PENSKE AUTOMOTIVE GROUP, INC. Form 10-Q July 31, 2014 Table of Contents

### UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# Form 10-Q

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

For the quarterly period ended June 30, 2014

or

o 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 1-12297

# Penske Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

**Delaware** (State or other jurisdiction of

**22-3086739** (I.R.S. Employer

incorporation or organization)

Identification No.)

2555 Telegraph Road, Bloomfield Hills, Michigan (Address of principal executive offices)

**48302-0954** (Zip Code)

Registrant s telephone number, including area code: (248) 648-2500

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 or a smaller reporting company. See the definitions of accelerated filer, large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

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

As of July 22, 2014, there were 90,227,127 shares of voting common stock outstanding.

### Table of Contents

### TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets as of June 30, 2014 and December 31, 2013	3
Consolidated Condensed Statements of Income for the three and six months ended June 30, 2014 and 2013	4
Consolidated Condensed Statements of Comprehensive Income for the three and six months ended June 30, 2014 and 2013	5
Consolidated Condensed Statements of Cash Flows for the six months ended June 30, 2014 and 2013	6
Consolidated Condensed Statement of Equity for the six months ended June 30, 2014	7
Notes to Consolidated Condensed Financial Statements	8
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3. Quantitative & Qualitative Disclosures About Market Risk	47
Item 4. Controls and Procedures	48
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	48
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 6. Exhibits	49
2	

### PENSKE AUTOMOTIVE GROUP, INC.

### CONSOLIDATED CONDENSED BALANCE SHEETS

		June 30, 2014		December 31, 2013
		(Unau		
ACCETC		(In millions, excep	ot shar	e amounts)
ASSETS Cash and cash equivalents	\$	61.4	\$	49.8
Accounts receivable, net of allowance for doubtful accounts of \$4.3 and \$2.4	Ф	641.2	ф	600.8
Inventories		2,615.9		2,518.3
Other current assets		2,013.9		88.4
Assets held for sale		52.4		107.3
Total current assets		3,482.3		3,364.6
Property and equipment, net		1,367.8		1,232.2
Goodwill		1,217.9		1,144.5
Franchise value		300.5		295.4
Equity method investments		354.7		346.9
Other long-term assets		19.1		31.9
Total assets	\$	6,742.3	\$	6,415.5
LIABILITIES AND EQUITY	Ψ	0,742.3	Ψ	0,413.3
Floor plan notes payable	\$	1,717.3	\$	1.685.1
Floor plan notes payable non-trade	Ψ	934.0	Ψ	901.6
Accounts payable		435.1		373.3
Accrued expenses		314.4		262.6
Current portion of long-term debt		81.6		50.0
Liabilities held for sale		41.1		59.7
				651.
Total current liabilities		3,523.5		3,332.3
Long-term debt		1,006.8		1,033.2
Deferred tax liabilities		372.8		361.4
Other long-term liabilities		192.5		166.5
Total liabilities		5,095.6		4,893.4
Commitments and contingent liabilities (Note 9)				
Equity				
Penske Automotive Group stockholders equity:				
Preferred Stock, \$0.0001 par value; 100,000 shares authorized; none issued and				
outstanding				
Common Stock, \$0.0001 par value, 240,000,000 shares authorized; 90,228,977 shares				
issued and outstanding at June 30, 2014; 90,243,731 shares issued and outstanding at				
December 31, 2013				
Non-voting Common Stock, \$0.0001 par value, 7,125,000 shares authorized; none issued				
and outstanding				
Class C Common Stock, \$0.0001 par value, 20,000,000 shares authorized; none issued and				
outstanding				
Additional paid-in-capital		685.8		693.6
Retained earnings		906.1		799.2
Accumulated other comprehensive income (loss)		36.9		11.6
Total Penske Automotive Group stockholders equity		1,628.8		1,504.4
Non-controlling interest		17.9		17.7
Total equity		1,646.7		1,522.1
Total liabilities and equity	\$	6,742.3	\$	6,415.5

