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 June 30, 2021

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: 1-13461

Group 1 Automotive, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0506313**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Gessner, Suite 500	**77024**
Houston, TX	(Zip code)
(Address of principal executive offices)	

(713) 647-5700

(Registrant's telephone number, including area code)

Not Applicable

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

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

Title of each class	Ticker symbol(s)	Name of exchange on which registered
Common stock, par value $0.01 per share	**GPI**	**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 ☑ No ☐

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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

Large accelerated filer	☑	☐	Accelerated filer
Non-accelerated filer	☐	☐	Smaller reporting company
		☐	Emerging growth company

If an emerging growth company, indicate by check mark if that 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. ☐

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 30, 2021, the registrant had 18,074,057 shares of common stock outstanding.

TABLE OF CONTENTS

Table of Contents

GLOSSARY OF DEFINITIONS

The following are abbreviations and definitions of terms used within this report:

Terms	Definitions
ASU	Accounting Standards Update
Brexit	Withdrawal of the U.K. from the European Union
BRL	Brazilian Real (R$)
CODM	Chief Operating Decision Maker
COVID-19 pandemic	Coronavirus disease first emerging in December 2019 and resulting in the ongoing global pandemic in 2020 and 2021
EPS	Earnings per share
F&I	Finance, insurance and other
FASB	Financial Accounting Standards Board
FMCC	Ford Motor Credit Company
GBP	British Pound Sterling (£)
LIBOR	London Interbank Offered Rate
OEM	Original equipment manufacturer
PRU	Per retail unit
RSA	Restricted stock award
SEC	Securities and Exchange Commission
SG&A	Selling, general and administrative
USD	United States Dollar
U.K.	United Kingdom
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the U.S.
VSC	Vehicle Service Contract

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions, except share data)

	June 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 198.7	$ 87.3
Contracts-in-transit and vehicle receivables, net	222.5	211.2
Accounts and notes receivable, net	196.8	200.0
Inventories	1,030.2	1,468.0
Prepaid expenses	22.3	19.4
Other current assets	19.4	18.4
TOTAL CURRENT ASSETS	1,689.8	2,004.2
Property and equipment, net of accumulated depreciation of $491.1 and $460.2, respectively	1,645.9	1,608.2
Operating lease assets	213.2	209.9
Goodwill	1,018.7	997.1
Intangible franchise rights	236.4	232.8
Other long-term assets	51.7	37.2
TOTAL ASSETS	$ 4,855.9	$ 5,089.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable — credit facility and other, net of offset account of $326.1 and $160.4, respectively	$ 224.5	$ 767.6
Floorplan notes payable — manufacturer affiliates, net of offset account of $— and $16.0, respectively	274.0	327.5
Current maturities of long-term debt	59.4	56.7
Current operating lease liabilities	22.0	21.5
Accounts payable	424.4	442.6
Accrued expenses and other current liabilities	267.8	226.9
TOTAL CURRENT LIABILITIES	1,272.0	1,842.7
Long-term debt	1,322.0	1,294.7
Long-term operating lease liabilities	208.1	207.6
Deferred income taxes	156.4	141.0
Other long-term liabilities	143.4	153.8
Commitments and Contingencies (Note 11)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value, 50,000,000 shares authorized; 25,357,677 and 25,433,048 shares issued, respectively	0.3	0.3
Additional paid-in capital	313.6	308.3
Retained earnings	2,099.1	1,817.9
Accumulated other comprehensive income (loss)	(155.9)	(184.0)
Treasury stock, at cost; 7,282,827 and 7,342,546 shares, respectively	(503.1)	(492.8)
TOTAL STOCKHOLDERS' EQUITY	1,754.0	1,449.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,855.9	$ 5,089.4

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUES:				
New vehicle retail sales	$ 1,855.3	$ 1,062.7	$ 3,398.7	$ 2,404.8
Used vehicle retail sales	1,195.6	641.2	2,094.4	1,420.3
Used vehicle wholesale sales	96.4	48.7	176.6	135.2
Parts and service sales	392.1	282.0	752.8	652.6
Finance, insurance and other, net	161.0	96.7	288.0	209.2
Total revenues	3,700.4	2,131.2	6,710.5	4,822.0
COST OF SALES:				
New vehicle retail sales	1,690.0	998.9	3,134.4	2,278.3
Used vehicle retail sales	1,086.5	594.9	1,925.7	1,331.8
Used vehicle wholesale sales	87.2	46.6	163.5	132.1
Parts and service sales	175.4	132.0	335.0	304.5
Total cost of sales	3,039.2	1,772.4	5,558.5	4,046.7
GROSS PROFIT	661.3	358.8	1,151.9	775.3
Selling, general and administrative expenses	376.7	237.2	695.2	565.1
Depreciation and amortization expense	18.8	18.8	38.3	37.4
Asset impairments	—	23.8	—	23.8
INCOME FROM OPERATIONS	265.8	79.0	418.5	148.9
Floorplan interest expense	8.8	10.1	16.4	23.0
Other interest expense, net	13.7	16.2	27.5	34.3
Loss on extinguishment of debt	—	10.4	—	10.4
INCOME BEFORE INCOME TAXES	243.2	42.3	374.6	81.2
Provision for income taxes	52.3	12.2	81.7	21.3
NET INCOME	$ 191.0	$ 30.2	$ 292.9	$ 60.0
BASIC EARNINGS PER SHARE	$ 10.40	$ 1.64	$ 15.94	$ 3.25
Weighted average common shares outstanding	17.7	17.8	17.8	17.8
DILUTED EARNINGS PER SHARE	$ 10.35	$ 1.63	$ 15.88	$ 3.25
Weighted average dilutive common shares outstanding	17.8	17.8	17.8	17.8

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
NET INCOME	$ 191.0	$ 30.2	$ 292.9	$ 60.0
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustment	7.2	(2.5)	4.9	(30.4)
Net unrealized gain (loss) on interest rate risk management activities, net of tax:				
Unrealized gain (loss) arising during the period, net of tax benefit (provision) of $3.4, $1.5, $(5.1) and $11.2, respectively	(11.1)	(7.0)	16.7	(38.6)
Reclassification adjustment for loss included in interest expense, net of tax benefit of $0.6, $0.7, $1.3 and $0.9, respectively	1.9	2.1	4.2	2.7
Reclassification related to de-designated interest rate swaps net of tax benefit of $0.7, $—, $0.7 and $—, respectively	2.4	—	2.4	—
Unrealized gain (loss) on interest rate risk management activities, net of tax	(6.9)	(4.9)	23.3	(36.0)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	0.3	(7.3)	28.1	(66.4)
COMPREHENSIVE INCOME (LOSS)	$ 191.2	$ 22.8	$ 321.0	$ (6.4)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In millions, except share data)

	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE, MARCH 31, 2021	25,367,736	$ 0.3	$ 305.7	$ 1,914.2	$ (156.2)	$ (487.3)	$ 1,576.6
Net income	—	—	—	191.0	—	—	191.0
Other comprehensive income, net of taxes	—	—	—	—	0.3	—	0.3
Purchases of treasury stock	—	—	—	—	—	(18.6)	(18.6)
Net issuance of treasury shares to stock compensation plans	(10,059)	—	1.1	—	—	2.9	4.0
Stock-based compensation	—	—	6.8	—	—	—	6.8
Dividends declared ($0.33 per share)	—	—	—	(6.0)	—	—	(6.0)
BALANCE, JUNE 30, 2021	25,357,677	$ 0.3	$ 313.6	$ 2,099.1	$ (155.9)	$ (503.1)	$ 1,754.0

	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE, DECEMBER 31, 2020	25,433,048	$ 0.3	$ 308.3	$ 1,817.9	$ (184.0)	$ (492.8)	$ 1,449.6
Net income	—	—	—	292.9	—	—	292.9
Other comprehensive income, net of taxes	—	—	—	—	28.1	—	28.1
Purchases of treasury stock	—	—	—	—	—	(18.6)	(18.6)
Net issuance of treasury shares to stock compensation plans	(75,371)	—	(7.9)	—	—	8.4	0.5
Stock-based compensation	—	—	13.2	—	—	—	13.2
Dividends declared ($0.64 per share)	—	—	—	(11.7)	—	—	(11.7)
BALANCE, JUNE 30, 2021	25,357,677	$ 0.3	$ 313.6	$ 2,099.1	$ (155.9)	$ (503.1)	$ 1,754.0

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In millions, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
BALANCE, MARCH 31, 2020	25,448,275	$ 0.3	$ 287.8	$ 1,566.7	$ (206.0)	$ (474.1)	$ 1,174.6
Net income	—	—	—	30.2	—	—	30.2
Other comprehensive loss, net of taxes	—	—	—	—	(7.3)	—	(7.3)
Net issuance of treasury shares to stock compensation plans	(8,693)	—	(4.4)	—	—	6.2	1.8
Stock-based compensation	—	—	16.6	—	—	—	16.6
BALANCE, JUNE 30, 2020	25,439,581	$ 0.3	$ 300.0	$ 1,596.9	$ (213.3)	$ (467.9)	$ 1,215.9

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
BALANCE, DECEMBER 31, 2019	25,486,711	$ 0.3	$ 295.3	$ 1,542.4	$ (147.0)	$ (435.3)	$ 1,255.7
Net income	—	—	—	60.0	—	—	60.0
Other comprehensive loss, net of taxes	—	—	—	—	(66.4)	—	(66.4)
Purchases of treasury stock	—	—	—	—	—	(48.9)	(48.9)
Net issuance of treasury shares to stock compensation plans	(47,129)	—	(17.0)	—	—	16.3	(0.7)
Stock-based compensation	—	—	21.7	—	—	—	21.7
Dividends declared ($0.30 per share)	—	—	—	(5.5)	—	—	(5.5)
BALANCE, JUNE 30, 2020	25,439,581	$ 0.3	$ 300.0	$ 1,596.9	$ (213.3)	$ (467.9)	$ 1,215.9

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

GROUP 1 AUTOMOTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 292.9	$ 60.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38.3	37.4
Change in operating lease assets	11.8	12.9
Deferred income taxes	4.4	(3.0)
Asset impairments	—	23.8
Stock-based compensation	13.2	21.7
Amortization of debt discount and issuance costs	1.2	1.9
Gain on disposition of assets	(2.1)	—
Loss on extinguishment of debt	—	10.4
Unrealized loss on derivative instruments	2.3	—
Other	0.3	1.7
Changes in assets and liabilities, net of acquisitions and dispositions:		
Accounts payable and accrued expenses	28.9	(48.0)
Accounts and notes receivable	3.7	64.8
Inventories	444.4	536.7
Contracts-in-transit and vehicle receivables	(10.7)	77.2
Prepaid expenses and other assets	(7.2)	(4.8)
Floorplan notes payable — manufacturer affiliates	(56.6)	(90.3)
Deferred revenues	(1.0)	(0.3)
Operating lease liabilities	(11.8)	(13.8)
Net cash provided by operating activities	752.1	688.2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net of cash received	(49.9)	(1.3)
Proceeds from disposition of franchises, property and equipment	19.8	0.6
Purchases of property and equipment	(63.8)	(60.5)
Other	0.1	—
Net cash used in investing activities	(93.8)	(61.2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on credit facility — floorplan line and other	4,207.3	2,946.3
Repayments on credit facility — floorplan line and other	(4,750.8)	(3,381.4)
Borrowings on credit facility — acquisition line	60.4	284.0
Repayments on credit facility — acquisition line	(32.2)	(215.2)
Debt issuance costs	—	(1.2)
Repayments of senior notes	—	(307.9)
Borrowings on other debt	89.9	229.8
Principal payments on other debt	(91.9)	(78.2)
Proceeds from employee stock purchase plan	8.0	4.5
Payments of tax withholding for stock-based awards	(7.5)	(5.1)
Repurchases of common stock, amounts based on settlement date	(18.6)	(48.9)
Dividends paid	(11.7)	(5.5)
Net cash used in financing activities	(547.1)	(579.0)
Effect of exchange rate changes on cash	0.2	(3.4)
Net increase in cash and cash equivalents	111.4	44.6
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	87.3	28.1
CASH AND CASH EQUIVALENTS, end of period	$ 198.7	$ 72.7

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

1. INTERIM FINANCIAL INFORMATION

Business

Group 1 Automotive, Inc., a Delaware corporation, is a leading operator in the automotive retailing industry with business activities in 15 states in the U.S., 33 towns in the U.K. and three states in Brazil. Group 1 Automotive, Inc. and its subsidiaries are collectively referred to as the “Company” in these Notes to Condensed Consolidated Financial Statements. Through its dealerships, the Company sells new and used cars and light trucks; arranges related vehicle financing; sells service and insurance contracts; provides automotive maintenance and repair services; and sells vehicle parts.

As of June 30, 2021, the Company’s retail network consisted of 117 dealerships in the U.S., 48 dealerships in the U.K. and 16 dealerships in Brazil. The U.S. and Brazil are led by the President, U.S. and Brazilian Operations, and the U.K. is led by an Operations Director, each reporting directly to the Company's Chief Executive Officer. The President, U.S. and Brazilian Operations, and the U.K. Operations Director are responsible for the overall performance of their respective regions, as well as for overseeing field level management.

The Company’s operating results are generally subject to seasonal variations, as well as changes in the economic environment. In the U.S., the Company generally experiences higher volumes of vehicle sales and service in the second and third calendar quarters of each year. In addition, in some regions of the U.S., vehicle purchases decline during the winter months due to inclement weather. In the U.K., the first and third quarters tend to be stronger, driven by the vehicle license plate change months of March and September. In Brazil, the first quarter is generally the weakest, driven by more consumer vacations and activities associated with Carnival, while the third and fourth quarters tend to be stronger. Other factors unrelated to seasonality, such as the COVID-19 pandemic, changes in economic conditions, manufacturer incentive programs, supply issues, seasonal weather events and/or changes in currency exchange rates may exaggerate seasonal or cause counter-seasonal fluctuations in the Company’s revenues and operating income.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements and notes thereto, have been prepared in accordance with U.S. GAAP for interim financial information and in accordance with the rules and regulations of the SEC. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. Results for interim periods are not necessarily indicative of the results that can be expected for a full year and therefore should be read in conjunction with the Company’s audited Financial Statements and notes thereto included within the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”).

The accompanying Condensed Consolidated Financial Statements reflect the consolidated accounts of the parent company, Group 1 Automotive, Inc., and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated in consolidation.

During the three months ended June 30, 2020, the Company recorded an out-of-period adjustment of $10.6 million resulting in an increase to *Selling, general and administrative expenses* and *Additional paid-in capital* to correct stock-based compensation for awards granted in prior years to retirement eligible employees not recognized timely due to the incorrect treatment of a non-substantive service condition. The impact to the three months ended June 30, 2020 was a decrease to net income of $9.7 million resulting in a decrease to diluted earnings per common share of $0.53. The effect of this adjustment on any previously reported periods was not material based on a quantitative and qualitative evaluation.

Certain prior-period amounts have been reclassified to conform to current-period presentation. Specifically, the long-term liabilities associated with the Company’s interest rate swaps have been combined into the caption *Other long-term liabilities* in the Condensed Consolidated Balance Sheets. The reclassification within the Condensed Consolidated Balance Sheets had no effect on any subtotal in the statements. Additionally, repayments and borrowings on the Company’s real estate related and other debt have been combined within the captions *Repayments on other debt* and *Borrowings on other debt*, respectively, in the Condensed Consolidated Statements of Cash Flows. The reclassification within the Condensed Consolidated Statements of Cash Flows had no effect on any subtotal in the statements.

Certain amounts in the Condensed Consolidated Financial Statements and the accompanying notes may not compute due to rounding. All computations have been calculated using unrounded amounts for all periods presented. These Condensed Consolidated Financial Statements reflect, in the opinion of management, all normal recurring adjustments necessary to fairly state, in all material respects, the Company’s financial position and results of operations for the periods presented.

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. Management analyzes the Company's estimates based on historical experience and other assumptions that are believed to be reasonable under the circumstances, however, actual results could differ materially from such estimates. The significant estimates made by management in the accompanying Condensed Consolidated Financial Statements include, but are not limited to, inventory valuation adjustments, reserves for future chargebacks on finance, insurance and vehicle service contract fees, self-insured property and casualty insurance exposure, the fair value of assets acquired and liabilities assumed in business combinations, the valuation of goodwill and intangible franchise rights and reserves for potential litigation.

Recent Accounting Pronouncements

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides optional expedients and exceptions for companies that have contracts, hedging relationships and other transactions that reference LIBOR or other reference rates expected to be discontinued because of reference rate reform. The optional expedients and exceptions are intended to ease the financial reporting burdens mainly related to contract modification accounting, hedge accounting and lease accounting. In January 2021, the FASB issued ASU 2021-01 which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The guidance is effective for all entities as of March 12, 2020 and will apply through December 31, 2022. LIBOR is used as an interest rate "benchmark" in the majority of the Company's floorplan notes payable, as well as its mortgages, other debt and lease contracts. Additionally, the Company's derivative instruments are benchmarked to LIBOR. The Company will apply the relief described as its arrangements are modified and does not expect the adoption will have an impact on the Company's consolidated financial statements due to the relief provided.

2. REVENUES

The following tables present the Company's revenues disaggregated by its geographical segments (in millions):

	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	U.S.	U.K.	Brazil	Total	U.S.	U.K.	Brazil	Total
New vehicle retail sales	$ 1,504.4	$ 301.2	$ 49.8	$ 1,855.3	$ 2,750.4	$ 564.3	$ 83.9	$ 3,398.7
Used vehicle retail sales	882.9	300.9	11.8	1,195.6	1,579.4	492.5	22.5	2,094.4
Used vehicle wholesale sales	61.2	32.5	2.6	96.4	111.6	60.4	4.6	176.6
Total new and used vehicle sales	2,448.4	634.6	64.3	3,147.3	4,441.4	1,117.2	111.1	5,669.7
Parts and service sales (1)	332.6	50.3	9.2	392.1	628.9	106.8	17.1	752.8
Finance, insurance and other, net (2)	143.9	15.7	1.4	161.0	259.0	26.3	2.8	288.0
Total revenues	$ 2,924.9	$ 700.7	$ 74.8	$ 3,700.4	$ 5,329.3	$ 1,250.3	$ 130.9	$ 6,710.5

	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
	U.S.	U.K.	Brazil	Total	U.S.	U.K.	Brazil	Total
New vehicle retail sales	$ 915.7	$ 127.2	$ 19.8	$ 1,062.7	$ 1,904.1	$ 423.5	$ 77.3	$ 2,404.8
Used vehicle retail sales	540.9	92.8	7.5	641.2	1,111.2	281.6	27.4	1,420.3
Used vehicle wholesale sales	30.5	15.3	2.9	48.7	77.3	51.1	6.7	135.2
Total new and used vehicle sales	1,487.1	235.3	30.1	1,752.5	3,092.6	756.2	111.4	3,960.3
Parts and service sales (1)	254.2	21.8	5.9	282.0	558.9	78.3	15.5	652.6
Finance, insurance and other, net (2)	89.8	6.4	0.6	96.7	187.2	19.7	2.3	209.2
Total revenues	$ 1,831.1	$ 263.5	$ 36.6	$ 2,131.2	$ 3,838.7	$ 854.2	$ 129.1	$ 4,822.0

(1) The Company has applied the optional exemption not to disclose revenues related to remaining performance obligations on its maintenance and repair services as the duration of these contracts is less than one year.

(2) Includes variable consideration recognized of $7.7 million and $5.4 million during the three months ended June 30, 2021 and 2020, respectively, and $13.7 million and $9.3 million during the six months ended June 30, 2021 and 2020, respectively, relating to performance obligations satisfied in previous periods on the Company's retrospective commission income contracts. Refer to Note 7. Receivables, Net and Contract Assets for additional information on the Company's contract assets associated with revenues from the arrangement of financing and sale of service and insurance contracts.

3. ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company accounts for business combinations under the acquisition method of accounting, under which the Company allocates the purchase price to the assets and liabilities assumed based on an estimate of fair value.

During the six months ended June 30, 2021, the Company acquired two dealerships representing two franchises in the U.S. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, totaled $49.9 million. Goodwill associated with these acquisitions totaled $22.6 million and is deductible for U.S. income tax purposes.

During the six months ended June 30, 2020, the Company acquired a collision center in the U.S., which was integrated into an existing dealership. Aggregate consideration paid was $1.3 million. Goodwill associated with this acquisition was not material.

In July 2021, the Company announced the acquisition of seven dealerships representing nine franchises in the U.K. Aggregate consideration paid was approximately $36 million.

Dispositions

The Company's dispositions generally consist of dealership assets and related real estate. Gains and losses on dispositions are recorded in *Selling, general and administrative expenses* in the Condensed Consolidated Statements of Operations.

During the six months ended June 30, 2021, the Company's dispositions included two dealerships representing two franchises and one franchise disposition within an existing dealership in the U.S. The Company recorded a net pre-tax gain totaling $1.8 million related to these dispositions. The dispositions reduced goodwill by $2.2 million. The Company also terminated one franchise representing one dealership in the U.K.

During the six months ended June 30, 2020, the Company had no activity related to dispositions.

4. SEGMENT INFORMATION

As of June 30, 2021 and 2020, the Company had three reportable segments: the U.S., U.K. and Brazil. The U.S. and Brazil segments are led by the President, U.S. and Brazilian Operations, and the U.K. segment is led by an Operations Director, each reporting directly to the Company's Chief Executive Officer, who is the CODM. The President, U.S. and Brazilian Operations, and the U.K. Operations Director are responsible for the overall performance of their respective regions, as well as for overseeing field level management. Each region engages in business activities and their respective operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the region and to assess performance. Each segment is comprised of retail automotive franchises that sell new and used cars and light trucks; arrange related vehicle financing; sell service and insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts.

