December 31, 2019
	(In millions)	
6.00% Senior Subordinated Notes due 2024	$ —	$ 600.0
4.50% Senior Notes due 2028	405.0	—
4.75% Senior Notes due 2030	445.0	—
Mortgage notes payable bearing interest at fixed rates	97.6	100.5
2018 Bank of America Facility (a)	85.4	88.3
2018 Wells Fargo Master Loan Facility (b)	88.4	25.0
2013 BofA Real Estate Facility	34.2	35.5
2015 Wells Fargo Master Loan Facility (c)	62.3	76.8
Finance lease liability	16.7	17.2
Total debt outstanding	1,234.6	943.3
Add—unamortized premium on 6.0% Senior Subordinated Notes due 2024	—	5.1
Add—unamortized premium on 4.50% Senior Notes due 2028	1.3	—
Add—unamortized premium on 4.75% Senior Notes due 2030	2.2	—
Less—debt issuance costs	(14.3)	(9.0)
Long-term debt, including current portion	1,223.8	939.4
Less—current portion, net of current portion of debt issuance costs	(49.7)	(32.4)
Long-term debt	$ 1,174.1	$ 907.0

(a) Amounts reflected for the 2018 BofA Real Estate Facility (as defined herein) as of December 31, 2019, exclude $26.6 million classified as Liabilities associated with assets held for sale.
(b) Amounts reflected for the 2018 Wells Fargo Master Loan Facility (as defined herein) as of September 30, 2020, exclude $5.1 million classified as Liabilities associated with assets held for sale.
(c) Amounts reflected for the 2015 Wells Fargo Master Loan Facility (as defined herein) as of September 30, 2020 and December 31, 2019, exclude $11.5 million and $1.5 million classified as Liabilities associated with assets held for sale, respectively.

6.00% Senior Subordinated Notes due 2024

On February 3, 2020, we issued a conditional notice of redemption to the holders of our 6% Senior Subordinated Notes due 2024 (the "6% Notes"), notifying such holders that we intended to redeem all of the 6% Notes. On March 4, 2020, the 6% Notes were redeemed at 103% of par, plus accrued and unpaid interest to, but excluding, the date of redemption. We recorded a loss on extinguishment of the 6% Notes of $19.1 million which comprised a redemption premium of $18.0 million and the net write-off of the unamortized premium and debt issuance costs of $1.1 million related to the 6% Notes on the redemption date.

New Senior Notes

In contemplation of the 2019 Acquisition, on February 19, 2020, the Company completed its offering of senior unsecured notes (the "February 2020 Offering"), consisting of $525.0 million aggregate principal amount of 4.50% Senior Notes due 2028 (the "Existing 2028 Notes") and together with the Additional 2028 Notes (as defined below), the "2028 Notes") and $600.0 million aggregate principal amount of 4.75% Senior Notes due 2030 (the "Existing 2030 Notes" and, together with the Existing

2028 Notes, the "Existing Notes") and together with the Additional 2030 Notes (as defined below), the "2030 Notes"). The Company paid lender fees of $6.8 million in conjunction with the February Notes Offering and incurred additional debt issuance costs of $3.1 million.

As a result of the termination of the 2019 Acquisition, the Company delivered a notice of special mandatory redemption to holders of its Existing 2028 Notes and Existing 2030 Notes pursuant to which it would redeem on a pro rata basis (1) $245.0 million of the Existing 2028 Notes and (2) $280.0 million of the 2030 Existing Notes, in each case, at 100% of the respective principal amount plus accrued and unpaid interest to but excluding, the special mandatory redemption date. On March 30, 2020, the Company completed the redemption and recorded a write-off of unamortized debt issuance costs of $1.5 million.

In September 2020, the Company completed an issuance of $250.0 million aggregate principal amount of additional senior unsecured notes (the "September 2020 Offering") consisting of $125.0 million aggregate principal amount of additional 4.50% Senior Notes due 2028 (the "Additional 2028 Notes") at a price of 101.00% of par, plus accrued interest from September 1, 2020, and $125.0 million aggregate principal amount of additional 4.75% Senior Notes due 2030 (the "Additional 2030 Notes" and together with the Additional 2028 Notes, the "Additional Notes") at a price of 101.75% of par, plus accrued interest from September 1, 2020. After deducting the initial purchasers' discounts of $2.8 million, we received net proceeds of approximately $250.6 million from the September 2020 Offering. The $3.5 million premium paid by the initial purchasers of the Additional Notes was recorded as a component of long-term debt on our Condensed Consolidated Balance Sheet and is being amortized as a reduction of interest expense over the remaining term of the Notes. The proceeds of the September 2020 Offering were used to redeem the Seller Notes issued in connection with the Revised Transaction and repay approximately $50.0 million in aggregate principal amount outstanding under our Revolving Credit Facility.

The lender fees and other debt issuance costs incurred are being amortized over the terms of the Notes using the effective interest method.

The 2028 Notes and 2030 Notes mature on March 1, 2028 and March 1, 2030, respectively. Interest is payable semiannually, on March 1 and September 1 of each year. The February 2020 Offering, together with additional borrowings and cash on hand, was incurred to (i) fund, if consummated, the acquisition of substantially all of the assets of Park Place, (ii) redeem all of our outstanding $600.0 million aggregate principal amount of the 6.0% Notes and (iii) pay fees and expenses in connection with the foregoing.

The remaining outstanding 2028 Notes and 2030 Notes are subject to customary covenants, events of default and optional redemption provisions. In addition, the remaining outstanding 2028 Notes and 2030 Notes are required to be registered under the Securities Act of 1933 within 270 days of the closing date for the offering. The Company completed the registration of the 2028 Notes and 2030 Notes in October 2020.

We are a holding company with no independent assets or operations. For all relevant periods presented, our 6.0% Notes, 2028 Notes and 2030 Notes have been fully and unconditionally guaranteed, on a joint and several basis, by substantially all of our subsidiaries. Any subsidiaries that have not guaranteed such notes are "minor" (as defined in Rule 3-10(h) of Regulation S-X). As of September 30, 2020, there were no significant restrictions on the ability of our subsidiaries to distribute cash to us or our guarantor subsidiaries.

Seller Notes

The Seller Notes comprised $150.0 million in aggregate principal amount of 4.00% promissory note due August 2021 and $50.0 million in aggregate principal amount of a 4.00% promissory note due February 2022 and were issued on August 24, 2020 in conjunction with the Revised Transaction. In September 2020, the Company redeemed the Seller Notes with the proceeds of the September 2020 Offering.

Amendments to 2019 Senior Credit Facility

In connection with the 2019 Acquisition, we obtained amendments, among other things, to (1) increase the aggregate commitments under the Revolving Credit Facility to $350.0 million, (2) increase the aggregate commitments under the New Vehicle Floorplan Facility to $1.35 billion and (3) increase the aggregate commitments under the Used Vehicle Floorplan Facility to $200.0 million. These amendments to increase the aggregate commitments were to be effective concurrently with the consummation of the 2019 Acquisition. As a result of the termination of the 2019 Acquisition, the aforementioned amendments did not become effective.

New BofA Real Estate Facility

In connection with the 2019 Acquisition, on February 7, 2020 we entered into the New BofA Real Estate Facility, which provided for term loans in an aggregate amount not to exceed $280.6 million, upon the consummation of the 2019 Acquisition.

As a result of the termination of the 2019 Acquisition, the anticipated borrowings under the New BofA Real Estate Facility have not occurred and the agreement governing the New BofA Real Estate Facility has terminated.

2018 Wells Fargo Master Loan Facility

On June 26, 2020, the Company borrowed an additional $69.4 million under the 2018 Wells Fargo Master Loan Facility.

10. FINANCIAL INSTRUMENTS AND FAIR VALUE

In determining fair value, we use various valuation approaches, including market and income approaches. Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the presumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1-Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.

Level 2-Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Assets and liabilities utilizing Level 2 inputs include interest rate swap instruments, exchange-traded debt securities that are not actively traded or do not have a high trading volume, mortgage notes payable, and certain real estate properties on a non-recurring basis.

Level 3-Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Asset and liability measurements utilizing Level 3 inputs include those used in estimating the fair value of certain non-financial assets and non-financial liabilities in purchase acquisitions and those used in the assessment of impairment for goodwill and manufacturer franchise rights.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment required to determine fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based exit price measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, our assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. We use inputs that are current as of the measurement date, including during periods of significant market fluctuations.

Financial instruments consist primarily of cash and cash equivalents, contracts-in-transit, accounts receivable, cash surrender value of corporate-owned life insurance policies, accounts payable, floor plan notes payable, subordinated long-term debt, mortgage notes payable, and interest rate swap instruments. The carrying values of our financial instruments, with the exception of subordinated long-term debt and mortgage notes payable, approximate fair value due to (i) their short-term nature, (ii) recently completed market transactions, or (iii) existence of variable interest rates, which approximate market rates. The fair value of our subordinated long-term debt is based on reported market prices in an inactive market that reflects Level 2 inputs. We estimate the fair value of our mortgage notes payable using a present value technique based on current market interest rates for similar types of financial instruments that reflect Level 2 inputs.

A summary of the carrying values and fair values of our Notes and our Mortgage notes payable is as follows:

	As of September 30, 2020	As of December 31, 2019
	(In millions)	
Carrying Value:		
6.00% Senior Subordinated Notes due 2024	$ —	$ 598.8
4.50% Senior Notes due 2028	400.8	—
4.75% Senior Notes due 2030	440.5	—
Mortgage notes payable (a)	365.8	323.4
Total carrying value	$ 1,207.1	$ 922.2
Fair Value:		
6.00% Senior Subordinated Notes due 2024	$ —	$ 619.5
4.50% Senior Notes due 2028	407.0	—
4.75% Senior Notes due 2030	447.2	—
Mortgage notes payable (a)	389.6	364.2
Total fair value	$ 1,243.8	$ 983.7

(a) Excludes amounts classified as Liabilities associated with assets held for sale as of September 30, 2020 and December 31, 2019.

Interest Rate Swap Agreements

We currently have four interest rate swap agreements, two of which were entered into in July 2020. Each of these swaps were designed to provide a hedge against changes in variable rate cash flows regarding fluctuations in the one month LIBOR. The following table provides information on the attributes of each swap as of September 30, 2020:

Inception Date	Notional Principal Amount	Notional Value as of September 30, 2020	Maturity Value	Maturity Date
		(In millions)		
July 2020	$ 93.5	$ 93.1	$ 50.6	December 2028
July 2020	$ 85.5	$ 85.5	$ 57.3	November 2025
June 2015	$ 100.0	$ 75.9	$ 53.1	February 2025
November 2013	$ 75.0	$ 49.9	$ 38.7	September 2023

The fair value of cash flow swaps is calculated as the present value of expected future cash flows, determined on the basis of forward interest rates and present value factors. Fair value estimates reflect a credit adjustment to the discount rate applied to all expected cash flows under the swaps. Other than this input, all other inputs used in the valuation of these swaps are designated to be Level 2 fair values. The fair value of our swaps was an $8.9 million and a $3.8 million liability as of September 30, 2020 and December 31, 2019, respectively.

The following table provides information regarding the fair value of our interest rate swap agreements and the impact on the Condensed Consolidated Balance Sheets:

	As of September 30, 2020	As of December 31, 2019
	(In millions)	
Other current liabilities	$ 2.8	$ 0.9
Other long-term liabilities	6.1	2.9
Total fair value	$ 8.9	$ 3.8

Our interest rate swaps qualify for cash flow hedge accounting treatment. These interest rate swaps are marked to market at each reporting date and any unrealized gains or losses are included in accumulated other comprehensive income and reclassified to interest expense in the same period or periods during which the hedged transactions affect earnings. Information about the effect of our interest rate swap agreements in the accompanying Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income, is as follows (in millions):

For the Three Months Ended September 30,	Results Recognized in Accumulated Other Comprehensive Income/(Loss)	Location of Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) to Earnings	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) to Earnings
2020	$ —	Other interest expense, net	$ 0.7
2019	$ (1.0)	Other interest expense, net	$ (0.1)

For the Nine Months Ended September 30,	Results Recognized in Accumulated Other Comprehensive Income/(Loss)	Location of Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) to Earnings	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) to Earnings
2020	$ (5.1)	Other interest expense, net	$ 1.6
2019	$ (5.3)	Other interest expense, net	$ —

On the basis of yield curve conditions as of September 30, 2020 and including assumptions about future changes in fair value, we expect the amount to be reclassified out of Accumulated Other Comprehensive Loss into earnings within the next 12 months will be losses of $2.8 million.

11. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended September 30, 2020 and 2019, we made interest payments, including amounts capitalized, totaling $54.7 million and $61.0 million, respectively. Included in these interest payments are $16.1 million and $30.4 million, of floor plan interest payments during the nine months ended September 30, 2020 and 2019, respectively.

During the nine months ended September 30, 2020 and 2019, we made income tax payments, net of refunds received, totaling $34.7 million and $44.1 million, respectively.

During the nine months ended September 30, 2020 and 2019, we transferred $111.1 million and $107.5 million, respectively, of loaner vehicles from Other current assets to Inventories on our Condensed Consolidated Balance Sheets.

12. COMMITMENTS AND CONTINGENCIES

Our dealerships are party to dealer and framework agreements with applicable vehicle manufacturers. In accordance with these agreements, each dealership has certain rights and is subject to restrictions typical in the industry. The ability of these manufacturers to influence the operations of the dealerships or the loss of any of these agreements could have a materially negative impact on our operating results.

In some instances, manufacturers may have the right, and may direct us, to implement costly capital improvements to dealerships as a condition to entering into, renewing, or extending franchise agreements with them. Manufacturers also typically require that their franchises meet specific standards of appearance. These factors, either alone or in combination, could cause us to use our financial resources on capital projects that we might not have planned for or otherwise determined to undertake.

From time to time, we and our dealerships are or may become involved in various claims relating to, and arising out of, our business and our operations. These claims may involve, but not be limited to, financial and other audits by vehicle manufacturers or lenders and certain federal, state, and local government authorities, which have historically related primarily to (i) incentive and warranty payments received from vehicle manufacturers, or allegations of violations of manufacturer agreements or policies, (ii) compliance with lender rules and covenants, and (iii) payments made to government authorities relating to federal, state, and local taxes, as well as compliance with other government regulations. Claims may also arise through litigation, government proceedings, and other dispute resolution processes. Such claims, including class actions, could relate to, but may not be limited to, the practice of charging administrative fees and other fees and commissions, employment-related matters, truth-in-lending and other dealer assisted financing obligations, contractual disputes, actions brought by governmental authorities, and other matters. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

We believe we have adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. Based on our review of the various types of claims currently known to us, there is no indication of material reasonably possible losses in excess of amounts accrued in the aggregate. We currently do not anticipate that any known claim will materially adversely affect our financial condition, liquidity, or results of operations. However, the outcome of any matter cannot be predicted with certainty, and an unfavorable resolution of one or more matters presently known or arising in the future could have a material adverse effect on our financial condition, liquidity, or results of operations.

A significant portion of our business involves the sale of vehicles, parts, or vehicles composed of parts that are manufactured outside the United States. As a result, our operations are subject to customary risks of importing merchandise, including fluctuations in the relative values of currencies, import duties, exchange controls, trade restrictions, work stoppages, and general political and socio-economic conditions in foreign countries. The United States or the countries from which our products are imported may, from time to time, impose new quotas, duties, tariffs, or other restrictions, or adjust presently prevailing quotas, duties, or tariffs, which may affect our operations, and our ability to purchase imported vehicles and/or parts at reasonable prices.

Substantially all of our facilities are subject to federal, state and local provisions regarding the discharge of materials into the environment. Compliance with these provisions has not had, nor do we expect such compliance to have, any material effect upon our capital expenditures, net earnings, financial condition, liquidity or competitive position. We believe that our current practices and procedures for the control and disposition of such materials comply with applicable federal, state, and local requirements. No assurances can be provided, however, that future laws or regulations, or changes in existing laws or regulations, would not require us to expend significant resources in order to comply therewith.

As of September 30, 2020, we had $12.7 million of letters of credit outstanding and we maintained a $7.7 million surety bond line in the ordinary course of our business, both of which are also required by certain of our insurance providers. Our letters of credit and surety bond line are considered to be off balance sheet arrangements.

Our other material commitments include (i) floor plan notes payable, (ii) operating leases, (iii) long-term debt and (iv) interest on long-term debt, as described elsewhere herein.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

Certain of the discussions and information included or incorporated by reference in this report may constitute "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are statements that are not historical in nature and may include statements relating to our goals, plans and projections regarding industry and general economic trends, our expected financial position, results of operations or market position and our business strategy. Such statements can generally be identified by words such as "may," "target," "could," "would," "will," "should," "believe," "expect," "anticipate," "plan," "intend," "foresee," and other similar words or phrases. Forward-looking statements may also relate to our expectations and assumptions with respect to, among other things:

- The declines in sales and service revenue and ongoing disruptions in our operations, the operations of our vehicle and parts manufacturers and other suppliers, vendors and business partners, and the global economy in general due to the COVID-19 pandemic;
- the expected financial and operational performance of the Park Place Dealership group;
- our estimated future capital expenditures, including with respect to the operations of the Park Place Dealership group;
- the seasonally adjusted annual rate of new vehicle sales in the United States;
- general economic conditions and its expected impact on our revenue and expenses;
- our expected parts and service revenue due to, among other things, improvements in vehicle technology;
- our ability to limit our exposure to regional economic downturns due to our geographic diversity and brand mix;
- manufacturers' continued use of incentive programs to drive demand for their product offerings;
- our capital allocation strategy, including as it relates to acquisitions and divestitures, stock repurchases and capital expenditures; and
- the growth of the brands that comprise our portfolio over the long-term and other factors.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to:

- the degree to which declines in sales and service revenue and ongoing disruptions in our operations, the operations of our vehicle and parts manufacturers and other suppliers, vendors and business partners, and the global economy in general due to the COVID-19 pandemic may adversely impact our business, results of operations, financial condition and cash flows;
- the ability to successfully integrate the operations of the Park Place Dealership group into our existing operations and the diversion of management's attention from ongoing business and regular business responsibilities to effect such integration;
- the effects of increased expenses or unanticipated liabilities incurred as a result of, or due to activities related to, the Revised Transaction;
- disruption from the Revised Transaction, making it more difficult to maintain relationships with customers or suppliers of the Park Place Dealership group;
- changes in general economic and business conditions, including changes in employment levels, consumer confidence levels, consumer demand and preferences, the availability and cost of credit, fuel prices, levels of discretionary personal income and interest rates;
- our ability to generate sufficient cash flows, maintain our liquidity and obtain any necessary additional funds for working capital, capital expenditures, acquisitions, stock repurchases, debt maturity payments and other corporate purposes, if necessary or desirable;

- significant disruptions in the production and delivery of vehicles and parts for any reason, including the COVID-19 pandemic, natural disasters, civil unrest, product recalls, work stoppages or other occurrences that are outside of our control;
- our ability to execute our automotive retailing and service business strategy while operating under restrictions and best practices imposed or encouraged by governmental and other regulatory authorities;
- our ability to attract and retain skilled employees;
- adverse conditions affecting the vehicle manufacturers whose brands we sell, and their ability to design, manufacture, deliver and market their vehicles successfully;
- changes in the mix and total number of vehicles we are able to sell;
- our outstanding indebtedness and our continued ability to comply with applicable covenants in our various financing and lease agreements, or to obtain waivers of these covenants as necessary;
- high levels of competition in our industry, which may create pricing and margin pressures on our products and services;
- our relationships with manufacturers of the vehicles we sell and our ability to renew, and enter into new framework and dealer agreements with vehicle manufacturers whose brands we sell, on terms acceptable to us;
- the availability of manufacturer incentive programs and our ability to earn these incentives;
- failure of our or those of our third-party service providers, management information systems
- any data security breaches with regard to personally identifiable information ("PII");
- changes in laws and regulations governing the operation of automobile franchises, including trade restrictions, consumer protections, accounting standards, taxation requirements and environmental laws;
- changes in, or the imposition of, new tariffs or trade restrictions on imported vehicles or parts;
- adverse results from litigation or other similar proceedings involving us;
- our ability to consummate planned mergers, acquisitions and dispositions;
- any disruptions in the financial markets, which may impact our ability to access capital;
- our relationships with, and the financial stability of, our lenders and lessors;
- our ability to execute our initiatives and other strategies;
- our ability to leverage gains from our dealership portfolio; and
- in addition to the Revised Transaction, our ability to successfully integrate businesses we may acquire, or that any business we acquire may not perform as we expected at the time we acquired it.

Many of these factors are beyond our ability to control or predict, and their ultimate impact could be material. Moreover, the factors set forth under "Item 1A. Risk Factors" and other cautionary statements made in this report should be read and considered as forward-looking statements subject to such uncertainties. Forward-looking statements speak only as of the date of this report. We expressly disclaim any obligation to update any forward-looking statement contained herein.

OVERVIEW

We are one of the largest automotive retailers in the United States. As of September 30, 2020, we owned and operated 113 new vehicle franchises (90 dealership locations), representing 31 automobile brands and 25 collision centers in 16 metropolitan markets within nine states. Our stores offer an extensive range of automotive products and services, including new and used vehicles; parts and service, which includes repair and maintenance services, replacement parts, and collision repair services; and finance and insurance products. For the nine months ended September 30, 2020, our new vehicle revenue brand mix consisted of 44% imports, 34% luxury, and 22% domestic brands.

Our retail network is made up of dealerships operating primarily under the following locally-branded dealership groups:

- Coggin dealerships operating primarily in Jacksonville, Fort Pierce and Orlando, Florida;
- Courtesy dealerships operating in Tampa, Florida;
- Crown dealerships operating in North Carolina, South Carolina and Virginia;
- Greenville Automotive dealerships operating in Greenville, South Carolina;
- Hare and Estes dealerships operating in the Indianapolis, Indiana area;
- McDavid dealerships operating in metropolitan Austin and Dallas, Texas;
- Nalley dealerships operating in metropolitan Atlanta, Georgia;
- Park Place dealerships operating in the Dallas-Fort Worth area;
- Plaza dealerships operating in metropolitan St. Louis, Missouri; and
- Mike Shaw dealerships in the Denver, Colorado area.