See Notes to Consolidated Condensed Financial Statements

### PENSKE AUTOMOTIVE GROUP, INC.

### CONSOLIDATED CONDENSED STATEMENTS OF INCOME

	Three Moi	nths Er e 30,	nded	Six Months Ended June 30,				
	2014	c 50,	2013		2014	. 50,	2013	
			(Unau	dited)	)			
		(In	nare amounts)					
Revenue:								
New vehicle	\$ 2,238.1	\$	1,894.0	\$	4,264.4	\$	3,610.8	
Used vehicle	1,273.3		1,061.7		2,474.9		2,049.9	
Finance and insurance, net	112.3		94.7		217.2		180.6	
Service and parts	435.7		384.9		853.2		764.6	
Fleet and wholesale	216.8		180.3		404.7		352.2	
Commercial vehicles, car rental and other	130.5		15.0		240.3		21.8	
Total revenues	\$ 4,406.7	\$	3,630.6	\$	8,454.7	\$	6,979.9	
Cost of sales:								
New vehicle	2,065.2		1,752.3		3,934.8		3,335.4	
Used vehicle	1,183.0		982.0		2,297.6		1,892.9	
Service and parts	175.6		153.7		345.9		312.2	
Fleet and wholesale	213.7		177.7		397.2		345.4	
Commercial vehicles, car rental and other	102.3		5.4		188.3		7.9	
Total cost of sales	3,739.8		3,071.1		7,163.8		5,893.8	
Gross profit	666.9		559.5		1,290.9		1,086.1	
Selling, general and administrative expenses	513.2		432.7		1,001.0		839.8	
Depreciation	17.5		14.7		34.0		29.0	
Operating income	136.2		112.1		255.9		217.3	
Floor plan interest expense	(11.6)		(10.7)		(22.7)		(20.8)	
Other interest expense	(13.1)		(11.9)		(26.2)		(23.4)	
Equity in earnings of affiliates	10.9		8.9		16.0		11.2	
Income from continuing operations before income taxes	122.4		98.4		223.0		184.3	
Income taxes	(41.1)		(34.9)		(75.2)		(63.2)	
Income from continuing operations	81.3		63.5		147.8		121.1	
Loss from discontinued operations, net of tax	(7.4)		(1.0)		(6.0)		(0.6)	
Net income	73.9		62.5		141.8		120.5	
Less: Income attributable to non-controlling interests	1.0		0.5		1.4		0.8	
Net income attributable to Penske Automotive Group								
common stockholders	\$ 72.9	\$	62.0	\$	140.4	\$	119.7	
Basic earnings per share attributable to Penske								
Automotive Group common stockholders:								
Continuing operations	\$ 0.89	\$	0.70	\$	1.62	\$	1.33	
Discontinued operations	(0.08)		(0.01)		(0.07)		(0.01)	
Net income attributable to Penske Automotive Group								
common stockholders	\$ 0.81	\$	0.69	\$	1.55	\$	1.32	
Shares used in determining basic earnings per share (Note								
6)	90.4		90.3		90.4		90.3	
Diluted earnings per share attributable to Penske								
Automotive Group common stockholders:								
Continuing operations	\$ 0.89	\$	0.70	\$	1.62	\$	1.33	
Discontinued operations	(0.08)		(0.01)		(0.07)		(0.01)	
Net income attributable to Penske Automotive Group			,				,	
common stockholders	\$ 0.81	\$	0.69	\$	1.55	\$	1.32	
	90.4		90.3		90.4		90.4	

Shares used in determining diluted earnings per share (Note 6)	e				
Amounts attributable to Penske Automotive Group					
common stockholders:					
Income from continuing operations	\$	81.3	\$ 63.5	\$ 147.8 \$	121.1
Less: Income attributable to non-controlling interests		1.0	0.5	1.4	0.8
Income from continuing operations, net of tax		80.3	63.0	146.4	120.3
Loss from discontinued operations, net of tax		(7.4)	(1.0)	(6.0)	(0.6)
Net income attributable to Penske Automotive Group					
common stockholders	\$	72.9	\$ 62.0	\$ 140.4 \$	119.7

