

AUTONATION, INC.
Form 10-Q
July 29, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2016

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: 1-13107

AutoNation, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

73-1105145

(I.R.S. Employer Identification No.)

200 SW 1st Avenue, Fort Lauderdale, Florida

(Address of principal executive offices)

(954) 769-6000

(Registrant's telephone number, including area code)

33301

(Zip Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of July 28, 2016, the registrant had 102,089,205 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AUTONATION, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share and per share data)

	June 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$54.7	\$ 74.1
Receivables, net	817.2	908.2
Inventory	3,661.4	3,612.0
Other current assets	130.6	115.4
Total Current Assets	4,663.9	4,709.7
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$1.1 billion and \$1.0 billion, respectively	2,772.2	2,667.4
GOODWILL	1,427.3	1,394.5
OTHER INTANGIBLE ASSETS, NET	544.6	439.9
OTHER ASSETS	380.3	336.7
Total Assets	\$9,788.3	\$ 9,548.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Vehicle floorplan payable - trade	\$2,340.8	\$ 2,565.8
Vehicle floorplan payable - non-trade	1,462.0	1,161.3
Accounts payable	288.4	299.9
Commercial paper	958.1	599.5
Current maturities of long-term debt	12.0	11.7
Other current liabilities	515.1	529.2
Total Current Liabilities	5,576.4	5,167.4
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,738.0	1,745.3
DEFERRED INCOME TAXES	97.5	78.6
OTHER LIABILITIES	218.2	207.6
COMMITMENTS AND CONTINGENCIES (Note 11)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$0.01 per share; 5,000,000 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 1,500,000,000 shares authorized; 120,562,149 shares issued at June 30, 2016, and December 31, 2015, including shares held in treasury	1.2	1.2
Additional paid-in capital	17.6	5.2
Retained earnings	2,910.7	2,702.8
Treasury stock, at cost; 18,410,877 and 9,758,091 shares held, respectively	(771.3)	(359.9)
Total Shareholders' Equity	2,158.2	2,349.3
Total Liabilities and Shareholders' Equity	\$9,788.3	\$ 9,548.2

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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AUTONATION, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue:				
New vehicle	\$3,071.9	\$2,967.8	\$5,872.1	\$5,737.4
Used vehicle	1,259.4	1,216.3	2,501.0	2,409.5
Parts and service	834.7	777.8	1,655.1	1,521.2
Finance and insurance, net	225.4	217.7	448.5	425.3
Other	50.0	44.7	84.3	75.1
TOTAL REVENUE	5,441.4	5,224.3	10,561.0	10,168.5
Cost of sales:				
New vehicle	2,909.1	2,801.7	5,560.1	5,409.8
Used vehicle	1,175.4	1,125.2	2,326.0	2,214.7
Parts and service	473.1	440.6	938.8	864.0
Other	42.0	37.7	68.4	61.0
TOTAL COST OF SALES (excluding depreciation shown below)	4,599.6	4,405.2	8,893.3	8,549.5
Gross Profit:				
New vehicle	162.8	166.1	312.0	327.6
Used vehicle	84.0	91.1	175.0	194.8
Parts and service	361.6	337.2	716.3	657.2
Finance and insurance				