Our revenues are derived primarily from: (i) the sale of new vehicles; (ii) the sale of used vehicles to individual retail customers ("used retail") and to other dealers at auction ("wholesale") (the terms "used retail" and "wholesale" collectively referred to as "used"); (iii) repair and maintenance services, including collision repair, the sale of automotive replacement parts, and the reconditioning of used vehicles (collectively referred to as "parts and service"); and (iv) the arrangement of third-party vehicle financing and the sale of a number of vehicle protection products (defined below and collectively referred to as "F&I"). We evaluate the results of our new and used vehicle sales based on unit volumes and gross profit per vehicle sold, our parts and service operations based on aggregate gross profit, and our F&I business based on F&I gross profit per vehicle sold.

Our gross profit margin varies with our revenue mix. Sales of new vehicles generally result in a lower gross profit margin than used vehicle sales, sales of parts and service, and sales of F&I products. As a result, when used vehicle, parts and service, and F&I revenue increase as a percentage of total revenue, we expect our overall gross profit margin to increase.

Selling, general, and administrative ("SG&A") expenses consist primarily of fixed and incentive-based compensation, advertising, rent, insurance, utilities, and other customary operating expenses. A significant portion of our cost structure is variable (such as sales commissions) or controllable (such as advertising), which we believe allows us to adapt to changes in the retail environment over the long-term. We evaluate commissions paid to salespeople as a percentage of retail vehicle gross profit, advertising expense on a per vehicle retailed ("PVR") basis, and all other SG&A expenses in the aggregate as a percentage of total gross profit.

Our continued organic growth is dependent upon the execution of our balanced automotive retailing and service business strategy, the continued strength of our brand mix, and the production and allocation of desirable vehicles from the automobile manufacturers whose brands we sell. Our vehicle sales have historically fluctuated with product availability as well as local and national economic conditions, including consumer confidence, availability of consumer credit, fuel prices, and employment levels. Our vehicle sales may also be impacted by manufacturer imposed stop-sales or open safety recalls.

In addition, our ability to sell certain new and used vehicles can be negatively impacted by a number of factors, some of which are outside of our control. As a result of market conditions caused by COVID-19, certain vehicle manufacturers and other suppliers have ceased or slowed production of new vehicles, parts and other supplies. We cannot predict with any certainty how long the automotive retail industry will be subject to these production slowdowns implemented by the manufacturers and other suppliers and when normalized production will resume at these manufacturers. Further, governmental actions, such as travel restrictions imposed in response to national emergencies or the imposition of tariffs or trade restrictions on imported goods may adversely affect vehicle sales and depress demand. Although we cannot adequately predict the impact of COVID-19, we continue to believe that the impact on our business of any future negative trends in new vehicle sales would be partially mitigated by (i) the expected relative stability of our parts and service operations over the long-term, (ii) the variable nature of significant components of our cost structure, and (iii) our diversified brand and geographic mix.

Park Place Acquisition

As previously announced, on December 11, 2019, the Company entered into (1) an Asset Purchase Agreement (the "2019 Asset Purchase Agreement") with certain members of the Park Place Dealership family of entities, Park Place Mid-Cities, Ltd., a Texas limited partnership, and the identified principal (collectively, "Park Place") and (2) a Real Estate Purchase Agreement (the "Real Estate Purchase Agreement" and, together with the 2019 Asset Purchase Agreement, the "Transaction Agreements") with certain members of the Park Place Dealership family of entities to acquire substantially all of the assets of, and certain real property related to, the Park Place business. The 2019 Asset Purchase Agreement included the purchase of 19 franchises (3 Mercedes-Benz, 3 Sprinter, 2 Lexus, 2 Jaguar, 2 Land Rover, 1 Porsche, and 1 Volvo and 5 ultra luxury brands including 1 Bentley, 1 Rolls Royce, 1 McLaren, 1 Maserati and 1 Karma), two collision centers and an auto auction. On March 24, 2020, Asbury delivered notice to the sellers terminating the Transaction Agreements pursuant to the terms thereof in exchange for the payment of $10.0 million of liquidated damages. Please refer to Liquidity and Capital Resources for additional details regarding the impact on financing transactions.

As a result of the Company's efforts to attempt to mitigate the financial impact of COVID-19, along with a strong May and June performance, the Company reengaged on the Park Place Dealership group acquisition under more favorable pricing and more flexible financing terms, including limiting the purchase of luxury dealership franchises to those most aligned with the Company's core strategic business. On July 6, 2020, the Company entered into an Asset Purchase Agreement (the "Revised Asset Purchase Agreement") with Park Place to acquire substantially all of the assets of, and lease the real property related to, 12 new vehicle dealership franchises (3 Mercedes-Benz, 3 Sprinter, 2 Lexus, 1 Jaguar, 1 Land Rover, 1 Porsche, and 1 Volvo), two collision centers and an auto auction comprising the Park Place Dealership group (collectively, the "Revised Transaction") for a purchase price of $889.9 million. The Revised Transaction was completed on August 24, 2020. The purchase price was financed through a combination of cash, floor plan facilities and seller financing.

Impact of COVID-19 on Our Business

In response to the economic downturn to our business experienced as a result of the COVID-19 pandemic, in early April management took various actions in an attempt to mitigate the financial impact. These actions included the furlough of employees, reduced store hours, and the suspension of the Company's 401(k) match. In addition, the Company implemented temporary reductions in pay for all employees and the Company's directors also agreed to waive portions of their annual cash retainers. We continued to evaluate these actions throughout the second quarter and made the difficult decision to permanently reduce the workforce by approximately 1,300 employees to help align our expense structure with the current business environment. During the three months ended September 30, 2020, we reinstated full pay to employees impacted by the temporary reductions and the Company's 401(k) match for eligible employees. We continue to monitor and respond as necessary to the Company's operational needs during the ongoing outbreak of the COVID-19 pandemic and the resulting economic uncertainty.

The gradual rebound to our business we began to experience in May and June, continued through the third quarter. The seasonally adjusted annual rate ("SAAR") of new vehicle sales in the U.S. during the three months ended September 30, 2020 was 15.4 million compared to 17.0 million during the three months ended September 30, 2019. On a same-store basis, all of our revenue streams declined from the prior year quarter with the exception of used vehicle wholesale revenue. Despite this decline in revenue, we experienced a significant increase in our new and used gross profit margins for the quarter ended September 30, 2020 as new vehicle supply disruptions triggered by the COVID-19 pandemic reduced the availability of new vehicle inventory and eventually drove up demand for used vehicles. Our parts and service business also showed signs of a recovery and volume is now closely approaching pre-pandemic levels.

We continue to monitor and manage our cash flows and have enacted cost saving measures to respond to the uncertain environment. The Company has significantly reduced its marketing expenses, deferred most capital expenditures, and managed other controllable expenses. The flexibility of our cost structure has resulted in profitability throughout the COVID-19 pandemic, with third quarter profitability far exceeding that of the prior year period. Since the Company cannot predict the duration of and effects of the pandemic, we will continue to evaluate our options and manage the business as appropriate in order to preserve our financial flexibility during this challenging time.

We had total available liquidity of $384.9 million as of September 30, 2020, which consisted of cash and cash equivalents of $4.1 million, $39.8 million of funds in our floor plan offset accounts, $237.3 million of availability under our revolving credit facility, and $103.7 million of availability under our used vehicle revolving floor plan facility. For further discussion of our liquidity, please refer to "Liquidity and Capital Resources" below. We believe we will have sufficient liquidity to meet our debt service and working capital requirements; commitments and contingencies; debt repayment, maturity and repurchase obligations; acquisitions; capital expenditures; and any operating requirements for at least the next twelve months.

During the first quarter of 2020, we recorded a $23.0 million non-cash impairment charge related to our intangible manufacturer franchise rights. Future outbreaks in the markets in which we operate may cause changes in customer behaviors, including a potential reduction in traffic at our dealerships and could result in additional impairment charges if the COVID-19 global pandemic continues. The uncertainties in the global economy may negatively impact our suppliers and other business partners, which may interrupt our supply chain and require other changes to our operations. These and other factors may adversely impact our financial condition, liquidity and cash flow. We cannot accurately predict the amount and timing of any additional impairment charge at this time, however, any such impairment charge could have an adverse effect on our results of operations and stockholders' equity.

Our top priority continues to be the safety and protection of our customers, team members and their families. We have modified certain business practices to conform to government restrictions and are taking precautionary measures as directed by government and regulatory authorities. Following the CDC's recommendation, we are providing face masks to employees and guests as required. We have also increased the frequency of dealership cleanings, implemented the use of plastic seat and steering wheel covers when performing service on guest vehicles, and the thorough cleaning and sanitizing of loaner vehicles after each use, and have secured extra supplies of hand sanitizer, alcohol wipes, gloves and disinfectants for both employee and guest use at our dealerships. Many of our stores are also offering complimentary pick-up and delivery services to our customers, and we continue to offer online purchasing of new and used vehicles with delivery to the customer.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2020 Compared to the Three Months Ended September 30, 2019

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	Increase (Decrease)	% Change
	(Dollars in millions, except per share data)			
REVENUE:				
New vehicle	$ 957.9	$ 986.9	$ (29.0)	(3)%
Used vehicle	569.5	546.9	22.6	4 %
Parts and service	237.2	227.6	9.6	4 %
Finance and insurance, net	80.8	80.6	0.2	— %
TOTAL REVENUE	1,845.4	1,842.0	3.4	— %
GROSS PROFIT:				
New vehicle	60.6	38.6	22.0	57 %
Used vehicle	49.2	32.4	16.8	52 %
Parts and service	145.3	141.5	3.8	3 %
Finance and insurance, net	80.8	80.6	0.2	— %
TOTAL GROSS PROFIT	335.9	293.1	42.8	15 %
OPERATING EXPENSES:				
Selling, general, and administrative	206.5	202.0	4.5	2 %
Depreciation and amortization	9.8	9.1	0.7	8 %
Other operating expense (income), net	0.5	(0.2)	0.7	NM
INCOME FROM OPERATIONS	119.1	82.2	36.9	45 %
OTHER EXPENSES (INCOME):				
Floor plan interest expense	3.0	9.0	(6.0)	(67)%
Other interest expense, net	12.9	13.7	(0.8)	(6)%
Gain on dealership divestitures, net	(24.7)	—	(24.7)	— %
Total other (income) expenses, net	(8.8)	22.7	(31.5)	(139)%
INCOME BEFORE INCOME TAXES	127.9	59.5	68.4	115 %
Income tax expense	31.7	14.5	17.2	119 %
NET INCOME	$ 96.2	$ 45.0	$ 51.2	114 %
Net income per common share—Diluted	$ 4.96	$ 2.33	$ 2.63	113 %

NM—Not Meaningful

	For the Three Months Ended September 30,	
	2020	2019
REVENUE MIX PERCENTAGES:		
New vehicle	51.9 %	53.6 %
Used vehicle retail	27.4 %	27.3 %
Used vehicle wholesale	3.4 %	2.3 %
Parts and service	12.9 %	12.4 %
Finance and insurance, net	4.4 %	4.4 %
Total revenue	100.0 %	100.0 %
GROSS PROFIT MIX PERCENTAGES:		
New vehicle	18.0 %	13.2 %
Used vehicle retail	12.8 %	11.5 %
Used vehicle wholesale	1.8 %	(0.5)%
Parts and service	43.3 %	48.3 %
Finance and insurance, net	24.1 %	27.5 %
Total gross profit	100.0 %	100.0 %
GROSS PROFIT MARGIN	18.2	15.9
SG&A EXPENSES AS A PERCENTAGE OF GROSS PROFIT	61.5 %	68.9 %

Total revenue during the third quarter of 2020 increased by $3.4 million compared to the third quarter of 2019, due to a $22.6 million (4%) increase in used vehicle revenue, a $9.6 million (4%) increase in parts and service revenue and a $0.2 million increase in F&I, net revenue, partially offset by a $29.0 million (3%) decrease in new vehicle revenue. During the three months ended September 30, 2020, gross profit increased by $42.8 million (15%) driven by a $22.0 million (57%) increase in new vehicle gross profit, a $16.8 million (52%) increase in used vehicle gross profit, a $3.8 million (3%) increase in parts and service gross profit and a $0.2 million increase in F&I gross profit.

Income from operations during the third quarter of 2020 increased by $36.9 million (45%) compared to the third quarter of 2019, primarily due to the $42.8 million (15%) increase in gross profit, partially offset by a $4.5 million (2%) increase in SG&A expense, a $0.7 million (8%) increase in depreciation and amortization expenses and a $0.7 million decrease in other operating expense (income), net. Total other expenses, net decreased by $31.5 million (139%), primarily due to a $24.7 million gain on dealership divestiture, a $6.0 million (67%) decrease in floor plan interest expense and a $0.8 million (6%) decrease in other interest expense, net during the third quarter of 2020. As a result, income before income taxes increased $68.4 million (115%). Overall, net income increased by $51.2 million (114%) during the third quarter of 2020 as compared to the third quarter of 2019.

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New Vehicle—

	For the Three Months Ended September 30,		Increase (Decrease)	% Change
	2020	2019		
	(Dollars in millions, except for per vehicle data)			
As Reported:				
Revenue:				
Luxury	$ 345.9	$ 324.5	$ 21.4	7 %
Import	414.0	456.3	(42.3)	(9)%
Domestic	198.0	206.1	(8.1)	(4)%
Total new vehicle revenue	$ 957.9	$ 986.9	$ (29.0)	(3)%
Gross profit:				
Luxury	$ 28.4	$ 19.7	$ 8.7	44 %
Import	19.3	10.2	9.1	89 %
Domestic	12.9	8.7	4.2	48 %
Total new vehicle gross profit	$ 60.6	$ 38.6	$ 22.0	57 %
New vehicle units:				
Luxury	6,157	6,025	132	2 %
Import	13,818	15,998	(2,180)	(14)%
Domestic	4,580	5,055	(475)	(9)%
Total new vehicle units	24,555	27,078	(2,523)	(9)%
Same Store:				
Revenue:				
Luxury	$ 267.0	$ 312.2	$ (45.2)	(14)%
Import	394.6	422.9	(28.3)	(7)%
Domestic	179.2	187.0	(7.8)	(4)%
Total new vehicle revenue	$ 840.8	$ 922.1	$ (81.3)	(9)%
Gross profit:				
Luxury	$ 20.6	$ 18.9	$ 1.7	9 %
Import	18.2	9.9	8.3	84 %
Domestic	11.6	7.6	4.0	53 %
Total new vehicle gross profit	$ 50.4	$ 36.4	$ 14.0	38 %
New vehicle units				
Luxury	4,834	5,790	(956)	(17)%
Import	13,202	14,922	(1,720)	(12)%
Domestic	4,181	4,592	(411)	(9)%
Total new vehicle units	22,217	25,304	(3,087)	(12)%

New Vehicle Metrics—

	For the Three Months Ended September 30,			
	2020	2019	Increase (Decrease)	% Change
As Reported:				
Revenue per new vehicle sold	$ 39,010	$ 36,447	$ 2,563	7 %
Gross profit per new vehicle sold	$ 2,468	$ 1,426	$ 1,042	73 %
New vehicle gross margin	6.3 %	3.9 %	2.4 %	
Luxury:				
Gross profit per new vehicle sold	$ 4,613	$ 3,270	$ 1,343	41 %
New vehicle gross margin	8.2 %	6.1 %	2.1 %	
Import:				
Gross profit per new vehicle sold	$ 1,397	$ 638	$ 759	119 %
New vehicle gross margin	4.7 %	2.2 %	2.5 %	
Domestic:				
Gross profit per new vehicle sold	$ 2,817	$ 1,721	$ 1,096	64 %
New vehicle gross margin	6.5 %	4.2 %	2.3 %	
Same Store:				
Revenue per new vehicle sold	$ 37,845	$ 36,441	$ 1,404	4 %
Gross profit per new vehicle sold	$ 2,269	$ 1,439	$ 830	58 %
New vehicle gross margin	6.0 %	3.9 %	2.1 %	
Luxury:				
Gross profit per new vehicle sold	$ 4,261	$ 3,264	$ 997	31 %
New vehicle gross margin	7.7 %	6.1 %	1.6 %	
Import:				
Gross profit per new vehicle sold	$ 1,379	$ 663	$ 716	108 %
New vehicle gross margin	4.6 %	2.3 %	2.3 %	
Domestic:				
Gross profit per new vehicle sold	$ 2,774	$ 1,655	$ 1,119	68 %
New vehicle gross margin	6.5 %	4.1 %	2.4 %	

New vehicle revenue decreased by $29.0 million (3%) due to a $42.3 million (9%) decrease in import brands revenue and a $8.1 million (4%) decrease in domestic brands revenue, partially offset by a $21.4 million (7%) increase in luxury brands revenue. Luxury brand revenue benefited from the acquisition of the Park Place Dealership group during the third quarter. The 3% decrease in new vehicle revenue is the result of a 9% decrease in new vehicle units sold, partially offset by an increase in revenue per new vehicle sold. Same store new vehicle revenue decreased by $81.3 million (9%) due to a $45.2 million (14%) decrease in luxury brands revenue, a $28.3 million (7%) decrease in import brands revenue, and a $7.8 million (4%) decrease in domestic brands revenue.

New vehicle gross profit increased by $22.0 million (57%) for the three months ended September 30, 2020 and same store new vehicle gross profit increased $14.0 million (38%) over the same period. Same store new vehicle gross profit margin for the three months ended September 30, 2020 increased 210 basis points to 6.0%. The increase in our same store gross profit margin was primarily attributable to our efforts to focus on optimizing margin as new inventory levels declined as a result of manufacturers reducing or temporarily halting production due to the COVID-19 pandemic.

We ended the quarter with approximately 47 days of supply of new vehicle inventory, below our target range of 70 - 75 days. Our new vehicle inventory levels have been negatively impacted by production disruptions at the manufacturers caused by the COVID-19 pandemic.

Used Vehicle—

	For the Three Months Ended September 30,		Increase (Decrease)	% Change
	2020	2019		
	(Dollars in millions, except for per vehicle data)			
As Reported:				
Revenue:				
Used vehicle retail revenue	$ 507.4	$ 505.0	$ 2.4	— %
Used vehicle wholesale revenue	62.1	41.9	20.2	48 %
Used vehicle revenue	$ 569.5	$ 546.9	$ 22.6	4 %
Gross profit:				
Used vehicle retail gross profit	$ 43.3	$ 33.9	$ 9.4	28 %
Used vehicle wholesale gross profit	5.9	(1.5)	7.4	NM
Used vehicle gross profit	$ 49.2	$ 32.4	$ 16.8	52 %
Used vehicle retail units:				
Used vehicle retail units	20,464	22,988	(2,524)	(11)%
Same Store:				
Revenue:				
Used vehicle retail revenue	$ 451.6	$ 464.2	$ (12.6)	(3)%
Used vehicle wholesale revenue	50.7	39.0	11.7	30 %
Used vehicle revenue	$ 502.3	$ 503.2	$ (0.9)	— %
Gross profit:				
Used vehicle retail gross profit	$ 38.3	$ 31.7	$ 6.6	21 %
Used vehicle wholesale gross profit	4.9	(1.3)	6.2	NM
Used vehicle gross profit	$ 43.2	$ 30.4	$ 12.8	42 %
Used vehicle retail units:				
Used vehicle retail units	18,815	21,070	(2,255)	(11)%

Used Vehicle Metrics—

	For the Three Months Ended September 30,		Increase (Decrease)	% Change
	2020	2019		
As Reported:				
Revenue per used vehicle retailed	$ 24,795	$ 21,968	$ 2,827	13 %
Gross profit per used vehicle retailed	$ 2,116	$ 1,475	$ 641	43 %
Used vehicle retail gross margin	8.5 %	6.7 %	1.8 %	
Same Store:				
Revenue per used vehicle retailed	$ 24,002	$ 22,031	$ 1,971	9 %
Gross profit per used vehicle retailed	$ 2,036	$ 1,505	$ 531	35 %
Used vehicle retail gross margin	8.5 %	6.8 %	1.7 %	

Used vehicle revenue increased by $22.6 million (4%) due to a $2.4 million increase in used vehicle retail revenue and a $20.2 million (48%) increase in used vehicle wholesale revenue. Same store used vehicle revenue decreased by $0.9 million due to a $12.6 million (3%) decrease in used vehicle retail revenue, partially offset by a $11.7 million (30%) increase in used vehicle wholesale revenue. Total company and same store unit sales both decreased (11%) during the three months ended September 30, 2020.

For the three months ended September 30, 2020, total Company and same store used vehicle retail gross profit margins increased 180 basis points and 170 basis points, respectively. During the third quarter of 2020, the used vehicle market continued to recover from the downturn that occurred towards the end of March through April and benefited from declines in new vehicle inventory availability. The Company's wholesale gross profit and gross margin percentage also benefited from the recovery in the used vehicle market.

Our 35 days of supply of used vehicle inventory as of September 30, 2020, is within our targeted range of 30 to 35 days.

Parts and Service—

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	Increase (Decrease)	% Change
	(Dollars in millions)			
As Reported:				
Parts and service revenue	$ 237.2	$ 227.6	$ 9.6	4 %
Parts and service gross profit:				
Customer pay	84.0	79.8	4.2	5 %
Warranty	25.7	22.1	3.6	16 %
Wholesale parts	5.8	5.8	—	— %
Parts and service gross profit, excluding reconditioning and preparation	$ 115.5	$ 107.7	$ 7.8	7 %
Parts and service gross margin, excluding reconditioning and preparation	48.7 %	47.3 %	1.4 %	
Reconditioning and preparation *	$ 29.8	$ 33.8	$ (4.0)	(12)%
Total parts and service gross profit	$ 145.3	$ 141.5	$ 3.8	3 %
Same Store:				
Parts and service revenue	$ 209.0	$ 214.8	$ (5.8)	(3)%
Parts and service gross profit:				
Customer pay	74.0	75.8	(1.8)	(2)%
Warranty	21.1	21.1	—	— %
Wholesale parts	5.2	5.4	(0.2)	(4)%
Parts and service gross profit, excluding reconditioning and preparation	$ 100.3	$ 102.3	$ (2.0)	(2)%
Parts and service gross margin, excluding reconditioning and preparation	48.0 %	47.6 %	0.4 %	
Reconditioning and preparation *	$ 26.8	$ 31.1	$ (4.3)	(14)%
Total parts and service gross profit	$ 127.1	$ 133.4	$ (6.3)	(5)%

** Reconditioning and preparation represents the gross profit earned by our parts and service departments for internal work performed and is included as a reduction of Parts and Service Cost of Sales in the accompanying Condensed Consolidated Statements of Income upon the sale of the vehicle.*

The $9.6 million (4%) increase in parts and service revenue was due to a $6.8 million (4%) increase in customer pay revenue and a $3.9 million (9%) increase in warranty revenue, partially offset by a $1.1 million (3%) decrease in wholesale parts revenue. Same store parts and service revenue decreased by $5.8 million (3%) to $209.0 million during the three months ended September 30, 2020 from $214.8 million during the three months ended September 30, 2019. The decrease in same store parts and service revenue was due to a $3.3 million (2%) decrease in customer pay revenue, a $1.2 million (3%) decrease in warranty revenue and a $1.3 million (4%) decrease in wholesale parts revenue.