Selected reportable segment data is as follows for the three and six months ended June 30, 2021 and 2020 (in millions):

	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	U.S.	U.K.	Brazil	Total	U.S.	U.K.	Brazil	Total
Total revenues	$ 2,924.9	$ 700.7	$ 74.8	$ 3,700.4	$ 5,329.3	$ 1,250.3	$ 130.9	$ 6,710.5
Income before income taxes [1]	$ 215.1	$ 25.2	$ 3.0	$ 243.2	$ 336.6	$ 33.6	$ 4.3	$ 374.6

	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
	U.S.	U.K.	Brazil	Total	U.S.	U.K.	Brazil	Total
Total revenues	$ 1,831.1	$ 263.5	$ 36.6	$ 2,131.2	$ 3,838.7	$ 854.2	$ 129.1	$ 4,822.0
Income (loss) before income taxes [2]	$ 74.8	$ (19.7)	$ (12.8)	$ 42.3	$ 117.0	$ (22.3)	$ (13.4)	$ 81.2

[1] For the three months ended June 30, 2021, income before income taxes includes the following: in the U.S. segment, $2.3 million non-cash loss associated with certain interest rate swaps and $0.8 million net gain on dealership and real estate transactions. For the six months ended June 30, 2021, income before income taxes includes the following: in the U.S. segment, $2.3 million non-cash loss associated with certain interest rate swaps, $2.2 million in expenses related to a winter storm, $1.7 million net gain on dealership and real estate transactions and $1.0 million net gain on legal matters; and in the U.K. segment, $0.6 million net loss on dealership and real estate transactions.

(2) For the three months ended June 30, 2020, income (loss) before income taxes includes the following: in the U.S. segment, $10.6 million in stock-based compensation expense related to an out-of-period adjustment and a $10.4 million loss on debt extinguishment; in the U.K. segment, $12.8 million in asset impairments and $1.2 million in severance expense; and in the Brazil segment, $11.1 million in asset impairments. For the six months ended June 30, 2020, income (loss) before income taxes includes the following: in the U.S. segment, $10.6 million in stock-based compensation expense related to an out-of-period adjustment and a $10.4 million loss on debt extinguishment; in the U.K. segment, $12.8 million in asset impairments and $1.2 million in severance expense; and in the Brazil segment, $11.1 million in asset impairments and $0.9 million in severance expense.

5. EARNINGS PER SHARE

The two-class method is utilized for the computation of the Company’s EPS. The two-class method requires a portion of net income to be allocated to participating securities, which are unvested awards of share-based payments with non-forfeitable rights to receive dividends that are paid in cash. The Company’s RSAs are participating securities. Income allocated to these participating securities is excluded from net earnings available to common shares, as shown in the table below. Basic EPS is computed by dividing net income available to basic common shares by the weighted average number of basic common shares outstanding during the period. Diluted EPS is computed by dividing net income available to diluted common shares by the weighted average number of dilutive common shares outstanding during the period.

The following table sets forth the calculation of EPS for the three and six months ended June 30, 2021 and 2020 (in millions, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Weighted average basic common shares outstanding	17,747,518	17,771,447	17,752,577	17,767,449
Dilutive effect of stock-based awards and employee stock purchases	81,952	40,166	74,217	42,488
Weighted average dilutive common shares outstanding	17,829,470	17,811,613	17,826,794	17,809,937
Basic:				
Net income	$ 191.0	$ 30.2	$ 292.9	$ 60.0
Less: Earnings allocated to participating securities	6.4	1.1	9.9	2.2
Net income available to basic common shares	$ 184.5	$ 29.1	$ 283.0	$ 57.8
Basic earnings per common share	$ 10.40	$ 1.64	$ 15.94	$ 3.25
Diluted:				
Net income	$ 191.0	$ 30.2	$ 292.9	$ 60.0
Less: Earnings allocated to participating securities	6.4	1.1	9.9	2.1
Net income available to diluted common shares	$ 184.5	$ 29.1	$ 283.0	$ 57.8
Diluted earnings per common share	$ 10.35	$ 1.63	$ 15.88	$ 3.25

6. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the most advantageous market in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and also establishes the following three levels of inputs that may be used to measure fair value:

- *Level 1* — Quoted prices for identical assets or liabilities in active markets.
- *Level 2* — Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or model-derived valuations or other inputs that are observable or that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and Cash Equivalents, Contracts-In-Transit and Vehicle Receivables, Accounts and Notes Receivable, Accounts Payable, Variable Rate Long-Term Debt and Floorplan Notes Payable

The fair values of these financial instruments approximate their carrying values due to the short-term nature of the instruments and/or the existence of variable interest rates.

Demand Notes

The Company periodically invests in demand notes with manufacturer-affiliated finance companies that bear interest at variable rates determined by the manufacturers and represent unsecured, unsubordinated and unguaranteed debt obligations of the manufacturers. The instruments are redeemable on demand by the Company and therefore the Company has classified these instruments as *Cash and cash equivalents* in the accompanying Condensed Consolidated Balance Sheets. As of June 30, 2021 and December 31, 2020, the carrying value of these instruments was $100.1 million and $60.0 million, respectively. The Company determined that the valuation measurement inputs of these instruments include inputs other than quoted market prices, that are observable or that can be corroborated by observable data by correlation. Accordingly, the Company has classified these instruments within Level 2 of the hierarchy framework.

Fixed Rate Long-Term Debt

The Company's fixed rate long-term debt primarily consists of amounts outstanding under its senior unsecured notes and certain mortgage facilities. In August 2020, the Company issued $550.0 million in aggregate principal of 4.00% Senior Notes due August 2028 ("4.00% Senior Notes"). The Company estimates the fair value of its 4.00% Senior Notes using quoted prices for the identical liability (Level 1) and estimates the fair value of its fixed-rate mortgage facilities using a present value technique based on current market interest rates for similar types of financial instruments (Level 2). Refer to Note 8. Debt for further discussion of the Company's long-term debt arrangements.

The carrying value and fair value of the Company's 4.00% Senior Notes and fixed rate mortgages were as follows (in millions):

	June 30, 2021		December 31, 2020	
	Carrying Value [(1)]	Fair Value	Carrying Value [(1)]	Fair Value
4.00% Senior Notes	$ 550.0	$ 559.3	$ 550.0	$ 567.0
Real estate related	81.0	73.9	84.3	77.0
Total	$ 631.0	$ 633.2	$ 634.3	$ 644.0

[(1)] Carrying value excludes unamortized debt issuance costs.

Derivative Financial Instruments

The Company holds interest rate swaps to hedge against variability of interest payments indexed to LIBOR. The Company's interest rate swaps are measured at fair value utilizing a one-month LIBOR forward yield curve matched to the identical maturity term of the instrument being measured. Observable inputs utilized in the income approach valuation technique incorporate identical contractual notional amounts, fixed coupon rates, periodic terms for interest payments and contract maturity. The fair value of the interest rate swaps also considers the credit risk of the Company for instruments in a liability position or the counterparty for instruments in an asset position. The credit risk is calculated using the spread between the one-month LIBOR yield curve and the relevant interest rate according to rating agencies. The inputs to the fair value measurements reflect Level 2 inputs.

Assets and liabilities associated with the Company's interest rate swaps as reflected gross in the Condensed Consolidated Balance Sheets were as follows (in millions):

	June 30, 2021	December 31, 2020
Assets:		
Other current assets	$ —	$ 1.9
Other long-term assets	10.8	0.3
Total assets	$ 10.8	$ 2.3
Liabilities:		
Accrued expenses and other current liabilities [(1)]	$ 2.1	$ 4.2
Other long-term liabilities	23.0	40.6
Total liabilities	$ 25.1	$ 44.8

[(1)] As of June 30, 2021, the entire balance consisted of the gross fair value of the de-designated swaps as described below.

Interest Rate Swaps De-designated as Cash Flow Hedges

All interest rate swaps had previously been designated as cash flow hedges. During the three months ended June 30, 2021, the Company de-designated five interest rate swaps due to the continued decline in the net floorplan liability balance as a result of decreased vehicle inventory levels as the Company's manufacturers' production is currently at reduced levels as a result of a global semiconductor chip shortage. The realized and unrealized gains or losses on the de-designated swaps for each period after de-designation are recognized within income as *Floorplan interest expense* in the Company's Condensed Consolidated Statements of Operations.

The Company reclassified the entire previously deferred loss associated with the de-designated swaps of $2.4 million, net of tax of $0.7 million, from *Accumulated other comprehensive income (loss)* into income as an adjustment to *Floorplan interest expense* as the remaining forecasted hedged transactions associated with these swaps were probable of not occurring due to the reduced inventory levels described above. Additionally, the Company recorded an unrealized mark-to-market gain of $1.0 million and a realized $1.0 million loss associated with these swaps within *Floorplan interest expense* during the three months ended June 30, 2021.

As of June 30, 2021, the aggregate notional amount of these de-designated interest rate swaps was $250.0 million that fixed the underlying one-month LIBOR at a weighted average rate of 1.76%. These interest rate swaps will mature on December 31, 2021.

Interest Rate Swaps Designated as Cash Flow Hedges

Interest rate swaps designated as cash flow hedges and the related gains or losses are deferred in stockholders' equity as a component of *Accumulated other comprehensive income (loss)*. The deferred gains or losses are recognized in income in the period in which the related items being hedged are recognized in expense. Monthly contractual settlements of the positions are recognized as *Floorplan interest expense* or *Other interest expense, net,* in the Company's Condensed Consolidated Statements of Operations. Gains or losses for periods where future forecasted hedged transactions are deemed probable of not occurring are reclassified from *Accumulated other comprehensive income (loss)* into income. Amounts reclassified related to the portion of forecasted transactions deemed probable of not occurring were immaterial for the three and six months ended June 30, 2021.

As of June 30, 2021, the Company held 34 interest rate swaps designated as cash flow hedges with a total notional value of $700.4 million that fixed the underlying one-month LIBOR at a weighted average rate of 1.38%. The Company also held 8 additional interest rate swaps designated as cash flow hedges with forward start dates beginning December 2021, that had an aggregate notional value of $425.0 million and a weighted average interest rate of 1.20% as of June 30, 2021. The maturity dates of the Company's designated interest rate swaps with forward start dates range between January 2025 and December 2031.

The following tables present the impact of the Company's interest rate swaps designated as cash flow hedges (in millions):

	Amount of Unrealized Income (Loss), Net of Tax, Recognized in Other Comprehensive Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives in Cash Flow Hedging Relationship	**2021**	**2020**	**2021**	**2020**
Interest rate swaps	$ (11.1)	$ (7.0)	$ 16.7	$ (38.6)

	Amount of Loss Reclassified from Other Comprehensive Income (Loss) into Statements of Operations			
	Three Months Ended June 30,		Six Months Ended June 30,	
Income Statement Classification	**2021**	**2020**	**2021**	**2020**
Floorplan interest expense	$ (1.4)	$ (2.1)	$ (3.7)	$ (2.7)
Other interest expense, net	$ (1.0)	$ (0.7)	$ (1.9)	$ (0.8)

The amount of loss expected to be reclassified out of *Accumulated other comprehensive income (loss)* into earnings as an offset to *Floorplan interest expense* or *Other interest expense, net* in the next twelve months is $9.8 million.

7. RECEIVABLES, NET AND CONTRACT ASSETS

The Company's receivables, net and contract assets consisted of the following (in millions):

	June 30, 2021	December 31, 2020
Contracts-in-transit and vehicle receivables, net:		
Contracts-in-transit	$ 141.6	$ 147.1
Vehicle receivables	81.2	64.5
Total contracts-in-transit and vehicle receivables	222.8	211.5
Less: allowance for doubtful accounts	0.3	0.3
Total contracts-in-transit and vehicle receivables, net	$ 222.5	$ 211.2
Accounts and notes receivable, net:		
Manufacturer receivables	$ 94.5	$ 108.7
Parts and service receivables	59.7	53.2
F&I receivables	30.1	27.4
Other	15.3	13.8
Total accounts and notes receivable	199.6	203.1
Less: allowance for doubtful accounts	2.8	3.2
Total accounts and notes receivable, net	$ 196.8	$ 200.0
Within Other current assets and Other long-term assets:		
Total contract assets [1]	$ 39.1	$ 35.3

[1] Refer to Note 2. Revenues for further discussion of the Company's contract asset balance. No allowance for doubtful accounts was recorded for *Contract assets* as of June 30, 2021 or December 31, 2020.

8. DEBT

Long-term debt consisted of the following (in millions):

	June 30, 2021	December 31, 2020
4.00% Senior Notes due August 15, 2028	$ 550.0	$ 550.0
Acquisition Line	76.1	47.8
Other Debt:		
Real estate related	623.9	619.8
Finance leases	122.4	124.8
Other	19.3	20.0
Total other debt	765.6	764.6
Total debt	1,391.7	1,362.4
Less: unamortized debt issuance costs	10.4	11.0
Less: current maturities	59.4	56.7
Total long-term debt	$ 1,322.0	$ 1,294.7

Acquisition Line

The proceeds of the Acquisition Line (as defined in Note 9. Floorplan Notes Payable) are used for working capital, general corporate and acquisition purposes. As of June 30, 2021, borrowings under the Acquisition Line, a component of the Revolving Credit Facility (as defined in Note 9. Floorplan Notes Payable), totaled $76.1 million. The average interest rate on this facility was 1.05% during the three months ended June 30, 2021.

Real Estate Related

The Company has mortgage loans in the U.S., U.K. and Brazil that are paid in installments. As of June 30, 2021, borrowings outstanding under these facilities totaled $623.9 million, gross of debt issuance costs, comprised of $513.0 million in the U.S., $98.4 million in the U.K. and $12.6 million in Brazil.

9. FLOORPLAN NOTES PAYABLE

The Company's floorplan notes payable consisted of the following (in millions):

	June 30, 2021	December 31, 2020
Revolving credit facility — floorplan notes payable	$ 511.5	$ 901.6
Revolving credit facility — floorplan notes payable offset account	(326.1)	(160.4)
Revolving credit facility — floorplan notes payable, net	185.4	741.2
Other non-manufacturer facilities	39.1	26.4
Floorplan notes payable — credit facility and other, net	$ 224.5	$ 767.6
FMCC Facility	$ 26.8	$ 111.2
FMCC Facility offset account	—	(16.0)
FMCC Facility, net	26.8	95.2
Other manufacturer affiliate facilities	247.2	232.3
Floorplan notes payable — manufacturer affiliates, net	$ 274.0	$ 327.5

Floorplan Notes Payable — Credit Facility

Revolving Credit Facility

In the U.S., the Company has a $1.75 billion revolving syndicated credit arrangement with 22 participating financial institutions that matures on June 27, 2024 ("Revolving Credit Facility"). The Revolving Credit Facility consists of two tranches: (i) a $1.70 billion maximum capacity tranche for U.S. vehicle inventory floorplan financing ("U.S. Floorplan Line") which the outstanding balance, net of offset account discussed below, is reported in *Floorplan notes payable — credit facility and other, net*; and (ii) a $349.0 million maximum capacity and $50.0 million minimum capacity tranche ("Acquisition Line"), which is not due until maturity of the Revolving Credit Facility and is therefore classified in *Long-term debt* — refer to Note 8. Debt for additional discussion. The capacity under these two tranches can be re-designated within the overall $1.75 billion commitment, subject to the aforementioned limits. The Acquisition Line includes a $100 million sub-limit for letters of credit. As of June 30, 2021 and December 31, 2020, the Company had $17.8 million in outstanding letters of credit.

The U.S. Floorplan Line bears interest at rates equal to LIBOR plus 110 basis points for new vehicle inventory and LIBOR plus 140 basis points for used vehicle inventory. The weighted average interest rate on the U.S. Floorplan Line was 1.18% as of June 30, 2021, excluding the impact of the Company's interest rate derivative instruments. The Acquisition Line bears interest at LIBOR or a LIBOR equivalent plus 100 to 200 basis points, depending on the Company's total adjusted leverage ratio, on borrowings in USD, Euros or GBP. The U.S. Floorplan Line requires a commitment fee of 0.15% per annum on the unused portion. Amounts borrowed by the Company under the U.S. Floorplan Line for specific vehicle inventory are to be repaid upon the sale of the vehicle financed and in no case is a borrowing for a vehicle to remain outstanding for greater than one year. The Acquisition Line requires a commitment fee ranging from 0.15% to 0.40% per annum, depending on the Company's total adjusted leverage ratio, based on a minimum commitment of $50.0 million less outstanding borrowings.

In conjunction with the Revolving Credit Facility, the Company had $3.1 million and $3.6 million of related unamortized debt issuance costs as of June 30, 2021 and December 31, 2020, respectively, which are included in *Prepaid expenses* and *Other long-term assets* in the Company's Condensed Consolidated Balance Sheets and amortized over the term of the facility.

Floorplan Notes Payable — Manufacturer Affiliates

FMCC Facility

The Company has a $300.0 million floorplan arrangement with FMCC for financing of new Ford vehicles in the U.S. (the "FMCC Facility"). This facility bears interest at the higher of the actual U.S. Prime rate or a Prime floor of 4.00%, plus 150 basis points minus certain incentives. The interest rate on the FMCC Facility was 5.50% before considering the applicable incentives as of June 30, 2021.

Other Manufacturer Facilities

The Company has other credit facilities in the U.S., U.K. and Brazil with financial institutions affiliated with manufacturers for financing of new, used and rental vehicle inventories. As of June 30, 2021, borrowings outstanding under these facilities totaled $247.2 million, comprised of $91.7 million in the U.S., with annual interest rates ranging from less than 1% to approximately 5%, $131.2 million in the U.K., with annual interest rates ranging from approximately 1% to 4%, and $24.3 million in Brazil, with annual interest rates ranging from approximately 4% to 12%.

Offset Accounts

Offset accounts consist of immediately available cash used to pay down the U.S. Floorplan Line and FMCC Facility, and therefore offset the respective outstanding balances in the Company's Condensed Consolidated Balance Sheets. The offset accounts are the Company's primary options for the short-term investment of excess cash.

10. CASH FLOW INFORMATION

Non-Cash Activities

The accrual for capital expenditures increased $1.4 million and decreased $2.7 million from fiscal year-end for the six months ended June 30, 2021 and 2020, respectively.

Interest and Income Taxes Paid

Cash paid for interest, including the monthly settlement of the Company's interest rate derivatives, was $38.6 million and $57.0 million for the six months ended June 30, 2021 and 2020, respectively. Cash paid for income taxes, net of refunds, was $53.5 million for the six months ended June 30, 2021. Cash received for income taxes, net of tax payments, was $6.8 million for the six months ended June 30, 2020.

11. COMMITMENTS AND CONTINGENCIES

From time to time, the Company's dealerships are named in various types of litigation involving customer claims, employment matters, class action claims, purported class action claims, claims involving the manufacturers of automobiles, contractual disputes and other matters arising in the ordinary course of business. The Company may be involved in legal proceedings or suffer losses that could have a material adverse effect on the Company's business. In the normal course of business, the Company is required to respond to customer, employee and other third-party complaints. In addition, the manufacturers of the vehicles that the Company sells and services have audit rights allowing them to review the validity of amounts claimed for incentive, rebate or warranty-related items and charge the Company back for amounts determined to be invalid payments under the manufacturers' programs, subject to the Company's right to appeal any such decision.

Legal Proceedings

As of June 30, 2021, the Company was not party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's results of operations, financial condition or cash flows, including class action lawsuits. However, the results of current or future matters cannot be predicted with certainty and an unfavorable resolution of one or more of such matters could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

Other Matters

From time to time, the Company sells its dealerships to third parties. In those instances where the Company did not own the real estate and was a tenant, it assigned the lease to the purchaser but remained liable as a guarantor for the remaining lease payments in the event of non-payment by the purchaser. Although the Company has no reason to believe that it will be called upon to perform under any such assigned leases, the Company estimates that lessee remaining rental obligations were $26.4 million as of June 30, 2021. In certain instances, the Company obtains collateral support for the rental obligations that the Company remains obligated for upon sale of a dealership to a lessee. Total associated letters of credit issued on behalf of the lessee where the Company is the beneficiary was $4.7 million as of June 30, 2021.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in the balances of each component of Accumulated other comprehensive income (loss) were as follows (in millions):

	Six Months Ended June 30, 2021		
	Accumulated Income (Loss) On Foreign Currency Translation	Accumulated Income (Loss) On Interest Rate Swaps	Total
Balance, December 31, 2020	$ (151.6)	$ (32.5)	$ (184.0)
Other comprehensive income (loss) before reclassifications:			
Pre-tax	4.9	21.8	26.6
Tax effect	—	(5.1)	(5.1)
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	3.7	3.7
Other interest expense, net (pre-tax)	—	1.9	1.9
Reclassification related to de-designated interest rate swaps (pre-tax)	—	3.1	3.1
Benefit for income taxes	—	(2.0)	(2.0)
Net current period other comprehensive income	4.9	23.3	28.1
Balance, June 30, 2021	$ (146.7)	$ (9.2)	$ (155.9)

	Six Months Ended June 30, 2020		
	Accumulated Income (Loss) On Foreign Currency Translation	Accumulated Income (Loss) On Interest Rate Swaps	Total
Balance, December 31, 2019	$ (142.9)	$ (4.1)	$ (147.0)
Other comprehensive income (loss) before reclassifications:			
Pre-tax	(30.4)	(49.8)	(80.2)
Tax effect	—	11.2	11.2
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	2.7	2.7
Other interest expense (pre-tax)	—	0.8	0.8
Benefit for income taxes	—	(0.8)	(0.8)
Net current period other comprehensive loss	(30.4)	(36.0)	(66.4)
Balance, June 30, 2020	$ (173.2)	$ (40.1)	$ (213.3)

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (“Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). Forward-looking statements may appear throughout this report including, but not limited to, the following sections: Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Quantitative and Qualitative Disclosures About Market Risk. This information includes statements regarding our strategy, plans, goals or current expectations with respect to, among other things:

- our future operating performance;
- our ability to maintain or improve our margins;
- our ability to accomplish and sustain SG&A expense decreases;
- operating cash flows and availability of capital;
- the completion of future acquisitions and divestitures;
- the future revenues of acquired dealerships;
- future stock repurchases, refinancing of debt and dividends;
- future capital expenditures;
- changes in sales volumes and availability of credit for customer financing in new and used vehicles and sales volumes in the parts and service markets;
- business trends in the retail automotive industry, including the level of manufacturer incentives, new and used vehicle retail sales volume and pricing, customer demand, interest rates and changes in industry-wide or manufacturer specific inventory levels;
- manufacturer quality issues, including the recall of vehicles and any related negative impact on vehicle sales and brand reputation;
- availability of financing for inventory, working capital, real estate and capital expenditures;
- changes in regulatory practices, tariffs and taxes, including Brexit;
- the impacts of any potential global recession;
- our ability to meet our financial covenants in our debt obligations and to maintain sufficient liquidity to operate; and
- the impacts of the COVID-19 pandemic on our business.