See Notes to Consolidated Condensed Financial Statements

### PENSKE AUTOMOTIVE GROUP, INC.

### CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Three Mon Jun	nths Ei e 30,	nded		Six Months Ended June 30,			
	2014		2013 (Unau (In mi	dited) llions)	2014		2013	
Net Income	\$ 73.9	\$	62.5	\$	141.8	\$	120.5	
Other Comprehensive Income:								
Foreign currency translation adjustment	16.8		1.5		26.1		(35.1)	
Unrealized gain (loss) on interest rate swaps:								
Unrealized gain(loss) arising during the period, net of tax								
benefits			0.6		(0.2)		0.5	
Reclassification adjustment for loss included in floor plan interest expense, net of tax provision of \$0.7, \$0.4, \$1.5, and								
\$1.1, respectively	1.2		0.6		2.3		1.7	
Unrealized gain (loss) on interest rate swaps, net of tax	1.2		1.2		2.1		2.2	
Other adjustments to Comprehensive Income, net	0.8		0.3		(3.2)		(1.2)	
Other Comprehensive Income(Loss), Net of Taxes	18.8		3.0		25.0		(34.1)	
Comprehensive Income	92.7		65.5		166.8		86.4	
Less: Comprehensive income attributable to non-controlling interests	0.9		0.4		1.1		1.3	
Comprehensive income attributable to Penske Automotive								
Group common stockholders	\$ 91.8	\$	65.1	\$	165.7	\$	85.1	