Parts and service gross profit, excluding reconditioning and preparation, increased by $7.8 million (7%) to $115.5 million and same store parts and service gross profit, excluding reconditioning and preparation, decreased by $2.0 million (2%) to $100.3 million. Our parts and service business has been negatively impacted by a combination of people driving fewer miles and customer fears of being more susceptible to contracting COVID-19 in public locations. We continue to focus on increasing our customer pay parts and service revenue over the long-term by upgrading equipment, improving the customer experience, providing market leading benefits to our technicians and capitalizing on our dealership training programs.

Finance and Insurance, net—

	For the Three Months Ended September 30,						
	2020		2019		Increase (Decrease)		% Change
	(Dollars in millions, except for per vehicle data)						
As Reported:							
Finance and insurance, net	$	80.8	$	80.6	$	0.2	— %
Finance and insurance, net per vehicle sold	$	1,795	$	1,610	$	185	11 %
Same Store:							
Finance and insurance, net	$	75.1	$	75.2	$	(0.1)	— %
Finance and insurance, net per vehicle sold	$	1,830	$	1,622	$	208	13 %

F&I, net revenue increased by $0.2 million during the third quarter of 2020 as compared to the third quarter of 2019 and same store F&I, net revenue decreased by $0.1 million over the same period. We attribute the increase in all stores F&I, net revenue to the 11% increase in F&I PVR, partially offset by a 10% decrease in total retail units.

Selling, General, and Administrative Expense—

	For the Three Months Ended September 30,								
		2020	% of Gross Profit		2019	% of Gross Profit		Increase (Decrease)	% of Gross Profit Increase (Decrease)
	(Dollars in millions)								
As Reported:									
Personnel costs	$	106.5	31.7 %	$	95.1	32.4 %	$	11.4	(0.7)%
Sales compensation		32.4	9.6 %		31.5	10.7 %		0.9	(1.1)%
Share-based compensation		2.6	0.8 %		3.6	1.2 %		(1.0)	(0.4)%
Outside services		21.9	6.5 %		21.0	7.2 %		0.9	(0.7)%
Advertising		6.3	1.9 %		9.9	3.4 %		(3.6)	(1.5)%
Rent		8.1	2.4 %		6.7	2.3 %		1.4	0.1 %
Utilities		4.2	1.3 %		4.5	1.5 %		(0.3)	(0.2)%
Insurance		3.3	1.0 %		2.9	1.0 %		0.4	— %
Other		21.2	6.3 %		26.8	9.2 %		(5.6)	(2.9)%
Selling, general, and administrative expense	$	206.5	61.5 %	$	202.0	68.9 %	$	4.5	(7.4)%
Gross profit	$	335.9		$	293.1				
Same Store:									
Personnel costs	$	95.0	32.1 %	$	89.8	32.6 %	$	5.2	(0.5)%
Sales compensation		29.1	9.8 %		29.2	10.6 %		(0.1)	(0.8)%
Share-based compensation		2.6	0.9 %		3.6	1.3 %		(1.0)	(0.4)%
Outside services		19.5	6.6 %		19.7	7.2 %		(0.2)	(0.6)%
Advertising		5.2	1.8 %		9.1	3.3 %		(3.9)	(1.5)%
Rent		8.0	2.7 %		6.7	2.4 %		1.3	0.3 %
Utilities		3.8	1.3 %		4.2	1.5 %		(0.4)	(0.2)%
Insurance		2.7	0.9 %		2.5	0.9 %		0.2	— %
Other		19.4	6.5 %		26.0	9.5 %		(6.6)	(3.0)%
Selling, general, and administrative expense	$	185.3	62.6 %	$	190.8	69.3 %	$	(5.5)	(6.7)%
Gross profit	$	295.8		$	275.4				

SG&A expense as a percentage of gross profit decreased 740 basis points from 68.9% for the third quarter of 2019 to 61.5% for the third quarter of 2020. Same store SG&A expense as a percentage of gross profit decreased 670 basis points, from 69.3% for the third quarter of 2019 to 62.6% over the same period in 2020. The decrease in SG&A as a percentage of gross profit is the result of broad cost cutting measures implemented as a result of the COVID-19 pandemic and higher gross profits on new and used vehicle sales triggered by new vehicle inventory shortages caused by COVID -19 pandemic related production disruptions. Our cost cutting measures significantly reduced controllable expenses, such as advertising and travel. We anticipate our SG&A expense as a percentage of gross profit returning to historic levels in the mid-to-upper 60% range in future quarters.

Other Operating Expense (Income), net —

Other operating expense (income), net includes gains and losses from the sale of property and equipment, and other operating items not considered core to our business. During the three months ended September 30, 2020, we recorded an impairment charge of $0.7 million related to property and equipment reflected in Assets held for sale included in the Condensed Consolidated Balance Sheet as of September 30, 2020.

Floor Plan Interest Expense —

Floor plan interest expense decreased by $6.0 million (67%) to $3.0 million during the three months ended September 30, 2020 compared to $9.0 million for the three months ended September 30, 2019, primarily due to lower average new vehicle inventory levels and a decrease in the 30 day LIBOR rate from which our floor plan interest rate is calculated.

Other Interest Expense, net —

The $0.8 million (6%) decrease in other interest expense, net is primarily the result of the interest savings from refinancing our $600.0 million 6% Notes during the first quarter of 2020 with our $280.0 million 4.5% Notes and our $320.0 million 4.75% Notes and a decrease in the 30 day LIBOR rate on unhedged mortgage debt. These decreases were partially offset by an increase in interest expense due to a higher average debt outstanding due to the issuance of the Sellers Notes in connection with the Revised Transaction and the $250.0 million September 2020 offering of the Senior Notes during the three months ended September 30, 2020 as compared to the same period in the prior year.

Income Tax Expense —

The $17.2 million (119%) increase in income tax expense was primarily the result of a $68.4 million (115%) increase in income before income taxes. Our effective tax rate for the three months ended September 30, 2020 was 24.8% compared to 24.4% in the prior comparative period. For 2020, we expect our effective tax rate to approximate 25%.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	Increase (Decrease)	% Change
	(Dollars in millions, except per share data)			
REVENUE:				
New vehicle	$ 2,541.8	$ 2,823.9	$ (282.1)	(10)%
Used vehicle	1,510.2	1,590.4	(80.2)	(5)%
Parts and service	628.0	669.7	(41.7)	(6)%
Finance and insurance, net	217.8	232.3	(14.5)	(6)%
TOTAL REVENUE	4,897.8	5,316.3	(418.5)	(8)%
GROSS PROFIT:				
New vehicle	135.6	114.8	20.8	18 %
Used vehicle	117.0	102.8	14.2	14 %
Parts and service	380.7	417.4	(36.7)	(9)%
Finance and insurance, net	217.8	232.3	(14.5)	(6)%
TOTAL GROSS PROFIT	851.1	867.3	(16.2)	(2)%
OPERATING EXPENSES:				
Selling, general, and administrative	553.4	593.7	(40.3)	(7)%
Depreciation and amortization	29.0	26.7	2.3	9 %
Franchise rights impairment	23.0	—	23.0	— %
Other operating expense, net	9.4	1.0	8.4	NM
INCOME FROM OPERATIONS	236.3	245.9	(9.6)	(4)%
OTHER EXPENSES (INCOME):				
Floor plan interest expense	14.1	29.7	(15.6)	(53)%
Other interest expense, net	41.7	41.2	0.5	1 %
Loss on extinguishment of long-term debt, net	20.6	—	20.6	— %
Gain on dealership divestitures, net	(58.4)	(11.7)	(46.7)	NM
Total other expenses, net	18.0	59.2	(41.2)	(70)%
INCOME BEFORE INCOME TAXES	218.3	186.7	31.6	17 %
Income tax expense	53.0	45.9	7.1	15 %
NET INCOME	$ 165.3	$ 140.8	$ 24.5	17 %
Net income per share—Diluted	$ 8.56	$ 7.30	$ 1.26	17 %

NM—Not Meaningful

	For the Nine Months Ended September 30,	
	2020	2019
REVENUE MIX PERCENTAGES:		
New vehicle	51.9 %	53.1 %
Used vehicle retail	28.0 %	27.3 %
Used vehicle wholesale	2.9 %	2.6 %
Parts and service	12.8 %	12.6 %
Finance and insurance, net	4.4 %	4.4 %
Total revenue	100.0 %	100.0 %
GROSS PROFIT MIX PERCENTAGES:		
New vehicle	15.9 %	13.2 %
Used vehicle retail	12.5 %	11.8 %
Used vehicle wholesale	1.3 %	0.1 %
Parts and service	44.7 %	48.1 %
Finance and insurance, net	25.6 %	26.8 %
Total gross profit	100.0 %	100.0 %
GROSS PROFIT MARGIN	17.4 %	16.3 %
SG&A EXPENSES AS A PERCENTAGE OF GROSS PROFIT	65.0 %	68.5 %

Total revenue for the nine months ended September 30, 2020 decreased by $418.5 million (8%) compared to the nine months ended September 30, 2019, due to a $282.1 million (10%) decrease in new vehicle revenue, a $80.2 million (5%) decrease in used vehicle revenue, a $41.7 million (6%) decrease in parts and service revenue and a $14.5 million (6%) decrease in F&I, net revenue. The $16.2 million (2%) decrease in gross profit during the nine months ended September 30, 2020 was driven by a $36.7 million (9%) decrease in parts and service gross profit and a $14.5 million (6%) decrease in F&I, net, partially offset by a $14.2 million (14%) increase in used vehicle gross profit and a $20.8 million (18%) increase in new vehicle gross profit.

Income from operations during the nine months ended September 30, 2020 decreased by $9.6 million (4%) compared to the nine months ended September 30, 2019, due to the $16.2 million (2%) decrease in gross profit, a $23.0 million franchise right impairment charge, a $8.4 million increase in other operating expense, net and a $2.3 million (9%) increase in depreciation and amortization expense, partially offset by a $40.3 million (7%) decrease in SG&A expenses.

Total other expenses, net decreased by $41.2 million (70%), primarily as a result of a $46.7 million increase in the gain on dealership divestitures, net during the first nine months of 2020 when compared to the first nine months of 2019, a $15.6 million (53%) decrease in floor plan interest expense, partially offset by a $20.6 million loss on extinguishment of debt and a $0.5 million (1%) increase in other interest expense, net. As a result, income before income taxes increased $31.6 million (17%) to $218.3 million for the nine months ended September 30, 2020. Overall, net income increased by $24.5 million (17%) during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019.

New Vehicle—

	For the Nine Months Ended September 30,			
	2020	2019	Increase (Decrease)	% Change
	(Dollars in millions, except for per vehicle data)			
As Reported:				
Revenue:				
Luxury	$ 865.9	$ 929.8	$ (63.9)	(7)%
Import	1,114.1	1,290.4	(176.3)	(14)%
Domestic	561.8	603.7	(41.9)	(7)%
Total new vehicle revenue	$ 2,541.8	$ 2,823.9	$ (282.1)	(10)%
Gross profit:				
Luxury	$ 62.1	$ 58.0	$ 4.1	7 %
Import	42.5	31.5	11.0	35 %
Domestic	31.0	25.3	5.7	23 %
Total new vehicle gross profit	$ 135.6	$ 114.8	$ 20.8	18 %
New vehicle units:				
Luxury	15,508	16,933	(1,425)	(8)%
Import	37,886	45,697	(7,811)	(17)%
Domestic	13,198	15,006	(1,808)	(12)%
Total new vehicle units	66,592	77,636	(11,044)	(14)%
Same Store:				
Revenue:				
Luxury	$ 770.0	$ 896.1	$ (126.1)	(14)%
Import	1,037.5	1,175.3	(137.8)	(12)%
Domestic	484.0	543.4	(59.4)	(11)%
Total new vehicle revenue	$ 2,291.5	$ 2,614.8	$ (323.3)	(12)%
Gross profit:				
Luxury	$ 53.2	$ 55.6	$ (2.4)	(4)%
Import	38.9	29.1	9.8	34 %
Domestic	26.6	22.5	4.1	18 %
Total new vehicle gross profit	$ 118.7	$ 107.2	$ 11.5	11 %
New vehicle units:				
Luxury	13,863	16,293	(2,430)	(15)%
Import	35,457	41,775	(6,318)	(15)%
Domestic	11,487	13,551	(2,064)	(15)%
Total new vehicle units	60,807	71,619	(10,812)	(15)%

New Vehicle Metrics—

	For the Nine Months Ended September 30,		Increase (Decrease)	% Change
	2020	2019		
As Reported:				
Revenue per new vehicle sold	$ 38,170	$ 36,374	$ 1,796	5 %
Gross profit per new vehicle sold	$ 2,036	$ 1,479	$ 557	38 %
New vehicle gross margin	5.3 %	4.1 %	1.2 %	
Luxury:				
Gross profit per new vehicle sold	$ 4,004	$ 3,425	$ 579	17 %
New vehicle gross margin	7.2 %	6.2 %	1.0 %	
Import:				
Gross profit per new vehicle sold	$ 1,122	$ 689	$ 433	63 %
New vehicle gross margin	3.8 %	2.4 %	1.4 %	
Domestic:				
Gross profit per new vehicle sold	$ 2,349	$ 1,686	$ 663	39 %
New vehicle gross margin	5.5 %	4.2 %	1.3 %	
Same Store:				
Revenue per new vehicle sold	$ 37,685	$ 36,510	$ 1,175	3 %
Gross profit per new vehicle sold	$ 1,952	$ 1,497	$ 455	30 %
New vehicle gross margin	5.2 %	4.1 %	1.1 %	
Luxury:				
Gross profit per new vehicle sold	$ 3,838	$ 3,413	$ 425	12 %
New vehicle gross margin	6.9 %	6.2 %	0.7 %	
Import:				
Gross profit per new vehicle sold	$ 1,097	$ 697	$ 400	57 %
New vehicle gross margin	3.7 %	2.5 %	1.2 %	
Domestic:				
Gross profit per new vehicle sold	$ 2,316	$ 1,660	$ 656	40 %
New vehicle gross margin	5.5 %	4.1 %	1.4 %	

For the nine months ended September 30, 2020, new vehicle revenue decreased by $282.1 million (10%) as a result of a 14% decrease in new vehicle units sold, partially offset by an increase in revenue per new vehicle sold. For the nine months ended September 30, 2020, same store new vehicle revenue decreased by $323.3 million (12%) as the result of a 15% decrease in new vehicle units sold, partially offset by a 3% increase in revenue per unit sold.

For the nine months ended September 30, 2020, new vehicle gross profit and same store new vehicle gross profit increased by $20.8 million (18%) and $11.5 million (11%), respectively. Same store new vehicle gross margin for the nine months ended September 30, 2020 improved 110 basis points to 5.2%.

The seasonally adjusted annual rate ("SAAR") of new vehicle sales in the U.S. during the nine months ended September 30, 2020 was 14.0 million compared to 17.0 million during the nine months ended September 30, 2019, an 18% decrease. The Company experienced a significant decline in new vehicle sales during the latter half of March through April as a result of the "shelter in place" orders imposed by governmental and other regulatory authorities, in an attempt to curb the spread of COVID-19. New vehicle sales gradually began to rebound in the second quarter of 2020 and continued to strengthen into the third quarter of 2020. Despite the decrease in new vehicle revenue and units sold, we improved our new vehicle gross profit margins by $557 or 120 basis points on a PVR basis for all stores and $455 or 110 basis points on a same stores basis.

Used Vehicle—

	For the Nine Months Ended September 30, 2020	2019	Increase (Decrease)	% Change
	(Dollars in millions, except for per vehicle data)			
As Reported:				
Revenue:				
Used vehicle retail revenue	$ 1,366.0	$ 1,449.8	$ (83.8)	(6)%
Used vehicle wholesale revenue	144.2	140.6	3.6	3 %
Used vehicle revenue	$ 1,510.2	$ 1,590.4	$ (80.2)	(5)%
Gross profit:				
Used vehicle retail gross profit	$ 106.1	$ 102.2	$ 3.9	4 %
Used vehicle wholesale gross profit	10.9	0.6	10.3	NM
Used vehicle gross profit	$ 117.0	$ 102.8	$ 14.2	14 %
Used vehicle retail units:				
Used vehicle retail units	59,151	66,330	(7,179)	(11)%
Same Store:				
Revenue:				
Used vehicle retail revenue	$ 1,241.9	$ 1,332.5	$ (90.6)	(7)%
Used vehicle wholesale revenue	127.5	130.2	(2.7)	(2)%
Used vehicle revenue	$ 1,369.4	$ 1,462.7	$ (93.3)	(6)%
Gross profit:				
Used vehicle retail gross profit	$ 95.7	$ 95.4	$ 0.3	— %
Used vehicle wholesale gross profit	9.9	0.8	9.1	NM
Used vehicle gross profit	$ 105.6	$ 96.2	$ 9.4	10 %
Used vehicle retail units:				
Used vehicle retail units	54,299	60,826	(6,527)	(11)%

Used Vehicle Metrics—

	For the Nine Months Ended September 30, 2020	2019	Increase (Decrease)	% Change
As Reported:				
Revenue per used vehicle retailed	$ 23,093	$ 21,857	$ 1,236	6 %
Gross profit per used vehicle retailed	$ 1,794	$ 1,541	$ 253	16 %
Used vehicle retail gross margin	7.8 %	7.0 %	0.8 %	
Same Store:				
Revenue per used vehicle retailed	$ 22,872	$ 21,907	$ 965	4 %
Gross profit per used vehicle retailed	$ 1,762	$ 1,568	$ 194	12 %
Used vehicle retail gross margin	7.7 %	7.2 %	0.5 %	

Used vehicle revenue decreased by $80.2 million (5%) due to an $83.8 million (6%) decrease in used vehicle retail revenue, partially offset by a $3.6 million (3%) increase in used vehicle wholesale revenue. Same store used vehicle revenue decreased by $93.3 million (6%) due to a $90.6 million (7%) decrease in used vehicle retail revenue, and a $2.7 million (2%) decrease in used vehicle wholesale revenues.

For the nine months ended September 30, 2020, gross profit margins increased by 80 basis points to 7.8%. Similar to new vehicles, used vehicle retail sales experienced a significant decline during the second half of March and into April as a result of the COVID-19 pandemic, but steadily started to improve in May and June and continued to do so in the third quarter of 2020. While we saw a reduction in used vehicle revenue on an all and same store basis, an increased demand for used vehicles resulted in an improvement in used vehicle gross profit margins. Used vehicle gross profit margins increased for the nine months ended September 30, 2020 by $14.2 million on an all store basis and $9.4 million on a same store basis as compared to the nine months ended September 30, 2019.

Parts and Service—

	For the Nine Months Ended September 30,						
	2020		2019		Increase (Decrease)		% Change
	(Dollars in millions)						
As Reported:							
Parts and service revenue	$	628.0	$	669.7	$	(41.7)	(6)%
Parts and service gross profit:							
Customer pay		216.1		236.9		(20.8)	(9)%
Warranty		65.7		66.1		(0.4)	(1)%
Wholesale parts		15.6		17.6		(2.0)	(11)%
Parts and service gross profit, excluding reconditioning and preparation	$	297.4	$	320.6	$	(23.2)	(7)%
Parts and service gross margin, excluding reconditioning and preparation		47.4 %		47.9 %		(0.5)%	
Reconditioning and preparation *	$	83.3	$	96.8	$	(13.5)	(14)%
Total parts and service gross profit	$	380.7	$	417.4	$	(36.7)	(9)%
Same Store:							
Parts and service revenue	$	571.0	$	628.8	$	(57.8)	(9)%
Parts and service gross profit:							
Customer pay		197.1		224.3		(27.2)	(12)%
Warranty		56.8		62.7		(5.9)	(9)%
Wholesale parts		14.4		16.1		(1.7)	(11)%
Parts and service gross profit, excluding reconditioning and preparation	$	268.3	$	303.1	$	(34.8)	(11)%
Parts and service gross margin, excluding reconditioning and preparation		47.0 %		48.2 %		(1.2)%	
Reconditioning and preparation *	$	76.9	$	88.9	$	(12.0)	(13)%
Total parts and service gross profit	$	345.2	$	392.0	$	(46.8)	(12)%

* *Reconditioning and preparation represents the gross profit earned by our parts and service departments for internal work performed is included as a reduction of Parts and Service Cost of Sales in the accompanying Condensed Consolidated Statements of Income upon the sale of the vehicle.*

The $41.7 million (6%) decrease in parts and service revenue was primarily due to a $26.5 million (6%) decrease in customer pay revenue, a $3.7 million (3%) decrease in warranty revenue and an $11.5 million (12%) decrease in wholesale parts revenue. Same store parts and service revenue decreased by $57.8 million (9%) from $628.8 million for the nine months ended September 30, 2019 to $571.0 million for the nine months ended September 30, 2020. The decrease in same store parts and service revenue was due to a $36.8 million (9%) decrease in customer pay revenue, an $11.1 million (9%) decrease in warranty revenue and a $9.9 million (11%) decrease in wholesale parts revenue.

Parts and service gross profit, excluding reconditioning and preparation, decreased by $23.2 million (7%) to $297.4 million, and same store gross profit, excluding reconditioning and preparation, decreased by $34.8 million (11%) to $268.3 million. The parts and service business was negatively impacted by "shelter in place" orders issued in response to the COVID-19 pandemic but has shown continual improvement as restrictions began to ease. In addition, for a portion of the nine months ended September 30, 2020, the Company provided wage guarantees to certain skilled technicians which has negatively impacted the parts and service gross margin.