Although we believe that the expectations reflected in these forward-looking statements are reasonable when and as made, we cannot assure you that these expectations will prove to be correct. When used in this Form 10-Q, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on our expectations and beliefs as of the date of this Form 10-Q concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to differ from those in the forward-looking statements include:

- adverse developments in the global economy as well as the public health crisis related to the COVID-19 pandemic and the resulting impact on the demand for and supply of new and used vehicles and related parts and services;
- uncertainty regarding the length of time it will take for the U.S. and the rest of the world to slow the spread of the COVID-19 virus, the actions to be taken by governments to contain and combat the pandemic and the timing, pace and extent of an economic recovery in the U.S. and elsewhere, which in turn will likely affect demand for our vehicles, parts and services;

- future deterioration in the economic environment, including consumer confidence, consumer preferences, interest rates, the prices of oil and gasoline, the level of manufacturer incentives, the implementation of international and domestic trade tariffs and the availability of consumer credit may affect the demand for new and used vehicles, replacement parts, maintenance and repair services and F&I products;
- adverse domestic and international developments such as war, terrorism, political conflicts, social protests or other hostilities may adversely affect the demand for our products and services;
- uncertainty of the potential impact of Brexit on the overall U.K. economy and, more specifically, the potential adverse effect on retail automotive industry sales could have a material adverse effect on our revenues and business operations;
- the existing and future regulatory environment, including legislation related to the Dodd-Frank Wall Street Reform and Consumer Protection Act, climate control legislation, changes to U.S. federal, U.S. state, U.K. or Brazil tax laws, rates and regulations and unexpected litigation or adverse legislation, including changes in U.S. state franchise laws, may impose additional costs on us or otherwise adversely affect us;
- a concentration of risk associated with our principal automobile manufacturers, especially Toyota, Nissan, Honda, BMW, Ford, Daimler, General Motors, Chrysler, Hyundai, Volkswagen and Jaguar-Land Rover, because of financial distress, bankruptcy, natural disasters or pandemics, such as the COVID-19 pandemic, that disrupt production, or other reasons, may not continue to produce or make available to us vehicles that are in high demand by our customers or provide financing, insurance, advertising or other assistance to us;
- restructuring by one or more of our principal manufacturers, up to and including bankruptcy, may cause us to suffer financial loss in the form of uncollectible receivables, devalued inventory or loss of franchises;
- requirements imposed on us by our manufacturers may require dispositions, limit our acquisitions or require increases in the level of capital expenditures related to our dealership facilities;
- our existing and/or new dealership operations may not perform at our or manufacturer expected levels or achieve expected improvements;
- our ability to realize attractive margins or volumes for our vehicle sales or services;
- our failure to achieve expected future cost savings or future costs may be higher than we expect;
- manufacturer quality issues, including the recall of vehicles, may negatively impact vehicle sales and brand reputation;
- available capital resources, increases in cost of financing (such as higher interest rates) and our various debt agreements may limit our ability to complete acquisitions, complete construction of new or expanded facilities, repurchase shares, or pay dividends;
- our ability to refinance or obtain financing in the future may be limited and the cost of financing could increase significantly;
- our ability to facilitate credit for consumers;
- foreign exchange controls and currency fluctuations;
- new accounting standards could materially impact our reported EPS;
- our ability to acquire new dealerships and successfully integrate those dealerships into our business;
- the impairment of our goodwill, our indefinite-lived intangibles and our other long-lived assets;
- natural disasters, adverse weather events and other catastrophic events;
- a cybersecurity event of our systems or a third party partners’ systems, including a breach of personally identifiable information about our customers or employees or a shutdown of our operating systems;
- our foreign operations and sales in the U.K. and Brazil, which pose additional risks;
- the inability to adjust our cost structure and inventory levels to offset any reduction in the demand for our products and services;
- our loss of key personnel;
- availability of trained workforce;
- our losses may not be fully covered by insurance or may only be fully covered with a significant increase to our insurance costs;

- our inability to obtain inventory of new and used vehicles and parts, including imported inventory, at the cost, or in the volume, we expect due to supply chain disruptions or other factors; and
- advancements in vehicle technology and changes in vehicle ownership models/consumer preferences.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see Item 1A. Risk Factors in our 2020 Form 10-K and this Form 10-Q, as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no responsibility and expressly disclaim any duty, to update any such statements, whether as a result of new information, new developments or otherwise, or to publicly release the result of any revision of our forward-looking statements after the date they are made, except to the extent required by law.

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

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Actual results of Group 1 Automotive, Inc. may differ materially from those discussed in the forward-looking statements because of various factors. See “Cautionary Statement about Forward-Looking Statements.” Unless the context requires otherwise, references to “we,” “us” and “our” are intended to mean the business and operations of Group 1 Automotive, Inc. and its subsidiaries.

Overview

We are a leading operator in the automotive retail industry. Through our dealerships, we sell new and used cars and light trucks; arrange related vehicle financing; sell service and other insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts. Our operations are aligned into three regions, which comprise our reportable segments: the U.S., U.K. and Brazil. The U.S. and Brazil segments are led by the President, U.S. and Brazilian Operations, and the U.K. segment is led by an Operations Director, each reporting directly to our Chief Executive Officer, who is the CODM. The President, U.S. and Brazilian Operations and the U.K. Operations Director are responsible for the overall performance of their respective regions, as well as for overseeing field level management.

As of June 30, 2021, our retail network consisted of 117 dealerships in the U.S., 48 dealerships in the U.K. and 16 dealerships in Brazil. Our operations are primarily located in major metropolitan areas in 15 states in the U.S., 33 towns in the U.K. and three states in Brazil.

Long-Term Strategy

Our business strategy focuses on improving the performance of our existing dealerships and enhancing our dealership portfolio through strategic acquisitions and dispositions to achieve growth, capture market share and maximize the investment return to our stockholders. We constantly evaluate opportunities to improve the overall profitability of our dealerships. We believe that as of June 30, 2021, we have sufficient financial resources to support additional acquisitions. Further, we intend to continue to critically evaluate our return on invested capital in our current dealership portfolio for disposition opportunities.

For 2021, our priorities are growing our company through acquisitions, improving and growing sales penetration in our digital retailing platform, AcceleRide®, continuing to grow our parts and service gross profit through numerous initiatives, increasing our market share in the highly fragmented used vehicle business, continuing to leverage our SG&A as a percentage of gross profit and focusing on the retention and training of our talented dealership employees.

Strategic Acquisitions and Dispositions

We will continue to focus on opportunities to enhance our current dealership portfolio through strategic acquisitions and improving or disposing of underperforming dealerships. We believe that substantial opportunities for growth through acquisitions remain in our industry in the U.S., U.K. and Brazil. Acquisitions capitalize on economies of scale and cost savings opportunities in our existing markets in areas such as used vehicle sourcing, advertising, purchasing, data processing and personnel utilization, thereby increasing operating efficiency.

We seek to acquire dealerships where we have strategic opportunities that represent growing brands in growth markets. We evaluate all brands and geographies to expand our brand, product and service offerings in our existing markets or expand into growing geographic areas we currently do not serve. During the first quarter of 2021, we acquired two Toyota dealerships in the U.S. In July, we announced the acquisition of seven dealerships in the U.K. The expected aggregate annualized revenues, estimated at the time of acquisition, for both the U.S. and U.K. acquisitions, were $420.0 million. Further, we intend to continue to critically evaluate our return on invested capital in our current dealership portfolio for disposition opportunities. Refer to Note 3. Acquisitions and Dispositions within our Notes to Condensed Consolidated Financial Statements for further discussion.

Digital Initiatives to Enhance the Customer Experience

Our omnichannel platforms focus on ensuring that we can do business with our customers where and when they want to do business. Our online retail platform, AcceleRide®, which was deployed to all of our U.S. dealerships in 2019, allows a customer to complete a vehicle transaction entirely online or start the sales process online and complete the transaction at one of our dealerships. The customer also has the ability to apply for financing and review and select F&I products as part of the online process. During the three months ended June 30, 2021, U.S. total online retail unit sales increased 111.3% compared to the same period in 2020. We also completed the roll out of AcceleRide® to our U.K. dealerships in the first quarter of 2021. Our parts and service digital efforts focus on our online customer scheduling appointment system. We have seen continued growth in the percentage of appointments scheduled online over the past few years as we have continued to enhance this tool. We have also focused on improved interaction with our parts and service customers by offering preferred communication options via dealership apps, phone, text or email and online payment options. We are capitalizing on technology advances in robotic process automation and artificial intelligence to improve our marketing, call center and back office efficiency. These digital platforms were instrumental in allowing us to connect with and service our customers during the social distancing requirements imposed as a result of the COVID-19 pandemic.

Parts and Service Growth

We remain focused on sustained growth in our higher margin parts and service operations which continue to hinge on the retention and hiring of skilled service technicians and advisors. Our U.S. service operations are reimplementing a four-day work week for service technicians and advisors which allows us to expand our hours of operations during the week. This change has resulted in increased service technician and advisor retention, thereby expanding our service capacity without investing additional capital in facilities. Our online service appointment platform and centralized call centers have improved the customer experience. We seek to increase the retention of our customers through more convenient service hours, training of our service advisors, selling service contracts with vehicles sales and customer relationship management software that allows us to provide targeted marketing to our customers. The increasing complexity of vehicles, especially in the area of electronics and technological advancements, is making it increasingly difficult for independent repair shops to maintain the expertise and technology to work on these vehicles and provides us the opportunity to increase our market share well into the future.

Used Vehicle Retail Growth

Used vehicle gross profit depends primarily on a dealership's ability to obtain a high-quality supply of used vehicles at reasonable prices. Our new vehicle operations generally provide our used vehicle operations with a large supply of high-quality trade-ins and off-lease vehicles, which are our best source of used vehicle inventory. In October 2020, we introduced "Sell A Ride" to our AcceleRide® platform to increase our ability to purchase used vehicle inventory directly from customers with a cash offer within 30 minutes during business hours, home pickup and immediate payment through Zelle. Our dealerships supplement their used vehicle inventory with purchases at auctions, including manufacturer-sponsored auctions available only to franchised dealers.

Our data driven pricing strategies ensure that our used vehicles are priced at market to generate more traffic to our websites. We review our market pricing on a constant basis and work to limit discounting from our advertised prices.

Cost Management

We continue our efforts to fully leverage our scale and cost structure. As our business evolves, we will manage our costs carefully and look for additional opportunities to improve our processes and disseminate best practices. We believe that our management structure supports rapid decision making and facilitates an efficient and effective roll-out of new processes. As part of the digital efforts discussed above, we have improved our productivity for our sales and service departments.

Employee Training and Retention

A key to the execution of our business strategy is the leverage of what we believe to be one of our key strengths — the talent of our people. We are focused on the retention and training of our talented dealership employees. We believe that we have developed a distinguished management team with substantial industry expertise. With our management structure and level of executive talent, we plan to continue empowering the operators of our dealerships to make appropriate decisions to grow their respective dealership operations and to control fixed and variable costs. We believe this approach allows us to provide the best possible service to our customers, as well as attract and retain talented employees.

Diversity, Equity and Inclusion ("DEI")

We have a DEI council that is chaired by our Chief Diversity Officer. The council's mission is to foster a diverse and inclusive culture where employees of all backgrounds are respected, valued and developed. We enhance employee engagement in the areas of diversity, equity and inclusion by offering innovative training, recruitment and career path development where a sense of belonging is apparent throughout the organization. The council has four primary areas of focus: Workforce, Workplace, Community Involvement and Women's Initiative. The council consists of a diverse group of employees providing representation across the organization. Each area has an employee chairperson as well as an executive sponsor. In addition, employees participate in on-going diversity and inclusion training programs which were developed for us.

COVID-19 Pandemic and New Vehicle Inventory Levels

Our operations have recovered significantly from the COVID-19 pandemic. In the U.K., our dealership showrooms reopened in the second quarter of 2021 and in Brazil, our dealerships were fully open in the second quarter of 2021 after both markets were closed for all or part of prior quarters due to government mandated closures related to the COVID-19 pandemic. Our dealerships adhere to health and safety policies and practices to allow employees to return to work safely. We cannot predict the future impact of COVID-19 pandemic on our business.

Additionally, our manufacturers' production is currently at reduced levels as a result of global semiconductor chip shortages, which is impacting our new vehicle sales and inventory levels in all our markets. The increased demand for new vehicles and reduced production levels have significantly reduced our new vehicle inventory levels. Our new vehicle days' supply of inventory was approximately 20 days for the quarter ended June 30, 2021, as compared to 52 days for the quarter ended December 31, 2020 and 61 days for the quarter ended June 30, 2020. Refer to Item 1A. Risk Factors of this Form 10-Q for additional discussion regarding the impact of the decrease in inventory.

Critical Accounting Policies and Accounting Estimates

The preparation of our Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. For additional discussion of our critical accounting policies and accounting estimates, please see Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2020 Form 10-K.

Results of Operations

The "same store" amounts presented below include the results of dealerships and corporate headquarters for the identical months in each period presented in comparison, commencing with the first full month in which the dealership was owned by us and, in the case of dispositions, ending with the last full month it was owned by us. For example, the results for a dealership acquired on August 15, 2020 will appear in our same store comparison beginning in 2021 for the period September 2021 through December 2021, when comparing to September 2020 through December 2020 results. If we disposed of a store on August 15, 2020, the results from this store would be excluded from same store results beginning in August 2020 as July 2020 was the last full month the dealership was owned by us. Same store results provide a measurement of our ability to grow revenues and profitability of our existing stores and also provide a metric for peer group comparisons. For these reasons, same store results allows management to manage and monitor the performance of the business and is also useful to investors.

We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our underlying business and results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our current period reported results for entities reporting in currencies other than USD using comparative period exchange rates rather than the actual exchange rates in effect during the respective periods. The constant currency performance measures should not be considered a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP. Additionally, we caution investors not to place undue reliance on non-GAAP measures, but also to consider them with the most directly comparable U.S. GAAP measures. Our management also uses constant currency and adjusted cash flows from operating, investing and financing activities in conjunction with U.S. GAAP financial measures to assess our business, including communication with our Board of Directors, investors and industry analysts concerning financial performance. We disclose these non-GAAP measures and the related reconciliations, because we believe investors use these metrics in evaluating longer-term period-over-period performance. These metrics also allow investors to better understand and evaluate the information used by management to assess operating performance.

Certain amounts in the financial statements may not compute due to rounding. All computations have been calculated using unrounded amounts for all periods presented.

The following tables summarize our operating results on a reported basis and on a same store basis:

Reported Operating Data — Consolidated

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,855.3	$ 1,062.7	$ 792.6	74.6 %	$ 33.6	71.4 %
Used vehicle retail sales	1,195.6	641.2	554.4	86.5 %	32.8	81.3 %
Used vehicle wholesale sales	96.4	48.7	47.7	98.0 %	3.6	90.6 %
Total used	1,292.0	689.9	602.1	87.3 %	36.5	82.0 %
Parts and service sales	392.1	282.0	110.2	39.1 %	5.6	37.1 %
F&I, net	161.0	96.7	64.3	66.5 %	1.7	64.7 %
Total revenues	$ 3,700.4	$ 2,131.2	$ 1,569.2	73.6 %	$ 77.4	70.0 %
Gross profit:						
New vehicle retail sales	$ 165.3	$ 63.8	$ 101.5	159.2 %	$ 2.1	155.9 %
Used vehicle retail sales	109.1	46.3	62.8	135.8 %	2.3	130.9 %
Used vehicle wholesale sales	9.1	2.0	7.1	NM	0.3	NM
Total used	118.2	48.3	69.9	144.7 %	2.5	139.5 %
Parts and service sales	216.7	150.0	66.7	44.5 %	3.4	42.2 %
F&I, net	161.0	96.7	64.3	66.5 %	1.7	64.7 %
Total gross profit	$ 661.3	$ 358.8	$ 302.4	84.3 %	$ 9.8	81.6 %
Gross margin:						
New vehicle retail sales	8.9 %	6.0 %	2.9 %			
Used vehicle retail sales	9.1 %	7.2 %	1.9 %			
Used vehicle wholesale sales	9.5 %	4.2 %	5.3 %			
Total used	9.2 %	7.0 %	2.1 %			
Parts and service sales	55.3 %	53.2 %	2.1 %			
Total gross margin	17.9 %	16.8 %	1.0 %			
Units sold:						
Retail new vehicles sold	42,893	26,472	16,421	62.0 %		
Retail used vehicles sold	45,002	30,528	14,474	47.4 %		
Wholesale used vehicles sold	10,965	7,303	3,662	50.1 %		
Total used	55,967	37,831	18,136	47.9 %		
Average sales price per unit sold:						
New vehicle retail	$ 43,254	$ 40,143	$ 3,111	7.8 %	$ 783	5.8 %
Used vehicle retail	$ 26,568	$ 21,004	$ 5,564	26.5 %	$ 729	23.0 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,853	$ 2,409	$ 1,444	59.9 %	$ 48	58.0 %
Used vehicle retail sales	$ 2,425	$ 1,516	$ 909	59.9 %	$ 50	56.6 %
Used vehicle wholesale sales	$ 832	$ 278	$ 554	NM	$ 24	NM
Total used	$ 2,113	$ 1,277	$ 836	65.4 %	$ 45	61.9 %
F&I PRU	$ 1,832	$ 1,697	$ 135	8.0 %	$ 20	6.8 %
Other:						
SG&A expenses	$ 376.7	$ 237.2	$ 139.5	58.8 %	$ 6.3	56.2 %
SG&A as % gross profit	57.0 %	66.1 %	(9.1)%			
Floorplan expense:						
Floorplan interest expense	$ 8.8	$ 10.1	$ (1.3)	(13.2)%	$ 0.2	(14.9)%
Less: floorplan assistance [(1)]	15.3	9.8	5.4	55.5 %	—	55.5 %
Net floorplan expense	$ (6.5)	$ 0.3	$ (6.8)		$ 0.2	

[(1)] Floorplan assistance is included within New vehicle retail sales Gross profit above and New vehicle retail sales Cost of sales in our Condensed Consolidated Statements of Operations.

NM — Not Meaningful

Same Store Operating Data — Consolidated

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,837.5	$ 1,049.8	$ 787.7	75.0 %	$ 33.6	71.8 %
Used vehicle retail sales	1,188.2	632.5	555.7	87.9 %	32.8	82.7 %
Used vehicle wholesale sales	95.8	48.2	47.6	98.7 %	3.6	91.2 %
Total used	1,284.0	680.7	603.3	88.6 %	36.5	83.3 %
Parts and service sales	385.5	278.5	107.0	38.4 %	5.3	36.5 %
F&I, net	159.9	95.5	64.4	67.4 %	1.7	65.6 %
Total revenues	$ 3,666.9	$ 2,104.5	$ 1,562.4	74.2 %	$ 77.1	70.6 %
Gross profit:						
New vehicle retail sales	$ 163.6	$ 63.1	$ 100.6	159.4 %	$ 2.1	156.2 %
Used vehicle retail sales	107.8	45.8	62.1	135.6 %	2.3	130.7 %
Used vehicle wholesale sales	8.9	2.0	6.9	NM	0.3	NM
Total used	116.8	47.8	69.0	144.4 %	2.5	139.1 %
Parts and service sales	212.9	148.1	64.9	43.8 %	3.2	41.6 %
F&I, net	159.9	95.5	64.4	67.4 %	1.7	65.6 %
Total gross profit	$ 653.3	$ 354.4	$ 298.8	84.3 %	$ 9.6	81.6 %
Gross margin:						
New vehicle retail sales	8.9 %	6.0 %	2.9 %			
Used vehicle retail sales	9.1 %	7.2 %	1.8 %			
Used vehicle wholesale sales	9.3 %	4.1 %	5.2 %			
Total used	9.1 %	7.0 %	2.1 %			
Parts and service sales	55.2 %	53.2 %	2.1 %			
Total gross margin	17.8 %	16.8 %	1.0 %			
Units sold:						
Retail new vehicles sold	42,409	26,116	16,293	62.4 %		
Retail used vehicles sold	44,659	30,016	14,643	48.8 %		
Wholesale used vehicles sold	10,846	7,217	3,629	50.3 %		
Total used	55,505	37,233	18,272	49.1 %		
Average sales price per unit sold:						
New vehicle retail	$ 43,329	$ 40,199	$ 3,131	7.8 %	$ 792	5.8 %
Used vehicle retail	$ 26,606	$ 21,072	$ 5,534	26.3 %	$ 735	22.8 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,858	$ 2,415	$ 1,443	59.8 %	$ 49	57.8 %
Used vehicle retail sales	$ 2,415	$ 1,525	$ 890	58.4 %	$ 51	55.0 %
Used vehicle wholesale sales	$ 823	$ 277	$ 546	NM	$ 25	NM
Total used	$ 2,104	$ 1,283	$ 821	64.0 %	$ 46	60.4 %
F&I PRU	$ 1,837	$ 1,702	$ 135	7.9 %	$ 20	6.8 %
Other:						
SG&A expenses	$ 372.3	$ 233.2	$ 139.1	59.7 %	$ 6.2	57.0 %
SG&A as % gross profit	57.0 %	65.8 %	(8.8)%			

NM — Not Meaningful

Table of Contents

Reported Operating Data - Consolidated

(In millions, except unit data)

	Six Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 3,398.7	$ 2,404.8	$ 993.8	41.3 %	$ 39.9	39.7 %
Used vehicle retail sales	2,094.4	1,420.3	674.1	47.5 %	38.4	44.8 %
Used vehicle wholesale sales	176.6	135.2	41.4	30.7 %	4.5	27.3 %
Total used	2,271.0	1,555.4	715.6	46.0 %	42.9	43.2 %
Parts and service sales	752.8	652.6	100.2	15.4 %	6.7	14.3 %
F&I, net	288.0	209.2	78.8	37.7 %	1.9	36.8 %
Total revenues	$ 6,710.5	$ 4,822.0	$ 1,888.4	39.2 %	$ 91.9	37.3 %
Gross profit:						
New vehicle retail sales	$ 264.3	$ 126.6	$ 137.7	108.8 %	$ 2.0	107.2 %
Used vehicle retail sales	168.7	88.4	80.3	90.8 %	2.2	88.3 %
Used vehicle wholesale sales	13.1	3.0	10.0	NM	0.2	NM
Total used	181.8	91.5	90.3	98.7 %	2.4	96.1 %
Parts and service sales	417.8	348.0	69.8	20.0 %	4.4	18.8 %
F&I, net	288.0	209.2	78.8	37.7 %	1.9	36.8 %
Total gross profit	$ 1,151.9	$ 775.3	$ 376.7	48.6 %	$ 10.8	47.2 %
Gross margin:						
New vehicle retail sales	7.8 %	5.3 %	2.5 %			
Used vehicle retail sales	8.1 %	6.2 %	1.8 %			
Used vehicle wholesale sales	7.4 %	2.2 %	5.2 %			
Total used	8.0 %	5.9 %	2.1 %			
Parts and service sales	55.5 %	53.3 %	2.2 %			
Total gross margin	17.2 %	16.1 %	1.1 %			
Units sold:						
Retail new vehicles sold	79,756	61,832	17,924	29.0 %		
Retail used vehicles sold	83,061	67,318	15,743	23.4 %		
Wholesale used vehicles sold	20,777	19,389	1,388	7.2 %		
Total used	103,838	86,707	17,131	19.8 %		
Average sales price per unit sold:						
New vehicle retail	$ 42,613	$ 38,893	$ 3,720	9.6 %	$ 500	8.3 %
Used vehicle retail	$ 25,215	$ 21,098	$ 4,117	19.5 %	$ 462	17.3 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,314	$ 2,047	$ 1,267	61.9 %	$ 25	60.6 %
Used vehicle retail sales	$ 2,031	$ 1,314	$ 718	54.6 %	$ 27	52.6 %
Used vehicle wholesale sales	$ 628	$ 156	$ 472	NM	$ 8	NM
Total used	$ 1,751	$ 1,055	$ 696	66.0 %	$ 23	63.8 %
F&I PRU	$ 1,769	$ 1,620	$ 149	9.2 %	$ 12	8.5 %
Other:						
SG&A expenses	$ 695.2	$ 565.1	$ 130.0	23.0 %	$ 7.3	21.7 %
SG&A as % gross profit	60.3 %	72.9 %	(12.5)%			
Floorplan expense:						
Floorplan interest expense	$ 16.4	$ 23.0	$ (6.6)	(28.8)%	$ 0.3	(30.0)%
Less: floorplan assistance [(1)]	28.5	20.4	8.1	39.6 %	—	39.6 %
Net floorplan expense	$ (12.1)	$ 2.6	$ (14.7)		$ 0.3	

[(1)] Floorplan assistance is included within New vehicle retail sales Gross profit above and New vehicle retail sales Cost of sales in our Condensed Consolidated Statements of Operations.