See Notes to Consolidated Condensed Financial Statements

### PENSKE AUTOMOTIVE GROUP, INC.

### CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

Clyenting Activities           Net income         \$         \$ 141.8         \$         20.20           Activation         \$         \$ 143.0         20.20           Clipstimates to reconcile net income to net cash from continuing operating activities         20.20 <th></th> <th>2014</th> <th>Six Mont</th> <th></th> <th>2012</th> <th></th>		2014	Six Mont		2012	
Net income         \$ 141.8         \$ 120.5           Adjustments to reconcile net income to net cash from continuing operating activities:         34.0         29.0           Earnings of equity method investments         34.0         29.0           Earnings of equity method investments         34.0         29.0           Loss from discontinued operations, net of tax         6.0         0.0           Changes in operating assets and liabilities:         32.2         5.5           Locounts receivable         (61.9)         (139.9)           Hoor plan notes payable         32.2         76.5           Accounts payable and accrued expenses         109.0         58.7           Other         (71.0)         7.4           Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         7.2         7.0         7.0           Purchase of equipment and improvements         (72.9)         (70.2)         7.0         <		2014			2013	
Adjustments to reconcile net income to net eash from continuing operating activities         34.0         29.0           Earnings of equity method investments         (14.5)         (10.2)           Loss from discontinued operations, net of tax         6.0         0.6           Deferred income taxes         6.0         25.8           Changes in operating assets and liabilities:						
Depreciation         340         29.0           Earnings of equity method investments         (16.2)         (10.2)           Loss from discontinued operations, net of tax         6.0         0.6           Deferred income taxes         6.5         25.8           Changes in operating assets and liabilities:         Weak of the control of		\$	141.8	\$		120.5
Earnings of equity method investments         (14.5)         (10.2)           Loss from discontinued operations, net of tax         6.5         25.8           Changes in operating assets and liabilities:         4(4.01)         5.6           Accounts receivable         (40.1)         5.6           Inventories         (61.9)         (13.99)           Floor plan notes payable         32.2         76.5           Accounts payable and accrued expenses         109.0         58.7           Other         (16.9)         74           Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         211.4         174.0           Purchase of equipment and improvements         (72.9)         (70.2)           Purchase of car crental vehicles         (86.2)         (30.7)           Potach         (86.2)         (86.2)         (87.2)           Potach Sala Sala Sala Sala Sala Sala Sala Sal						
Loss from discontinued operations, net of tax         6.6         25.8           Deferred income taxes         6.5         25.8           Changes in operating assets and liabilities:         40.01         5.6           Inventories         (6.19)         (139.9)           Floor plan notes payable         32.2         76.5           Accounts payable and accrued expenses         109.0         58.7           Other         (1.6)         7.4           Net cash provided by continuing operating activities         211.4         174.0           Turchase of equipment and improvements         (72.9)         (70.2)           Purchase of equipment and improvements         (82.0         (30.7)           Other         (82.0         (30.7)           Purchase of equipment and improvements         (80.0						
Deferred income taxes         6.5         25.8           Changes in operating assets and liabilities:         (40.1)         5.6           Inventories         (40.1)         5.6           Inventories         (32.2)         76.5           Accounts payable         32.2         76.5           Accounts payable and accrued expenses         109.0         58.7           Other         (1.6)         7.4           Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         (72.9)         (70.2)           Purchase of car rental vehicles         (76.3)         (70.2)           Purchase of car rental vehicles         (76.3)         (70.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of sellers floor plan notes plan						
Changes in operating assets and liabilities:	•					
Accounts receivable         (40.1)         5.6           Inventories         (61.9)         (139.9)           Floor plan notes payable         32.2         76.5           Accounts payable and accrued expenses         109.0         58.7           Other         (16.6)         7.4           Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         211.4         174.0           Purchase of car rental vehicles         (72.9)         (70.2)           Purchase of car rental vehicles         (76.3)         (73.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of         (86.2)         (30.7)           S23.0 and S1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (86.2)         (30.7)           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement tern loan         (562.6)         (519.7)           Repayments under U.S. credit agreement tern loan         (30.2)         (30.2)           Proceeds from borrowings under car rental revolver         (39.4)         (32.2)			6.5			25.8
Inventorics   G6.19   G139.9     Floor plan notes payable   G1.20   G.5.2     Accounts payable and accrued expenses   G10.9   G.5.5     Other   G1.6   G.1.6   G.1.6     Other   G1.6   G.1.6   G.1.6     Other   G1.6   G.1.6   G.1.6     Other   G1.6   G.2.5   G.2.5     Purchase of equipment and improvements   G72.9   G70.2     Purchase of equipment and improvements   G72.9   G70.2     Purchase of ear rental vehicles   G6.3   G.3.5     Other   G8.2   G.3.7     Other						
Floor plan notes payable						