Finance and Insurance, net—

	For the Nine Months Ended September 30,		Increase (Decrease)	% Change
	2020	2019		
	(Dollars in millions, except for per vehicle data)			
As Reported:				
Finance and insurance, net	$ 217.8	$ 232.3	$ (14.5)	(6)%
Finance and insurance, net per vehicle sold	$ 1,732	$ 1,614	$ 118	7 %
Same Store:				
Finance and insurance, net	$ 202.2	$ 215.6	$ (13.4)	(6)%
Finance and insurance, net per vehicle sold	$ 1,757	$ 1,628	$ 129	8 %

F&I revenue, net decreased $14.5 million (6%) during the nine months ended September 30, 2020 when compared to the nine months ended September 30, 2019, and same store F&I revenue, net decreased by $13.4 million (6%) over the same period. F&I revenue, net was negatively impacted by the decrease in new and used retail unit sales as a result of the COVID-19 pandemic. For the nine months ended September 30, 2020, the Company was able to improve the F&I PVR by $118 per unit (7%) over the comparable prior year period.

Selling, General, and Administrative Expense—

	For the Nine Months Ended September 30,					
	2020	% of Gross Profit	2019	% of Gross Profit	Increase (Decrease)	% of Gross Profit Increase (Decrease)
	(Dollars in millions)					
As Reported:						
Personnel costs	$ 273.3	32.1 %	$ 282.2	32.5 %	$ (8.9)	(0.4)%
Sales compensation	84.6	9.9 %	90.7	10.5 %	(6.1)	(0.6)%
Share-based compensation	9.2	1.1 %	10.4	1.2 %	(1.2)	(0.1)%
Outside services	60.3	7.1 %	61.4	7.1 %	(1.1)	— %
Advertising	17.9	2.1 %	27.7	3.2 %	(9.8)	(1.1)%
Rent	20.8	2.4 %	20.3	2.3 %	0.5	0.1 %
Utilities	11.6	1.4 %	12.5	1.4 %	(0.9)	— %
Insurance	12.0	1.4 %	10.5	1.2 %	1.5	0.2 %
Other	63.7	7.5 %	78.0	9.1 %	(14.3)	(1.6)%
Selling, general, and administrative expense	$ 553.4	65.0 %	$ 593.7	68.5 %	$ (40.3)	(3.5)%
Gross profit	$ 851.1		$ 867.3			
Same Store:						
Personnel costs	$ 249.6	32.3 %	$ 265.0	32.7 %	$ (15.4)	(0.4)%
Sales compensation	77.0	10.0 %	83.7	10.3 %	(6.7)	(0.3)%
Share-based compensation	9.2	1.2 %	10.4	1.3 %	(1.2)	(0.1)%
Outside services	55.2	7.2 %	57.1	7.0 %	(1.9)	0.2 %
Advertising	14.8	1.9 %	25.3	3.1 %	(10.5)	(1.2)%
Rent	20.5	2.7 %	20.1	2.5 %	0.4	0.2 %
Utilities	10.7	1.4 %	11.6	1.4 %	(0.9)	— %
Insurance	10.5	1.4 %	9.1	1.1 %	1.4	0.3 %
Other	$ 60.2	7.7 %	$ 74.5	9.3 %	(14.3)	(1.6)%
Selling, general, and administrative expense	$ 507.7	65.8 %	$ 556.8	68.7 %	$ (49.1)	(2.9)%
Gross profit	$ 771.7		$ 811.0			

SG&A expense as a percentage of gross profit decreased 350 basis points from 68.5% for the nine months ended September 30, 2019 to 65.0% for the nine months ended September 30, 2020 while same store SG&A expense as a percentage of gross profit decreased 290 basis points to 65.8% over that same period. The decrease in SG&A as a percentage of gross profit during the nine months ended September 30, 2020, is primarily the result of broad cost cutting measures implemented during the early stages of the pandemic that continued through the third quarter of 2020 in response to the downturns in the business caused by the COVID-19 pandemic. Our SG&A as a percentage of gross profit also benefited from higher gross profits on new and used vehicle sales triggered by new vehicle inventory shortages caused by COVID -19 pandemic related production disruptions.

Franchise Rights Impairment —

During the nine months ended September 30, 2020, we recorded a franchise rights impairment charge of $23.0 million. As a result of the COVID-19 pandemic, we performed a quantitative impairment analysis of certain franchise rights assets and determined that their carrying values exceeded their fair value by $23.0 million as of March 31, 2020. There was no impairment recorded during the three months ended June 30, 2020 or September 30, 2020.

Other Operating Expense, net —

Other operating expense, net includes gains and losses from the sale of property and equipment, and other operating items not considered core to our business. During the nine months ended September 30, 2020, the Company recorded other operating expense, net of $9.4 million, which included an $11.6 million charge related to the termination of the 2019 Acquisition, a $0.7 million impairment charge related to property and equipment reflected in Assets held for sale partially offset by a $2.1 million gain related to legal settlements and a $0.3 million gain related to the sale of vacant real estate. Included in the $1.0 million of other operating expense, net for the nine months ended September 30, 2019, was a $2.4 million pre-tax loss related to the write-off of fixed assets, partially offset by $1.4 million, net of other non-core operating income.

Floor Plan Interest Expense —

Floor plan interest expense decreased by $15.6 million (53%) to $14.1 million during the nine months ended September 30, 2020 compared to $29.7 million during the nine months ended September 30, 2019 primarily as a result of a decrease in LIBOR from which our floor plan interest rate is calculated and lower new vehicle inventory levels.

Loss on Extinguishment of Debt, net —

On March 4, 2020, the Company redeemed its $600 million 6% Notes scheduled to mature in 2024 at 103% of par, plus accrued and unpaid interest. We recorded a loss on extinguishment of the 6% Notes of $19.1 million which comprised a redemption premium of $18.0 million and the write-off of the unamortized premium and debt issuance costs totaling $1.1 million.

As a result of the termination of the 2019 Acquisition, the Company delivered a notice of special mandatory redemption to holders of its Existing 2028 Notes and Existing 2030 Notes pursuant to which it would redeem on a pro rata basis (1) $245.0 million of the Existing 2028 Notes and (2) $280.0 million of the Existing 2030 Notes, in each case, at 100% of the respective principal amount plus accrued and unpaid interest to, but excluding the special mandatory redemption date. On March 30, 2020, the Company completed the redemption and recorded a write-off of unamortized debt issuance costs of $1.5 million.

Gain on Dealership Divestitures, net —

During the nine months ended September 30, 2020, we sold one franchise (one dealership location) in the Atlanta, Georgia market, we sold six franchises (five dealership locations) and one collision center in the Jackson, Mississippi market. We also sold one franchise (one dealership location) in the Greenville, South Carolina market. The Company recorded a net pre-tax gain totaling $58.4 million. During the nine months ended September 30, 2019, we sold one franchise (one dealership location) and one collision center in the Houston, Texas market resulting in a pre-tax gain of $11.7 million.

Income Tax Expense —

The $7.1 million (15%) increase in income tax expense was primarily the result of a $31.6 million (17%) increase in income before income taxes and was further reduced by an excess tax benefit related to the vesting of share-based awards. Our effective tax rate for the nine months ended September 30, 2020 was 24.3% compared to 24.6% in the prior comparative period.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2020, we had total available liquidity of $384.9 million, which consisted of $4.1 million of cash and cash equivalents, $39.8 million of available funds in our floor plan offset accounts, $237.3 million of availability under our revolving credit facility, and $103.7 million of availability under our used vehicle revolving floor plan facility. The borrowing capacities under our revolving credit facility and our used vehicle revolving floor plan facility are limited by borrowing base calculations and, from time to time, may be further limited by our required compliance with customary operating and other restrictive covenants. As of September 30, 2020, these covenants did not further limit our availability under our credit facilities. For more information on our covenants, see "Covenants" and "Share Repurchases and Dividend Restrictions" below.

We continually evaluate our liquidity and capital resources based upon (i) our cash and cash equivalents on hand, (ii) the funds that we expect to generate through future operations, (iii) current and expected borrowing availability under our 2019 Senior Credit Facility, our other floor plan facilities, our Real Estate Credit Agreement, our Restated Master Loan Agreement, and our mortgage financings (each, as defined below), (iv) amounts in our new vehicle floor plan notes payable offset accounts, and (v) the potential impact of our capital allocation strategy and any contemplated or pending future transactions, including, but not limited to, financings, acquisitions, dispositions, equity and/or debt repurchases, dividends, or other capital expenditures. We believe we will have sufficient liquidity to meet our debt service and working capital requirements; commitments and contingencies; debt repayment, maturity and repurchase obligations; acquisitions; capital expenditures; and any operating requirements for at least the next twelve months.

On March 24, 2020, the Company delivered notice to the sellers terminating the 2019 Asset Purchase Agreement and the Real Estate Purchase Agreement in exchange for the payment of $10.0 million of liquidated damages.

In connection with the termination of the Transaction Agreements:

- The Company delivered a notice of special mandatory redemption to holders of its $525.0 million aggregate principal amount of Existing 2028 Notes and $600.0 million aggregate principal amount of Existing 2030 Notes pursuant to which it redeemed on a pro rata basis (1) $245.0 million of the Existing 2028 Notes and (2) $280.0 million of the Existing 2030 Notes, in each case, at 100% of the respective principal amount plus accrued and unpaid interest to, but excluding the special mandatory redemption date.

- The Company did not consummate the transactions contemplated by, or incur indebtedness in connection with, the new real estate term loan credit agreement, dated as of February 7, 2020, by and among various financial institutions party thereto, certain of the Company's subsidiaries and Bank of America, N.A. ("Bank of America").

- The amendments to the Third Amended and Restated Credit Agreement, dated as of September 25, 2019, among the Company, certain of its subsidiaries, Bank of America and the other lenders thereto (the "2019 Senior Credit Agreement") to (1) increase the aggregate commitments under the revolving credit facility to $350.0 million, (2) increase the aggregate commitments under the new vehicle floorplan facility to $1.35 billion and (3) increase the aggregate commitments under the used vehicle floorplan facility to $200.0 million did not become effective.

- The amended and restated commitment letter, by and among the Company, Bank of America, BofA Securities, Inc., JPMorgan Chase Bank, N.A., Wells Fargo Securities, LLC, Wells Fargo Bank, National Association, Santander Bank, N.A., SunTrust Robinson Humphrey, Inc., Trust Bank and U.S. Bank National Association terminated in accordance with its terms on April 15, 2020.

We currently are party to the following material credit facilities and agreements, and have the following material indebtedness outstanding. For a more detailed description of the material terms of these agreements and facilities, and this indebtedness, please refer to Note 13 "Long-Term Debt" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

- **2019 Senior Credit Facility** — On September 25, 2019, the Company and certain of its subsidiaries entered into the third amended and restated credit agreement with Bank of America, as administrative agent, and the other lenders party thereto (the "2019 Senior Credit Facility"). The 2019 Senior Credit Agreement provides for the following:

    Revolving Credit Facility —A $250.0 million Revolving Credit Facility for, among other things, acquisitions, working capital and capital expenditures, including a $50.0 million sub-limit for letters of credit. In addition, we had $12.7 million in outstanding letters of credit as of September 30, 2020, resulting in $237.3 million additional borrowing availability as of September 30, 2020.

    New Vehicle Floor Plan Facility — A $1.04 billion New Vehicle Floor Plan Facility. In connection with the New Vehicle Floor Plan Facility, we established an account with Bank of America that allows us to transfer cash as an offset to floor plan notes payable. These transfers reduce the amount of outstanding new vehicle floor plan notes payable that would otherwise accrue interest, while retaining the ability to transfer amounts from the offset account into our operating cash accounts within one to two days. As a result of the use of our floor plan offset account, we experienced a reduction in Floor Plan Interest Expense on our Condensed Consolidated Statements of Income. As of September 30, 2020, we had $585.2 million, which is net of $33.1 million in our floor plan offset account, outstanding under the New Vehicle Floor Plan Facility.

    Used Vehicle Floor Plan Facility —A $160.0 million Used Vehicle Floor Plan Facility to finance the acquisition of used vehicle inventory and for, among other things, working capital and capital expenditures, as well as to refinance used vehicles. We began the year with nothing drawn on our used vehicle floor plan facility. During the nine months ended September 30, 2020, we had borrowings of $220.0 million and a $170.0 million repayment resulting in outstanding borrowings of $50.0 million on our Used Vehicle Floor Plan Facility as of September 30, 2020. Our borrowing capacity under the Used Vehicle Floor Plan Facility was limited to $103.7 million based on our borrowing base calculation as of September 30, 2020.

    Subject to compliance with certain conditions, the 2019 Senior Credit Agreement provides that we have the ability, at our option and subject to the receipt of additional commitments from existing or new lenders, to increase the size of the facilities by up to $350.0 million in the aggregate without lender consent.

    At our option, we have the ability to re-designate a portion of our availability under the Revolving Credit Facility to the New Vehicle Floor Plan Facility or the Used Vehicle Floor Plan Facility. The maximum amount we are allowed to re-designate is determined based on aggregate commitments under the Revolving Credit Facility, less $50.0 million. In addition, we are able to re-designate any amounts moved to the New Vehicle Floor Plan Facility or the Used Vehicle

Floor Plan Facility back to the Revolving Credit Facility. As of December 31, 2019, $190.0 million of availability under the Revolving Credit Facility was re-designated to the New Vehicle Floor Plan Facility to take advantage of the lower commitment fee rates on the New Vehicle Floor Plan Facility when compared to the Revolving Credit Facility. On March 17, 2020, we re-allocated the entire $190 million from the New Vehicle Floor Plan Facility to the Revolving Credit Facility.

Borrowings under the 2019 Senior Credit Facility bear interest, at our option, based on LIBOR or the Base Rate, in each case plus an Applicable Rate. The Base Rate is the highest of (i) the Federal Funds Rate plus 0.50%, (ii) the Bank of America prime rate, and (iii) one month LIBOR plus 1.00%. Applicable Rate means with respect to the Revolving Credit Facility, a range from 1.00% to 2.00% for LIBOR loans and 0.15% to 1.00% for Base Rate loans, in each case based on the Company's consolidated total lease adjusted leverage ratio. Borrowings under the New Vehicle Floorplan Facility bear interest, at our option, based on LIBOR plus 1.10% or the Base Rate plus 0.10%. Borrowings under the Used Vehicle Floorplan Facility bear interest, at our option, based on LIBOR plus 1.40% or the Base Rate plus 0.40%.

In addition to the payment of interest on borrowings outstanding under the 2019 Senior Credit Facility, we are required to pay a quarterly commitment fee on total unused commitments thereunder. The fee for unused commitments under the Revolving Credit Facility is between 0.15% and 0.40% per year, based on the Company's total lease adjusted leverage ratio, and the fee for unused commitments under the New Vehicle Facility Floor Plan and the Used Vehicle Facility Floor Plan Facility is 0.15% per year.

- **Manufacturer affiliated new vehicle floor plan and other financing facilities** —We have a floor plan facility with the Ford Motor Credit Company ("Ford Credit") to purchase new Ford and Lincoln vehicle inventory. Our floor plan facility with Ford Credit was amended in July 2020 to extend the maturity date to July 31, 2021. We have also established a floor plan offset account with Ford Credit, which operates in a similar manner to our floor plan offset account with Bank of America. As of September 30, 2020, we had $66.2 million, which included $5.8 million classified as Liabilities associated with assets held for sale and is net of $6.7 million in our floor plan offset account, outstanding under our floor plan facility. Additionally, we had $129.4 million outstanding under facilities with certain manufacturers for the financing of loaner vehicles, which are presented within Accounts payable and accrued liabilities in our Condensed Consolidated Balance Sheets. Neither our floor plan facility with Ford Credit nor our facilities for loaner vehicles have stated borrowing limitations.

- **The New Senior Notes**—On February 19, 2020, the Company completed its offering of senior unsecured notes, consisting of $525.0 million aggregate principal amount of the Existing 2028 Notes and $600.0 million aggregate principal amount of the Existing 2030 Notes. The 2028 Notes and 2030 Notes mature on March 1, 2028 and March 1, 2030, respectively. Interest is payable semiannually, on March 1 and September 1 of each year. The New Senior Notes were offered, together with additional borrowings and cash on hand, to (i) fund, if consummated, the acquisition of substantially all of the assets of Park Place, (ii) redeem all of our outstanding $600.0 million aggregate principal amount of 6.0% Senior Subordinated Notes due 2024 (the "6.0% Notes") and (iii) pay fees and expenses in connection with the foregoing.

  On March 24, 2020, the Company delivered notice to the sellers terminating the 2019 Asset Purchase Agreement and the Real Estate Purchase Agreement. As a result, the Company redeemed $245.0 million aggregate principal million of the Existing 2028 Notes and $280.0 million aggregate principal amount of the Existing 2030 Notes (the "Mandatory Redemption Amount") on a pro rata basis in proportion to the aggregate principal amount of each series of Notes at a redemption price equal to 100% of the Mandatory Redemption Amount, plus accrued and unpaid interest on March 30, 2020.

  In September 2020, the Company completed an add-on issuance of $250.0 million aggregate principal amount of Notes consisting of $125.0 million aggregate principal amount of Additional 2028 Notes at a price of 101.00% of par, plus accrued interest from September 1, 2020, and $125.0 million aggregate principal amount of Additional 2030 Notes at a price of 101.75% of par, plus accrued interest from September 1, 2020 (the "September 2020 Offering"). After deducting the initial purchasers' discounts of $2.8 million, we received net proceeds of approximately $250.6 million from this offering. The $3.5 million premium paid by the initial purchasers of the Notes was recorded as a component of long-term debt on our Condensed Consolidated Balance Sheet and is being amortized as a reduction of interest expense over the remaining term of the Notes. The proceeds of the September 2020 offering were used to redeem the Seller Notes issued in connection with the Revised Transaction.

  The Notes of each series are guaranteed, jointly and severally, on a senior unsecured basis, by each of our existing and future restricted subsidiaries, with certain exceptions. In addition, the Notes are subject to customary covenants, events of default and optional redemption revisions. The Notes are required to be registered under the Securities Act of

1933 within 270 days of the closing date for the offering of the Notes. The Company completed the registration of the 2028 Notes and 2030 Notes in October 2020.

- **Seller Notes** — The Seller Notes comprised $150.0 million in aggregate principal amount of 4.00% promissory note due August 2021 and $50.0 million in aggregate principal amount of 4.00% promissory note due February 2022 and were issued on August 24, 2020 in conjunction with the Revised Transaction. In September 2020, the Company redeemed the Seller Notes with the proceeds of the September 2020 Offering of Senior Notes.

- **6.0% Senior Subordinated Notes due 2024** — In connection with the issuance of the Existing 2028 Notes and Existing 2030 Notes, on March 4, 2020, we redeemed all of our 6.0% Notes at 103% of par, plus accrued and unpaid interest up to, but excluding, the date of redemption.

- **Mortgage notes** — As of September 30, 2020, we had $97.6 million of mortgage note obligations. These obligations are collateralized by the associated real estate at our dealership locations.

- **2013 BofA Real Estate Facility—** On September 26, 2013, we entered into a real estate term loan credit agreement (the "2013 BofA Real Estate Credit Agreement") with Bank of America, N.A. ("Bank of America"), as lender, providing for term loans in an aggregate amount not to exceed $75.0 million, subject to customary terms and conditions (the "2013 BofA Real Estate Facility"). As of September 30, 2020, we had $34.2 million of outstanding borrowings under the 2013 BofA Real Estate Facility. There is no further borrowing availability under this agreement.

- **2015 Wells Fargo Master Loan Facility—**On February 3, 2015, certain of our subsidiaries entered into an amended and restated master loan agreement (as amended, restated or supplemented from time to time, the "2015 Wells Fargo Master Loan Agreement") with Wells Fargo Bank, National Association ("Wells Fargo"), as lender, which provides for term loans to certain of our subsidiaries that are borrowers under the 2015 Wells Fargo Master Loan Agreement in an aggregate amount not to exceed $100.0 million (the "2015 Wells Fargo Master Loan Facility"). Borrowings under the 2015 Wells Fargo Master Loan Facility are guaranteed by us and are collateralized by the real property financed under the 2015 Wells Fargo Master Loan Facility. As of September 30, 2020, the outstanding balance under this agreement was $67.4 million, which includes $5.1 million classified as Liabilities associated with assets held for sale. There is no further borrowing availability under this agreement.

- **2018 Bank of America Facility** —On November 13, 2018, we entered into a real estate term loan credit agreement (as amended, restated or supplemented from time to time, the "2018 BofA Real Estate Credit Agreement") with Bank of America, as lender, providing for term loans in an aggregate amount not to exceed $128.1 million, subject to customary terms and conditions (the "2018 BofA Real Estate Facility"). Our right to make draws under the 2018 BofA Real Estate Facility terminated on November 13, 2019. All of the real property financed by an operating dealership subsidiary of the Company under the 2018 BofA Real Estate Facility is collateralized by first priority liens, subject to certain permitted exceptions. As of September 30, 2020, we had $85.4 million of outstanding borrowings under the 2018 Bank of America Facility.
- **2018 Wells Fargo Master Loan Facility—**On November 16, 2018, certain of our subsidiaries entered into a master loan agreement (the "2018 Wells Fargo Master Loan Agreement") with Wells Fargo as lender, which provides for term loans to certain of our subsidiaries that are borrowers under the 2018 Wells Fargo Master Loan Agreement in an aggregate amount not to exceed $100.0 million (the "2018 Wells Fargo Master Loan Facility"). Our right to make draws under the 2018 Wells Fargo Master Loan Facility terminated on June 30, 2020. On November 16, 2018 and June 26, 2020, we borrowed an aggregate amount of $25.0 million and $69.4 million, respectively, under the 2018 Wells Fargo Master Loan Facility, the proceeds of which were used for general corporate purposes. As of September 30, 2020, we had $99.9 million, which includes $11.5 million classified as Liabilities associated with assets held for sale, outstanding borrowings under the 2018 Wells Fargo Master Loan Facility. There is no further borrowing availability under this agreement.

Covenants

We are subject to a number of customary operating and other restrictive covenants in our various debt and lease agreements. We were in compliance with all of our covenants as of September 30, 2020.