NM — Not Meaningful

Same Store Operating Data - Consolidated

(In millions, except unit data)

	Six Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 3,380.4	$ 2,381.9	$ 998.6	41.9 %	$ 39.8	40.3 %
Used vehicle retail sales	2,086.4	1,403.0	683.4	48.7 %	38.3	46.0 %
Used vehicle wholesale sales	176.0	133.7	42.2	31.6 %	4.5	28.2 %
Total used	2,262.4	1,536.8	725.6	47.2 %	42.8	44.4 %
Parts and service sales	743.6	642.6	101.0	15.7 %	6.3	14.7 %
F&I, net	286.9	207.0	79.9	38.6 %	1.9	37.7 %
Total revenues	$ 6,673.3	$ 4,768.3	$ 1,905.0	40.0 %	$ 91.4	38.0 %
Gross profit:						
New vehicle retail sales	$ 262.7	$ 125.2	$ 137.5	109.8 %	$ 2.0	108.2 %
Used vehicle retail sales	167.4	87.7	79.8	91.0 %	2.2	88.5 %
Used vehicle wholesale sales	12.9	3.0	9.9	NM	0.2	NM
Total used	180.4	90.7	89.7	98.9 %	2.4	96.3 %
Parts and service sales	412.9	342.8	70.1	20.5 %	4.2	19.2 %
F&I, net	286.9	207.0	79.9	38.6 %	1.9	37.7 %
Total gross profit	$ 1,142.9	$ 765.7	$ 377.2	49.3 %	$ 10.6	47.9 %
Gross margin:						
New vehicle retail sales	7.8 %	5.3 %	2.5 %			
Used vehicle retail sales	8.0 %	6.2 %	1.8 %			
Used vehicle wholesale sales	7.3 %	2.3 %	5.1 %			
Total used	8.0 %	5.9 %	2.1 %			
Parts and service sales	55.5 %	53.3 %	2.2 %			
Total gross margin	17.1 %	16.1 %	1.1 %			
Units sold:						
Retail new vehicles sold	79,260	61,198	18,062	29.5 %		
Retail used vehicles sold	82,686	66,347	16,339	24.6 %		
Wholesale used vehicles sold	20,645	19,138	1,507	7.9 %		
Total used	103,331	85,485	17,846	20.9 %		
Average sales price per unit sold:						
New vehicle retail	$ 42,650	$ 38,921	$ 3,729	9.6 %	$ 503	8.3 %
Used vehicle retail	$ 25,233	$ 21,147	$ 4,086	19.3 %	$ 463	17.1 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,315	$ 2,046	$ 1,268	62.0 %	$ 25	60.7 %
Used vehicle retail sales	$ 2,025	$ 1,321	$ 704	53.3 %	$ 27	51.2 %
Used vehicle wholesale sales	$ 626	$ 157	$ 469	NM	$ 8	NM
Total used	$ 1,745	$ 1,061	$ 685	64.6 %	$ 23	62.4 %
F&I PRU	$ 1,772	$ 1,623	$ 149	9.2 %	$ 12	8.4 %
Other:						
SG&A expenses	$ 689.6	$ 555.5	$ 134.2	24.2 %	$ 7.1	22.9 %
SG&A as % gross profit	60.3 %	72.5 %	(12.2)%			

NM — Not Meaningful

Reported Operating Data — U.S.

(In millions, except unit data)

	Three Months Ended June 30,			
	2021	2020	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 1,504.4	$ 915.7	$ 588.7	64.3 %
Used vehicle retail sales	882.9	540.9	342.0	63.2 %
Used vehicle wholesale sales	61.2	30.5	30.7	100.5 %
Total used	944.1	571.4	372.7	65.2 %
Parts and service sales	332.6	254.2	78.4	30.8 %
F&I, net	143.9	89.8	54.1	60.3 %
Total revenues	$ 2,924.9	$ 1,831.1	$ 1,093.8	59.7 %
Gross profit:				
New vehicle retail sales	$ 141.7	$ 56.5	$ 85.2	150.7 %
Used vehicle retail sales	87.3	41.0	46.4	113.2 %
Used vehicle wholesale sales	6.4	1.6	4.8	NM
Total used	93.7	42.6	51.2	120.2 %
Parts and service sales	181.7	135.6	46.1	34.0 %
F&I, net	143.9	89.8	54.1	60.3 %
Total gross profit	$ 561.1	$ 324.5	$ 236.6	72.9 %
Gross margin:				
New vehicle retail sales	9.4 %	6.2 %	3.2 %	
Used vehicle retail sales	9.9 %	7.6 %	2.3 %	
Used vehicle wholesale sales	10.5 %	5.2 %	5.2 %	
Total used	9.9 %	7.4 %	2.5 %	
Parts and service sales	54.6 %	53.3 %	1.3 %	
Total gross margin	19.2 %	17.7 %	1.5 %	
Units sold:				
Retail new vehicles sold	34,047	21,937	12,110	55.2 %
Retail used vehicles sold	34,008	26,132	7,876	30.1 %
Wholesale used vehicles sold	6,606	5,150	1,456	28.3 %
Total used	40,614	31,282	9,332	29.8 %
Average sales price per unit sold:				
New vehicle retail	$ 44,185	$ 41,742	$ 2,443	5.9 %
Used vehicle retail	$ 25,962	$ 20,699	$ 5,263	25.4 %
Gross profit per unit sold:				
New vehicle retail sales	$ 4,162	$ 2,576	$ 1,586	61.6 %
Used vehicle retail sales	$ 2,568	$ 1,568	$ 1,000	63.8 %
Used vehicle wholesale sales	$ 969	$ 311	$ 658	NM
Total used	$ 2,308	$ 1,361	$ 947	69.6 %
F&I PRU	$ 2,114	$ 1,868	$ 247	13.2 %
Other:				
SG&A expenses	$ 312.6	$ 203.3	$ 109.3	53.8 %
SG&A as % gross profit	55.7 %	62.6 %	(6.9)%	

NM — Not Meaningful

Same Store Operating Data — U.S.

(In millions, except unit data)

	Three Months Ended June 30,			
	2021	2020	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 1,486.6	$ 903.9	$ 582.7	64.5 %
Used vehicle retail sales	875.5	533.2	342.2	64.2 %
Used vehicle wholesale sales	60.6	30.1	30.5	101.2 %
Total used	936.1	563.4	372.7	66.2 %
Parts and service sales	329.3	251.2	78.1	31.1 %
F&I, net	142.8	88.7	54.1	61.0 %
Total revenues	$ 2,894.8	$ 1,807.1	$ 1,087.7	60.2 %
Gross profit:				
New vehicle retail sales	$ 140.1	$ 55.9	$ 84.2	150.7 %
Used vehicle retail sales	86.0	40.5	45.5	112.3 %
Used vehicle wholesale sales	6.2	1.6	4.6	NM
Total used	92.2	42.1	50.2	119.1 %
Parts and service sales	179.6	133.9	45.8	34.2 %
F&I, net	142.8	88.7	54.1	61.0 %
Total gross profit	$ 554.8	$ 320.5	$ 234.3	73.1 %
Gross margin:				
New vehicle retail sales	9.4 %	6.2 %	3.2 %	
Used vehicle retail sales	9.8 %	7.6 %	2.2 %	
Used vehicle wholesale sales	10.2 %	5.2 %	5.0 %	
Total used	9.9 %	7.5 %	2.4 %	
Parts and service sales	54.6 %	53.3 %	1.3 %	
Total gross margin	19.2 %	17.7 %	1.4 %	
Units sold:				
Retail new vehicles sold	33,563	21,631	11,932	55.2 %
Retail used vehicles sold	33,665	25,691	7,974	31.0 %
Wholesale used vehicles sold	6,487	5,084	1,403	27.6 %
Total used	40,152	30,775	9,377	30.5 %
Average sales price per unit sold:				
New vehicle retail	$ 44,292	$ 41,786	$ 2,506	6.0 %
Used vehicle retail	$ 26,005	$ 20,756	$ 5,249	25.3 %
Gross profit per unit sold:				
New vehicle retail sales	$ 4,173	$ 2,583	$ 1,591	61.6 %
Used vehicle retail sales	$ 2,556	$ 1,577	$ 978	62.0 %
Used vehicle wholesale sales	$ 956	$ 309	$ 648	NM
Total used	$ 2,297	$ 1,368	$ 930	68.0 %
F&I PRU	$ 2,125	$ 1,874	$ 250	13.4 %
Other:				
SG&A expenses	$ 309.4	$ 200.2	$ 109.2	54.6 %
SG&A as % gross profit	55.8 %	62.5 %	(6.7)%	

NM — Not Meaningful

The following discussion of our U.S. operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. During 2020, our U.S. dealership operations were impacted by reduced demand caused by the COVID-19 pandemic and the restrictions put in place by local governments to contain the virus.

Revenues

Total revenues in the U.S. during the three months ended June 30, 2021 increased $1,093.8 million, or 59.7%, as compared to the same period in 2020. Total same store revenues in the U.S. during the three months ended June 30, 2021 increased $1,087.7 million, or 60.2%, driven by increases in all of our revenue streams. The increases were the result of a robust recovery during the second quarter of 2021, as consumer demand was extremely strong. During the second quarter of 2020, the COVID-19 pandemic had dampened sales activity as a result of the social distancing restrictions.

Gross Profit

Total gross profit in the U.S. during the three months ended June 30, 2021 increased $236.6 million, or 72.9%, as compared to the same period in 2020. Total same store gross profit in the U.S. during the three months ended June 30, 2021 increased $234.3 million, or 73.1%, as compared to the same period in 2020, driven by increases in all of our operations. New vehicle retail same store gross profit increased 150.7% reflecting a 61.6% increase in new vehicle same store gross profit per unit sold, coupled with a 55.2% increase in new vehicle retail same store unit sales. The increase in new vehicle retail same store gross profit per unit sold reflects strong consumer demand coupled with inventory supply constraints as a result of the OEMs producing and delivering fewer vehicles to dealerships due to a global semiconductor chip shortage. Our U.S. new vehicle inventory stood at a 16 days’ supply, which was 48 days lower than the same period last year and 32 days lower than December 31, 2020 days’ supply of 48. Used vehicle retail same store gross profit increased 112.3% reflecting an increase of 62.0% in used vehicle retail same store gross profit per unit sold, coupled with a 31.0% increase in used vehicle retail same store unit sales over the same period in 2020. The increase in used vehicle retail same store gross profit per unit sold reflects higher market prices stemming from tight inventory levels combined with a strong demand. Used vehicle wholesale gross profit increased as industry supply shortages drove up auction prices as reflected in the Manheim Index, a generally accepted indicator of pricing trends in the used vehicle market. Parts and service same store gross profit increased by 34.2% for the quarter ended June 30, 2021 as compared to the same period in 2020, driven primarily by a 32.4% increase in our customer-pay business. F&I same store gross profit increased 61.0% driven by increases in same store retail unit sales volumes coupled with higher income per contract and penetration rates on most of our finance and insurance product offerings partially offset by an increase in our overall chargeback experience compared to the same period in 2020. Total same store gross margin increased 140 basis points driven by higher vehicle and parts and service margins reflecting vehicle supply constraints, improvements in customer pay and increased internal work as a result of higher new and used sales volumes.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in the U.S. during the three months ended June 30, 2021 increased $109.3 million, or 53.8%, as compared to the same period in 2020. Total same store SG&A expenses in the U.S. during the three months ended June 30, 2021 increased $109.2 million, or 54.6%, as compared to the same period in 2020 primarily driven by increased variable commission payments as a result of improvements in sales volume and margins and an increase in other variable expenses associated with the rise in business activity. Total same store SG&A expenses in the U.S. during the second quarter of 2020 included $10.6 million in expense for an out of period adjustment related to stock compensation. Total same store SG&A as a percent of gross profit decreased from 62.5% in the second quarter of 2020 to 55.8% for the same period of 2021, driven by productivity gains and higher vehicle margins.

Reported Operating Data - U.S.

(In millions, except unit data)

	Six Months Ended June 30,			
	2021	2020	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 2,750.4	$ 1,904.1	$ 846.3	44.4 %
Used vehicle retail sales	1,579.4	1,111.2	468.2	42.1 %
Used vehicle wholesale sales	111.6	77.3	34.2	44.3 %
Total used	1,691.0	1,188.6	502.4	42.3 %
Parts and service sales	628.9	558.9	70.0	12.5 %
F&I, net	259.0	187.2	71.8	38.3 %
Total revenues	$ 5,329.3	$ 3,838.7	$ 1,490.6	38.8 %
Gross profit:				
New vehicle retail sales	$ 222.6	$ 103.8	$ 118.8	114.5 %
Used vehicle retail sales	137.6	72.9	64.7	88.8 %
Used vehicle wholesale sales	10.3	2.4	7.9	NM
Total used	148.0	75.3	72.6	96.4 %
Parts and service sales	346.8	299.1	47.7	16.0 %
F&I, net	259.0	187.2	71.8	38.3 %
Total gross profit	$ 976.3	$ 665.4	$ 310.9	46.7 %
Gross margin:				
New vehicle retail sales	8.1 %	5.5 %	2.6 %	
Used vehicle retail sales	8.7 %	6.6 %	2.2 %	
Used vehicle wholesale sales	9.3 %	3.1 %	6.1 %	
Total used	8.8 %	6.3 %	2.4 %	
Parts and service sales	55.1 %	53.5 %	1.6 %	
Total gross margin	18.3 %	17.3 %	1.0 %	
Units sold:				
Retail new vehicles sold	63,199	46,432	16,767	36.1 %
Retail used vehicles sold	64,439	53,800	10,639	19.8 %
Wholesale used vehicles sold	13,046	12,177	869	7.1 %
Total used	77,485	65,977	11,508	17.4 %
Average sales price per unit sold:				
New vehicle retail	$ 43,520	$ 41,008	$ 2,512	6.1 %
Used vehicle retail	$ 24,510	$ 20,655	$ 3,855	18.7 %
Gross profit per unit sold:				
New vehicle retail sales	$ 3,522	$ 2,235	$ 1,287	57.6 %
Used vehicle retail sales	$ 2,136	$ 1,355	$ 781	57.6 %
Used vehicle wholesale sales	$ 792	$ 199	$ 592	NM
Total used	$ 1,910	$ 1,142	$ 768	67.3 %
F&I PRU	$ 2,029	$ 1,868	$ 161	8.6 %
Other:				
SG&A expenses	$ 574.3	$ 460.8	$ 113.5	24.6 %
SG&A as % gross profit	58.8 %	69.2 %	(10.4)%	

NM — Not Meaningful

Same Store Operating Data - U.S.

(In millions, except unit data)

	Six Months Ended June 30,			
	2021	2020	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 2,732.3	$ 1,883.2	$ 849.1	45.1 %
Used vehicle retail sales	1,571.9	1,096.1	475.8	43.4 %
Used vehicle wholesale sales	111.0	76.0	35.0	46.0 %
Total used	1,682.9	1,172.1	510.8	43.6 %
Parts and service sales	624.8	553.1	71.7	13.0 %
F&I, net	257.9	185.2	72.6	39.2 %
Total revenues	$ 5,297.9	$ 3,793.6	$ 1,504.3	39.7 %
Gross profit:				
New vehicle retail sales	$ 221.0	$ 102.5	$ 118.5	115.6 %
Used vehicle retail sales	136.4	72.3	64.1	88.7 %
Used vehicle wholesale sales	10.1	2.4	7.7	NM
Total used	146.5	74.7	71.8	96.2 %
Parts and service sales	344.3	295.6	48.7	16.5 %
F&I, net	257.9	185.2	72.6	39.2 %
Total gross profit	$ 969.7	$ 658.1	$ 311.6	47.4 %
Gross margin:				
New vehicle retail sales	8.1 %	5.4 %	2.6 %	
Used vehicle retail sales	8.7 %	6.6 %	2.1 %	
Used vehicle wholesale sales	9.1 %	3.2 %	6.0 %	
Total used	8.7 %	6.4 %	2.3 %	
Parts and service sales	55.1 %	53.5 %	1.7 %	
Total gross margin	18.3 %	17.3 %	1.0 %	
Units sold:				
Retail new vehicles sold	62,711	45,902	16,809	36.6 %
Retail used vehicles sold	64,090	52,971	11,119	21.0 %
Wholesale used vehicles sold	12,927	11,981	946	7.9 %
Total used	77,017	64,952	12,065	18.6 %
Average sales price per unit sold:				
New vehicle retail	$ 43,570	$ 41,026	$ 2,544	6.2 %
Used vehicle retail	$ 24,526	$ 20,692	$ 3,835	18.5 %
Gross profit per unit sold:				
New vehicle retail sales	$ 3,524	$ 2,234	$ 1,291	57.8 %
Used vehicle retail sales	$ 2,128	$ 1,364	$ 764	56.0 %
Used vehicle wholesale sales	$ 785	$ 201	$ 583	NM
Total used	$ 1,903	$ 1,150	$ 753	65.5 %
F&I PRU	$ 2,034	$ 1,874	$ 160	8.6 %
Other:				
SG&A expenses	$ 571.5	$ 454.1	$ 117.3	25.8 %
SG&A as % gross profit	58.9 %	69.0 %	(10.1)%	

NM — Not Meaningful

The following discussion of our U.S. operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. During 2020, our U.S. dealership operations were impacted by reduced demand caused by the COVID-19 pandemic and the restrictions put in place by local governments to contain the virus.

Revenues

Total revenues in the U.S. during the six months ended June 30, 2021 increased $1,490.6 million, or 38.8%, as compared to the same period in 2020. Total same store revenues in the U.S. during the six months ended June 30, 2021 increased $1,504.3 million, or 39.7%, as compared to the same period in 2020 driven by increases in all of our revenue streams. The increases were the result of a robust recovery during the year as consumer demand was extremely strong. During the same period in 2020, the COVID-19 pandemic had dampened sales activity as a result of the social distancing restrictions.

Gross Profit

Total gross profit in the U.S. during the six months ended June 30, 2021 increased $310.9 million, or 46.7%, as compared to the same period in 2020. Total same store gross profit in the U.S. during the six months ended June 30, 2021 increased $311.6 million, or 47.4%, as compared to the same period in 2020 driven by increases in all of our operations. New vehicle retail same store gross profit increased 115.6% driven by a 57.8% increase in new vehicle retail same store gross profit per unit sold, coupled with a 36.6% increase in new vehicle retail unit sales. The increase in new vehicle retail same store gross profit per unit sold reflects higher demand and inventory supply constraints as a result of the global semiconductor chip shortage. Used vehicle retail same store gross profit increased 88.7% driven by a 56.0% increase in used vehicle retail same store gross profit per unit sold, coupled with a 21.0% increase in used vehicle retail unit sales. The increase in used vehicle retail same store gross profit per unit sold reflects inventory constraints and the resulting increase in market prices. Used vehicle wholesale same store gross profit increased as industry supply shortages drove up auction prices as reflected in the Manheim Index. Parts and service same store gross profit increased 16.5% primarily driven by the increase in our customer-pay business reflecting increased business activity. F&I same store gross profit increased 39.2% driven by increases in same store retail unit sales volumes, higher income per contract and improved penetration rates on most of our finance and insurance product offerings, partially offset by an increase in our overall chargeback experience. Total same store gross margin increased 100 basis points driven by higher vehicle and parts and service margins reflecting vehicle supply constraints, improvements in customer pay and an increase in internal work associated with higher vehicle sales volumes.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in the U.S. during the six months ended June 30, 2021 increased $113.5 million, or 24.6%, as compared to the same period in 2020. Total same store SG&A expenses in the U.S. during the six months ended June 30, 2021, increased $117.3 million, or 25.8%, as compared to the same period in 2020, primarily driven by increased variable commission payments as a result of improvements in sales volume and margins and an increase in other variable expenses associated with the rise in business activity. Total same store SG&A expenses in the U.S. in the first six months of 2021 included $2.2 million in disaster pay and insurance deductible expense associated with the February winter storm in Texas and a $1.0 million gain related to a non-core legal settlement. Total same store SG&A expenses in the U.S. in the first six months of 2020 included $10.6 million in expense for an out of period adjustment related to stock compensation. Total same store SG&A as a percent of gross profit decreased from 69.0% for the six months ended 2020 to 58.9% for the same period of 2021 driven by productivity gains and higher vehicle margins.