Accounts payable and accrued expenses         109.0         58.7           Other         (1.6)         7.4           Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         211.4         174.0           Purchase of equipment and improvements         (72.9)         (70.2)           Purchase of car rental vehicles         (76.3)         (73.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of \$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         49.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing         49.7         (86.2)         (30.7)           Net cash used in continuing investing activities         572.6         49.7           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         49.1           Repayments under U.S. credit agreement revolving credit line         572.6         49.1           Repayments under U.S. credit agreement revolving credit line         572.6         49.1           Repayments of car ental revolver         73.5         49.3           Repayments of car ental active of long remains activities         (47.2)         (53.3) <td></td> <td></td> <td></td> <td></td> <td>(</td> <td></td>					(	
Other         (1.6)         7.4           Net case provided by continuing operating activities         211.4         174.0           Investing Activities:         211.4         174.0           Purchase of equipment and improvements         (72.9)         (70.2)           Purchase of car rental vehicles         (76.3)         (73.2)           Purchase of car rental vehicles         (76.3)         (73.2)           Purchase of car rental vehicles         (76.3)         (70.2)           Purchase of car rental vehicles         (76.3)         (70.2)           Purchase of car rental vehicles         (76.3)         (70.2)           Purchase of car rental vehicles         (86.2)         (30.7)           Other         24.9         (9.7)           Other         24.9         (9.7)           Other         (21.5)         (183.8)           Fractical used in continuing investing activities         (21.5)         (181.8)           Frocceds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement term loan         (12.0)         (12.0)           Procceds from borrowings under car rental revolver         33.5         (42.2)         (47.2)         (53.3)           Net borr			32.2			
Net cash provided by continuing operating activities         211.4         174.0           Investing Activities:         7(2.9)         (70.2)           Purchase of equipment and improvements         (76.3)         (73.2)           Purchase of equipment and improvements         (76.3)         (73.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of \$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:         \$24.9         (9.7)           Proceeds from borrowings under U.S. credit agreement revolving credit line         \$72.6         491.7           Repayments under U.S. credit agreement revolving credit line         \$52.6         491.7           Repayments under U.S. credit agreement revolving credit line         \$52.6         491.7           Repayments under U.S. credit agreement term loan         (30.4)         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Pote to borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock			109.0			
Purchase of equipment and improvements			(1.6)			7.4
Purchase of equipment and improvements         (72.9)         (70.2)           Purchase of car rental vehicles         (76.3)         (73.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of \$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments under U.S. credit agreement term loan         (12.0)         (12.0)           Proceeds from borrowings under car rental revolver         (39.4)         (12.2)           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (33.3)           Repayments of car rental revolver         (39.4)         (15.5)           Repurchases of common stock         (15.5)         (15.8)			211.4			174.0
Purchase of car rental vehicles         (76.3)         (73.2)           Dealership acquisitions net, including repayment of sellers floor plan notes payable of \$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:         ***         ***           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations         (19.4)         (15.4)           Net cash used in disc	Investing Activities:					
Dealership acquisitions net, including repayment of sellers floor plan notes payable of \$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         (22.3)         16.5           Net cash provided by discontinued operating activities </td <td>Purchase of equipment and improvements</td> <td></td> <td>(72.9)</td> <td></td> <td></td> <td>(70.2)</td>	Purchase of equipment and improvements		(72.9)			(70.2)
\$23.0 and \$1.8, respectively         (86.2)         (30.7)           Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement tern loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         (22.3)         16.5           Net cash (used in/)/provided by discontinued operating activities         54.0         2.6 <td< td=""><td>Purchase of car rental vehicles</td><td></td><td>(76.3)</td><td></td><td></td><td>(73.2)</td></td<>	Purchase of car rental vehicles		(76.3)			(73.2)
Other         24.9         (9.7)           Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:           Froceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement term loan         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         Net cash (used in)/provided by discontinued operating activities         54.0         2.6           Net cash provided by discontinued operations         54.0         2.6           Net cash provided by discontinued operations						
Net cash used in continuing investing activities         (210.5)         (183.8)           Financing Activities:         Financing Activities:         Financing Activities:           Proceeds from borrowings under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Net cash used in continued operations         (22.3)         16.5           Net cash (used in)/provided by discontinued operating activities         (22.3)         16.5           Net cash provided by discontinued investing activities         (1.6)         (11.4)           Net cash provided by discontinued perations         30.1         7.7	\$23.0 and \$1.8, respectively		(86.2)			(30.7)