Share Repurchases and Dividend Restrictions

Our ability to repurchase shares or pay dividends on our common stock is subject to our compliance with the covenants and restrictions in our various debt and lease agreements. Our 2019 Senior Credit Facility and our indenture governing our 4.5% and 4.75% Notes permit us to make an unlimited amount of restricted payments, such as share repurchases or dividends, so long as our Consolidated Total Leverage Ratio, as defined in those agreements, does not exceed 3.0 to 1.0 on a pro forma basis after giving effect to any proposed payments. As of September 30, 2020, our Consolidated Total Leverage Ratio did not exceed 3.0 to 1.0.

On January 30, 2014, our Board of Directors authorized our current share repurchase program (the "Repurchase Program"). On October 19, 2018, our Board of Directors reset the authorization under our Repurchase Program to $100.0 million in the aggregate, for the repurchase of our common stock in open market transactions or privately negotiated transactions from time to time.

During the nine months ended September 30, 2020, we did not repurchase any shares, of our common stock under the Repurchase Program. As of September 30, 2020, we had remaining authorization to repurchase $66.3 million in shares of our common stock under the Repurchase Program.

During the three and nine months ended September 30, 2020, we repurchased 140 and 56,607 shares, of our common stock for $14.6 thousand and $5.2 million, respectively, from employees in connection with a net share settlement feature of employee equity-based awards.

Cash Flows

Classification of Cash Flows Associated with Floor Plan Notes Payable

Borrowings and repayments of floor plan notes payable to a lender unaffiliated with the manufacturer from which we purchase a particular new vehicle ("Non-Trade"), and all floor plan notes payable relating to used vehicles (together referred to as "Floor Plan Notes Payable—Non-Trade"), are classified as financing activities in the accompanying Condensed Consolidated Statements of Cash Flows, with borrowings reflected separately from repayments. The net change in floor plan notes payable to a lender affiliated with the manufacturer from which we purchase a particular new vehicle (collectively referred to as "Floor Plan Notes Payable—Trade") is classified as an operating activity in the accompanying Condensed Consolidated Statements of Cash Flows. Borrowings of floor plan notes payable associated with inventory acquired in connection with all acquisitions and repayments made in connection with all divestitures are classified as a financing activity in the accompanying Condensed Consolidated Statements of Cash Flows. Cash flows related to floor plan notes payable included in operating activities differ from cash flows related to floor plan notes payable included in financing activities only to the extent that the former are payable to a lender affiliated with the manufacturer from which we purchased the related inventory, while the latter are payable to a lender not affiliated with the manufacturer from which we purchased the related inventory. The majority of our floor plan notes are payable to parties unaffiliated with the entities from which we purchase our new vehicle inventory, with the exception of floor plan notes payable relating to the financing of new Ford and Lincoln vehicles.

Floor plan borrowings are required by all vehicle manufacturers for the purchase of new vehicles, and all floor plan lenders require amounts borrowed for the purchase of a vehicle to be repaid within a short time period after the related vehicle is sold. As a result, we believe that it is important to understand the relationship between the cash flows of all of our floor plan notes payable and new vehicle inventory in order to understand our working capital and operating cash flow and to be able to compare our operating cash flow to that of our competitors (i.e., if our competitors have a different mix of trade and non-trade floor plan financing as compared to us). In addition, we include all floor plan borrowings and repayments in our internal operating cash flow forecasts. As a result, we use the non-GAAP measure "cash provided by operating activities, as adjusted" (defined below) to compare our results to forecasts. We believe that splitting the cash flows of floor plan notes payable between operating activities and financing activities, while all new vehicle inventory activity is included in operating activities, results in significantly different operating cash flow than if all the cash flows of floor plan notes payable were classified together in operating activities.

Cash provided by operating activities, as adjusted, includes borrowings and repayments of floor plan notes payable to lenders not affiliated with the manufacturer from which we purchase the related new vehicles. Cash provided by operating activities, as adjusted, has material limitations, and therefore, may not be comparable to similarly titled measures of other companies and should not be considered in isolation, or as a substitute for analysis of our operating results in accordance with GAAP. In order to compensate for these potential limitations we also review the related GAAP measures.

We have provided below a reconciliation of cash flow from operating activities, as if all changes in floor plan notes payable, except for (i) borrowings associated with acquisitions and repayments associated with divestitures and (ii) borrowings and repayments associated with the purchase of used vehicle inventory, were classified as an operating activity.

	For the Nine Months Ended September 30,			
	2020		2019	
	(In millions)			
Reconciliation of Cash provided by operating activities to Cash provided by operating activities, as adjusted				
Cash provided by operating activities, as reported	$	625.2	$	347.7
New vehicle floor plan borrowings —non-trade, net		(207.4)		(179.4)
Cash provided by operating activities, as adjusted	$	417.8	$	168.3

Operating Activities—

Net cash provided by operating activities totaled $625.2 million and $347.7 million, for the nine months ended September 30, 2020 and 2019, respectively. Net cash provided by operating activities, as adjusted, totaled $417.8 million and $168.3 million for the nine months ended September 30, 2020 and 2019, respectively.

The $249.5 million increase in our net cash provided by operating activities, as adjusted, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily the result of an increase in accounts payable and other current liabilities of $72.6 million, a $20.4 million increase in other current assets, a $90.1 million increase related to the change in inventory, net of floor plan borrowings, an $18.5 million increase related to the lower balances of accounts receivable and contracts-in-transit around the period end and an increase in non-cash adjustments to net income of $16.5 million.

Investing Activities—

Net cash used in investing activities totaled $818.1 million for the nine months ended September 30, 2020 compared to cash used of $206.2 million, for the nine months ended September 30, 2019. Capital expenditures, excluding the purchase of real estate, were $27.5 million and $28.7 million for the nine months ended September 30, 2020 and 2019, respectively. We expect that capital expenditures for 2020 will total approximately $27.6 million to upgrade or replace our existing facilities, construct new facilities, expand our service capacity, and invest in technology and equipment.

During the nine months ended September 30, 2020, we acquired substantially all of the assets of, and leased the real property related to 12 new vehicle dealership franchises (8 dealership locations), two collision centers and an auto auction comprising the Park Place Dealership group for a purchase price of $889.9 million. We funded this acquisition with $527.4 million of cash, $200.0 million of Seller Notes, $127.5 million of floor plan borrowings for the purchase of the related new vehicle inventory and $35.0 million of floor plan borrowings for the purchase of the related used vehicle inventory. We also acquired the assets of three franchises (one dealership location) in the Denver, Colorado market for a purchase price of $63.6 million. We funded these acquisitions with an aggregate of $34.5 million of cash and $27.1 million of floor plan borrowings for the purchase of the related new vehicle inventory. In the aggregate, these acquisitions included purchase price holdbacks of $2.0 million for potential indemnity claims made by us with respect to the acquired franchises. In addition to the acquisition amounts above, we released $2.5 million of purchase price holdbacks related to a prior year acquisition.

During the nine months ended September 30, 2019, we acquired the assets of nine franchises (five dealership locations) and one collision center in the Indianapolis, Indiana market and one franchise (one dealership location) in the Denver, Colorado market for a purchase price of $210.4 million. We funded these acquisitions with an aggregate $153.9 million of cash, $55.3 million of floor plan borrowings for the purchase of the related new vehicle inventory. In the aggregate, these acquisitions included purchase price holdbacks of $1.2 million for potential indemnity claims made by us with respect to the acquired franchises. In addition to the acquisition amounts above, we released $0.8 million of purchase price holdbacks related to a prior year acquisition

During the nine months ended September 30, 2020, we sold one franchise (one dealership location) in the Atlanta, Georgia market, six franchises (five dealership locations) and one collision center in the Jackson, Mississippi market, and one franchise (one dealership location) in the Greenville, South Carolina market for an aggregate purchase price of $161.6 million. In addition, during the nine months ended September 30, 2020, we received cash proceeds of $4.2 million, from the sale of vacant properties. The assets and liabilities related to the aforementioned divestitures, excluding the Lexus Greenville divestiture, were included in Assets held for sale and Liabilities associated with assets held for sale as of December 31, 2019.

During the nine months ended September 30, 2020 and 2019, purchases of real estate, including previously leased real estate, totaled $2.3 million and $14.1 million, respectively.

As part of our capital allocation strategy, we continually evaluate opportunities to purchase properties currently under lease and acquire properties in connection with future dealership relocations. No assurances can be provided that we will have or be able to access capital at times or on terms in amounts deemed necessary to execute this strategy.

Financing Activities—

Net cash provided by financing activities totaled $193.5 million for the nine months ended September 30, 2020. Net cash used in financing activities totaled $148.0 million for the nine months ended September 30, 2019.

During the nine months ended September 30, 2020 and 2019, we had non-trade floor plan borrowings, excluding floor plan borrowings associated with acquisitions, of $2.84 billion and $3.12 billion, respectively, and non-trade floor plan repayments, excluding floor plan repayments associated with a divestiture, of $3.00 billion and $3.27 billion, respectively.

During the nine months ended September 30, 2020 and 2019, we had floor plan borrowings of $131.6 million and $55.3 million, respectively, related to acquisitions.

During the nine months ended September 30, 2020 and 2019, we had non-trade floor plan repayments associated with divestitures of $55.3 million and $14.1 million, respectively.

Repayments of borrowings totaled $1.60 billion and $12.0 million, for the nine months ended September 30, 2020 and 2019, respectively. In addition, payments of debt issuance costs totaled $3.1 million and $2.3 million for the nine months ended September 30, 2020 and 2019, respectively.

During the nine months ended September 30, 2020, we had proceeds of $7.3 million related to a sale and leaseback of real estate in Plano, Texas.

During the nine months ended September 30, 2020, we did not repurchase any shares of our common stock under our Repurchase Program but repurchased 56,607 shares of our common stock for $5.2 million from employees in connection with a net share settlement feature of employee equity-based awards.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements during any of the periods presented other than those disclosed in Note 12 "Commitments and Contingencies" within the accompanying Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to risk from changes in interest rates on a significant portion of our outstanding indebtedness. Based on $684.1 million of total variable interest rate debt, which includes our floor plan notes payable and certain mortgage liabilities, outstanding as of September 30, 2020, a 100 basis point change in interest rates could result in a change of as much as $6.8 million to our total annual interest expense in our Consolidated Statements of Income.

We periodically receive floor plan assistance from certain automobile manufacturers, which is accounted for as a reduction in our new vehicle inventory cost. Floor plan assistance reduced our cost of sales for the nine months ended September 30, 2020 and 2019 by $29.4 million and $30.7 million, respectively. We cannot provide assurance as to the future amount of floor plan assistance and these amounts may be negatively impacted due to future changes in interest rates.

As part of our strategy to mitigate our exposure to fluctuations in interest rates, we have various interest rate swap agreements. All of our interest rate swaps qualify for cash flow hedge accounting treatment and do not contain any ineffectiveness.

We currently have four interest rate swap agreements. Two swap agreements were entered into in July 2020. These swaps were designed to provide a hedge against changes in variable rate cash flows regarding fluctuations in the one month LIBOR. The following table provides information on the attributes of each swap as of September 30, 2020:

Inception Date	Notional Principal Amount	Notional Value	Maturity Value	Maturity Date
	(In millions)	(In millions)	(In millions)	
July 2020	$ 93.5	$ 93.1	$ 50.6	December 2028
July 2020	$ 85.5	$ 85.5	$ 57.3	November 2025
June 2015	$ 100.0	$ 75.9	$ 53.1	February 2025
November 2013	$ 75.0	$ 49.9	$ 38.7	September 2023

For additional information about the effect of our derivative instruments, please refer to Note 10 "Financial Instruments and Fair Value" within the accompanying Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on this evaluation, our principal executive officer and principal financial officer concluded that as of the end of such period such disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time period specified in the rules and forms of the U.S. Securities and Exchange Commission, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. Management, including the principal executive officer and the principal financial officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the intentional acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we and our dealerships may become involved in various claims relating to, and arising out of our business and our operations. These claims may involve, but are not limited to, financial and other audits by vehicle manufacturers or lenders, and certain federal, state, and local government authorities, which relate primarily to (i) incentive and warranty payments received from vehicle manufacturers, or allegations of violations of manufacturer agreements or policies, (ii) compliance with lender rules and covenants and (iii) payments made to government authorities relating to federal, state, and local taxes, as well as compliance with other government regulations. Claims may also arise through litigation, government proceedings, and other dispute resolution processes. Such claims, including class actions, can relate to, but are not limited to, the practice of charging administrative fees, employment-related matters, truth-in-lending practices, contractual disputes, actions brought by governmental authorities, and other matters. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

We currently do not anticipate that any known claim will materially adversely affect our financial condition, liquidity or results of operations. However, the outcome of any matter cannot be predicted with certainty, and an unfavorable resolution of one or more matters presently known or arising in the future could have a material adverse effect on our financial condition, liquidity or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors that affect our business and financial results that are discussed herein. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. Other than as set forth below, there have been no material changes to such risk factors.

Risks Related to the Business

The novel coronavirus disease (COVID-19) global pandemic had and/or is expected to have a material adverse impact on our business, financial condition and results of operations.

The COVID-19 global pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. We expect the COVID-19 global pandemic will have a material adverse impact on our business, our results of operations, financial condition and liquidity. The extent of the impact of the COVID-19 global pandemic on our business, such as our ability to execute our near-term and long-term business strategies and initiatives in the expected time frame, will depend on uncertain and unpredictable future developments, including the duration and scope of the pandemic.

As a result of the COVID-19 global pandemic, and in response to government mandates or recommendations, such as "shelter-in-place" and self-quarantines, as well as decisions we have made to protect the health and safety of our employees, consumers and communities, we have modified our business practices, to include implementing reduced hours at certain of our dealerships, implementing social distancing plans, restricting employee travel, limiting physical participation in meetings, and cancelling events and industry and other conferences. As a result of the government mandates and recommendations, our dealerships, including our parts and services businesses, may not operate at capacity, resulting in a loss of sales and profits. Additionally, the closures of, and/or reduced availability of services from the department of motor vehicles in various states have and may continue to have an adverse effect on our ability to obtain license plates for our fleet and our customers and perfect liens on sold vehicles, as well as on our customers' ability to obtain valid driver licenses. All of these factors present challenges to our operations, which could adversely affect our business, results of operations and financial condition. We are presently considered an essential business, but we may face future operational restrictions or challenges that may limit operations or require us to further restrict access to or close dealerships due to, among other factors, evolving governmental restrictions, including public health directives, quarantine policies, social distancing measures or positive diagnoses for COVID-19 among our employees at certain dealership locations.

Any significant reduction in consumer visits to, or spending at, our dealerships caused by COVID-19, would result in a loss of sales and profits and other material adverse effects. Self-quarantine or "shelter-in-place" mandates may reduce customer visits to our dealerships. We also expect consumer fears about contracting the virus to continue, which may further reduce traffic to our dealerships. Consumer spending generally may also be negatively impacted by general macroeconomic conditions and consumer confidence, including the impacts of any recession, resulting from the COVID-19 global pandemic. For example, COVID-19 has resulted in employee furloughs and increased unemployment across the United States, thereby reducing consumer demand for our products and services, as well as the number of consumers who would qualify for an extension of credit for a vehicle purchase or a lease, either on favorable terms or at all. All of these factors may negatively impact sales and profitability.

Our profitability is, to a great extent, dependent on various aspects of vehicle manufacturers' operations. As a result of COVID-19, certain vehicle manufacturers and other suppliers have ceased or slowed production of new vehicles, parts and other supplies. We cannot predict with any certainty how long these production slowdowns in the automotive retail industry will persist and when normalized production will resume at these manufacturers. This disruption in our supply network has negatively impacted, and will continue to impact, our ability to maintain a desirable mix of popular new vehicles and parts that consumers demand at the time and in the volumes desired, all of which would adversely impact our revenues. While the supply disruption has reduced unit sales, it has also positively impacted our gross profit per vehicle. There can be no assurance that this increase in gross profit will continue as inventory levels normalize, or at all.

Our principal intangible assets are goodwill and our rights under our franchise agreements with vehicle manufacturers. Goodwill and franchise rights are subject to impairment assessments at least annually or more frequently when events or changes in circumstances indicate that an impairment may have occurred. The effects of the COVID-19 global pandemic on the operating results of our business have resulted in a $23.0 million non-cash impairment charge related to our intangible manufacturer franchise rights assets in the first quarter of 2020. We may be required to record additional impairment charges if the COVID-19 global pandemic continues, and we cannot accurately predict the amount and timing of any additional impairment charge at this time; however, any such impairment charge could have an adverse effect on our results of operations and stockholders' equity.

In addition, the impact of the COVID-19 global pandemic on macroeconomic conditions may impact the proper functioning of financial and capital markets, foreign currency exchange rates, commodity prices and interest rates. Even after the COVID-19 global pandemic has subsided, we may continue to experience adverse impacts to our business as a result of an economic recession or depression that has occurred or may occur in the future. The continued disruption of global financial markets as a result of the COVID-19 global pandemic could have a negative impact on our ability to access capital in the future.

As information regarding the duration and severity of the COVID-19 global pandemic is rapidly evolving, the extent of its impact on our business is highly uncertain and difficult to predict. At this time, we cannot reasonably estimate the duration and severity of the COVID-19 global pandemic, or the overall impact it may have on our business. Even after the COVID-19 global pandemic has subsided, we may continue to experience adverse impacts to our business as a result of increased unemployment and any economic recession or depression that has occurred or may occur in the future. Any of these events could amplify the other risks and uncertainties described below and could materially adversely affect our business, financial condition, results of operations and/or stock price.

For more information on the impact of the COVID-19 global pandemic on our business, financial condition and results of operations, see "Impact of COVID-19 on our Business" contained in this report.

The Revised Transaction creates numerous risks and uncertainties which could adversely affect our business and results of operations.

After consummation of the Revised Transaction, we will have significantly more sales, assets and employees than we did prior to the Revised Transaction. The integration process will require us to expend significant capital and significantly expand the scope of our operations and financial systems. Our management will be required to devote a significant amount of time and attention to the process of integrating the operations of our business with that of the Park Place Dealership group. There is a significant degree of difficulty and management involvement inherent in that process.

These difficulties include:

- integrating the operations of the Park Place Dealership group during the pandemic while carrying on the ongoing operations of our business;
- managing a significantly larger company than before consummation of the Revised Transaction;
- the possibility of faulty assumptions underlying our expectations regarding the (i) integration process, including, among other things, unanticipated delays, costs or inefficiencies, and (ii) retention of key employees;
- the effects of unanticipated liabilities;

- operating a more diversified business;
- integrating two separate business cultures, which may prove to be incompatible;
- attracting and retaining the necessary personnel associated with the business of the Park Place Dealership group;
- creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; and
- integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems.

As a private company, the Park Place Dealership group was not required to obtain an audit of its internal control over financial reporting or otherwise have such internal control assessed, except to the extent required in connection with audits pursuant to GAAP; however, following the consummation of the Revised Transaction, the financial systems of the Park Place Dealership group are being integrated into our financial systems and subject to the internal control audit required with respect to the Company as a public company.

If any of these factors limits our ability to integrate the Park Place Dealership group into our operations successfully or on a timely basis, the expectations of future results of operations, including certain run-rate synergies expected to result from the Revised Transaction, might not be met. As a result, we may not be able to realize the expected benefits that we seek to achieve from the Revised Transaction, which could also affect our ability to service our debt obligations. In addition, we may be required to spend additional time or money on integration that otherwise would be spent on the development and expansion of our business, including efforts to further expand our product portfolio.

We may be unable to realize the anticipated cost savings or operational improvements or may incur additional and/or unexpected costs in order to realize them.

There can be no assurance that we will be able or realize the anticipated cost savings or operational improvements from the Revised Transaction in the anticipated amounts or within the anticipated timeframes or costs expectations or at all. We are implementing a series of cost savings initiatives at the combined Company that we expect to result in recurring, annual run-rate cost savings. We expect to incur one-time, non-recurring costs to achieve such synergies.

These or any other cost savings or operational improvements that we realize may differ materially from our estimates. We cannot provide assurances that these anticipated savings will be achieved or that our programs and improvements will be completed as anticipated or at all. In addition, any cost savings that we realize may be offset, in whole or in part, by reductions in revenues or through increases in other expenses.

Failure to realize the expected costs savings and operating synergies related to the Revised Transaction could result in increased costs and have an adverse effect on the combined Company's financial results and prospects.

As part of the Revised Transaction, we assumed certain liabilities of the Park Place Dealership group. There may be liabilities that we failed or were unable to discover in the course of performing due diligence investigations into the Park Place Dealership group. In addition, as the Park Place Dealership group is integrated, we may learn additional information about the Park Place Dealership group, such as unknown or contingent liabilities or other issues relating to the operations of the Park Place Dealership group. Any such liabilities or issues, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations. Under the Revised Asset Purchase Agreement, the sellers will be liable for certain breaches of representations, warranties and covenants but our recovery may be contingent upon the aggregate damages arising out of any such breaches exceeding specified dollar thresholds and is subject to other time-based and monetary-based limitations. Accordingly, we may not be able to enforce certain claims against the sellers with respect to liabilities of the Park Place Dealership group.

The automotive retail industry is sensitive to unfavorable changes in general economic conditions and various other factors that could affect demand for our products and services, which could have a material adverse effect on our business, our ability to to implement our strategy and our results of operations.

Our future performance will be impacted by general economic conditions including: changes in employment levels; consumer demand, preferences and confidence levels; the availability and cost of credit; fuel prices; levels of discretionary personal income; and interest rates. We also are subject to economic, competitive, and other conditions prevailing in the various markets in which we operate, even if those conditions are not prominent nationally.

Retail vehicle sales are cyclical and historically have experienced periodic downturns characterized by oversupply and weak demand, which could result in a need for us to lower the prices at which we sell vehicles, which would reduce our revenue per vehicle sold and our margins. Additionally, a shift in consumer’s vehicle preferences driven by pricing, fuel costs or other factors may have a material adverse effect on our revenues, margins and results of operations.

Changes in general economic conditions may make it difficult for us to execute our business strategy. In such an event, we may be required to enter into certain transactions in order to generate additional cash, which may include, but not be limited to, selling certain of our dealerships or other assets or increasing borrowings under our existing, or any future, credit facilities. There can be no assurance that, if necessary, we would be able to enter into any such transactions in a timely manner or on reasonable terms, if at all. Furthermore, in the event we were required to sell dealership assets, the sale of any material portion of such assets could have a material adverse effect on our revenue and profitability.