Reported Operating Data — U.K.

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 301.2	$ 127.2	$ 174.0	136.8 %	$ 32.9	110.9 %
Used vehicle retail sales	300.9	92.8	208.1	224.1 %	32.7	188.9 %
Used vehicle wholesale sales	32.5	15.3	17.3	113.2 %	3.6	89.9 %
Total used	333.4	108.1	225.3	208.5 %	36.3	174.9 %
Parts and service sales	50.3	21.8	28.5	130.5 %	5.5	105.4 %
F&I, net	15.7	6.4	9.4	147.1 %	1.7	120.3 %
Total revenues	$ 700.7	$ 263.5	$ 437.2	165.9 %	$ 76.4	136.9 %
Gross profit:						
New vehicle retail sales	$ 18.4	$ 5.9	$ 12.5	213.2 %	$ 2.0	179.0 %
Used vehicle retail sales	20.8	4.9	15.9	326.2 %	2.3	280.1 %
Used vehicle wholesale sales	2.5	0.4	2.2	NM	0.3	NM
Total used	23.3	5.2	18.1	345.7 %	2.5	297.7 %
Parts and service sales	31.0	11.9	19.0	159.2 %	3.4	131.1 %
F&I, net	15.7	6.4	9.4	147.1 %	1.7	120.3 %
Total gross profit	$ 88.4	$ 29.4	$ 59.0	200.6 %	$ 9.6	167.9 %
Gross margin:						
New vehicle retail sales	6.1 %	4.6 %	1.5 %			
Used vehicle retail sales	6.9 %	5.3 %	1.7 %			
Used vehicle wholesale sales	7.7 %	2.3 %	5.4 %			
Total used	7.0 %	4.8 %	2.2 %			
Parts and service sales	61.5 %	54.7 %	6.8 %			
Total gross margin	12.6 %	11.2 %	1.5 %			
Units sold:						
Retail new vehicles sold	7,395	3,841	3,554	92.5 %		
Retail used vehicles sold	10,494	4,040	6,454	159.8 %		
Wholesale used vehicles sold	4,124	1,829	2,295	125.5 %		
Total used	14,618	5,869	8,749	149.1 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,727	$ 33,119	$ 7,608	23.0 %	$ 4,455	9.5 %
Used vehicle retail	$ 28,672	$ 22,978	$ 5,694	24.8 %	$ 3,114	11.2 %
Gross profit per unit sold:						
New vehicle retail sales	$ 2,484	$ 1,527	$ 957	62.7 %	$ 271	44.9 %
Used vehicle retail sales	$ 1,984	$ 1,209	$ 775	64.1 %	$ 215	46.3 %
Used vehicle wholesale sales	$ 611	$ 192	$ 419	NM	$ 64	NM
Total used	$ 1,597	$ 892	$ 705	79.0 %	$ 172	59.7 %
F&I PRU	$ 879	$ 808	$ 72	8.9 %	$ 95	(2.9)%
Other:						
SG&A expenses	$ 56.0	$ 28.3	$ 27.7	98.0 %	$ 6.2	76.0 %
SG&A as % gross profit	63.4 %	96.2 %	(32.8)%			

NM — Not Meaningful

Same Store Operating Data — U.K.

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 301.2	$ 126.2	$ 175.0	138.7 %	$ 32.9	112.6 %
Used vehicle retail sales	300.9	91.8	209.1	227.7 %	32.7	192.1 %
Used vehicle wholesale sales	32.5	15.2	17.3	113.9 %	3.6	90.5 %
Total used	333.4	107.0	226.4	211.6 %	36.3	177.7 %
Parts and service sales	47.0	21.4	25.6	119.7 %	5.1	95.8 %
F&I, net	15.7	6.3	9.5	151.1 %	1.7	123.9 %
Total revenues	$ 697.3	$ 260.9	$ 436.5	167.3 %	$ 76.0	138.2 %
Gross profit:						
New vehicle retail sales	$ 18.4	$ 5.8	$ 12.6	215.9 %	$ 2.0	181.4 %
Used vehicle retail sales	20.8	4.8	16.0	331.9 %	2.3	285.1 %
Used vehicle wholesale sales	2.5	0.3	2.2	NM	0.3	NM
Total used	23.3	5.2	18.2	351.5 %	2.5	302.9 %
Parts and service sales	29.2	11.7	17.5	149.3 %	3.2	122.2 %
F&I, net	15.7	6.3	9.5	151.1 %	1.7	123.9 %
Total gross profit	$ 86.7	$ 29.0	$ 57.7	199.1 %	$ 9.4	166.6 %
Gross margin:						
New vehicle retail sales	6.1 %	4.6 %	1.5 %			
Used vehicle retail sales	6.9 %	5.3 %	1.7 %			
Used vehicle wholesale sales	7.7 %	2.3 %	5.5 %			
Total used	7.0 %	4.8 %	2.2 %			
Parts and service sales	62.2 %	54.8 %	7.4 %			
Total gross margin	12.4 %	11.1 %	1.3 %			
Units sold:						
Retail new vehicles sold	7,395	3,791	3,604	95.1 %		
Retail used vehicles sold	10,494	3,969	6,525	164.4 %		
Wholesale used vehicles sold	4,124	1,809	2,315	128.0 %		
Total used	14,618	5,778	8,840	153.0 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,727	$ 33,284	$ 7,443	22.4 %	$ 4,455	9.0 %
Used vehicle retail	$ 28,672	$ 23,131	$ 5,541	24.0 %	$ 3,114	10.5 %
Gross profit per unit sold:						
New vehicle retail sales	$ 2,484	$ 1,533	$ 950	62.0 %	$ 271	44.3 %
Used vehicle retail sales	$ 1,984	$ 1,215	$ 770	63.3 %	$ 215	45.7 %
Used vehicle wholesale sales	$ 611	$ 192	$ 419	NM	$ 64	NM
Total used	$ 1,597	$ 895	$ 702	78.5 %	$ 172	59.2 %
F&I PRU	$ 879	$ 807	$ 72	8.9 %	$ 95	(2.9)%
Other:						
SG&A expenses	$ 54.9	$ 27.3	$ 27.5	100.7 %	$ 6.1	78.4 %
SG&A as % gross profit	63.3 %	94.4 %	(31.1)%			

NM — Not Meaningful

The following discussion of our U.K. operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. At the end of 2020, the U.K. experienced a surge in COVID-19 cases, which led to a government-mandated closure of all non-essential businesses beginning January 4, 2021 through April 12, 2021. In mid-April 2021, the COVID-19 restrictions affecting our U.K. dealership showrooms were lifted, and our dealerships were able to reopen. In the prior year, beginning March 21, 2020, the government mandated the closure of all U.K. dealerships in efforts to stop the spread of the virus and the government shutdown remained in effect through May 18, 2020 for service, with the exception of emergency vehicle repairs. U.K. showrooms were allowed to reopen June 1, 2020.

Revenues

Total revenues in the U.K. during the three months ended June 30, 2021 increased $437.2 million, or 165.9%, as compared to the same period in 2020. Total same store revenues in the U.K. during the three months ended June 30, 2021 increased $436.5 million, or 167.3%, as compared to the same period in 2020. On a constant currency basis, total same store revenues increased 138.2% driven by increases in all of our revenue streams. These increases were largely the result of COVID-19 lockdown restrictions being lifted in mid-April, allowing our dealership showrooms to reopen and increased consumer demand, which was pent-up over the past several years due to both Brexit and the COVID-19 pandemic.

Gross Profit

Total gross profit in the U.K. during the three months ended June 30, 2021 increased $59.0 million, or 200.6%, as compared to the same period in 2020. Total same store gross profit in the U.K. during the three months ended June 30, 2021 increased $57.7 million, or 199.1%, as compared to the same period in 2020. On a constant currency basis, total same store gross profit increased 166.6%, driven by improvements in all of our operations. New vehicle retail same store gross profit increased 181.4% on a constant currency basis, driven by a 44.3% increase in new vehicle retail same store gross profit per unit, coupled with a 95.1% increase in new vehicle retail same store unit sales. The increase in new vehicle gross profit per unit primarily reflects both higher demand and supply constraints as OEMs are producing fewer vehicles due to the global semiconductor chip shortage. At June 30, 2021, our U.K. new vehicle inventory stood at a 31 days' supply, which was 18 days lower than the same period last year and 71 days lower than December 31, 2020 days' supply of 102. On a constant currency basis, used vehicle retail same store gross profit improved 285.1%, reflecting a 164.4% increase in used vehicle retail same store unit sales, coupled with a 45.7% increase in used vehicle retail same store gross profit per unit sold. The increase in used vehicle retail same store gross profit per unit sold was driven by increased consumer demand and new vehicle inventory shortages. Parts and service same store gross profit on a constant currency basis increased 122.2%, as all parts and service businesses increased with the easing of COVID-19 restrictions in mid-April. F&I same store gross profit on a constant currency basis increased 123.9% as an increase in retail unit sales volumes coupled with higher penetration rates were partially offset by lower income per contract on VSC and other product offerings and a higher overall chargeback experience. Total same store gross margin in the U.K. increased 130 basis points driven by improved parts and service margins, reflecting higher internal work as a result of increased new and used sales volumes, and higher new and used vehicle margins because of higher demand and vehicle supply constraints.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in the U.K. during the three months ended June 30, 2021 increased $27.7 million, or 98.0%, as compared to the same period in 2020. Total same store SG&A expenses in the U.K. during the three months ended June 30, 2021, increased $27.5 million, or 100.7%, as compared to the same period in 2020. On a constant currency basis, total same store SG&A expenses increased 78.4%, driven by increased variable commission payments as a result of increased sales and margins during the second quarter of 2021 as compared to last year. We have continued to focus on cost discipline throughout the second quarter of 2021. As a percentage of gross profit, total same store SG&A expenses decreased from 94.4% for the second quarter of 2020 to 63.3% for the same period of 2021 driven by productivity gains and higher vehicle margins realized during the second quarter of 2021 as compared to last year. Total same store SG&A expenses in the second quarter of 2020 included $1.2 million in severance costs for redundancy driven by the COVID-19 pandemic.

Reported Operating Data - U.K.

(In millions, except unit data)

	Six Months Ended June 30, 2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 564.3	$ 423.5	$ 140.8	33.3 %	$ 52.3	20.9 %
Used vehicle retail sales	492.5	281.6	210.9	74.9 %	41.7	60.1 %
Used vehicle wholesale sales	60.4	51.1	9.3	18.1 %	5.0	8.3 %
Total used	552.8	332.7	220.1	66.2 %	46.7	52.1 %
Parts and service sales	106.8	78.3	28.5	36.5 %	8.8	25.2 %
F&I, net	26.3	19.7	6.6	33.6 %	2.4	21.5 %
Total revenues	$ 1,250.3	$ 854.2	$ 396.1	46.4 %	$ 110.7	33.4 %
Gross profit:						
New vehicle retail sales	$ 33.2	$ 17.9	$ 15.2	85.0 %	$ 3.2	66.9 %
Used vehicle retail sales	29.0	14.0	15.0	106.5 %	2.6	88.3 %
Used vehicle wholesale sales	2.4	0.3	2.0	NM	0.2	NM
Total used	31.4	14.4	17.0	118.3 %	2.8	99.0 %
Parts and service sales	63.6	42.3	21.3	50.5 %	5.3	37.9 %
F&I, net	26.3	19.7	6.6	33.6 %	2.4	21.5 %
Total gross profit	$ 154.4	$ 94.2	$ 60.2	63.8 %	$ 13.7	49.3 %
Gross margin:						
New vehicle retail sales	5.9 %	4.2 %	1.6 %			
Used vehicle retail sales	5.9 %	5.0 %	0.9 %			
Used vehicle wholesale sales	3.9 %	0.6 %	3.3 %			
Total used	5.7 %	4.3 %	1.4 %			
Parts and service sales	59.5 %	54.0 %	5.5 %			
Total gross margin	12.3 %	11.0 %	1.3 %			
Units sold:						
Retail new vehicles sold	13,935	12,735	1,200	9.4 %		
Retail used vehicles sold	17,606	12,064	5,542	45.9 %		
Wholesale used vehicles sold	7,262	6,413	849	13.2 %		
Total used	24,868	18,477	6,391	34.6 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,498	$ 33,255	$ 7,243	21.8 %	$ 3,750	10.5 %
Used vehicle retail	$ 27,973	$ 23,344	$ 4,629	19.8 %	$ 2,371	9.7 %
Gross profit per unit sold:						
New vehicle retail sales	$ 2,379	$ 1,407	$ 972	69.1 %	$ 233	52.5 %
Used vehicle retail sales	$ 1,647	$ 1,164	$ 483	41.5 %	$ 145	29.0 %
Used vehicle wholesale sales	$ 325	$ 50	$ 275	NM	$ 30	NM
Total used	$ 1,261	$ 777	$ 483	62.2 %	$ 111	47.9 %
F&I PRU	$ 834	$ 794	$ 40	5.0 %	$ 75	(4.5)%
Other:						
SG&A expenses	$ 105.7	$ 88.2	$ 17.5	19.9 %	$ 9.2	9.5 %
SG&A as % gross profit	68.4 %	93.5 %	(25.1)%			

NM — Not Meaningful

Same Store Operating Data - U.K.

(In millions, except unit data)

	Six Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 564.2	$ 421.4	$ 142.8	33.9 %	$ 52.2	21.5 %
Used vehicle retail sales	492.0	279.6	212.4	76.0 %	41.7	61.1 %
Used vehicle wholesale sales	60.3	51.0	9.3	18.3 %	5.0	8.5 %
Total used	552.3	330.6	221.7	67.1 %	46.7	53.0 %
Parts and service sales	101.8	74.1	27.7	37.3 %	8.4	25.9 %
F&I, net	26.3	19.5	6.8	35.0 %	2.4	22.8 %
Total revenues	$ 1,244.5	$ 845.5	$ 399.0	47.2 %	$ 110.2	34.2 %
Gross profit:						
New vehicle retail sales	$ 33.1	$ 17.8	$ 15.3	86.1 %	$ 3.2	67.9 %
Used vehicle retail sales	29.0	13.9	15.1	108.3 %	2.5	90.0 %
Used vehicle wholesale sales	2.4	0.3	2.1	NM	0.2	NM
Total used	31.4	14.2	17.2	120.7 %	2.8	101.2 %
Parts and service sales	61.2	40.5	20.7	51.2 %	5.1	38.6 %
F&I, net	26.3	19.5	6.8	35.0 %	2.4	22.8 %
Total gross profit	$ 152.0	$ 92.0	$ 60.0	65.3 %	$ 13.5	50.6 %
Gross margin:						
New vehicle retail sales	5.9 %	4.2 %	1.6 %			
Used vehicle retail sales	5.9 %	5.0 %	0.9 %			
Used vehicle wholesale sales	4.0 %	0.6 %	3.4 %			
Total used	5.7 %	4.3 %	1.4 %			
Parts and service sales	60.2 %	54.6 %	5.5 %			
Total gross margin	12.2 %	10.9 %	1.3 %			
Units sold:						
Retail new vehicles sold	13,927	12,631	1,296	10.3 %		
Retail used vehicles sold	17,580	11,922	5,658	47.5 %		
Wholesale used vehicles sold	7,249	6,358	891	14.0 %		
Total used	24,829	18,280	6,549	35.8 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,509	$ 33,363	$ 7,146	21.4 %	$ 3,750	10.2 %
Used vehicle retail	$ 27,988	$ 23,452	$ 4,536	19.3 %	$ 2,370	9.2 %
Gross profit per unit sold:						
New vehicle retail sales	$ 2,379	$ 1,409	$ 969	68.8 %	$ 232	52.3 %
Used vehicle retail sales	$ 1,648	$ 1,167	$ 481	41.3 %	$ 145	28.8 %
Used vehicle wholesale sales	$ 333	$ 49	$ 284	NM	$ 31	NM
Total used	$ 1,264	$ 778	$ 486	62.5 %	$ 112	48.1 %
F&I PRU	$ 834	$ 793	$ 41	5.2 %	$ 75	(4.3)%
Other:						
SG&A expenses	$ 103.1	$ 85.1	$ 17.9	21.0 %	$ 9.0	10.5 %
SG&A as % gross profit	67.8 %	92.6 %	(24.8)%			

NM — Not Meaningful

The following discussion of our U.K. operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. At the end of 2020, the U.K. experienced a surge in COVID-19 cases, which led to a government-mandated closure of all non-essential businesses beginning January 4, 2021 through April 12, 2021. The COVID-19 restrictions affecting our U.K. dealership showrooms were lifted in mid-April, resulting in increased business activity during the second quarter of 2021. In the prior year, beginning March 21, 2020, the government mandated the closure of all U.K. dealerships in efforts to stop the spread of the virus and the government shutdown remained in effect through May 18, 2020 for service, with the exception of emergency vehicle repairs. U.K. showrooms were allowed to reopen June 1, 2020.

Revenues

Total revenues in the U.K. during the six months ended June 30, 2021 increased $396.1 million, or 46.4%, as compared to the same period in 2020. Total same store revenues in the U.K. during the six months ended June 30, 2021 increased $399.0 million, or 47.2%, as compared to the same period in 2020. On a constant currency basis, total same store revenues increased 34.2%, driven by increases in all of our revenue streams. These increases were largely the result of COVID-19 lockdown restrictions being lifted in mid-April, allowing our dealership showrooms to reopen and increased consumer demand, which was pent-up over the past several years due to both Brexit and the COVID-19 pandemic.

Gross Profit

Total gross profit in the U.K. during the six months ended June 30, 2021 increased $60.2 million, or 63.8%, as compared to the same period in 2020. Total same store gross profit in the U.K. during the six months ended June 30, 2021 increased $60.0 million, or 65.3%, as compared to the same period in 2020. On a constant currency basis, total same store gross profit increased 50.6%, driven by improvements in all of our operations. New vehicle retail same store gross profit on a constant currency basis increased 67.9%, driven by a 52.3% increase in new vehicle retail same store average gross profit per unit sold, coupled with a 10.3% increase in new vehicle retail same store unit sales. The increase in new vehicle retail same store gross profit per unit sold reflects both increased demand and supply constraints related to the COVID-19 pandemic as many manufacturers had put a hold on production due to the global semiconductor chip shortage. Used vehicle retail same store gross profit on a constant currency basis increased 90.0% on a 28.8% increase in used vehicle retail same store average gross profit per unit sold, coupled with a 47.5% increase in used vehicle retail same store unit sales. The increase in used vehicle retail same store average gross profit per unit sold reflects higher demand and new vehicle supply shortages. Parts and service same store gross profit on a constant currency basis increased 38.6% as all parts and service businesses increased with the reduction of COVID-19 restrictions. F&I same store gross profit on a constant currency basis increased 22.8% as an increase in retail unit sales volumes was partially offset with lower penetration rates, lower income per contract on VSC and other product offerings and an overall increase in our chargeback experience. Total same store gross margin in the U.K. increased 130 basis points driven by improved parts and service margins, reflecting higher internal work as a result of increased new and used sales volumes, and higher new and used vehicle margins because of increased demand and vehicle supply constraints.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in the U.K. during the six months ended June 30, 2021 increased $17.5 million, or 19.9%, as compared to the same period in 2020. Total same store SG&A expenses in the U.K. during the six months ended June 30, 2021, increased $17.9 million, or 21.0%, as compared to the same period in 2020. On a constant currency basis, total same store SG&A expenses increased 10.5%, driven by the increase of business activity as COVID-19 restrictions were lifted early in the second quarter of 2021. We have continued to focus on cost discipline throughout the year. As a percentage of gross profit, total same store SG&A expenses decreased from 92.6% for the six months ended 2020 to 67.8% for the same period of 2021 driven by productivity gains and higher vehicle margins achieved during the six months ended June 30, 2021 as compared to the same period in 2020. Total same store SG&A expenses in 2020 included $1.2 million in severance costs for redundancy due to the COVID-19 pandemic.