Financing Activities:         572.6         491.7           Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         (19.4)         (15.4)           Net cash used in discontinued investing activities         (22.3)         16.5           Net cash provided by discontinued operations activities         (22.3)         16.5           Net cash provided by discontinued investing activities         (30.1)         7.7           Net cash provided by discontinued operations         (10.6)         (11.4)           Net cash provided by discontinued investing activiti	Other		24.9			(9.7)
Proceeds from borrowings under U.S. credit agreement revolving credit line         572.6         491.7           Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         (22.3)         16.5           Net cash used in discontinued practivities         54.0         2.6           Net cash used in discontinued financing activities         (1.6)         (11.4)           Net cash provided by discontinued operations         30.1         7.7           Net change in cash and cash equivalents         11.6         (17.5)           Cash and cash equivalents, beginning of period<	Net cash used in continuing investing activities		(210.5)		(	183.8)
Repayments under U.S. credit agreement revolving credit line         (562.6)         (519.7)           Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations         (19.4)         (15.4)           Net cash (used in)/provided by discontinued operating activities         (22.3)         16.5           Net cash provided by discontinued investing activities         54.0         2.6           Net cash provided by discontinued operations         30.1         7.7           Net cash provided by discontinued operations         30.1         7.7           Net change in cash and cash equivalents         11.6         (17.5)           Cash and cash equivalents, beginning of period	Financing Activities:					
Repayments under U.S. credit agreement term loan         (12.0)           Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations         (22.3)         16.5           Net cash (used in)/provided by discontinued perating activities         (22.3)         16.5           Net cash provided by discontinued investing activities         54.0         2.6           Net cash provided by discontinued operations         30.1         7.7           Net cash provided by discontinued operations         30.1         7.7           Net change in cash and cash equivalents         11.6         (17.5)           Cash and cash equivalents, beginning of period         49.8         43.8           Cash and cash equivalents, end of period         \$ 61.4	Proceeds from borrowings under U.S. credit agreement revolving credit line		572.6			491.7
Proceeds from borrowings under car rental revolver         73.5         94.3           Repayments of car rental revolver         (39.4)         (12.2)           Net borrowings (repayments) of other long-term debt         (47.2)         (53.3)           Net borrowings (repayments) of floor plan notes payable non-trade         32.4         37.6           Repurchases of common stock         (15.5)         (15.8)           Dividends         (33.5)         (26.2)           Other         0.3         0.2           Net cash used in continuing financing activities         (19.4)         (15.4)           Discontinued operations:         (19.4)         (15.4)           Net cash (used in)/provided by discontinued operating activities         (22.3)         16.5           Net cash provided by discontinued investing activities         (22.3)         16.5           Net cash used in discontinued financing activities         (1.6)         (11.4)           Net cash provided by discontinued operations         30.1         7.7           Net cash provided by discontinued operations         30.1         7.7           Net change in cash and cash equivalents         11.6         (17.5)           Cash and cash equivalents, beginning of period         49.8         43.8           Cash and cash equivalents, end of period	Repayments under U.S. credit agreement revolving credit line		(562.6)		(	(519.7)
Repayments of car rental revolver       (39.4)       (12.2)         Net borrowings (repayments) of other long-term debt       (47.2)       (53.3)         Net borrowings (repayments) of floor plan notes payable non-trade       32.4       37.6         Repurchases of common stock       (15.5)       (15.8)         Dividends       (33.5)       (26.2)         Other       0.3       0.2         Net cash used in continuing financing activities       (19.4)       (15.4)         Discontinued operations:       (22.3)       16.5         Net cash (used in)/provided by discontinued operating activities       54.0       2.6         Net cash provided by discontinued financing activities       54.0       2.6         Net cash used in discontinued operations       30.1       7.7         Net change in cash and cash equivalents       11.6       (17.5)         Cash and cash equivalents, beginning of period       49.8       43.8         Cash and cash equivalents, end of period       \$ 61.4       \$ 26.3         Supplemental disclosures of cash flow information:         Cash paid for:						(12.0)
Net borrowings (repayments) of other long-term debt       (47.2)       (53.3)         Net borrowings (repayments) of floor plan notes payable non-trade       32.4       37.6         Repurchases of common stock       (15.5)       (15.8)         Dividends       (33.5)       (26.2)         Other       0.3       0.2         Net cash used in continuing financing activities       (19.4)       (15.4)         Discontinued operations:           Net cash (used in)/provided by discontinued operating activities       (22.3)       16.5         Net cash provided by discontinued investing activities       54.0       2.6         Net cash used in discontinued financing activities       (1.6)       (11.4)         Net cash provided by discontinued operations       30.1       7.7         Net cash provided by discontinued operations       30.1       7.7         Net cash and cash equivalents       11.6       (17.5)         Cash and cash equivalents, beginning of period       49.8       43.8         Cash and cash equivalents, end of period       \$ 61.4       \$ 26.3         Supplemental disclosures of cash flow information:         Cash paid for:	Proceeds from borrowings under car rental revolver		73.5			94.3