Adverse conditions affecting one or more of the vehicle manufacturers with which we hold franchises or their inability to deliver a desirable mix of vehicles that our consumers demand, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Historically, we have generated most of our revenue through new vehicle sales, and new vehicle sales also tend to lead to sales of higher-margin products and services, such as finance and insurance products and vehicle-related parts and service. As a result, our profitability is dependent to a great extent on various aspects of vehicle manufacturers' operations, many of which are outside of our control. Our ability to sell new vehicles is dependent on manufacturers' ability to design and produce, and willingness to allocate and deliver to our dealerships, a desirable mix of popular new vehicles that consumers demand. Popular vehicles may often be difficult to obtain from manufacturers for a number of reasons, including the fact that manufacturers generally allocate their vehicles to dealerships based on sales history and capital expenditures associated with such dealerships. Further, if a manufacturer fails to produce desirable vehicles or develops a reputation for producing undesirable vehicles or produces vehicles that do not comply with applicable laws or government regulations, and we own dealerships which sell that manufacturer's vehicles, our revenues from those dealerships could be adversely affected as consumers shift their vehicle purchases away from that brand.

Although we seek to limit our dependence on any one vehicle manufacturer, there can be no assurance the brand mix allocated and delivered to our dealerships by the manufacturers will be appropriate or sufficiently diverse, to protect us from a significant decline in the desirability of vehicles manufactured by a particular manufacturer or disruptions in a manufacturer's ability to produce vehicles. For the nine months ended September 30, 2020, manufacturers representing 5% or more of our revenues from new vehicle sales were as follows:

Manufacturer (Vehicle Brands):	**% of Total New Vehicle Revenues**
American Honda Motor Co., Inc. (Honda and Acura)	22 %
Toyota Motor Sales, U.S.A., Inc. (Toyota and Lexus)	21 %
Ford Motor Company (Ford and Lincoln)	9 %
Nissan North America, Inc. (Nissan and Infiniti)	8 %
Mercedes-Benz USA, LLC (Mercedes-Benz, smart and Sprinter)	8 %
BMW of North America, LLC (BMW and Mini)	6 %

Similar to automotive retailers, vehicle manufacturers may be affected by the long-term U.S. and international economic climate. In addition, we remain vulnerable to other matters that may impact the manufacturers of the vehicles we sell, many of which are outside of our control, including: (i) changes in their respective financial condition; (ii) changes in their respective marketing efforts; (iii) changes in their respective reputation; (iv) manufacturer and other product defects, including recalls; (v) changes in their respective management; (vi) disruptions in the production and delivery of vehicles and parts due to natural disasters or other reasons; and (vii) issues with respect to labor relations. Our business is highly dependent on consumer demand and brand preferences for our manufacturers' products. Manufacturer recall campaigns are a common occurrence that have accelerated in frequency and scope. Manufacturer recall campaigns could adversely affect our new and used vehicle sales or customer residual trade-in valuations, could cause us to temporarily remove vehicles from our inventory, could force us to incur increased costs, and could expose us to litigation and adverse publicity related to the sale of recalled vehicles, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Vehicle manufacturers that produce vehicles outside of the U.S. are subject to additional risks including changes in quotas, tariffs or duties, fluctuations in foreign currency exchange rates, regulations governing imports and the costs related thereto, and foreign governmental regulations.

Adverse conditions that materially affect a vehicle manufacturer and its ability to profitably design, market, produce or distribute desirable new vehicles could in turn materially adversely affect our ability to (i) sell vehicles produced by that manufacturer, (ii) obtain or finance our new vehicle inventories, (iii) access or benefit from manufacturer financial assistance programs, (iv) collect in full or on a timely basis any amounts due therefrom, and/or (v) obtain other goods and services provided by the impacted manufacturer. In addition, we depend on manufacturers' ability to design, produce, and supply parts to us and any failure to do so could have a material adverse effect on our parts and services business. Our business, results of operations, financial condition, and cash flows could be materially adversely affected as a result of any event that has an adverse effect on any vehicle manufacturer.

In addition, if a vehicle manufacturer's financial condition worsens and it seeks protection from creditors in bankruptcy or similar proceedings, or otherwise under the laws of its jurisdiction of organization, (i) the manufacturer could seek to terminate or reject all or certain of our franchises, (ii) if the manufacturer is successful in terminating all or certain of our franchises, we may not receive adequate compensation for those franchises, (iii) our cost to obtain financing for our new vehicle inventory may increase or no longer be available from such manufacturer's captive finance subsidiary, (iv) consumer demand for such manufacturer's products could be materially adversely affected, especially if costs related to improving such manufacturer's financial condition are factored into the price of its products, (v) there may be a significant disruption in the availability of consumer credit to purchase or lease that manufacturer's vehicles or negative changes in the terms of such financing, which may negatively impact our sales, or (vi) there may be a reduction in the value of receivables and inventory associated with that manufacturer, among other things. The occurrence of any one or more of these events could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Furthermore, the automotive manufacturing supply chain spans the globe. As such, supply chain disruptions resulting from natural disasters, adverse weather and other events may affect the flow of vehicle and parts inventories to us or our manufacturing partners. For example, in early 2020, the outbreak of a novel coronavirus in Wuhan, China led to quarantines of a significant number of Chinese cities and widespread disruptions to travel and economic activity in that region and other countries. Until such time as the coronavirus is contained, the outbreak may lead to quarantines of additional cities or regions, including cities or regions in the United States, which may lead us to experience disruptions in the (i) supply of vehicle and parts inventories, (ii) ability and willingness of our customers to visit our stores to purchase products or service their vehicles and (iii) overall health of our labor force. At this time, it is unclear what effect, if any, the outbreak and resulting disruptions may have on the automotive manufacturing vehicle and parts supply chain, the health of our labor force and the ability and willingness of our customers to visit our stores to purchase products or service their vehicles. Such disruptions could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Our outstanding indebtedness, ability to incur additional debt and the provisions in the agreements governing our debt, and certain other agreements, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

As of September 30, 2020, after giving effect to the Revised Transaction, the issuance of all of the original notes, the special mandatory redemption of a portion of the existing notes and the Additional Notes offering and its use of proceeds, we have total debt of $1,234.6 million, which excludes total floor plan notes payable of $695.6 million and debt issuance costs. We have the ability to incur substantial additional debt in the future to finance, among other things, acquisitions, working capital and capital expenditures, subject in each case to the restrictions contained in our debt instruments and other agreements existing at the time such indebtedness is incurred.

Our debt service obligations could have important consequences to us for the foreseeable future, including the following: (i) our ability to obtain additional financing for acquisitions, capital expenditures, working capital or other general corporate purposes may be impaired; (ii) a substantial portion of our cash flow from operating activities must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for our operations and other corporate purposes; (iii) some of our borrowings are and will continue to be at variable rates of interest, which exposes us to risks of interest rate increases; and (iv) we may be or become substantially more leveraged than some of our competitors, which may place us at a relative competitive disadvantage and make us more vulnerable to changes in market conditions and governmental regulations.

In addition to our ability to incur additional debt in the future, there are operating and financial restrictions and covenants, such as leverage covenants, in certain of our debt and mortgage agreements, including the agreement governing our 2019 Senior Credit Facility and our mortgage agreements and related mortgage guarantees, as well as certain other agreements to which we are a party that may adversely affect our ability to finance our future operations or capital needs or to pursue certain business activities. These limit, among other things, our ability to incur certain additional debt, create certain liens or other encumbrances and make certain payments (including dividends and repurchases of our common stock and for investments). Certain of these agreements also require us to maintain compliance with certain financial ratios.

Our failure to comply with any of these covenants in the future could constitute a default under the relevant agreement, which could, depending on the relevant agreement, (i) entitle the creditors under such agreement to terminate our ability to borrow under the relevant agreement and accelerate our obligations to repay outstanding borrowings; (ii) require us to repay those borrowings; (iii) entitle the creditors under such agreement to foreclose on the property securing the relevant indebtedness; or (iv) prevent us from making debt service payments on certain of our other indebtedness, any of which would have a material adverse effect on our business, financial condition, results of operations or cash flows. In many cases, a default under one of our debt, mortgage, or other agreements, could trigger cross-default provisions in one or more of our other debt or mortgage agreements. There can be no assurance that our creditors would agree to an amendment or waiver of our covenants. In the event we obtain an amendment or waiver, we would likely incur additional fees and higher interest expense.

In addition to the financial and other covenants contained in our various debt or mortgage agreements, certain of our lease agreements contain covenants that give our landlords the right to terminate the lease, seek significant cash damages, or evict us from the applicable property, if we fail to comply. Similarly, our failure to comply with any financial or other covenants in any of our framework agreements, would give the relevant manufacturer certain rights, including the right to reject proposed acquisitions, and may give it the right to repurchase its franchises from us. Events that give rise to such rights, and our inability to acquire additional dealerships or the requirement that we sell one or more of our dealerships at any time, could inhibit the growth of our business, and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Manufacturers may also have the right to restrict our ability to provide guarantees of our operating companies, pledges of the capital stock of our subsidiaries and liens on our assets, which could materially adversely affect our ability to obtain financing for our business and operations on favorable terms or at desired levels, if at all.

The occurrence of any one of these events may limit our ability to take strategic actions that would otherwise enable us to manage our business, in a manner in which we otherwise would, absent such limitations, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Our business, financial condition and results of operations may be materially adversely affected by increases in interest rates.

We generally finance our purchases of new vehicle inventory, have the ability to finance the purchases of used vehicle inventory, and have the availability to borrow funds for working capital under our senior secured credit facilities that charge interest at variable rates. Therefore, our interest expense from variable rate debt will rise with increases in interest rates. In addition, a significant rise in interest rates may also have the effect of depressing demand in the interest rate sensitive aspects of our business, particularly new and used vehicle sales and the related profit margins and F&I revenue per vehicle, because most of our customers finance their vehicle purchases. As a result, rising interest rates may have the effect of simultaneously increasing our capital costs and reducing our revenues. Given our variable interest rate debt and floor plan notes payable outstanding as of September 30, 2020, each one percent increase in market interest rates would increase our total annual interest expense by as much as $6.8 million. When considered in connection with reduced expected sales as and if interest rates increase, any such increase could materially adversely affect our business, financial condition and results of operations.

Our vehicle sales, financial condition and results of operations may be materially adversely affected by changes in costs or availability of consumer financing.

The majority of vehicles purchased by our customers are financed. Reductions in the availability of credit to consumers have contributed to declines in our vehicle sales in past periods. Reductions in available consumer credit or increased costs of that credit, could result in a decline in our vehicle sales, which would have a material adverse effect on our financial condition and results of operations.

Lenders that have historically provided financing to those buyers who, for various reasons, do not have access to traditional financing, including those buyers who have a poor credit history or lack the down payment necessary to purchase a vehicle, are often referred to as subprime lenders. If market conditions cause subprime lenders to tighten credit standards, or if interest rates increase, the ability to obtain financing from subprime lenders for these consumers to purchase vehicles could become limited, resulting in a decline in our vehicle sales, which in turn, could have a material adverse effect on our financial condition and results of operations.

Substantial competition in automobile sales and services may have a material adverse effect on our results of operations.

The automotive retail and service industry is highly competitive with respect to price, service, location, and selection. Our competition includes: (i) franchised automobile dealerships in our markets that sell the same or similar new and used vehicles; (ii) privately negotiated sales of used vehicles; (iii) other used vehicle retailers, including regional and national vehicle rental companies; (iv) internet-based used vehicle brokers that sell used vehicles to consumers; (v) service center and parts supply chain stores; and (vi) independent service and repair shops.

We do not have any cost advantage over other retailers in purchasing new vehicles from manufacturers. We typically rely on our advertising, merchandising, sales expertise, service reputation, strong local branding and dealership location to sell new vehicles. Because our dealer agreements only grant us a non-exclusive right to sell a manufacturer’s product within a specified market area, our revenues, gross profit and overall profitability may be materially adversely affected if competing dealerships expand their market share. Further, our vehicle manufacturers may decide to award additional franchises in our markets in ways that negatively impact our sales.

The internet has become a significant part of the advertising and sales process in our industry. Customers are using the internet to shop, and compare prices, for new and used vehicles, automotive repair and maintenance services, finance and insurance products and other automotive products. If we are unable to effectively use the internet to attract customers to our own on-line channels and mobile applications, and, in turn, to our stores, our business, financial condition, results of operations and cash flows could be materially adversely affected. Additionally, the growing use of social media by consumers increases the speed and extent that information and opinions can be shared, and negative posts or comments on social media about us or any of our stores, could damage our reputation and brand names, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Additionally, if one or more companies are permitted to circumvent the state franchise laws of several states in the United States thereby permitting them to sell their new vehicles without the requirements of establishing a dealer network, they may be able to have a competitive advantage over the traditional dealers, which could have a material adverse effect on our sales in those states.

We are dependent upon our relationships with the manufacturers of vehicles that we sell and are subject to restrictions imposed by, and significant influence from, these vehicle manufacturers. Any of these restrictions or any changes or deterioration of these relationships could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are dependent on our relationships with the manufacturers of the vehicles we sell, which have the ability to exercise a great deal of control and influence over our day-to-day operations, as a result of the terms of our dealer, framework and related agreements. We may obtain new vehicles from manufacturers, service vehicles, sell new vehicles and display vehicle manufacturers' trademarks only to the extent permitted under these agreements. The terms of these agreements may conflict with our interests and objectives and may impose limitations on key aspects of our operations, including acquisition strategy and capital spending.

For example, manufacturers can set performance standards with respect to sales volume, sales effectiveness and customer satisfaction, and require us to obtain manufacturer consent before we can acquire dealerships selling a manufacturer's automobiles. From time to time, we may be precluded under agreements with certain manufacturers from acquiring additional franchises, or subject to other adverse actions, to the extent we are not meeting certain performance criteria at our existing stores (with respect to matters such as sales volume, customer satisfaction and sales effectiveness) until our performance improves in accordance with the agreements, subject to applicable state franchise laws. In addition, many vehicle manufacturers place limits on the total number of franchises that any group of affiliated dealerships may own and certain manufacturers place limits on the number of franchises or share of total brand vehicle sales that may be maintained by an affiliated dealership group on a national, regional or local basis, as well as limits on store ownership in contiguous markets. If we reach any of these limits, we may be prevented from making further acquisitions, or we may be required to dispose of certain dealerships, which could adversely affect our future growth. We cannot provide assurance that manufacturers will approve future acquisitions timely, if at all, which could significantly impair the execution of our acquisition strategy.

In addition, certain manufacturers use a dealership's manufacturer-determined customer satisfaction index ("CSI") score as a factor governing participation in incentive programs. To the extent we do not meet minimum score requirements, our future payments may be materially reduced or we may be precluded from receiving certain incentives, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Manufacturers also typically establish facilities and minimum capital requirements for dealerships on a case-by-case basis. In certain circumstances, including as a condition to obtaining consent to a proposed acquisition, a manufacturer may require us to remodel, upgrade or move our facilities, and capitalize the subject dealership at levels we would not otherwise choose to fund, causing us to divert our financial resources away from uses that management believes may be of higher long-term value to us. Delays in obtaining, or failing to obtain, manufacturer consent, would impede our ability to execute acquisitions that we believe would integrate well with our overall strategy and limit our ability to expand our business.

Manufacturers can also establish new franchises or relocate existing franchises, subject to applicable state franchise laws. The establishment or relocation of franchises in our markets could have a material adverse effect on the business, financial condition and results of operations of our dealerships in the market in which the action is taken.

Manufacturers may also limit our ability to divest one or more of our dealerships in a timely manner or at all. Most of our dealer agreements provide the manufacturer with a right of first refusal to purchase any of the manufacturer's franchises we seek to sell. Divestitures may also require manufacturer consent and failure to obtain consent would require us to find another potential buyer or wait until the buyer is able to meet the requirements of the manufacturer. A delay in the sale of a dealership could have a negative impact on our business, financial condition, results of operations, and cash flows.

Manufacturers may terminate or may not renew our dealer and framework agreements, or may compel us to divest our dealerships, for a number of reasons, including default under the agreement, any unapproved change of control (which specific changes vary from manufacturer to manufacturer, but which include material changes in the composition of our Board of Directors during a specified time period, the acquisition of 5% or more of our voting stock by another vehicle manufacturer or distributor, the acquisition of 20% or more of our voting stock by third parties, and the acquisition of an ownership interest sufficient to direct or influence management and policies), or certain other unapproved events (including certain extraordinary corporate transactions such as a merger or sale of all or substantially all of our assets). Triggers of these clauses are often based upon actions by our stockholders and are generally outside of our control. Restrictions on any unapproved changes of ownership or management may adversely impact our value, as they may prevent or deter prospective acquirers from gaining control of us. In addition, actions taken by a manufacturer to exploit its bargaining position in negotiating the terms of renewals of franchise agreements or otherwise, could also have a material adverse effect on our revenues and profitability.

There can be no assurances that we will be able to renew our dealer and framework agreements on a timely basis, on acceptable terms, or at all. Our business, financial condition and results of operations may be materially adversely affected to the extent that our rights become compromised or our operations are restricted due to the terms of our dealer or framework agreements or if we lose franchises representing a significant percentage of our revenues due to termination or failure to renew such agreements.

If vehicle manufacturers reduce or discontinue sales incentive, warranty or other promotional programs, our financial condition, results of operations and cash flows may be materially adversely affected.

We benefit from certain sales incentive, warranty, and other promotional programs of vehicle manufacturers that are intended to promote and support their respective new vehicle sales. Key incentive programs include: (i) customer rebates on new vehicles; (ii) dealer incentives on new vehicles; (iii) special financing or leasing terms; (iv) warranties on new and used vehicles; and (v) sponsorship of used vehicle sales by authorized new vehicle dealers.

Vehicle manufacturers often make many changes to their incentive programs. Any reduction or discontinuation of manufacturers’ incentive programs for any reason, including a supply and demand imbalance, may reduce our sales volume which, in turn, could have a material adverse effect on our results of operations, cash flows, and financial condition.

If state laws that protect automotive retailers are repealed, weakened, or superseded by our framework agreements with manufacturers, our dealerships will be more susceptible to termination, non-renewal, or renegotiation of their dealer agreements, which could have a material adverse effect on our business, results of operations and financial condition.

Applicable state laws generally provide that an automobile manufacturer may not terminate or refuse to renew a dealer agreement unless it has first provided the dealer with written notice setting forth "good cause" and stating the grounds for termination or non-renewal. Some state laws allow dealers to file protests or petitions or allow them to attempt to comply with the manufacturer’s criteria within a notice period to avoid the termination or non-renewal. Our framework agreements with certain manufacturers contain provisions that, among other things, attempt to limit the protections available to dealers under these laws, and, though unsuccessful to date, manufacturers’ ongoing lobbying efforts may lead to the repeal or revision of these laws. If these laws are repealed in the states in which we operate, manufacturers may be able to terminate our franchises without providing advance notice, an opportunity to cure or a showing of good cause. Without the protection of these state laws, it may also be more difficult for us to renew our dealer agreements upon expiration. Changes in laws that provide manufacturers the ability to terminate our dealer agreements could materially adversely affect our business, financial condition and results of operations. Furthermore, if a manufacturer seeks protection from creditors in bankruptcy, courts have held that the federal bankruptcy laws may supersede the state laws that protect automotive retailers resulting in either the termination, non-renewal or rejection of franchises by such manufacturers, which, in turn, could materially adversely affect our business, financial condition, and results of operations.

A failure of any of our information systems or those of our third-party service providers, or a data security breach with regard to personally identifiable information ("PII") about our customers or employees, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We depend on the efficient operation of our information systems and those of our third-party service providers. We rely on information systems at our dealerships in all aspects of our sales and service efforts, as well in the preparation of our consolidated financial and operating data. All of our dealerships currently operate on a common dealer management system ("DMS"). Our business could be significantly disrupted if (i) the DMS fails to integrate with other third-party information systems, customer relations management tools or other software, or to the extent any of these systems become unavailable to us or fail to perform as designed for an extended period of time or (ii) our relationship with our DMS provider or any other third-party provider deteriorates. Additionally, any disruption to access and connectivity of our information systems due to natural disasters, power loss or other reasons could disrupt our business operations, impact sales and results of operations, expose us to customer or third-party claims, or result in adverse publicity.

Additionally, in the ordinary course of business, we and our partners receive significant PII about our customers in order to complete the sale or service of a vehicle and related products. We also receive PII from our employees. The regulatory environment surrounding information security and privacy is increasingly demanding, with numerous state and federal regulations, as well as payment card industry and other vendor standards, governing the collection and maintenance of PII from consumers and other individuals. We believe the automotive dealership industry is a particular target of identity thieves, as there are numerous opportunities for a data security breach, including cybersecurity breaches, burglary, lost or misplaced data, scams, or misappropriation of data by employees, vendors or unaffiliated third parties. Because of the increasing number and sophistication of cyber-attacks, and despite the security measures we have in place and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, acts of vandalism and/or other events. Alleged or actual data security breaches can increase costs of doing business, negatively affect customer satisfaction and loyalty, expose us to negative publicity, individual claims or consumer class actions, administrative, civil or criminal investigations or actions, and infringe on proprietary information, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our operations are subject to extensive governmental laws and regulations. If we are found to be in purported violation of or subject to liabilities under any of these laws or regulations, or if new laws or regulations are enacted that adversely affect our operations, our business, results of operations, financial condition, cash flows, reputation and prospects could suffer.

The automotive retail industry, including our facilities and operations, is subject to a wide range of federal, state, and local laws and regulations, such as those relating to motor vehicle sales, retail installment sales, leasing, finance and insurance, marketing, licensing, consumer protection, consumer privacy, escheatment, anti-money laundering, environmental, vehicle emissions and fuel economy, and health and safety. In addition, with respect to employment practices, we are subject to various laws and regulations, including complex federal, state, and local wage and hour and anti-discrimination laws. The violation of the laws or regulations to which we are subject could result in administrative, civil, or criminal sanctions against us, which may include a cease and desist order against the subject operations or even revocation or suspension of our license to operate the subject business, as well as significant fines and penalties. Violation of certain laws and regulations to which we are subject may also subject us to consumer class action or other lawsuits or governmental investigations and adverse publicity. We currently devote significant resources to comply with applicable federal, state, and local regulation of health, safety, environmental, zoning and land use regulations, and we may need to spend additional time, effort, and money to keep our operations and existing or acquired facilities in compliance therewith.

