LITHIA MOTORS INC Form 10-Q August 02, 2017

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from to

Commission file number: 001-14733

LITHIA MOTORS, INC.

(Exact name of registrant as specified in its charter)

Oregon 93-0572810

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

150 N. Bartlett Street, Medford, Oregon 97501 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 541-776-6401

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] 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" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer [X] Accelerated filer [Non-accelerated filer [Mon-accelerated f

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes $[\]$ No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A common stock without par value 24,022,953 Class B common stock without par value 1,000,000

(Class) Outstanding at August 2, 2017

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LITHIA MOTORS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands)

(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$31,177	\$ 50,282
Accounts receivable, net of allowance for doubtful accounts of \$6,457 and \$5,281	359,010	417,714
Inventories, net	1,878,780	1,772,587
Other current assets	54,801	46,611
Total Current Assets	2,323,768	2,287,194
Property and equipment, net of accumulated depreciation of \$184,283 and \$167,300	1,067,104	1,006,130
Goodwill	259,399	259,399
Franchise value	184,763	184,268
Other non-current assets	141,461	107,159
Total Assets	\$3,976,495	\$ 3,844,150
Liabilities and Stockholders' Equity		
Current Liabilities:		
Floor plan notes payable	\$99,932	\$ 94,602
Floor plan notes payable: non-trade	1,534,715	1,506,895
Current maturities of long-term debt	20,901	20,965
Trade payables	89,795	88,423
Accrued liabilities	212,309	211,109
Total Current Liabilities	1,957,652	1,921,994
Long-term debt, less current maturities	777,814	769,916
Deferred revenue	92,335	81,929
Deferred income taxes	57,919	59,075
Other long-term liabilities	102,948	100,460
Total Liabilities	2,988,668	2,933,374
Stockholders' Equity:		
Preferred stock - no par value; authorized 15,000 shares; none outstanding	_	_
Class A common stock - no par value; authorized 100,000 shares; issued and outstanding 23,757 and 23,382	158,527	165,512
Class B common stock - no par value; authorized 25,000 shares; issued and outstanding	157	219
1,262 and 1,762	24.200	
Additional paid-in capital	34,280	41,225
Retained earnings	794,863	703,820
Total Stockholders' Equity	987,827	910,776
Total Liabilities and Stockholders' Equity	\$ <i>5</i> ,976,495	\$ 3,844,150

See accompanying condensed notes to consolidated financial statements.

LITHIA MOTORS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations (In thousands, except per share amounts) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
New vehicle	\$1,384,055	\$1,209,037	\$2,594,359	\$2,305,092
Used vehicle retail	633,635	553,647	1,235,858	1,086,373
Used vehicle wholesale	69,512	66,714	141,015	131,860
Finance and insurance	94,851	81,043	181,628	158,681