Net borrowings (repayments) of floor plan notes payable non-trade       32.4       37.6         Repurchases of common stock       (15.5)       (15.8)         Dividends       (33.5)       (26.2)         Other       0.3       0.2         Net cash used in continuing financing activities       (19.4)       (15.4)         Discontinued operations:	Repayments of car rental revolver		(39.4)			(12.2)
Repurchases of common stock       (15.5)       (15.8)         Dividends       (33.5)       (26.2)         Other       0.3       0.2         Net cash used in continuing financing activities       (19.4)       (15.4)         Discontinued operations:	Net borrowings (repayments) of other long-term debt		(47.2)			(53.3)
Dividends (33.5) (26.2) Other 0.3 0.2 Net cash used in continuing financing activities (19.4) (15.4) Discontinued operations: Net cash (used in)/provided by discontinued operating activities (22.3) 16.5 Net cash provided by discontinued investing activities 54.0 2.6 Net cash used in discontinued financing activities (1.6) (11.4) Net cash provided by discontinued operations 30.1 7.7 Net change in cash and cash equivalents 11.6 (17.5) Cash and cash equivalents, beginning of period 49.8 43.8 Cash and cash equivalents, end of period \$ 61.4 \$ 26.3  Supplemental disclosures of cash flow information: Cash paid for:	Net borrowings (repayments) of floor plan notes payable non-trade		32.4			37.6
Other0.30.2Net cash used in continuing financing activities(19.4)(15.4)Discontinued operations:Net cash (used in)/provided by discontinued operating activities(22.3)16.5Net cash provided by discontinued investing activities54.02.6Net cash used in discontinued financing activities(1.6)(11.4)Net cash provided by discontinued operations30.17.7Net change in cash and cash equivalents11.6(17.5)Cash and cash equivalents, beginning of period49.843.8Cash and cash equivalents, end of period\$ 61.4\$ 26.3Supplemental disclosures of cash flow information:Cash paid for:			(15.5)			(15.8)
Net cash used in continuing financing activities (19.4) (15.4)  Discontinued operations:  Net cash (used in)/provided by discontinued operating activities (22.3) 16.5  Net cash provided by discontinued investing activities 54.0 2.6  Net cash used in discontinued financing activities (1.6) (11.4)  Net cash provided by discontinued operations 30.1 7.7  Net change in cash and cash equivalents 11.6 (17.5)  Cash and cash equivalents, beginning of period 49.8 43.8  Cash and cash equivalents, end of period \$ 61.4 \$ 26.3  Supplemental disclosures of cash flow information:  Cash paid for:	Dividends		(33.5)			(26.2)
Discontinued operations:  Net cash (used in)/provided by discontinued operating activities  Net cash provided by discontinued investing activities  Secondary 16.5  Net cash provided by discontinued investing activities  Net cash used in discontinued financing activities  Net cash provided by discontinued operations  Net cash provided by discontinued operations  10.6  11.6  11.6  11.6  11.5  11.6  11.5  11.6  11.6  11.5  11.6  11.5  11.6  11.6  11.5  11.6  11.5  11.6  11.6  11.5  11.6  11.5  11.6  11.6  11.5  11.6  11.6  11.5  11.6  11	Other		0.3			0.2
Net cash (used in)/provided by discontinued operating activities  Net cash provided by discontinued investing activities  Second	Net cash used in continuing financing activities		(19.4)			(15.4)
Net cash provided by discontinued investing activities  Net cash used in discontinued financing activities  (1.6)  (11.4)  Net cash provided by discontinued operations  Net change in cash and cash equivalents  Cash and cash equivalents, beginning of period  49.8  Cash and cash equivalents, end of period  \$ 61.4  \$ 26.3  Supplemental disclosures of cash flow information:  Cash paid for:	Discontinued operations:					
Net cash used in discontinued financing activities (1.6) (11.4)  Net cash provided by discontinued operations 30.1 7.7  Net change in cash and cash equivalents 11.6 (17.5)  Cash and cash equivalents, beginning of period 49.8 43.8  Cash and cash equivalents, end of period \$ 61.4 \$ 26.3  Supplemental disclosures of cash flow information:  Cash paid for:	Net cash (used in)/provided by discontinued operating activities		(22.3)			16.5
Net cash provided by discontinued operations  Net change in cash and cash equivalents  Cash and cash equivalents, beginning of period  Cash and cash equivalents, end of period  Supplemental disclosures of cash flow information:  Cash paid for:			54.0			2.6
Net cash provided by discontinued operations  Net change in cash and cash equivalents  Cash and cash equivalents, beginning of period  Cash and cash equivalents, end of period  Supplemental disclosures of cash flow information:  Cash paid for:	Net cash used in discontinued financing activities		(1.6)			(11.4)
Cash and cash equivalents, beginning of period 49.8 43.8 Cash and cash equivalents, end of period \$ 61.4 \$ 26.3  Supplemental disclosures of cash flow information: Cash paid for:	Net cash provided by discontinued operations					
Cash and cash equivalents, end of period \$ 61.4 \$ 26.3  Supplemental disclosures of cash flow information: Cash paid for:	Net change in cash and cash equivalents		11.6			(17.5)
Supplemental disclosures of cash flow information: Cash paid for:	Cash and cash equivalents, beginning of period		49.8			43.8
Supplemental disclosures of cash flow information: Cash paid for:	Cash and cash equivalents, end of period	\$	61.4	\$		26.3
Cash paid for:						
Cash paid for:	Supplemental disclosures of cash flow information:					
•	<del></del>					
	Interest	\$	50.5	\$		47.0

Income taxes 48.3 11.4

See Notes to Consolidated Condensed Financial Statements

6

### Table of Contents

### PENSKE AUTOMOTIVE GROUP, INC.

### CONSOLIDATED CONDENSED STATEMENT OF EQUITY

	Common Issued Shares	Stock Amount	Additional Paid-in Retained Capital Earnings				Accumulated Total Other Penske Automotive ComprehensiveGroup Stockholders! Income (Loss) Equity (Unaudited) lars in millions)					-controlling Interest	Total Equity	
Balance, January 1, 2014	90,243,731	\$	\$	693.6	\$	799.2	\$	11.6	\$	1,504.4	\$	17.7	\$ 1,522.1	
Equity compensation	320,596			7.4						7.4			7.4	
Repurchases of common stock	(335,350)			(15.5)						(15.5)			(15.5)	
Dividends						(33.5)				(33.5)			(33.5)	