In addition, there is a risk that our employees could engage in misconduct that violates the laws or regulations to which we are subject. It is not always possible to detect or deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases. If any of our employees were to engage in misconduct or were to be accused of such misconduct, our business and reputation could be adversely affected.

The Dodd-Frank Act, which was signed into law on July 21, 2010, established the Consumer Financial Protection Bureau ("CFPB"), an independent federal agency funded by the United States Federal Reserve with broad regulatory powers and limited oversight from the United States Congress. Although automotive dealers are generally excluded, the Dodd-Frank Act could lead to additional, indirect regulation of automotive dealers, in particular, their sale and marketing of finance and insurance products, through its regulation of automotive finance companies and other financial institutions. In addition, the CFPB possesses supervisory authority with respect to certain non-bank lenders, including automotive finance companies, participating in automotive financing. The Dodd-Frank Act also provided the Federal Trade Commission ("FTC") with new and expanded authority regarding automotive dealers. Since then, the FTC has been gathering information on consumer protection issues through roundtables, public comments and consumer surveys. The FTC may exercise its additional rule-making authority to expand consumer protection regulations relating to the sale, financing and leasing of motor vehicles. In 2014, the FTC implemented an enforcement initiative relating to the advertising practices of automotive dealers. In connection therewith, in May 2016, we signed a consent order with the FTC to settle allegations that in certain instances our advertisements did not adequately disclose information about used vehicles with open safety recalls. Under the consent order, we did not agree to make any payments or admit wrong-doing, but we did agree to make certain disclosures in marketing materials and at the point of sale and comply with certain record-keeping obligations.

Continued pressure from the CFPB, FTC, and other federal agencies could lead to significant changes in the manner that dealers are compensated for arranging customer financing, and while it is difficult to predict how any such changes might impact us, any adverse changes could have a material adverse impact on our finance and insurance business and results of operations. Furthermore, we expect that new laws and regulations, particularly at the federal level, in other areas may be enacted, which could also materially adversely impact our business.

Environmental laws and regulations govern, among other things, discharges into the air and water, storage of petroleum substances and chemicals, the handling and disposal of solid and hazardous wastes, investigation and remediation of contamination. Similar to many of our competitors, we have incurred and expect to continue to incur capital and operating expenditures and other costs to comply with such federal and state statutes. In addition, we may become subject to broad liabilities arising out of contamination at our currently and formerly owned or operated facilities, at locations to which hazardous substances were transported from such facilities, and at such locations related to entities formerly affiliated with us. For such potential liabilities, we believe we are entitled to indemnification from other entities. However, we cannot provide assurance that such entities will view their obligations as we do or will be able or willing to satisfy them. We may have indemnity obligations for liabilities relating to contamination at our currently or formerly owned and/or operated facilities as part of the acquisition or divestiture of certain properties in the ordinary course of business. Failure to comply with applicable laws and regulations, or significant additional expenditures required to maintain compliance therewith, could have a material adverse effect on our business, results of operations, financial condition or cash flows.

A significant judgment against us or the imposition of a significant fine could have a material adverse effect on our business, financial condition and future prospects. We further expect that, from time to time, new laws and regulations, particularly in the environmental area will be enacted, and compliance with such laws, or penalties for failure to comply, could significantly increase our costs. For example, vehicle manufacturers are subject to government-mandated fuel economy and greenhouse gas emission standards, which continue to change and become more stringent over time. Specifically, vehicle manufacturers are subject to corporate average fuel economy standards ("CAFE") for passenger cars and light trucks. Failure of a manufacturer to develop passenger vehicles and light trucks that meet CAFE and/or greenhouse gas emission standards could subject the manufacturer to substantial penalties, increase the cost of vehicles sold to us, and adversely affect our ability to market and sell vehicles to meet consumer needs and desires, which could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We are subject to risks related to the provision of employee health care benefits, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We use a combination of insurance and self-insurance for health care plans. We record expenses under those plans based on estimates of the costs of expected claims, administrative costs, stop-loss insurance premiums, and expected health care trends. Actual costs under these plans are subject to variability that is dependent upon participant enrollment, demographics and the actual costs of claims made. Negative trends in any of these areas could cause us to incur additional unplanned health care costs, which could adversely impact our business, financial condition, results of operations and cash flows. In addition, if enrollment in our health care plans increases significantly, the additional costs that we will incur may be significant enough to materially affect our business, financial condition, results of operations and cash flows.

We are, and expect to continue to be, subject to legal and administrative proceedings, which, if the outcomes are adverse to us, could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and prospects.

We are involved and expect to continue to be involved in numerous legal proceedings arising out of the conduct of our business, including litigation with customers, employment-related lawsuits, class actions, purported class actions, and actions brought by governmental authorities. We do not believe that the ultimate resolution of any known matters will have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows or prospects. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Property loss or other uninsured liabilities could have a material adverse impact on our results of operations.

We are subject to substantial risk of property loss due to the significant concentration of property at dealership locations, including vehicles and parts. We have historically experienced business interruptions from time to time at several of our dealerships, due to actual or threatened adverse weather conditions or natural disasters, such as hurricanes, tornadoes, floods, hail storms or other extraordinary events. Concentration of property at dealership locations also makes the automotive retail business particularly vulnerable to theft, fraud and misappropriation of assets. Illegal or unethical conduct by employees, customers, vendors, and unaffiliated third parties can result in loss of assets, disrupt operations, impact brand reputation, jeopardize manufacturer and other relationships, result in the imposition of fines or penalties, and subject us to governmental investigations or lawsuits. While we maintain insurance to protect against a number of losses, this insurance coverage often contains significant deductibles. In addition, we "self-insure" a portion of our potential liabilities, meaning we do not carry insurance from a third-party for such liabilities, and are wholly responsible for any related losses including for certain potential liabilities that some states prohibit the maintenance of insurance to protect against. In certain instances, our insurance may not fully cover a loss depending on the applicable deductible or the magnitude and nature of the claim. Additionally, changes in the cost or availability of insurance in the future could substantially increase our costs to maintain our current level of coverage or could cause us to reduce our insurance coverage and increase our self-insured risks. To the extent we incur significant additional costs for insurance, suffer losses that are not covered by in-force insurance or suffer losses for which we are self-insured, our financial condition, results of operations or cash flows could be materially adversely impacted.

A decline in our credit rating or a general disruption in the credit markets could negatively impact our liquidity and ability to conduct our operations.

A deterioration of our credit rating, or a general disruption in the credit markets, could limit our ability to obtain credit on terms acceptable to us, or at all. In addition, uncertain economic conditions or the re-pricing of certain credit risks may make it more difficult for us to obtain one or more types of funding in the amounts, or at rates considered acceptable to us, at any given time. Our inability to access necessary or desirable funding, or to enter into certain related transactions, at times and at costs deemed appropriate by us, could have a negative impact on our liquidity and our ability to conduct our operations. Any of these developments could also reduce the ability or willingness of the financial institutions that have extended credit commitments to us, or that have entered into hedge or similar transactions with us, to fulfill their obligations to us, which also could have a material adverse effect on our liquidity and our ability to conduct our operations.

We are subject to risks associated with imported product restrictions or limitations, foreign trade and currency valuations.

Our business involves the sale of vehicles, parts or vehicles composed of parts that are manufactured outside the United States. As a result, our operations are subject to risks of doing business outside of the United States and importing merchandise, including import duties, exchange rates, trade restrictions, work stoppages, natural or manmade disasters, and general political and socio-economic conditions in other countries. The United States or the countries from which our products are imported may, from time to time, impose new quotas, duties, tariffs or other restrictions or limitations, or adjust presently prevailing quotas, duties or tariffs. The imposition of new, or adjustments to prevailing, quotas, duties, tariffs or other restrictions or limitations could have a material adverse effect on our business, financial condition, results of operations and cash flows. Relative weakness of the U.S. dollar against foreign currencies in the future may result in an increase in costs to us and in the retail price of such vehicles or parts, which could discourage consumers from purchasing such vehicles and adversely impact our revenues and profitability.

If we are unable to acquire and successfully integrate additional dealerships into our business, our revenue and earnings growth may be adversely affected.

We believe that the automotive retailing industry is a mature industry whose sales are significantly impacted by the prevailing economic climate, both nationally and in local markets. Accordingly, we believe that our future growth depends in part on our ability to manage expansion, control costs in our operations and acquire and effectively integrate acquired dealerships into our organization. When seeking to acquire other dealerships, we often compete with several other national, regional and local dealership groups, and other strategic and financial buyers, some of which may have greater financial resources than us. Competition for attractive acquisition targets may result in fewer acquisition opportunities for us and we may have to forgo acquisition opportunities to the extent we cannot negotiate such acquisitions on acceptable terms.

We also face additional risks commonly encountered with growth through acquisitions. These risks include, but are not limited to: (i) failing to obtain manufacturers’ consents to acquisitions of additional franchises; (ii) incurring significant transaction-related costs for both completed and failed acquisitions; (iii) incurring significantly higher capital expenditures and operating expenses; (iv) failing to integrate the operations and personnel of the acquired dealerships and impairing relationships with employees; (v) incorrectly valuing entities to be acquired or incurring undisclosed liabilities at acquired dealerships; (vi) disrupting our ongoing business and diverting our management resources to newly acquired dealerships; (vii) failing to achieve expected performance levels; and (viii) impairing relationships with manufacturers and customers as a result of changes in management.

We may not adequately anticipate all the demands that our growth will impose on our personnel, procedures and structures, including our financial and reporting control systems, data processing systems, and management structure. Moreover, our failure to retain qualified management personnel at any acquired dealership may increase the risks associated with integrating the acquired dealership. If we cannot adequately anticipate and respond to these demands, we may fail to realize acquisition synergies and our resources will be focused on incorporating new operations into our structure rather than on areas that may be more profitable.

We are a holding company and as a result are dependent on our operating subsidiaries to generate sufficient cash and distribute cash to us to service our indebtedness and fund our ongoing operations.

Our ability to make payments on our indebtedness and fund our ongoing operations depends on our operating subsidiaries’ ability to generate cash in the future and distribute that cash to us. It is possible that our subsidiaries may not generate cash from operations in an amount sufficient to enable us to service our indebtedness. In addition, many of our subsidiaries are required to comply with the provisions of franchise agreements, dealer agreements, other agreements with manufacturers, mortgages, and credit facility providers. Many of these agreements contain minimum working capital or net worth requirements, and are subject to change at least annually. Although the requirements contained in these agreements did not restrict our subsidiaries from distributing cash to us as of September 30, 2020, unexpected changes to our financial metrics or to the terms of our franchise agreements, dealer agreements, or other agreements with manufacturers could require us to alter the manner in which we distribute or use cash. If our operating subsidiaries are unable to generate and distribute sufficient cash to us to service our indebtedness and fund our ongoing operations, our financial condition may be materially adversely affected.

Goodwill and manufacturer franchise rights comprise a significant portion of our total assets. We must test our goodwill and manufacturer franchise rights for impairment at least annually, which could result in a material, non-cash write-down of goodwill or manufacturer franchise rights and could have a material adverse effect on our results of operations and stockholders' equity.

Our principal intangible assets are goodwill and our rights under our franchise agreements with vehicle manufacturers. Goodwill and indefinite-lived intangible assets, including manufacturer franchise rights, are subject to impairment assessments at least annually (or more frequently when events or changes in circumstances indicate that an impairment may have occurred), by applying a qualitative or quantitative assessment. A decrease in our market capitalization or profitability increases the risk of goodwill impairment. The fair value of our manufacturer franchise rights is determined by discounting a sub-set of the projected cash flows at a dealership that we attribute to the value of the franchise. Changes to the business mix or declining cash flows in a dealership increase the risk of impairment. During the years ended December 31, 2019 and 2018, we recognized $7.1 million and $3.7 million, respectively, in pre-tax non-cash impairment charges associated with manufacturer franchise rights recorded at certain dealerships. During the first quarter of 2020, we recorded a $23.0 million non-cash impairment charge related to our intangible manufacturer franchise rights. We may be required to record additional impairment charges if the COVID-19 global pandemic continues. We cannot accurately predict the amount and timing of any additional impairment charge at this time; however, any such impairment charge could have an adverse effect on our results of operations and stockholders' equity.

Technological advances, including increases in ride sharing applications, electric vehicles and autonomous vehicles in the long-term could have a material adverse effect on our business.

The automotive industry is predicted to experience change over the long-term. Shared vehicle services such as Uber and Lyft provide consumers with increased choice in their personal mobility options. The effect of these and similar mobility options on the retail automotive industry is uncertain, and may include lower levels of new vehicles sales. In addition, technological advances are facilitating the development of driverless vehicles. The eventual timing of widespread availability of driverless vehicles is uncertain due to regulatory requirements, additional technological requirements, and uncertain consumer acceptance of these vehicles. The effect of driverless vehicles on the automotive retail industry is uncertain and could include changes in the level of new and used vehicles sales, the price of new vehicles, and the role of franchised dealers, any of which could materially adversely affect our business, financial condition and results of operations. The widespread adoption of electric and battery powered vehicles also could have a material adverse effect on the profitability of our parts and service business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 30, 2014, our Board of Directors authorized our Repurchase Program. On October 19, 2018, our Board of Directors reset the authorization under our Repurchase Program to $100.0 million in the aggregate, for the repurchase of shares of our common stock in open market transactions or privately negotiated transactions. Any repurchases will be subject to applicable limitations in our debt or other financing agreements that may be in existence from time to time. During the three months ended September 30, 2020, we did not repurchase any shares of our common stock under the Repurchase Program but repurchased 140 shares of our common stock for $14.6 thousand from employees in connection with a net share settlement feature of employee equity-based awards. As of September 30, 2020, we had remaining authorization to repurchase $66.3 million in shares of our common stock under the Repurchase Program.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

Exhibit Number	Description of Documents
2.1	Asset Purchase Agreement, dated July 6, 2020, by and among the identified sellers, the identified seller affiliate, the identified principal, the identified real estate owners and Asbury Automotive Group, LLC. (Portions of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K because they (i) are not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish supplementally to the Commission an unredacted copy of this exhibit upon request.) (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 filed on July 31, 2020)
4.1	Officer's Certificate of Asbury Automotive Group, Inc. pursuant to the 2028 Notes Indenture, dated September 16, 2020 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.2	Officer's Certificate of Asbury Automotive Group, Inc. pursuant to the 2030 Notes Indenture, dated September 16, 2020 (incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.3	Form of Additional 4.50% Senior Note due 2028 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K filed on February 20, 2020)
4.4	Form of Additional 4.75% Senior Note due 2030 (incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K filed on February 20, 2020)
4.5	Registration Rights Agreement relating to the 2028 Notes, dated September 16, 2020, among Asbury Automotive Group, Inc., the guarantors party thereto and BofA Securities, Inc., as representative of the Initial Purchasers (incorporated by reference to Exhibit 4.7 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.6	Registration Rights Agreement relating to the 2030 Notes, dated September 16, 2020, among Asbury Automotive Group, Inc., the guarantors party thereto and BofA Securities, Inc., as representative of the Initial Purchasers (incorporated by reference to Exhibit 4.8 of the Company's Current Report on Form 8-K filed on September 16, 2020)
10.1	Second Amendment to the Third Amended and Restated Credit Agreement, dated August 10, 2020, among Asbury Automotive Group, Inc., as a borrower, certain of its subsidiaries, as vehicle borrowers, the other guarantors party thereto, the other lenders party thereto and Bank of America, N.A., as administrative agent, revolving swing line lender, new vehicle floorplan swing line lender, used vehicle floorplan swing line lender and an l/c issuer.
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in iXBRL Exhibit 101)
*	Incorporated by reference

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Asbury Automotive Group, Inc.

Date:	November 3, 2020	By:	/s/ David W. Hult
		Name:	**David W. Hult**
		Title:	**Chief Executive Officer and President**
Date:	November 3, 2020	By:	/s/ Patrick J. Guido
		Name:	**Patrick J. Guido**
		Title:	**Senior Vice President and Chief Financial Officer**

INDEX TO EXHIBITS

Exhibit Number	Description of Documents
2.1	Asset Purchase Agreement, dated July 6, 2020, by and among the identified sellers, the identified seller affiliate, the identified principal, the identified real estate owners and Asbury Automotive Group, LLC. (Portions of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K because they (i) are not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish supplementally to the Commission an unredacted copy of this exhibit upon request.) (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 filed on July 31, 2020)
4.1	Officer’s Certificate of Asbury Automotive Group, Inc. pursuant to the 2028 Notes Indenture, dated September 16, 2020 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.2	Officer’s Certificate of Asbury Automotive Group, Inc. pursuant to the 2030 Notes Indenture, dated September 16, 2020 (incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.3	Form of Additional 4.50% Senior Note due 2028 (incorporated by reference to Exhibit 4.3 of the Company’s Current Report on Form 8-K filed on February 20, 2020)
4.4	Form of Additional 4.75% Senior Note due 2030 (incorporated by reference to Exhibit 4.4 of the Company’s Current Report on Form 8-K filed on February 20, 2020)
4.5	Registration Rights Agreement relating to the 2028 Notes, dated September 16, 2020, among Asbury Automotive Group, Inc., the guarantors party thereto and BofA Securities, Inc., as representative of the Initial Purchasers (incorporated by reference to Exhibit 4.7 of the Company's Current Report on Form 8-K filed on September 16, 2020)
4.6	Registration Rights Agreement relating to the 2030 Notes, dated September 16, 2020, among Asbury Automotive Group, Inc., the guarantors party thereto and BofA Securities, Inc., as representative of the Initial Purchasers (incorporated by reference to Exhibit 4.8 of the Company's Current Report on Form 8-K filed on September 16, 2020)
10.1	Second Amendment to the Third Amended and Restated Credit Agreement, dated August 10, 2020, among Asbury Automotive Group, Inc., as a borrower, certain of its subsidiaries, as vehicle borrowers, the other guarantors party thereto, the other lenders party thereto and Bank of America, N.A., as administrative agent, revolving swing line lender, new vehicle floorplan swing line lender, used vehicle floorplan swing line lender and an l/c issuer.
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in iXBRL Exhibit 101)
*	Incorporated by reference

Exhibit 10.1

SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This **SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT**, dated as of August 10, 2020 (this "Amendment") is by and among **ASBURY AUTOMOTIVE GROUP, INC**., a Delaware corporation ("Company"), certain Subsidiaries of the Company party hereto as New Vehicle Borrowers (each a "New Vehicle Borrower" and collectively with the Used Vehicle Borrowers (defined below), the "Vehicle Borrowers"), certain Subsidiaries of the Company party hereto as Used Vehicle Borrowers (each a "Used Vehicle Borrower", and collectively with the Company, the "Used Vehicle Borrowers"), the Guarantors party hereto, the Lenders party hereto (collectively, the "Consenting Lenders"), and **BANK OF AMERICA, N.A.**, as Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender and an L/C Issuer. The Vehicle Borrowers, including the Company in its capacity as Borrower under the Revolving Credit Facility, are referred to collectively as the "Borrowers" and individually as a "Borrower".

W I TN E S S E T H:

WHEREAS, the Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender, L/C Issuer, certain financial institutions from time to time party thereto as lenders and the Borrowers are parties to that certain Third Amended and Restated Credit Agreement, dated as of September 25, 2019 (as otherwise amended, supplemented or modified from time to time, the "Credit Agreement"; capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement).

WHEREAS, the Company and the Borrowers have asked the Lenders to amend the definition of "Consolidated Adjusted Current Liabilities" in Section 1.02 of the Credit Agreement, as set forth herein.

WHEREAS, the Consenting Lenders are willing to consent to such amendment, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1 – AMENDMENT

1.1 The definition of "Consolidated Adjusted Current Liabilities" in Section 1.02 of the Credit Agreement is hereby amended by deleting the phrase "any Permitted Real Estate Debt or Subordinated Debt" and inserting in its place the phrase "any Permitted Real Estate Debt, Subordinated Debt or Indebtedness incurred pursuant to Section 7.01(s)".

For the avoidance of doubt, nothing in this amendment shall affect, or cause the deletion of, the phrase ", other than (in each case under this clause (c)) any such balloon, bullet or similar payment due within one (1) fiscal quarter following the date of determination."

SECTION 2 - CONDITIONS PRECEDENT TO EFFECTIVENESS

2.1 This Amendment shall become effective upon the Administrative Agent's receipt of executed counterparts of this Amendment from the Administrative Agent, the Borrowers, the Guarantors, and Lenders constituting Required Lenders.

SECTION 3 - MISCELLANEOUS

3.1 **Binding Effect**. This Amendment shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Administrative Agent and each Lender.

3.2 **Affirmation of Borrowers and Guarantors**. Each Borrower and each Guarantor hereby (a) consents to the amendments and modifications to the Credit Agreement effected hereby, and (b) confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Borrower or such Guarantor, as applicable, is a party is, and the obligations of such Borrower or such Guarantor, as applicable, contained in the Credit Agreement, as amended and modified hereby, or in any other Loan Documents to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended and modified by this Amendment. Without limiting the generality of the foregoing, the execution of this Amendment shall not constitute a novation or discharge of, any obligation of any Loan Party under the Credit Agreement or any other Loan Document, and each Loan Party agrees that the Security Instruments and any other documents or instruments executed, filed or recorded in connection therewith, shall remain outstanding and in full force and effect, and all of the Collateral described therein and Liens granted in favor of the Administrative Agent created thereunder do and shall continue to secure the Obligations and the "Obligations", "Guarantied Obligations" or "Secured Obligations" (as those terms are defined in the Company Guaranty and the Subsidiary Guaranty) and any other obligations to the extent provided in the Security Instruments and that all such Liens continue to be perfected as security for the Obligations and the "Obligations", "Guarantied Obligations" or "Secured Obligations" (as those terms are defined in the Company Guaranty and the Subsidiary Guaranty) and any other obligations secured thereby.

3.3 **Representations and Warranties.**

(a) This Amendment has been duly authorized, executed and delivered by each of the other Loan Parties party hereto and constitutes a legal, valid and binding obligation of each such party, except as may be limited by general principles of equity or by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

(b) The representations and warranties made by each Loan Party in Article V of the Credit Agreement and in each of the other Loan Documents to which such Loan Party is a party are true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) on and as of the First Amendment Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date in which case they are true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) as of such earlier date.

(c) No Default or Event of Default has occurred and is continuing as of the date hereof.