Reported Operating Data — Brazil

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 49.8	$ 19.8	$ 30.0	151.8 %	$ 0.6	148.5 %
Used vehicle retail sales	11.8	7.5	4.4	58.4 %	0.1	56.6 %
Used vehicle wholesale sales	2.6	2.9	(0.2)	(8.3)%	0.1	(10.9)%
Total used	14.5	10.3	4.1	39.9 %	0.2	37.7 %
Parts and service sales	9.2	5.9	3.3	55.9 %	0.1	53.4 %
F&I, net	1.4	0.6	0.8	139.1 %	—	136.2 %
Total revenues	$ 74.8	$ 36.6	$ 38.2	104.5 %	$ 1.0	101.6 %
Gross profit:						
New vehicle retail sales	$ 5.2	$ 1.4	$ 3.8	274.3 %	$ 0.1	270.4 %
Used vehicle retail sales	1.0	0.4	0.5	126.0 %	—	124.6 %
Used vehicle wholesale sales	0.2	0.1	0.1	149.8 %	—	145.5 %
Total used	1.2	0.5	0.7	129.7 %	—	127.9 %
Parts and service sales	4.0	2.5	1.6	63.9 %	0.1	61.5 %
F&I, net	1.4	0.6	0.8	139.1 %	—	136.2 %
Total gross profit	$ 11.8	$ 4.9	$ 6.8	138.6 %	$ 0.2	135.5 %
Gross margin:						
New vehicle retail sales	10.4 %	7.0 %	3.4 %			
Used vehicle retail sales	8.2 %	5.8 %	2.5 %			
Used vehicle wholesale sales	7.6 %	2.8 %	4.8 %			
Total used	8.1 %	4.9 %	3.2 %			
Parts and service sales	43.9 %	41.8 %	2.2 %			
Total gross margin	15.7 %	13.5 %	2.3 %			
Units sold:						
Retail new vehicles sold	1,451	694	757	109.1 %		
Retail used vehicles sold	500	356	144	40.4 %		
Wholesale used vehicles sold	235	324	(89)	(27.5)%		
Total used	735	680	55	8.1 %		
Average sales price per unit sold:						
New vehicle retail	$ 34,313	$ 28,495	$ 5,818	20.4 %	$ 438	18.9 %
Used vehicle retail	$ 23,671	$ 20,983	$ 2,687	12.8 %	$ 271	11.5 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,578	$ 1,999	$ 1,579	79.0 %	$ 38	77.1 %
Used vehicle retail sales	$ 1,951	$ 1,213	$ 739	60.9 %	$ 12	59.9 %
Used vehicle wholesale sales	$ 850	$ 247	$ 603	NM	$ 15	NM
Total used	$ 1,599	$ 752	$ 847	112.6 %	$ 13	110.8 %
F&I PRU	$ 707	$ 550	$ 158	28.7 %	$ 8	27.1 %
Other:						
SG&A expenses	$ 8.1	$ 5.6	$ 2.5	44.0 %	$ 0.1	42.2 %
SG&A as % gross profit	68.8 %	114.0 %	(45.2)%			

NM — Not Meaningful

Same Store Operating Data — Brazil

(In millions, except unit data)

	Three Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 49.8	$ 19.8	$ 30.0	151.8 %	$ 0.6	148.5 %
Used vehicle retail sales	11.8	7.4	4.4	59.0 %	0.1	57.2 %
Used vehicle wholesale sales	2.6	2.9	(0.2)	(8.3)%	0.1	(10.9)%
Total used	14.5	10.3	4.2	40.3 %	0.2	38.1 %
Parts and service sales	9.2	5.9	3.3	55.9 %	0.1	53.4 %
F&I, net	1.4	0.6	0.8	139.1 %	—	136.2 %
Total revenues	$ 74.8	$ 36.6	$ 38.3	104.6 %	$ 1.0	101.8 %
Gross profit:						
New vehicle retail sales	$ 5.2	$ 1.4	$ 3.8	274.3 %	$ 0.1	270.4 %
Used vehicle retail sales	1.0	0.4	0.6	128.5 %	—	127.1 %
Used vehicle wholesale sales	0.2	0.1	0.1	149.8 %	—	145.5 %
Total used	1.2	0.5	0.7	131.8 %	—	130.0 %
Parts and service sales	4.0	2.5	1.6	63.9 %	0.1	61.5 %
F&I, net	1.4	0.6	0.8	139.1 %	—	136.2 %
Total gross profit	$ 11.8	$ 4.9	$ 6.9	138.8 %	$ 0.2	135.7 %
Gross margin:						
New vehicle retail sales	10.4 %	7.0 %	3.4 %			
Used vehicle retail sales	8.3 %	5.8 %	2.5 %			
Used vehicle wholesale sales	7.6 %	2.8 %	4.8 %			
Total used	8.2 %	4.9 %	3.2 %			
Parts and service sales	43.9 %	41.8 %	2.2 %			
Total gross margin	15.8 %	13.5 %	2.3 %			
Units sold:						
Retail new vehicles sold	1,451	694	757	109.1 %		
Retail used vehicles sold	500	356	144	40.4 %		
Wholesale used vehicles sold	235	324	(89)	(27.5)%		
Total used	735	680	55	8.1 %		
Average sales price per unit sold:						
New vehicle retail	$ 34,313	$ 28,495	$ 5,818	20.4 %	$ 438	18.9 %
Used vehicle retail	$ 23,671	$ 20,905	$ 2,766	13.2 %	$ 273	11.9 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,578	$ 1,999	$ 1,579	79.0 %	$ 38	77.1 %
Used vehicle retail sales	$ 1,959	$ 1,204	$ 755	62.7 %	$ 12	61.7 %
Used vehicle wholesale sales	$ 850	$ 247	$ 603	NM	$ 15	NM
Total used	$ 1,605	$ 748	$ 856	114.5 %	$ 13	112.8 %
F&I PRU	$ 707	$ 550	$ 158	28.7 %	$ 8	27.1 %
Other:						
SG&A expenses	$ 8.0	$ 5.6	$ 2.3	41.7 %	$ 0.1	39.9 %
SG&A as % gross profit	67.6 %	114.0 %	(46.4)%			

NM — Not Meaningful

The following discussion of our Brazil operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. During the second quarter of 2021, as a result of the COVID-19 pandemic, our dealership showrooms in São Paulo were required to close from April 1, 2021 through April 18, 2021, however our parts and service operations remained open for essential services. Our dealerships located outside of São Paulo were fully operational unlike the comparable period in 2020 where all of our showrooms in Brazil were closed the entire month of April and then only open limited hours for the remainder of the quarter.

Revenues

Total revenues in Brazil during the three months ended June 30, 2021 increased $38.2 million, or 104.5%, as compared to the same period in 2020. Total same store revenues in Brazil during the three months ended June 30, 2021 increased $38.3 million, or 104.6%, as compared to the same period in 2020. On a constant currency basis, total same store revenues increased 101.8% driven by increases in all business lines except used vehicle wholesale sales. This increase in revenue was the result of the lifting of COVID-19 restrictions and increased customer demand in 2021 as compared to last year.

Gross Profit

Total gross profit in Brazil during the three months ended June 30, 2021 increased $6.8 million, or 138.6%, as compared to the same period in 2020. Total same store gross profit during the three months ended June 30, 2021 increased $6.9 million, or 138.8%, as compared to the same period in 2020. On a constant currency basis, total same store gross profit increased 135.7% driven by increases in all business lines. New vehicle retail same store gross profit on a constant currency basis increased 270.4% driven by a 109.1% increase in new vehicle retail same store units sales and a 77.1% increase in new vehicle retail same store average gross profit per unit sold. The increase in new vehicle same store gross profit per retail unit sold was the result of increased consumer demand and inventory constraints as OEM's are producing and delivering fewer vehicles due to the global semiconductor chip shortage. At June 30, 2021, our Brazil new vehicle inventory stood at a 32 days' supply, which was 49 days lower than the same period last year and 5 days higher than December 31, 2020 days' supply of 27. Used vehicle retail same store gross profit on a constant currency basis increased 127.1%, reflecting the 61.7% increase in used vehicle retail same store average gross profit per unit sold coupled with a 40.4% increase in used vehicle retail same store unit sales. The improvement in used same store retail gross profit per retail unit was driven by new vehicle inventory shortages, which drove customers to purchase used vehicles and an improved selling environment as compared to 2020. Parts and service same store gross profit on a constant currency basis increased 61.5% driven by increases in our customer-pay, warranty and collision operations reflecting the increase in business activity over the prior year. F&I same store gross profit on a constant currency basis increased 136.2%, driven by increases in same store retail unit sales and penetration rates partially offset by a decline in income per contract for our retail finance fees. Total same store gross margin increased 230 basis points in the second quarter of 2021 compared to the same period of 2020 as a result of increases in all of our business lines resulting from the improved selling environment, consumer demand and supply constraints.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in Brazil during the three months ended June 30, 2021 increased $2.5 million, or 44.0%, as compared to the same period in 2020. Total same store SG&A expenses in Brazil during the three months ended June 30, 2021 increased $2.3 million, or 41.7%, as compared to the same period in 2020. On a constant currency basis, total same store SG&A expenses increased 39.9%, driven by increased variable commission payments as a result of increased sales and margins during the second quarter of 2021 as compared to last year. SG&A as a percentage of gross profit decreased from 114.0% in 2020 to 67.6% in 2021 reflecting the 135.7% increase in total same store gross profit driven by productivity gains and higher vehicle margins realized during the second quarter of 2021. We continued to focus on cost discipline throughout the second quarter of 2021.

Reported Operating Data - Brazil

(In millions, except unit data)

	Six Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 83.9	$ 77.3	$ 6.7	8.6 %	$ (12.4)	24.7 %
Used vehicle retail sales	22.5	27.4	(4.9)	(17.9)%	(3.4)	(5.6)%
Used vehicle wholesale sales	4.6	6.7	(2.1)	(30.8)%	(0.5)	(23.3)%
Total used	27.1	34.1	(7.0)	(20.5)%	(3.9)	(9.1)%
Parts and service sales	17.1	15.5	1.6	10.4 %	(2.1)	24.2 %
F&I, net	2.8	2.3	0.5	20.1 %	(0.4)	38.8 %
Total revenues	$ 130.9	$ 129.1	$ 1.8	1.4 %	$ (18.8)	15.9 %
Gross profit:						
New vehicle retail sales	$ 8.6	$ 4.9	$ 3.7	75.1 %	$ (1.2)	100.2 %
Used vehicle retail sales	2.1	1.5	0.6	40.6 %	(0.3)	61.1 %
Used vehicle wholesale sales	0.4	0.3	0.1	30.0 %	(0.1)	47.8 %
Total used	2.5	1.8	0.7	38.9 %	(0.4)	59.0 %
Parts and service sales	7.4	6.7	0.7	10.8 %	(0.9)	25.0 %
F&I, net	2.8	2.3	0.5	20.1 %	(0.4)	38.8 %
Total gross profit	$ 21.2	$ 15.6	$ 5.5	35.5 %	$ (2.9)	54.3 %
Gross margin:						
New vehicle retail sales	10.2 %	6.3 %	3.9 %			
Used vehicle retail sales	9.3 %	5.4 %	3.9 %			
Used vehicle wholesale sales	7.9 %	4.2 %	3.7 %			
Total used	9.0 %	5.2 %	3.9 %			
Parts and service sales	43.3 %	43.1 %	0.2 %			
Total gross margin	16.2 %	12.1 %	4.1 %			
Units sold:						
Retail new vehicles sold	2,622	2,665	(43)	(1.6)%		
Retail used vehicles sold	1,016	1,454	(438)	(30.1)%		
Wholesale used vehicles sold	469	799	(330)	(41.3)%		
Total used	1,485	2,253	(768)	(34.1)%		
Average sales price per unit sold:						
New vehicle retail	$ 32,011	$ 28,994	$ 3,017	10.4 %	$ (4,728)	26.7 %
Used vehicle retail	$ 22,143	$ 18,847	$ 3,296	17.5 %	$ (3,331)	35.2 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,273	$ 1,839	$ 1,434	78.0 %	$ (469)	103.5 %
Used vehicle retail sales	$ 2,051	$ 1,019	$ 1,032	101.2 %	$ (300)	130.6 %
Used vehicle wholesale sales	$ 788	$ 356	$ 432	NM	$ (108)	NM
Total used	$ 1,652	$ 784	$ 868	110.7 %	$ (239)	141.2 %
F&I PRU	$ 758	$ 557	$ 200	35.9 %	$ (118)	57.2 %
Other:						
SG&A expenses	$ 15.2	$ 16.2	$ (1.0)	(6.4)%	$ (1.9)	5.5 %
SG&A as % gross profit	71.7 %	103.8 %	(32.1)%			

NM — Not Meaningful

Same Store Operating Data - Brazil

(In millions, except unit data)

	Six Months Ended June 30,					
	2021	2020	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 83.9	$ 77.3	$ 6.7	8.6 %	$ (12.4)	24.7 %
Used vehicle retail sales	22.5	27.4	(4.9)	(17.8)%	(3.4)	(5.4)%
Used vehicle wholesale sales	4.6	6.7	(2.1)	(30.8)%	(0.5)	(23.3)%
Total used	27.1	34.1	(7.0)	(20.4)%	(3.9)	(9.0)%
Parts and service sales	17.1	15.5	1.6	10.4 %	(2.1)	24.2 %
F&I, net	2.8	2.3	0.5	20.1 %	(0.4)	38.8 %
Total revenues	$ 130.9	$ 129.1	$ 1.8	1.4 %	$ (18.8)	16.0 %
Gross profit:						
New vehicle retail sales	$ 8.6	$ 4.9	$ 3.7	75.1 %	$ (1.2)	100.2 %
Used vehicle retail sales	2.1	1.5	0.6	41.1 %	(0.3)	61.8 %
Used vehicle wholesale sales	0.4	0.3	0.1	30.0 %	(0.1)	47.8 %
Total used	2.5	1.8	0.7	39.3 %	(0.4)	59.5 %
Parts and service sales	7.4	6.7	0.7	10.8 %	(0.9)	25.0 %
F&I, net	2.8	2.3	0.5	20.1 %	(0.4)	38.8 %
Total gross profit	$ 21.2	$ 15.6	$ 5.6	35.5 %	$ (2.9)	54.3 %
Gross margin:						
New vehicle retail sales	10.2 %	6.3 %	3.9 %			
Used vehicle retail sales	9.3 %	5.4 %	3.9 %			
Used vehicle wholesale sales	7.9 %	4.2 %	3.7 %			
Total used	9.1 %	5.2 %	3.9 %			
Parts and service sales	43.3 %	43.1 %	0.1 %			
Total gross margin	16.2 %	12.1 %	4.1 %			
Units sold:						
Retail new vehicles sold	2,622	2,665	(43)	(1.6)%		
Retail used vehicles sold	1,016	1,454	(438)	(30.1)%		
Wholesale used vehicles sold	469	799	(330)	(41.3)%		
Total used	1,485	2,253	(768)	(34.1)%		
Average sales price per unit sold:						
New vehicle retail	$ 32,011	$ 28,994	$ 3,017	10.4 %	$ (4,728)	26.7 %
Used vehicle retail	$ 22,143	$ 18,828	$ 3,315	17.6 %	$ (3,334)	35.3 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,273	$ 1,839	$ 1,434	78.0 %	$ (469)	103.5 %
Used vehicle retail sales	$ 2,055	$ 1,018	$ 1,037	101.9 %	$ (301)	131.5 %
Used vehicle wholesale sales	$ 788	$ 356	$ 432	NM	$ (108)	NM
Total used	$ 1,655	$ 783	$ 872	111.4 %	$ (240)	142.0 %
F&I PRU	$ 758	$ 557	$ 200	35.9 %	$ (118)	57.2 %
Other:						
SG&A expenses	$ 15.1	$ 16.2	$ (1.0)	(6.5)%	$ (1.9)	5.3 %
SG&A as % gross profit	71.4 %	103.5 %	(32.1)%			

NM — Not Meaningful

The following discussion of our Brazil operating results is on actual and same store basis. The difference between reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. Brazil saw a rise in COVID-19 cases due to the Brazilian variant in the first quarter of 2021, which led the government to cancel Carnival in 2021 and implemented various lockdowns for non-essential businesses. As such, many of our showrooms were closed periodically throughout the first and second quarters of 2021 impacting our ability to sell new and used vehicles. In the prior year, beginning March 20, 2020, all our dealerships were required to close in efforts to stop the spread of the virus and while our service centers reopened and operated throughout the second quarter, our showrooms did not reopen until May 2020 with reduced hours.

Revenues

Total and same store revenues in Brazil during the six months ended June 30, 2021 increased $1.8 million, or 1.4%, as compared to the same period in 2020. On a constant currency basis, total same store revenues increased 16.0% driven by increases in new vehicle, parts and services and F&I sales which were partially offset by declines in used vehicle and used vehicle wholesale revenues. The increases in new vehicle, parts and service, and F&I revenues were driven by improved business conditions and increased business activity as the COVID-19 pandemic had a lesser impact in 2021 compared to a year ago. Used vehicle retail same store revenues on a constant currency basis decreased 5.4%, as a 30.1% decrease in used vehicle retail same store unit sales more than offset a 35.3% increase in used vehicle retail same store average sales price per unit sold. Used vehicle wholesale same store revenues decreased 23.3% on a constant currency basis reflecting the 41.3% decline in used vehicle wholesale units. The decline in used retail and wholesale same store units sold reflects challenges with the availability of inventory. The improvement in used vehicle retail same store average sales price per unit sold reflect higher demand in a supply constraint environment.

Gross Profit

Total gross profit in Brazil during the six months ended June 30, 2021 increased $5.5 million, or 35.5%, as compared to the same period in 2020. Total same store gross profit in Brazil during the six months ended June 30, 2021 increased $5.6 million, or 35.5%, as compared to the same period in 2020. On a constant currency basis, total same store gross profit increased 54.3% driven by increases in all business lines. New vehicle retail same store gross profit on a constant currency basis increased 100.2%, driven by a 103.5% increase in new vehicle retail same store average gross profit per unit sold partially offset by a 1.6% decrease in new vehicle retail same store units sold. Used vehicle retail same store gross profit on a constant currency basis increased 61.8%, reflecting a 131.5% increase in used vehicle retail same store average gross profit per unit sold partially offset by a 30.1% decrease in used vehicle retail same store unit sales. The improvement in new and used vehicle retail same store gross profit and gross profit per unit reflects increased consumer demand and inventory constraints experienced during the COVID-19 pandemic as OEMs are producing and delivering fewer vehicles due to global semiconductor chip shortage and have not returned to normal production levels. Parts and service same store gross profit increased 25.0% on a constant currency basis, driven by improvements in customer-pay and warranty reflecting the increase in business activity over the prior year. F&I same store gross profit on a constant currency basis increased 38.8% driven by an increase in penetration rates partially offset by a decline in retail unit sales. Total same store gross margin increased 410 basis points in the first six months of 2021 compared to the same period on 2020 as a result of increases in all of our business lines resulting from the improved selling environment, consumer demand and supply constraints.

SG&A Expenses

Our SG&A expenses consist primarily of personnel costs, including salaries, commissions and incentive-based compensation, as well as rent and facility costs, advertising and other expenses (which includes legal, professional fees and general corporate expenses). Total SG&A expenses in Brazil during the six months ended June 30, 2021 decreased $1.0 million, or 6.4%, as compared to the same period in 2020. Total same store SG&A expenses in Brazil during the six months ended June 30, 2021, decreased $1.0 million, or 6.5%, as compared to the same period in 2020. On a constant currency basis, total same store SG&A expenses increased 5.3%, driven by increased variable commission payments as a result of increased sales and margins during the second quarter of 2021 as compared to last year. Total same store SG&A as a percentage of gross profit decreased from 103.5% in 2020 to 71.4% in 2021 driven by productivity gains and higher vehicle margins realized during the second quarter of 2021. We continued to focus on cost discipline throughout the first six months of 2021. Total same store SG&A expenses in 2020 included $0.9 million of severance costs associated with the termination of employees as a result of the COVID-19 pandemic.

The following tables (in millions) and discussion of our results of operations are on a consolidated basis, unless otherwise noted.

	Three Months Ended June 30,			
	2021	2020	Increase/ (Decrease)	% Change
Depreciation and amortization expense	$ 18.8	$ 18.8	$ —	0.2 %
Floorplan interest expense	$ 8.8	$ 10.1	$ (1.3)	(13.2) %
Other interest expense, net	$ 13.7	$ 16.2	$ (2.5)	(15.3) %
Provision for income taxes	$ 52.3	$ 12.2	$ 40.1	329.9 %

	Six Months Ended June 30,			
	2021	2020	Increase/ (Decrease)	% Change
Depreciation and amortization expense	$ 38.3	$ 37.4	$ 0.9	2.4 %
Floorplan interest expense	$ 16.4	$ 23.0	$ (6.6)	(28.8) %
Other interest expense, net	$ 27.5	$ 34.3	$ (6.8)	(19.9) %
Provision for income taxes	$ 81.7	$ 21.3	$ 60.4	284.1 %

Depreciation and Amortization Expense

Total depreciation and amortization expense during the three and six months ended June 30, 2021 as compared to the same periods in 2020 had no material changes.

Floorplan Interest Expense

Total floorplan interest expense during the three months ended June 30, 2021 decreased $1.3 million, or 13.2%, as compared to the same period in 2020. For the six months ended June 30, 2021, floorplan interest expense decreased $6.6 million, or 28.8%, as compared to the same period in 2020. Our floorplan interest expense fluctuates with changes in our borrowings outstanding and interest rates, which are based on LIBOR, Prime rate or a benchmark rate. To mitigate the impact of interest rate fluctuations, we employ an interest rate hedging strategy, whereby we swap variable interest rate exposure on a portion of our borrowings for a fixed interest rate. The decrease in both comparative periods is primarily due to lower floorplan borrowings as a result of lower inventory levels and lower weighted average interest rates mainly due to a decline in LIBOR, partially offset by higher realized expense on our interest rate swaps and unrealized loss on interest rate swaps of $2.3 million recognized during the three months ended June 30, 2021, primarily resulting from the impact of the de-designation of certain interest rate swaps due to lower inventory levels. Refer to Note 6. Financial Instruments and Fair Value Measurements within our Notes to Condensed Consolidated Financial Statements for additional details of the interest rate swaps.

Other Interest Expense, Net

Total other interest expense, net during the three months ended June 30, 2021 decreased $2.5 million, or 15.3%, as compared to the same period in 2020. For the six months ended June 30, 2021, other interest expense decreased $6.8 million, or 19.9%, as compared to the same period 2020. Other interest expense, net consists of interest charges primarily on our Senior Notes, real estate related debt and other debt, partially offset by interest income. The decrease in both comparative periods was primarily attributable to lower interest rates achieved through refinancing our debt in the previous year, including the redemption of $300.0 million in aggregate principal of our 5.25% Senior Notes on April 2, 2020, which was funded at lower interest rates through increased borrowings on our real estate related debt, and the redemption of $550.0 million aggregate principal of our 5.00% Senior Notes on September 2, 2020, which was funded through the issuance of $550.0 million aggregate principal amount of our 4.00% Senior Notes on August 17, 2020.

Provision for Income Taxes

Provision for income taxes of $52.3 million during the three months ended June 30, 2021 increased by $40.1 million, or 329.9%, as compared to the same period in 2020. For the six months ended June 30, 2021, our provision for income taxes of $81.7 million increased $60.4 million, or 284.1%, as compared to the same period in 2020. These increases were primarily due to higher pre-tax book income. For the three months ended June 30, 2021, our effective tax rate decreased to 21.5% from 28.7% as compared to the same period in 2020. This decrease was primarily due to the increase of deferred tax assets based on a U.K. tax rate increase enacted in June 2021 effective beginning April 1, 2023, and losses incurred in the U.K. and Brazil during the three months ended June 30, 2020 that were benefited at a tax rate lower than the U.S. statutory rate.

We expect our effective tax rate for the remainder of 2021 will be between 22.5 % and 23.5%. We believe that it is more-likely-than-not that our deferred tax assets, net of valuation allowances provided, will be realized, based primarily on assumptions of our future taxable income, considering future reversals of existing taxable temporary differences.