3.5 **Reference to and Effect on Credit Agreement and the Loan Documents.**

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended and modified by this Amendment and as further amended, restated or modified from time to time in accordance with the terms thereof.

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended and modified by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver or novation of any right, power or remedy of any Lender, L/C Issuer, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or novation of any provision of any of the Loan Documents.

(d) The Administrative Agent, the Lenders and the Loan Parties agree that this Amendment shall be a Loan Document for all purposes of the Credit Agreement (as specifically amended by this Amendment) and the other Loan Documents.

3.6 **No Waiver.** The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Lender under the Credit Agreement. This Amendment is limited to the matters expressly referred to herein and shall not constitute an amendment or waiver of, or an indication of the Lender's willingness to amend or waive, any other provisions of the Credit Agreement or the same provisions for any other date or purpose.

3.7 **Waiver, Modification, Etc.** No provision or term of this Amendment may be modified, altered, waived, discharged or terminated orally, but only by an instrument in writing executed by the party against whom such modification, alteration, waiver, discharge or termination is sought to be enforced.

3.8 **Headings**. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

3.9 **GOVERNING LAW**. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

3.10 **Counterparts**. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall he deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic mail shall be as effective as delivery of a manually executed counterpart hereof.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

Asbury Automotive Group, Inc.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Vice President and Treasurer

NEW VEHICLE BORROWERS:

ASBURY AR NISS L.L.C.
ASBURY ATLANTA AC L.L.C.
ASBURY ATLANTA AU L.L.C.
ASBURY ATLANTA BM L.L.C.
ASBURY ATLANTA CHEV, LLC
ASBURY ATLANTA HON L.L.C.
ASBURY ATLANTA HUND L.L.C.
ASBURY ATLANTA INF L.L.C.
ASBURY ATLANTA INFINITI L.L.C.
ASBURY ATLANTA K L.L.C.
ASBURY ATLANTA LEX L.L.C.
ASBURY ATLANTA NIS L.L.C.
ASBURY ATLANTA NIS II, LLC
ASBURY ATLANTA TOY L.L.C.
ASBURY ATLANTA TOY 2 L.L.C.
ASBURY ATLANTA VB L.L.C.
ASBURY AUTOMOTIVE BRANDON, L.P.
ASBURY AUTOMOTIVE ST. LOUIS, L.L.C.
ASBURY AUTOMOTIVE WEST, LLC
ASBURY CH MOTORS L.L.C.
ASBURY DELAND HUND, LLC
ASBURY GEORGIA TOY, LLC
ASBURY IN CBG, LLC
ASBURY IN CDJ, LLC
ASBURY IN CHEV, LLC
ASBURY IN FORD, LLC
ASBURY IN HON, LLC
ASBURY IN TOY, LLC
ASBURY INDY CHEV, LLC
ASBURY JAX AC, LLC

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

<u>NEW VEHICLE BORROWERS, *continued*</u>:

ASBURY JAX HON L.L.C.
ASBURY MS CHEV L.L.C.
ASBURY SC JPV L.L.C.
ASBURY SC LEX L.L.C.
ASBURY SC TOY L.L.C.
ASBURY ST. LOUIS LEX L.L.C.
ASBURY ST. LOUIS LR L.L.C.
ASBURY ST. LOUIS M L.L.C.
ASBURY-DELAND IMPORTS, L.L.C.
AVENUES MOTORS, LTD.
BFP MOTORS L.L.C.
CFP MOTORS L.L.C.
CH MOTORS L.L.C.
CHO PARTNERSHIP, LTD.
CN MOTORS L.L.C.
COGGIN CARS L.L.C.
COGGIN CHEVROLET L.L.C.
CROWN CHH L.L.C.
CROWN FDO L.L.C.
CROWN GAC L.L.C.
CROWN GBM L.L.C.
CROWN GDO L.L.C.
CROWN GHO L.L.C.
CROWN GNI L.L.C.
CROWN GVO L.L.C.
CROWN MOTORCAR COMPANY L.L.C.
CROWN PBM L.L.C.
CROWN RIA L.L.C.
CROWN RIB L.L.C.
CROWN SNI L.L.C.
CSA IMPORTS L.L.C.
ESCUDE-NN L.L.C.
ESCUDE-NS L.L.C.
ESCUDE-T L.L.C.
HFP MOTORS L.L.C.
KP MOTORS L.L.C.
MCDAVID AUSTIN-ACRA, L.L.C.
MCDAVID FRISCO-HON, L.L.C.
MCDAVID HOUSTON-NISS, L.L.C.
MCDAVID IRVING-HON, L.L.C.
MCDAVID PLANO-ACRA, L.L.C.
NP MZD L.L.C.
NP VKW L.L.C.

By: <u>/s/Matthew Pettoni</u>
Typed Name: Matthew Pettoni
Typed Title: Treasurer

NEW VEHICLE BORROWERS, *continued*:

PRECISION INFINITI, INC.
PRECISION MOTORCARS, INC.
PRECISION NISSAN, INC.
PREMIER NSN L.L.C.
PREMIER PON L.L.C.
PRESTIGE BAY L.L.C.
PRESTIGE TOY L.L.C.
Q AUTOMOTIVE BRANDON FL, LLC
Q AUTOMOTIVE CUMMING GA, LLC
Q AUTOMOTIVE FT. MYERS FL, LLC
Q AUTOMOTIVE HOLIDAY FL, LLC
Q AUTOMOTIVE JACKSONVILLE FL, LLC
Q AUTOMOTIVE KENNESAW GA, LLC
Q AUTOMOTIVE ORLANDO FL, LLC
Q AUTOMOTIVE TAMPA FL, LLC
TAMPA HUND, L.P.
TAMPA KIA, L.P.
WTY MOTORS, L.P.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

ASBURY CO SUB, LLC
ASBURY CO CDJR, LLC

By: /s/David W. Hult
Typed Name: David W. Hult
Typed Title: President and Chief Executive Officer

USED VEHICLE BORROWERS:

Asbury Automotive Group, Inc.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Vice President and Treasurer

AF Motors, L.L.C.
Asbury AR Niss L.L.C.
Asbury Atlanta AC L.L.C.
Asbury Atlanta AU L.L.C.
Asbury Atlanta BM L.L.C.
Asbury Atlanta CHEV, LLC
Asbury Atlanta Ford, LLC
Asbury Atlanta Hon L.L.C.
Asbury Atlanta Hund L.L.C.
Asbury Atlanta Inf L.L.C.
Asbury Atlanta Infiniti L.L.C.
Asbury Atlanta K L.L.C.
Asbury Atlanta Lex L.L.C.
Asbury Atlanta Nis L.L.C.
Asbury Atlanta Nis II, LLC
Asbury Atlanta Toy L.L.C.
Asbury Atlanta Toy 2 L.L.C.
Asbury Atlanta VB L.L.C.
Asbury Automotive Brandon, L.P.
Asbury Automotive St. Louis, L.L.C.
ASBURY AUTOMOTIVE WEST, LLC
ASBURY CH MOTORS L.L.C.
Asbury Deland Hund, LLC
Asbury Ft. Worth Ford, LLC
Asbury Georgia TOY, LLC
Asbury IN CBG, LLC
Asbury IN CDJ, LLC
Asbury IN Chev, LLC
Asbury IN Ford, LLC
Asbury IN HON, LLC
Asbury IN TOY, LLC

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

used VEHICLE BORROWERS, *continued*:

Asbury Indy Chev, LLC
Asbury Jax AC, LLC
Asbury Jax Ford, LLC
Asbury Jax Hon L.L.C.
Asbury MS Chev L.L.C.
Asbury MS Gray-Daniels L.L.C.
Asbury SC JPV L.L.C.
Asbury SC LEX L.L.C.
Asbury SC TOY L.L.C.
Asbury St. Louis Lex L.L.C.
Asbury St. Louis LR L.L.C.
Asbury St. Louis M L.L.C.
Asbury-Deland Imports, L.L.C.
Avenues Motors, Ltd.
BFP Motors L.L.C.
CFP Motors L.L.C.
CH Motors L.L.C.
CHO PARTNERSHIP, LTD.
CN MOTORS L.L.C.
COGGIN CARS L.L.C.
COGGIN CHEVROLET L.L.C.
CROWN CHH L.L.C.
CROWN FDO L.L.C.
CROWN FFO L.L.C.
CROWN GAC L.L.C.
CROWN GBM L.L.C.
CROWN GDO L.L.C.
CROWN GHO L.L.C.
CROWN GNI L.L.C.
CROWN GVO L.L.C.
CROWN MOTORCAR COMPANY L.L.C.
CROWN PBM L.L.C.
CROWN RIA L.L.C.
CROWN RIB L.L.C.
CROWN SNI L.L.C.
CSA IMPORTS L.L.C.
ESCUDE-NN L.L.C.
ESCUDE-NS L.L.C.
ESCUDE-T L.L.C.
HFP MOTORS L.L.C.
KP MOTORS L.L.C.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer
MCDAVID AUSTIN-ACRA, L.L.C.

MCDAVID FRISCO-HON, L.L.C.
MCDAVID HOUSTON-NISS, L.L.C.
MCDAVID IRVING-HON, L.L.C.
MCDAVID PLANO-ACRA, L.L.C.
NP FLM L.L.C.
NP MZD L.L.C.
NP VKW L.L.C.
PLANO LINCOLN-MERCURY, INC.
PRECISION INFINITI, INC.
PRECISION MOTORCARS, INC.
PRECISION NISSAN, INC.
PREMIER NSN L.L.C.
PREMIER PON L.L.C.
PRESTIGE BAY L.L.C.
PRESTIGE TOY L.L.C.
Q AUTOMOTIVE BRANDON FL, LLC
Q AUTOMOTIVE CUMMING GA, LLC
Q AUTOMOTIVE FT. MYERS FL, LLC
Q AUTOMOTIVE HOLIDAY FL, LLC
Q AUTOMOTIVE JACKSONVILLE FL, LLC
Q AUTOMOTIVE KENNESAW GA, LLC
Q AUTOMOTIVE ORLANDO FL, LLC
Q AUTOMOTIVE TAMPA FL, LLC
TAMPA HUND, L.P.
TAMPA KIA, L.P.
WTY MOTORS, L.P.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

ASBURY CO SUB, LLC
ASBURY CO CDJR, LLC

By: /s/David W. Hult
Typed Name: David W. Hult
Typed Title: President and Chief Executive Officer

GUARANTORS:

Asbury Automotive Group, Inc.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Vice President and Treasurer

SUBISIDIARY GUARANTORS:
AF MOTORS, L.L.C.
ANL, L.P.
ARKANSAS AUTOMOTIVE SERVICES, L.L.C.
ASBURY AR NISS L.L.C.
ASBURY ATLANTA AC L.L.C.
ASBURY ATLANTA AU L.L.C.
ASBURY ATLANTA BM L.L.C.
ASBURY ATLANTA CHEV, LLC
ASBURY ATLANTA CHEVROLET L.L.C.
ASBURY ATLANTA FORD, LLC
ASBURY ATLANTA HON L.L.C.
ASBURY ATLANTA HUND L.L.C.
ASBURY ATLANTA INF L.L.C.
ASBURY ATLANTA INFINITI L.L.C.
ASBURY ATLANTA JAGUAR L.L.C.
ASBURY ATLANTA K L.L.C.
ASBURY ATLANTA LEX L.L.C.
ASBURY ATLANTA NIS II, LLC
ASBURY ATLANTA NIS L.L.C.
ASBURY ATLANTA TOY 2 L.L.C.
ASBURY ATLANTA TOY L.L.C.
ASBURY ATLANTA VB L.L.C.
ASBURY ATLANTA VL L.L.C.
ASBURY AUTOMOTIVE ARKANSAS DEALERSHIP HOLDINGS L.L.C.
ASBURY AUTOMOTIVE ARKANSAS L.L.C.
ASBURY AUTOMOTIVE ATLANTA II L.L.C.
ASBURY AUTOMOTIVE ATLANTA L.L.C.
ASBURY AUTOMOTIVE BRANDON, L.P.
ASBURY AUTOMOTIVE CENTRAL FLORIDA, L.L.C.
ASBURY AUTOMOTIVE DELAND, L.L.C.
ASBURY AUTOMOTIVE FRESNO L.L.C.
ASBURY AUTOMOTIVE GROUP L.L.C.
ASBURY AUTOMOTIVE JACKSONVILLE GP L.L.C.
ASBURY AUTOMOTIVE JACKSONVILLE, L.P.
ASBURY AUTOMOTIVE MANAGEMENT L.L.C.
ASBURY AUTOMOTIVE MISSISSIPPI L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA DEALERSHIP HOLDINGS L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

SUBISIDIARY GUARANTORS, continued:

ASBURY AUTOMOTIVE NORTH CAROLINA MANAGEMENT L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA REAL ESTATE HOLDINGS L.L.C.
ASBURY AUTOMOTIVE OREGON L.L.C.
ASBURY AUTOMOTIVE SOUTHERN CALIFORNIA L.L.C.
ASBURY AUTOMOTIVE ST. LOUIS II L.L.C.
ASBURY AUTOMOTIVE ST. LOUIS, L.L.C.
ASBURY AUTOMOTIVE TAMPA GP L.L.C.
ASBURY AUTOMOTIVE TAMPA, L.P.
ASBURY AUTOMOTIVE TEXAS L.L.C.
ASBURY AUTOMOTIVE TEXAS REAL ESTATE HOLDINGS L.L.C.
ASBURY AUTOMOTIVE WEST, LLC
ASBURY CH MOTORS L.L.C.
ASBURY DELAND HUND, LLC
ASBURY DELAND IMPORTS 2, L.L.C.
ASBURY FRESNO IMPORTS L.L.C.
ASBURY FT. WORTH FORD, LLC
ASBURY GEORGIA TOY, LLC
ASBURY IN CBG, LLC
ASBURY IN CDJ, LLC
ASBURY IN CHEV, LLC
ASBURY IN FORD, LLC
ASBURY IN HON, LLC
ASBURY IN TOY, LLC
ASBURY INDY CHEV, LLC
ASBURY JAX AC, LLC
ASBURY JAX FORD, LLC
ASBURY JAX HOLDINGS, L.P.
ASBURY JAX HON L.L.C.
ASBURY JAX K L.L.C.
ASBURY JAX MANAGEMENT L.L.C.
ASBURY JAX VW L.L.C.
ASBURY MS CHEV L.L.C.
ASBURY MS GRAY-DANIELS L.L.C.
ASBURY NO CAL NISS L.L.C.
ASBURY SACRAMENTO IMPORTS L.L.C.
ASBURY SC JPV L.L.C.
ASBURY SC LEX L.L.C.
ASBURY SC TOY L.L.C.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

SUBISIDIARY GUARANTORS, continued:

ASBURY SO CAL DC L.L.C.
ASBURY SO CAL HON L.L.C.
ASBURY SO CAL NISS L.L.C.
ASBURY SOUTH CAROLINA REAL ESTATE HOLDINGS L.L.C.
ASBURY ST. LOUIS CADILLAC L.L.C.
ASBURY ST. LOUIS FSKR, L.L.C.
ASBURY ST. LOUIS LEX L.L.C.
ASBURY ST. LOUIS LR L.L.C.
ASBURY ST. LOUIS M L.L.C.
ASBURY TAMPA MANAGEMENT L.L.C.
ASBURY TEXAS D FSKR, L.L.C.
ASBURY TEXAS H FSKR, L.L.C.
ASBURY-DELAND IMPORTS, L.L.C.
ATLANTA REAL ESTATE HOLDINGS L.L.C.
AVENUES MOTORS, LTD.
BAYWAY FINANCIAL SERVICES, L.P.
BFP MOTORS L.L.C.
C & O PROPERTIES, LTD.
CAMCO FINANCE II L.L.C.
CFP MOTORS L.L.C.
CH MOTORS L.L.C.
CHO PARTNERSHIP, LTD.
CK CHEVROLET L.L.C.
CK MOTORS LLC
CN MOTORS L.L.C.
COGGIN AUTOMOTIVE CORP.
COGGIN CARS L.L.C.
COGGIN CHEVROLET L.L.C.
COGGIN MANAGEMENT, L.P.
CP-GMC MOTORS L.L.C.
CROWN ACURA/NISSAN, LLC
CROWN CHH L.L.C.
CROWN CHO L.L.C.
CROWN CHV L.L.C.
CROWN FDO L.L.C.
CROWN FFO HOLDINGS L.L.C.
CROWN FFO L.L.C.
CROWN GAC L.L.C.
CROWN GBM L.L.C.
CROWN GCA L.L.C.
CROWN GDO L.L.C.
CROWN GHO L.L.C.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

SUBISIDIARY GUARANTORS, continued:

CROWN GNI L.L.C.
CROWN GPG L.L.C.
CROWN GVO L.L.C.
CROWN HONDA, LLC
CROWN MOTORCAR COMPANY L.L.C.
CROWN PBM L.L.C.
CROWN RIA L.L.C.
CROWN RIB L.L.C.
CROWN SJC L.L.C.
CROWN SNI L.L.C.
CSA IMPORTS L.L.C.
ESCUDE-NN L.L.C.
ESCUDE-NS L.L.C.
ESCUDE-T L.L.C.
FLORIDA AUTOMOTIVE SERVICES L.L.C.
HFP MOTORS L.L.C.
JC DEALER SYSTEMS, LLC
KP MOTORS L.L.C.
MCDAVID AUSTIN-ACRA, L.L.C.
MCDAVID FRISCO-HON, L.L.C.
MCDAVID GRANDE, L.L.C.
MCDAVID HOUSTON-HON, L.L.C.
MCDAVID HOUSTON-NISS, L.L.C.
MCDAVID IRVING-HON, L.L.C.
MCDAVID OUTFITTERS, L.L.C.
MCDAVID PLANO-ACRA, L.L.C.
MID-ATLANTIC AUTOMOTIVE SERVICES, L.L.C.
MISSISSIPPI AUTOMOTIVE SERVICES, L.L.C.
MISSOURI AUTOMOTIVE SERVICES, L.L.C.
NP FLM L.L.C.
NP MZD L.L.C.
NP VKW L.L.C.
PLANO LINCOLN-MERCURY, INC.
PRECISION COMPUTER SERVICES, INC.
PRECISION ENTERPRISES TAMPA, INC.
PRECISION INFINITI, INC.
PRECISION MOTORCARS, INC.
PRECISION NISSAN, INC.
PREMIER NSN L.L.C.
PREMIER PON L.L.C.
PRESTIGE BAY L.L.C.
PRESTIGE TOY L.L.C.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

SUBISIDIARY GUARANTORS, continued:

Q AUTOMOTIVE BRANDON FL, LLC
Q AUTOMOTIVE CUMMING GA, LLC
Q AUTOMOTIVE FT. MYERS FL, LLC
Q AUTOMOTIVE GROUP L.L.C.
Q AUTOMOTIVE HOLIDAY FL, LLC
Q AUTOMOTIVE JACKSONVILLE FL, LLC
Q AUTOMOTIVE KENNESAW GA, LLC
Q AUTOMOTIVE ORLANDO FL, LLC
Q AUTOMOTIVE TAMPA FL, LLC
SOUTHERN ATLANTIC AUTOMOTIVE SERVICES, L.L.C.
TAMPA HUND, L.P.
TAMPA KIA, L.P.
TAMPA LM, L.P.
TAMPA MIT, L.P.
TEXAS AUTOMOTIVE SERVICES, L.L.C.
THOMASON AUTO CREDIT NORTHWEST, INC.
THOMASON DAM L.L.C.
THOMASON FRD L.L.C.
THOMASON HUND L.L.C.
THOMASON PONTIAC-GMC L.L.C.
WMZ MOTORS, L.P.
WTY MOTORS, L.P.

By: /s/Matthew Pettoni
Typed Name: Matthew Pettoni
Typed Title: Treasurer

ASBURY CO SUB, LLC
ASBURY CO CDJR, LLC

By: /s/David W. Hult
Typed Name: David W. Hult
Typed Title: President and Chief Executive Officer

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/Linda Lov

Typed Name: Linda Lov
Typed Title: Assistant Vice President

BANK OF AMERICA, N.A.,
as a Lender, an L/C Issuer, Revolving Swing Line Lender, New Vehicle Swing Line Lender and Used Vehicle Swing Line Lender

By: /s/David T. Smith

Typed Name: /s/David T. Smith
Typed Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Adam Sigman
Typed Name: Adam Sigman
Typed Title: Executive Director

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Chad McNeill
Typed Name: Chad McNeill
Typed Title: Senior Vice-President

TOYOTA MOTOR CREDIT CORPORATION,
as a Lender

By: /s/Wade Osborne
Typed Name: Wade Osborne
Typed Title: National Account Manager

AMERICAN HONDA FINANCE CORPORATION,
as a Lender

By:_______________
Typed Name:_____________
Typed Title:_____________

MERCEDES-BENZ FINANCIAL SERVICES USA LLC,
as a Lender

By: /s/Michele Nowak
Typed Name: Michele Nowak
Typed Title: Credit Director, National Accounts

TRUIST BANK,
as a Lender

By: /s/Jonathan Hart
Typed Name: Jonathan Hart
Typed Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/Katherine Taylor
Typed Name: Katherine Taylor
Typed Title: Vice President

BMW FINANCIAL SERVICES NA, LLC,
as a Lender

By: /s/Alexander Calcasola
Typed Name: Alexander Calcasola
Typed Title: Credit Manager

By: /s/Aaron Grener
Typed Name: Aaron Grener: Deputy for Tom Rumfola
Typed Title: Credit Manager

MASS MUTUAL ASSET FINANCE LLC,
as a Lender

By: /s/Don Buttler
Typed Name: /s/Don Buttler
Typed Title: SVP

NISSAN MOTOR ACCEPTANCE CORPORATION,
as a Lender

By:_______________
Typed Name:_____________
Typed Title:_____________

SANTANDER BANK, N.A.,
as a Lender

By:_______________
Typed Name:_____________
Typed Title:_____________

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David W. Hult, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Asbury Automotive Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David W. Hult

David W. Hult
Chief Executive Officer
November 3, 2020

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick J. Guido, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Asbury Automotive Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Patrick J. Guido
Patrick J. Guido
Chief Financial Officer
November 3, 2020

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David W. Hult, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David W. Hult
David W. Hult
Chief Executive Officer
November 3, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick J. Guido, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patrick J. Guido

Patrick J. Guido
Chief Financial Officer
November 3, 2020