Liquidity and Capital Resources

Our liquidity and capital resources are primarily derived from cash on hand, cash temporarily invested as a pay down of our U.S. Floorplan Line and FMCC Facility levels (refer to Note 9. Floorplan Notes Payable in our Notes to Condensed Consolidated Financial Statements for additional information), cash from operations, borrowings under our credit facilities, which provide vehicle floorplan financing, working capital, dealership and real estate acquisition financing and proceeds from debt and equity offerings. Based on current facts and circumstances, we believe we will have adequate cash flow, coupled with available borrowing capacity, to fund our current operations, capital expenditures and acquisitions for the next 12 months. If economic and business conditions deteriorate or if our capital expenditures or acquisition plans for 2021 change, we may need to access the private or public capital markets to obtain additional funding. Refer to Sources and Uses of Liquidity from Investing Activities below for further discussion of expectations regarding future capital expenditures.

Cash on Hand

As of June 30, 2021, our total cash on hand was $198.7 million. The balance of cash on hand excludes $326.1 million of immediately available funds used to pay down our U.S. Floorplan Line as of June 30, 2021. We use the pay down of our U.S. Floorplan Line and FMCC Facility as a channel for the short-term investment of excess cash.

Cash Flows

We utilize various credit facilities to finance the purchase of our new and used vehicle inventory. With respect to all new vehicle floorplan borrowings in the normal course of business, the manufacturers of the vehicles draft our credit facilities directly with no cash flows to or from us. With respect to borrowings for used vehicle financing, we finance up to 85% of the value of our used vehicle inventory in the U.S., and the funds flow directly between us and the lender.

We categorize the cash flows associated with borrowings and repayments on these various credit facilities as *Cash Flows from Operating Activities* or *Cash Flows from Financing Activities* in our Condensed Consolidated Statements of Cash Flows. All borrowings from, and repayments to, lenders affiliated with our vehicle manufacturers (excluding the cash flows from or to manufacturer-affiliated lenders participating in our syndicated lending group) are presented within *Cash Flows from Operating Activities* in the Condensed Consolidated Statements of Cash Flows in conformity with U.S. GAAP. All borrowings from, and repayments to, the Revolving Credit Facility (refer to Note 9. Floorplan Notes Payable in the Notes to Condensed Consolidated Financial Statements for additional information) (including the cash flows from or to manufacturer-affiliated lenders participating in the facility) and other credit facilities in the U.K. and Brazil unaffiliated with our manufacturer partners (collectively, “Non-OEM Floorplan Credit Facilities”), are presented within *Cash Flows from Financing Activities* in conformity with U.S. GAAP. However, the incurrence of all floorplan notes payable represents an activity necessary to acquire inventory for resale, resulting in a trade payable. Our decision to utilize our Revolving Credit Facility does not substantially alter the process by which our vehicle inventory is financed, nor does it significantly impact the economics of our vehicle procurement activities. Therefore, we believe that all floorplan financing of inventory purchases in the normal course of business should correspond with the related inventory activity and be classified as an operating activity. As a result, we use the non-GAAP measure “Adjusted net cash provided by/used in operating activities” and “Adjusted net cash provided by/used in financing activities” to further evaluate our cash flows. We believe that this classification eliminates excess volatility in our operating cash flows prepared in accordance with U.S. GAAP and avoids the potential to mislead the users of our financial statements.

In addition, for dealership acquisitions and dispositions that are negotiated as asset purchases, we do not assume transfer of liabilities for floorplan financing in the execution of the transactions. Therefore, borrowings and repayments of all floorplan financing associated with dealership acquisitions and dispositions are characterized as either *Cash Flow from Operating Activities* or *Cash Flow from Financing Activities* in our Condensed Consolidated Statements of Cash Flows presented in conformity with U.S. GAAP, depending on the relationship described above. However, the floorplan financing activity is so closely related to the inventory acquisition process that we believe the presentation of all acquisition and disposition related floorplan financing activities should be classified as investing activity to correspond with the associated inventory activity, which more closely reflects the cash flows associated with our acquisition and disposition strategy and eliminates excess volatility in our operating cash flows prepared in accordance with U.S. GAAP. We have made such adjustments in our adjusted operating cash flow presentations.

The following table reconciles cash flows provided by (used in) operating, investing and financing activities on a U.S. GAAP basis to the corresponding adjusted amounts (in millions):

	Six Months Ended June 30,		
	2021	2020	% Change
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities:	$ 752.1	$ 688.2	9.3 %
Change in Floorplan notes payable — credit facilities and other, excluding floorplan offset and net acquisitions and dispositions	(376.8)	(450.8)	
Change in Floorplan notes payable — manufacturer affiliates associated with net acquisitions and dispositions and floorplan offset activity	(16.0)	0.2	
Adjusted net cash provided by operating activities	$ 359.4	$ 237.6	51.3 %
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash used in investing activities:	$ (93.8)	$ (61.2)	(53.3) %
Change in cash paid for acquisitions, associated with Floorplan notes payable	5.3	—	
Change in proceeds from disposition of franchises, property and equipment, associated with Floorplan notes payable	(6.4)	—	
Adjusted net cash used in investing activities	$ (94.9)	$ (61.2)	(55.1) %
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used in financing activities:	$ (547.1)	$ (579.0)	5.5 %
Change in Floorplan notes payable, excluding floorplan offset	393.9	450.7	
Adjusted net cash used in financing activities	$ (153.3)	$ (128.3)	(19.4) %

Sources and Uses of Liquidity from Operating Activities

For the six months ended June 30, 2021, we generated $752.1 million of net cash flows from operating activities. On an adjusted basis for the same period, we generated $359.4 million in net cash flows from operating activities, primarily consisting of $292.9 million in net income, coupled with non-cash adjustments related to depreciation and amortization of $38.3 million, stock-based compensation of $13.2 million and operating lease assets of $11.8 million. Adjusted net cash flows from operating activities also included a $3.1 million adjusted net change in operating assets and liabilities, primarily due to $449.4 million of adjusted net floorplan repayments, partially offset by $444.4 million from decreases in inventory levels as a result of global semiconductor chip shortages.

For the six months ended June 30, 2020, we generated $688.2 million of net cash flows from operating activities. On an adjusted basis for the same period, we generated $237.6 million in net cash flows from operating activities, primarily consisting of $60.0 million in net income, coupled with non-cash adjustments related to depreciation and amortization of $37.4 million, asset impairments of $23.8 million, stock-based compensation of $21.7 million, operating lease assets of $12.9 million and a loss on extinguishment of $10.4 million related to the 5.25% Senior Notes. Adjusted net cash flows from operating activities also included a $70.9 million adjusted net change in operating assets and liabilities, including cash inflows of $536.7 million from decreases in inventory levels, $77.2 million from net decreases in contracts-in-transit and vehicle receivables and $64.8 million from decreases in accounts and notes receivable. These cash inflows were partially offset by cash outflows of $540.9 million from an adjusted net decrease of floorplan borrowings and $48.0 million from decreases in accounts payable and accrued expenses.

Working Capital

At June 30, 2021, we had a $417.9 million surplus of working capital. This represents an increase of $256.4 million from December 31, 2020, when we had a $161.5 million surplus of working capital. Changes in our working capital are typically explained by changes in floorplan notes payable outstanding. Borrowings on our new vehicle floorplan notes payable, subject to agreed-upon pay-off terms, are equal to 100% of the factory invoice of the vehicles. Borrowings on our used vehicle floorplan notes payable, subject to agreed-upon pay-off terms, are limited to 85% of the aggregate book value of our used vehicle inventory, except in the U.K. and Brazil. At times, we have made payments on our floorplan notes payable using excess cash flows from operations and the proceeds of debt and equity offerings. As needed, we re-borrow the amounts later, up to the limits on the floorplan notes payable discussed above, for working capital, acquisitions, capital expenditures or general corporate purposes.

Sources and Uses of Liquidity from Investing Activities

During the six months ended June 30, 2021, we used $93.8 million in net cash flow from investing activities. On an adjusted basis for the same period, we used $94.9 million in net cash flows from investing activities, primarily consisting of $63.8 million used for purchases of property and equipment and to construct new and improve existing facilities and $44.6 million used for acquisition activity, partially offset by cash inflows of $13.4 million related to the disposition of franchises and property and equipment. Of the $63.8 million in property and equipment purchases, $47.7 million was used for non-real estate related capital expenditures, $17.5 million was used for the purchase of real estate associated with existing dealership operations, partially offset by the $1.4 million net increase in the accrual for capital expenditures from fiscal year-end.

During the six months ended June 30, 2020, we used $61.2 million in net cash flows from investing activities on both unadjusted and adjusted basis, which represents $60.5 million used for purchases of property and equipment and to construct new and improve existing facilities and $1.3 million used for acquisition activity, partially offset by cash inflows of $0.6 million related to the disposition of property and equipment. Of the $60.5 million in property and equipment purchases, $35.3 million was used for non-real estate related capital expenditures, $22.4 million was used for the purchase of real estate associated with existing dealership operations and $2.7 million represented the net decrease in the accrual for capital expenditures from fiscal year-end.

Capital Expenditures

Our capital expenditures include costs to extend the useful lives of current facilities, as well as to start or expand operations. In general, expenditures relating to the construction or expansion of dealership facilities are driven by dealership acquisition activity, new franchises being granted to us by a manufacturer, significant growth in sales at an existing facility, relocation opportunities or manufacturer imaging programs. We critically evaluate all planned future capital spending, working closely with our manufacturer partners to maximize the return on our investments. We forecast our capital expenditures for the full year of 2021 will be approximately $110 million excluding expenditures related to real estate purchases and future acquisitions, which could generally be funded from excess cash.

Acquisitions

We evaluate the expected return on investment in our consideration of potential business purchases. Cash needed to complete our acquisitions generally comes from excess working capital, operating cash flows of our dealerships and borrowings under our floorplan facilities, term loans and our Acquisition Line.

Sources and Uses of Liquidity from Financing Activities

For the six months ended June 30, 2021, we used $547.1 million in net cash flows from financing activities. On an adjusted basis for the same period, we used $153.3 million in net cash flows from financing activities, primarily related to cash outflows of $149.7 million in net repayments on our U.S. Floorplan Line (representing the net cash activity in our floorplan offset account), $18.6 million related to the repurchase of our common stock and $11.7 million in dividend payments, partially offset by $28.2 million net borrowings on our Acquisition Line.

For the six months ended June 30, 2020, we used $579.0 million in net cash flows from financing activities. On an adjusted basis for the same period, we used $128.3 million in net cash flows from financing activities, primarily related to cash outflows of $307.9 million related to the extinguishment of our 5.25% Senior Notes, $48.9 million related to the repurchase of our common stock and $5.5 million in dividend payments. These cash outflows were partially offset by $160.1 million net borrowings on other debt, which primarily reflected increased mortgage borrowings in the U.S. to partially fund the redemption of the 5.25% Senior Notes, as well as $68.8 million net borrowings on our Acquisition Line.

Credit Facilities, Debt Instruments and Other Financing Arrangements

Our various credit facilities, debt instruments and other financing arrangements are used to finance the purchase of inventory and real estate, provide acquisition funding and provide working capital for general corporate purposes.

The following table summarizes the commitment of our credit facilities as of June 30, 2021 (in millions):

	Total Commitment	Outstanding	Available
U.S. Floorplan Line [(1)]	$ 1,396.0	$ 185.4	$ 1,210.6
Acquisition Line [(2)]	349.0	94.3	254.7
Total revolving credit facility	1,745.0	279.8	1,465.2
FMCC Facility [(3)]	300.0	26.8	273.2
Total U.S. credit facilities [(4)]	$ 2,045.0	$ 306.6	$ 1,738.4

[(1)] The available balance at June 30, 2021 includes $326.1 million of immediately available funds. The remaining available balance can be used for inventory financing.

[(2)] The outstanding balance of $94.3 million is related to outstanding letters of credit of $17.8 million and $76.5 million in borrowings as of June 30, 2021. The borrowings outstanding under the Acquisition Line included no USD borrowings and £55 million of GBP borrowings translated at the spot rate on the day borrowed, solely for the purpose of calculating the outstanding and available borrowings under the Acquisition Line. The available borrowings may be limited from time to time, based on certain debt covenants.

[(3)] The available balance at June 30, 2021 does not include any immediately available funds. The available balance can be used for Ford new vehicle inventory financing.

[(4)] The outstanding balance excludes $286.3 million of borrowings with manufacturer-affiliates and third-party financial institutions for foreign and rental vehicle financing not associated with any of our U.S. credit facilities.

We have other credit facilities in the U.S., U.K. and Brazil with third-party financial institutions, most of which are affiliated with the automobile manufacturers that provide financing for portions of our new, used and rental vehicle inventories. In addition, we have outstanding debt instruments, including our 4.00% Senior Notes, as well as real estate related and other debt instruments. Refer to Note 8. Debt in our Notes to Condensed Consolidated Financial Statements for further information.

Covenants

Our Revolving Credit Facility, indentures governing our senior notes and certain mortgage term loans contain customary financial and operating covenants that place restrictions on us, including our ability to incur additional indebtedness, create liens or to sell or otherwise dispose of assets and to merge or consolidate with other entities. Certain of our mortgage agreements contain cross-default provisions that in the event of a default of certain mortgage agreements and of our Revolving Credit Facility, could trigger an uncured default.

As of June 30, 2021, we were in compliance with the requirements of the financial covenants under our debt agreements. We are required to maintain the ratios detailed in the following table:

	As of June 30, 2021	
	Required	Actual
Total adjusted leverage ratio	< 5.50	1.71
Fixed charge coverage ratio	> 1.20	5.35

As of June 30, 2021, we had $198.7 million of cash on hand and an additional $326.1 million invested in our floorplan offset accounts, bringing total cash liquidity to $524.8 million. In addition, we had $254.7 million of additional borrowing capacity on our Acquisition Line, bringing total immediate liquidity to $779.5 million as of June 30, 2021. Based on our position as of June 30, 2021 and our outlook as discussed within Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, we have sufficient liquidity currently and do not anticipate any material liquidity constraints or issues with our ability to remain in compliance with our debt covenants.

Refer to Note 8. Debt and Note 9. Floorplan Notes Payable in our Notes to Condensed Consolidated Financial Statements for further discussion of our debt instruments, credit facilities and other financing arrangements existing as of June 30, 2021.

Share Repurchases and Dividends

Our Board of Directors from time to time, authorizes the repurchase of shares of our common stock up to a certain monetary limit. During the six months ended June 30, 2021, 125,069 shares were repurchased at an average price of $148.79 per share, for a total of $18.6 million. As of June 30, 2021, we had $150.1 million available under our current share repurchase authorization.

During the three months ended June 30, 2021, our Board of Directors approved a quarterly cash dividend of $0.33 per share on all shares of our common stock, which resulted in $5.8 million paid to common shareholders and $0.2 million to unvested RSA holders. During the six months ended June 30, 2021, we have declared cash dividends of $0.64 per share on all shares of our common stock, for a total of $11.3 million paid to common shareholders and $0.4 million to unvested RSA holders.

Future share repurchases and the payment of any future dividends are subject to the business judgment of our Board of Directors, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements, covenant compliance, current economic environment and other factors considered relevant.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including interest rate risk and foreign currency exchange rate risk. We address interest rate risks primarily through the use of interest rate swaps. We do not currently hedge foreign exchange risk, as discussed further below. The following quantitative and qualitative information is provided regarding our foreign currency exchange rates and financial instruments to which we are a party at June 30, 2021 and from which we may incur future gains or losses from changes in market interest rates and/or foreign currency rates. We do not enter into derivative or other financial instruments for speculative or trading purposes.

Interest Rates

We have interest rate risk on our variable-rate debt obligations, primarily consisting of our U.S. Floorplan Line. Based on the amount of variable-rate borrowings outstanding of $1.1 billion and $1.6 billion as of June 30, 2021 and 2020, respectively, a 100 basis-point change in interest rates would have resulted in an approximate $0.9 million and $7.5 million change to our annual interest expense, respectively, after consideration of the interest rate swaps in effect.

Our exposure to changes in interest rates with respect to our variable-rate floorplan borrowings is partially mitigated by manufacturers’ interest assistance, which in some cases is influenced by changes in market based variable interest rates. We reflect interest assistance as a reduction of new vehicle inventory cost until the associated vehicle is sold. During the six months ended June 30, 2021 and 2020, we recognized $28.5 million and $20.4 million of interest assistance as a reduction of new vehicle cost of sales, respectively.

For additional information about the potential impact of LIBOR phase out on our results of operations, see Item 1A. Risk Factors of our 2020 Form 10-K.

Foreign Currency Exchange Rates

The functional currency of our U.K. subsidiaries is the GBP and of our Brazil subsidiaries is the BRL. Our exposure to fluctuating exchange rates relates to the effects of translating financial statements of those subsidiaries into our reporting currency, which we do not hedge against based on our investment strategy in these foreign operations. A 10% devaluation in average exchange rates for the GBP to the USD would have resulted in a $113.7 million and $77.7 million decrease to our revenues for the six months ended June 30, 2021 and 2020, respectively. A 10% devaluation in average exchange rates for the BRL to the USD would have resulted in a $11.9 million and $11.7 million decrease to our revenues for the six months ended June 30, 2021 and 2020, respectively.

For additional information about our market sensitive financial instruments, refer to Note 6. Financial Instruments and Fair Value Measurements in our Notes to Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2021 at the reasonable assurance level.

Our management, including our principal executive officer and our 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

During the three months ended June 30, 2021, there were no changes in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not party to any legal proceedings, including class action lawsuits that, individually or in the aggregate, are reasonably expected to have a material adverse effect on our results of operations, financial condition or cash flows. For a discussion of our legal proceedings, refer to Note 11. Commitments and Contingencies within our Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

Except as set forth below, during the six months ended June 30, 2021, there were no changes to the Risk Factors disclosed in Item 1A. Risk Factors of our 2020 Form 10-K.

We are subject to risks associated with our dependence on manufacturer business relationships and agreements.

The success of our dealerships is dependent on vehicle manufacturers whom we rely exclusively on for our new vehicle inventory. Our ability to sell new vehicles is dependent on a vehicle manufacturer’s ability to produce and allocate to our dealerships an attractive, high quality and desirable product mix at the right time in order to satisfy customer demand. Manufacturers generally support their franchisees by providing direct financial assistance in various areas, including, among others, incentives, floorplan assistance and advertising assistance. A discontinuation or change in our manufacturers’ warranty and incentive programs could adversely affect our business. Manufacturers also provide product warranties and, in some cases, service contracts to customers. Our dealerships perform warranty and service contract work for vehicles under manufacturer product warranties and service contracts and we bill the manufacturer directly as opposed to invoicing the customer. In addition, we rely on manufacturers for various financing programs, OEM replacement parts, training, up-to-date product design, development of advertising materials and programs and other items necessary for the success of our dealerships.

Vehicle manufacturers may be adversely impacted by economic downturns or recessions, significant declines in the sales of their new vehicles, increases in interest rates, adverse fluctuations in currency exchange rates, declines in their credit ratings, reductions in access to capital or credit, labor strikes or similar disruptions (including within their major suppliers), supply shortages, rising raw material costs, rising employee benefit costs, adverse publicity that may reduce consumer demand for their products, including due to bankruptcy, product defects, litigation, ability to keep up with technology and business model changes, poor product mix or unappealing vehicle design, governmental laws and regulations, natural disasters or other adverse events. In particular, all our OEMs are investing material amounts to develop electric and autonomous vehicles. These investments could cause financial strain on our OEMs or fail to deliver attractive vehicles for customers which could lead to adverse impacts on our business. The OEMs are also impacted by the COVID-19 pandemic’s impact on the economy, factory production, parts shortages, including semiconductor chips, and other disruptions. These and other risks could materially adversely affect the financial condition of any manufacturer and impact its ability to profitably design, market, produce or distribute new vehicles, which in turn could have a material adverse effect on our business, results of operations and financial condition.

During the six months ended June 30, 2021 and through the date of this report, vehicle manufacturers are producing and delivering fewer vehicles to our dealerships due to a global semiconductor chip shortage. The chip shortage is impacting the automobile industry’s new vehicle production which has decreased our new vehicle inventory. Our new vehicle days’ supply of inventory was approximately 20 days for the quarter ended June 30, 2021, as compared to 52 days for the quarter ended December 31, 2020 and 61 days for the quarter ended June 30, 2020. If new vehicle days’ supply of inventory continues to decline, it will impact our ability to satisfy customer demand. It is impossible to predict with certainty the duration of the semiconductor chip shortage, but we expect our inventory levels to be low through the remainder of 2021. If our manufacturers’ production remains at current reduced levels or continues to decline, diminishing our ability to meet the immediate needs of our customers, the semiconductor shortage could have a material and adverse impact on our financial and operating results.

Additionally, many U.S. manufacturers of vehicles, parts and supplies are dependent on imported products and raw materials in their production. Any significant increase in existing tariffs on such goods and raw materials, or implementation of new tariffs, could adversely affect our profits on the vehicles we sell.

Vehicle manufacturers may alter their distribution models.

Certain of our vehicle manufacturers serving the U.K. market recently announced plans to explore an agency model of selling new vehicles. Under an agency model, our franchised dealerships would receive a fee for facilitating the sale of a new vehicle to a customer but would no longer record the vehicle in inventory as has been historical practice. The agency model, if adopted, would reduce revenues, although the other impacts to our U.K. segment and consolidated results of operations remain uncertain. We are uncertain if agency models will be widely adopted in the U.K. and, if so, the impact to our results of operations.

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

Recent Sales of Unregistered Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to shares of common stock repurchased by us during the three months ended June 30, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) [1]
April 1, 2021 — April 30, 2021	—	$ —	—	$ —
May 1, 2021 — May 31, 2021	—	$ —	—	$ —
June 1, 2021 — June 30, 2021	125,069	$ 148.79	125,069	$ 150.1
Total	125,069		125,069	

[1] Our Board of Directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. On October 5, 2020, our Board of Directors approved a $200.0 million share repurchase authorization. Our share repurchase authorization does not have an expiration date. Future share repurchases are subject to the business judgment of our Board of Directors, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements, covenant compliance, current economic environment and other factors considered relevant.

Item 6. Exhibits

The exhibits required to be filed or furnished by Item 601 of Regulation S-K are listed below.

EXHIBIT INDEX

Exhibit Number		Description
3.1	—	Amended and Restated Certificate of Incorporation of Group 1 Automotive, Inc. (incorporated by reference to Exhibit 3.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed May 22, 2015)
3.2	—	Third Amended and Restated Bylaws of Group 1 Automotive, Inc. (incorporated by reference to Exhibit 3.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed April 6, 2017)
10.1*†	—	Form of Restricted Stock Agreement with Qualified Retirement Provisions
31.1*	—	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	—	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	—	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	—	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	—	XBRL Instance 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 Inline XBRL and contained in exhibit 101)

* Filed or furnished herewith

† Management contract or compensatory plan or arrangement

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Group 1 Automotive, Inc.

Date:	August 5, 2021	By:	/s/ Daniel J. McHenry
			Daniel J. McHenry
			Senior Vice President and Chief Financial Officer

FORM OF RESTRICTED STOCK AGREEMENT
Qualified Retirement

THIS RESTRICTED STOCK AGREEMENT (this "Agreement") is made as of the effective date set forth in the electronic correspondence notifying the employee of this award (the "Grant Notice"), between **GROUP 1 AUTOMOTIVE, INC.**, a Delaware corporation (the "Company"), and the employee whose name is set forth on the Grant Notice ("Employee").

1. Award. Pursuant to the **GROUP 1 AUTOMOTIVE, INC. 2014 LONG TERM INCENTIVE PLAN** (the "Plan"), the number of shares (the "Restricted Shares") of the Company's common stock set forth in the Grant Notice shall be issued as hereinafter provided in Employee's name, subject to certain restrictions thereon. The Restricted Shares shall be issued upon satisfaction of the conditions of this Agreement and the Grant Notice. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. The Plan and the Grant Notice are incorporated herein by reference as a part of this Agreement. Capitalized terms used but not defined herein shall have the meanings attributed to such terms in the Plan. Employee agrees to comply with the Additional Employee Obligations (as hereinafter defined).

2. Restricted Shares. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) **Forfeiture Restrictions.** The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as hereinafter defined), and in the event of termination of Employee's employment with the Company for any reason other than Qualified Retirement (as hereinafter defined), death or Disability (as hereinafter defined), Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. In the case of a Qualified Retirement, if Employee fails to comply with the Additional Employee Obligations continuously from the date of the termination of his employment as a result of a Qualified Retirement until the Compliance Expiration Date (as hereinafter defined), Employee shall, for no consideration, forfeit to the Company all the Restricted Shares to the extent subject to the forfeiture restrictions on the date of such termination. The prohibition against transfer and the obligation to forfeit and surrender Restricted Shares to the Company upon termination of employment, or thereafter in the case of non-compliance with the Additional Employee Obligations following termination of employment as a result of a Qualified Retirement, are herein referred to as the "Forfeiture Restrictions." For purposes of this Agreement, the following capitalized words and terms shall have the meanings indicated below:

(i) "Additional Employee Obligations" shall mean those obligations of Employee to the Company and its Affiliates that apply during or after Employee's employment by the Company as set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement.

(ii) "Affiliate" shall have the meaning set forth in the Plan.

(iii) "Board" shall mean the Board of Directors of the Company.

(iv) "Code" shall mean the Internal Revenue Code of 1986, as amended. Reference to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section

(v) "Committee" shall mean the committee of the Board that is selected by the Board to administer the Plan as provided in Paragraph IV(a) of the Plan.

(vi) "Compliance Expiration Date" shall mean the date that is two years following the effective date of the termination of Employee's employment with the Company or, if earlier, the date of Employee's death or Disability after a Qualified Retirement.

(vii) "Disability" shall mean that Employee has become disabled within the meaning of section 409A(a)(2)(C) of the Code and applicable administrative authority thereunder.

(viii) "Qualified Retirement" shall mean the termination of Employee's employment with the Company on a date that is on or after Employee's attainment of age 63 and following the date on which the sum of the Employee's age and years of Service equals or exceeds 70, and so long as the Employee has completed, in the aggregate, 5 years of Service.

(ix) "Service" shall mean the years of service credited to Employee for vesting purposes under The Group 1 Automotive, Inc. 401(k) Savings Plan, as amended from time to time.

(b) **Lapse of Forfeiture Restrictions.** The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the schedule set forth on the Grant Notice, provided that Employee has been continuously employed by the Company from the date of this Agreement through the lapse date set forth on the Grant Notice. Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares then subject to the Forfeiture Restrictions on the date Employee's employment with the Company is terminated by reason of death or Disability. Further notwithstanding the foregoing, in the event that Employee's employment with the Company terminates as a result of a Qualified Retirement, all of the Restricted Shares that are then subject to the Forfeiture Restrictions shall remain subject to forfeiture under this Agreement until the Compliance Expiration Date and, upon the Compliance Expiration Date, provided that Employee has complied with the Additional Employee Obligations continuously from the date of the termination of his employment with the Company as a result of such Qualified Retirement until the Compliance Expiration Date, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares then subject to the Forfeiture Restrictions.

(c) **Certificates.** A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, pursuant to which Employee shall have all of the rights of a stockholder of the Company with respect to the Restricted Shares, including, without limitation, voting rights and the right to receive dividends (provided, however, that dividends paid in shares of the Company's stock shall be subject to the Forfeiture Restrictions and provided further that dividends that are paid other than in shares of the Company's stock shall be paid no later than the end of the calendar year in which the dividend for such class of stock is paid to stockholders of such class or, if later, the 15th day of the third month following the date the dividend is paid to stockholders of such class of stock). Employee may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions have expired and a breach of the terms of this Agreement shall cause a forfeiture of the Restricted Shares. The certificate shall be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Committee as a depository for safekeeping until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. On the date of this Agreement, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend (except for any legend required pursuant to applicable securities laws or any other agreement to which Employee is a party) in the name of Employee in exchange for the certificate evidencing the Restricted Shares. However, the Company, in its sole discretion, may elect to deliver the certificate either in certificate form or electronically to a brokerage account established for Employee's benefit at a brokerage/financial institution selected by the Company. Employee agrees to complete and sign any documents and take additional action that the Company may request to enable it to deliver the shares on Employee's behalf.

(d) **Corporate Acts.** The existence of the Restricted Shares shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 2(a) hereof shall not apply to the transfer of Restricted Shares pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions and provisions governing the lapsing of such Forfeiture Restrictions applicable to the original Restricted Shares for all purposes of this Agreement and the certificates representing such stock, securities or other property shall be legended to show such restrictions.

3. Withholding of Tax/Tax Election. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in compensation income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money as the Company may require to meet its obligation under applicable tax laws or regulations or make such other arrangements to satisfy such withholding obligation as the Company, in its sole discretion, may approve. In addition, the Company may withhold unrestricted shares of stock of the Company (valued at their fair market value on the date of withholding of such shares) otherwise to be issued upon the lapse of the Forfeiture Restrictions to satisfy its withholding obligations. If Employee makes the election authorized by section 83(b) of the Code in connection with the award of the Restricted Shares, Employee shall submit to the Company a copy of the statement filed by Employee to make such election.

4. Status of Stock. Employee agrees that the Restricted Shares issued under this Agreement will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state, or the Company's Code of Conduct. Employee also agrees that (a) the certificates representing the Restricted Shares may bear such legend or legends as the Committee deems appropriate in order to reflect the Forfeiture Restrictions and to assure compliance with applicable securities laws, (b) the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would constitute a violation of the Forfeiture Restrictions or, in the opinion of counsel satisfactory to the Company, of any applicable securities law, and (c) the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee or a consultant of either the Company, a parent or subsidiary corporation (as defined in section 424 of the Code) of the Company, or any successor corporation. Nothing in the adoption of the Plan, nor the award of the Restricted Shares thereunder pursuant to this Agreement, shall confer upon Employee the right to continued employment or engagement as a consultant by the Company or affect in any way the right of the Company to terminate such employment or consulting relationship at any time. Unless otherwise provided in a written employment or consulting agreement or by applicable law, Employee's employment or engagement as a consultant by the Company shall be on an at-will basis, and the employment and/or consulting relationship may be terminated at any time by either Employee or the Company for any reason whatsoever or no reason at all, with or without cause. Any question as to whether and when there has been a termination of such employment and/or consulting relationship, and the cause of such termination, shall be determined by the Committee, and its determination shall be final.

6. Notices. Any notices or other communications provided for in this Agreement must be provided in writing. In the case of Employee, such notices or communications shall be effectively delivered if hand delivered to Employee at his principal place of employment or if sent by registered or certified mail to Employee at the last address Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by registered or certified mail to the Company at its principal Employee offices.

7. Entire Agreement; Amendment. This Agreement and the documents incorporated by reference herein, including such documents referenced in Section 2(a)(i) above, replace and merge all previous agreements and discussions relating to the same subject matters between Employee and the Company and constitute the entire agreement between Employee and the Company with respect to the subject matters of this Agreement; provided, however, that the vesting terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company and Employee that provides for accelerated vesting of the Restricted Shares upon or after termination of employment. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matters hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both Employee and an authorized officer of the Company.

8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

9. Forfeiture ("Clawback") Policy. Notwithstanding any other provision of this Agreement to the contrary, any Restricted Shares granted and/or shares issued hereunder, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback policy ("Policy") established by the Company to comply with any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and Employee expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy or applicable law without further consent or action being required by Employee. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, then the terms of such policy shall prevail.

10. <u>Controlling Law</u>. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

RESTRICTED STOCK AGREEMENT
Qualified Retirement Acknowledgement

IN WITNESS WHEREOF, the parties have executed this Agreement on this the ______ day of______________________, 20____.

Print Name	For Group 1 Automotive, Inc
Print Name	Signature

<u>EXHIBIT A</u>

CONFIDENTIAL INFORMATION, NON-COMPETITION AND NON-SOLICITATION

1. <u>Defined Terms; Employment Relationship</u>. Capitalized terms used in this Exhibit A that are not defined in this Exhibit A shall have the meanings assigned to such terms in the Restricted Stock Agreement to which this Exhibit A is attached (the "<u>Restricted Stock Agreement</u>"). For purposes of this Exhibit A, Employee shall be considered to be in the employment of the Company as provided in Section 5 of the Restricted Stock Agreement.

As used herein, the following terms shall have the following meanings:

(a) "<u>Business</u>" means the business of auto retailing (whether public or private), automobile dealership consolidation and any other business that is the same as, or competitive with, the business in which Employee was engaged during Employee's employment by the Company and its Affiliates. Notwithstanding the foregoing, the "Business" shall not include automotive manufacturing or any business in which the Company and its Affiliates have permanently refrained from engaging.

(b) "<u>Restricted Area</u>" means the geographic area within a 50-mile radius of any automotive dealership in which the Company or an Affiliate has an ownership interest as of the date of the termination of Employee's employment by the Company**,** which such area includes, without limitation, the Louisiana parishes listed on Annex 1; provided, however, that the Restricted Area shall not include any area within the State of California.

2. <u>Protection of Confidential Information</u>. Except as required by law, Employee promises that Employee will not, at any time during or after Employee's employment by the Company, make any unauthorized disclosure of any confidential information or trade secrets of the Company or its Affiliates, or make any use thereof, except in the carrying out of Employee's responsibilities on behalf of the Company and its Affiliates. Employee also agrees to preserve and protect the confidentiality of confidential information and trade secrets belonging to third parties, such as customers, suppliers, partners, joint venturers of the Company and its Affiliates to the same extent, and on the same basis, as the Company's and its Affiliates' confidential information and trade secrets.

3. <u>Non-Competition; Non-Solicitation</u>. As an express incentive for the Company to enter into the Restricted Stock Agreement, and in order to protect the Company's and its Affiliates' confidential information, goodwill and legitimate business interests, Employee expressly acknowledges and agrees that, until the Compliance Expiration Date, Employee will not, directly or indirectly, on Employee's own behalf or on behalf of others:

(a) within the Restricted Area, engage or carry on in the Business (other than on behalf of the Company or its Affiliates); for purposes of this Section 3(a), employee acknowledges that the following constitute non-exclusive examples of engaging or carrying on in the Business, in violation of this agreement: rendering advice or services to, or otherwise assisting, any other person, association or entity that is engaged in, or planning to engage in, the Business in such a manner that Employee performs duties or services that are the same or similar to those duties or services that Employee performed on behalf of the Company and its Affiliates;

(b) within the Restricted Area, solicit or attempt to solicit the business of any customer or client of the Company or its Affiliates with whom or which Employee has had any material business dealings during Employee's employment by the Company and its Affiliates for the furtherance of, or on behalf of, a competitive business or a competitive activity; and

(c) encourage or induce any current or former employee of the Company or any of its Affiliates to leave the employment of the Company or any of its Affiliates or offer employment, retain, hire or assist in the hiring of any such employee by any person, association, or entity not affiliated with the Company or any of its Affiliates; provided, however, that nothing in this subsection (c) shall prohibit Employee from offering employment to any prior employee of the Company or any of its Affiliates who was not employed by the Company or any of its Affiliates at any time in the twelve (12) months prior to the termination of Employee's employment by the Company.

Notwithstanding the foregoing, the provisions of Sections 3(a) and 3(b) above will not apply in that portion of the Restricted Area, if any, located within the State of Oklahoma. Instead, Employee agrees that, within that portion of the Restricted Area that is located within the State of Oklahoma, in addition to the restrictions set forth in Section 3(c) above, Employee shall not directly or indirectly solicit the sale of goods, services or a combination of goods and services from the established customers of the Company and its Affiliates. In addition, the provisions of Sections 3(a) and 3(b) above shall not apply following Employee's termination of employment with the Company if such termination does not constitute a Qualified Retirement.

4. Employee's Acknowledgements. Employee acknowledges and agrees that, during the course of Employee's employment with the Company, Employee has been provided with the Company's and its Affiliates' confidential information and become associated with the Company's and its Affiliates' goodwill. Employee further acknowledges and agrees that, as a consequence of Employee's continued employment and entry into the Restricted Stock Agreement, Employee will receive benefits to which Employee was not otherwise entitled and will be provided with, and have access to, additional confidential information of the Company and its Affiliates and become further associated with, and will further build, customer relationships and the Company's and its Affiliates' goodwill. Employee acknowledges and agrees that: the provisions of this Exhibit A are no greater than necessary to protect the Company's and its Affiliates' legitimate business interests, including the protection of their confidential information, customer relationships and goodwill; the provisions of this Exhibit A create no undue hardship on Employee; and Employee is receiving sufficient consideration in exchange for Employee's entry into this agreement. Employee further acknowledges and agrees that the restrictions set forth in this Exhibit A are reasonable and that Employee has had, or will have, responsibilities with regard to, and has received or will receive, confidential information about, the Business operated by the Company and its Affiliates throughout the Restricted Area.

5. Reformation. Notwithstanding the Employee's acknowledgements in Section 4 above, if any of the restrictions hereunder are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, Employee and the Company intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, Employee and the Company intend to make this provision enforceable under the law or laws of all applicable States and other jurisdictions so that the entire agreement not to compete and this Exhibit A as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

Annex 1

Louisiana Parishes

[Select which of the following parishes are within, or reasonably expected to be within, the 50-mile radius described above]

[Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, De Soto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson David, La Salle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn.]

GROUP 1 AUTOMOTIVE, INC.
2014 LONG TERM INCENTIVE PLAN

APPENDIX TO RESTRICTED STOCK AGREEMENT

ADDITIONAL TERMS AND CONDITIONS
FOR INTERNATIONAL EMPLOYEES

TERMS AND CONDITIONS

This Appendix, which is part of the Agreement, contains additional terms and conditions that govern the Restricted Stock granted to the Employee under the Plan if he or she resides outside the United States. The terms and conditions in Part A apply to *all* Employees outside the United States. The country-specific terms and conditions and/or notifications in Part B will also apply to the Employee if he or she resides in one of the countries listed below. Unless otherwise defined, capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

NOTIFICATIONS

This Appendix also includes information regarding exchange controls and certain other issues of which the Employee should be aware with respect to participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of June 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Employee not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that the Employee vests in the Restricted Shares or sell shares of common stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Employee's particular situation, and the Company is not in a position to assure the Employee of a particular result. Accordingly, the Employee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Employee's situation.

Finally, if the Employee is a citizen or resident, or is considered a resident, of a country other than the one in which he or she is currently working, or transferred employment after the Restricted Shares were granted to him or her, the information contained herein may not be applicable. In addition, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to you under these circumstances.

A. <u>ALL NON-U.S. COUNTRIES ADDITIONAL TERMS AND CONDITIONS</u>

The following additional terms and conditions will apply to the Employee if he or she resides in any country outside the United States.

<u>Responsibility for Taxes</u>. The following section replaces Section 3 of the Agreement in its entirety:

The Employee acknowledges that, regardless of any action taken by the Company or, if different, the Employee's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Employee's participation in the Plan and legally applicable to the Employee ("Tax-Related Items") is and remains the Employee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Employee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including, but not limited to, the grant or vesting of the Restricted Shares, the subsequent sale of shares of common stock acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Shares to reduce or eliminate the Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Employee is subject to Tax-Related Items in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Employee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Employee authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following methods: (i) requiring payment by the Employee to the Company, on demand, by cash, check or other method of payment as may be determined acceptable by the Company; (ii) withholding from the Employee's wages or other cash compensation paid to the Employee by the Company and/or the Employer; (iii) withholding from proceeds of the sale of shares of common stock at vesting of the Restricted Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on the Employee's behalf pursuant to this authorization) without further consent; or (ii) withholding shares of common stock at vesting of the Restricted Shares.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Employee will receive a refund of any over-withheld amount in cash and will have no entitlement to the common stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares of common stock, for tax purposes, the Employee is deemed to have been issued the full number of shares of common stock subject to the vested Restricted Shares, notwithstanding that a number of the shares of common stock are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Employee agrees to pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Employee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of common stock, if the Employee fails to comply with the Employee's obligations in connection with the Tax-Related Items.

Nature of Grant. The following section is added to Section 5 of the Agreement:

In accepting the grant, the Employee acknowledges, understands and agrees that: (1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan; (2) all decisions with respect to future Restricted Share or other grants, if any, will be at the sole discretion of the Company; (3) the Employee is voluntarily participating in the Plan; (4) the Restricted Shares are not intended to replace any pension rights or compensation; (5) the future value of the underlying shares of common stock is unknown, indeterminable and cannot be predicted with certainty; (6) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Shares resulting from the termination of the Employee's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or the terms of the Employee's employment agreement, if any), and in consideration of the grant of the Restricted Shares to which the Employee is otherwise not entitled, the Employee irrevocably agrees never to institute any claim against the Company, any of its Subsidiaries or the Employer, waives the Employee's ability, if any, to bring any such claim, and releases the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Employee shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; (7) for purposes of the Restricted Shares, the Employee's employment or service relationship will be considered terminated as of the date the Employee is no longer actively providing services to the Company or one of its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or providing services or the terms of the Employee's employment or service agreement, if any) and unless otherwise expressly provided in these Terms and Conditions or determined by the Company, the Employee's right to vest in the Restricted Shares under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, the Employee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Employee is employed or providing services or the terms of the Employee's employment or service agreement, if any); the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing services for purposes of the Employee's Restricted Share grant (including whether the Employee may still be considered to be providing services while on an approved leave of absence); (8) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Shares and the benefits evidenced by these Terms and Conditions do not create any entitlement to have the Restricted Shares or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; (9) the Restricted Shares and the shares of common stock subject to the Restricted Shares, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and (10) the Employee acknowledges and agrees that neither the Company, the Employer nor any subsidiary or affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Employee's local currency and the United States Dollar that may affect the value of the Restricted Shares or of any amounts due to the Employee pursuant to the settlement of the Restricted Shares or the subsequent sale of any shares of common stock acquired upon settlement.

No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Employee's participation in the Plan, or the Employee's acquisition or sale of the underlying shares of common stock. The Employee is hereby advised to consult with the Employee's own personal tax, legal and financial advisors regarding the Employee's participation in the Plan before taking any action related to the Plan.

Data Privacy. ***The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in the Agreement and any other Restricted Share grant materials ("Data") by and among, as applicable, the Employer, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.***

The Employee understands that the Company and the Employer may hold certain personal information about the Employee, including, but not limited to, the Employee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Shares or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Employee understands that Data will be transferred to a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Employee understands that the recipients of the Data may be located in the United States or elsewhere (including outside the EEA), and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Employee's country. The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative. The Employee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. Further, the Employee understands that the Employee is providing the consents herein on a purely voluntary basis. If the Employee does not consent, or if the Employee later seeks to revoke the Employee's consent, the Employee's employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Employee's consent is that the Company would not be able to grant the Employee Restricted Shares or other equity awards or administer or maintain such awards. Therefore, the Employee understands that refusing or withdrawing the Employee's consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

Language. If the Employee has received the Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

B. <u>COUNTRY-SPECIFIC ADDITIONAL TERMS AND CONDITIONS AND NOTIFICATIONS</u>

<u>BRAZIL</u>

TERMS AND CONDITIONS
Compliance with Law. By accepting the Restricted Shares, the Employee acknowledges that he or she agrees to comply with applicable Brazilian laws and pay any and all applicable taxes associated with the vesting of the Restricted Shares, the receipt of any dividends, and the sale of shares of common stock acquired under the Plan.

NOTIFICATIONS
Exchange Control Information. If the Employee is resident or domiciled in Brazil, he or she will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include shares of common stock.

<u>UNITED KINGDOM</u>

TERMS AND CONDITIONS
U.K. Sub-Plan. The terms of the U.K. Sub-plan apply to the grant of Restricted Shares.

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Earl J. Hesterberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 of Group 1 Automotive, Inc. (“registrant”);
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 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; and
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/ Earl J. Hesterberg
Earl J. Hesterberg
Chief Executive Officer

Date: August 5, 2021

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel J. McHenry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 of Group 1 Automotive, Inc. (“registrant”);
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 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; and
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/ Daniel J. McHenry

Daniel J. McHenry
Chief Financial Officer

Date: August 5, 2021

Exhibit 32.1

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF GROUP 1 AUTOMOTIVE, INC.
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2021 filed with the Securities and Exchange Commission on the date hereof (“Report”), I, Earl J. Hesterberg, Chief Executive Officer of Group 1 Automotive, Inc. (“Company”), hereby certify that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ Earl J. Hesterberg
Earl J. Hesterberg
Chief Executive Officer

Date: August 5, 2021

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF GROUP 1 AUTOMOTIVE, INC.
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2021 filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Daniel J. McHenry, Chief Financial Officer of Group 1 Automotive, Inc. ("Company"), hereby certify that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ Daniel J. McHenry

Daniel J. McHenry
Chief Financial Officer

Date: August 5, 2021