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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 1-13107

AUTONATION, INC.

(Exact name of registrant as specified in its charter)

Delaware	**73-1105145**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 SW 1st Avenue **Fort Lauderdale , Florida**	**33301**
(Address of principal executive offices)	(Zip Code)

(954)769-6000
(Registrant's telephone number, including area code)

N/A
(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	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AN**	**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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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, 2024, the registrant had 39,679,183 shares of common stock outstanding.

AUTONATION, INC.

FORM 10-Q

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

		Page
Item 1.	Financial Statements	
	Unaudited Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023	1
	Unaudited Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2024 and 2023	2
	Unaudited Condensed Consolidated Statements of Shareholders' Equity for the Three and Six Months Ended June 30, 2024 and 2023	3
	Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023	4
	Notes to Unaudited Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	54
Item 4.	Controls and Procedures	55
	PART II. OTHER INFORMATION	
Item 1A.	Risk Factors	56
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	57
Item 5.	Other Information	58
Item 6.	Exhibits	59

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AUTONATION, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 85.9	$ 60.8
Receivables, net	854.6	1,040.4
Inventory	3,553.9	3,033.4
Other current assets	357.0	172.3
Total Current Assets	4,851.4	4,306.9
AUTO LOANS RECEIVABLE, net of allowance for credit losses of $48.2 million and $46.3 million, respectively	709.4	402.4
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $2.2 billion and $2.1 billion, respectively	3,780.7	3,791.6
OPERATING LEASE ASSETS	404.9	392.1
GOODWILL	1,449.4	1,465.8
OTHER INTANGIBLE ASSETS, NET	924.3	927.8
OTHER ASSETS	708.5	693.4
Total Assets	$ 12,828.6	$ 11,980.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Vehicle floorplan payable - trade	$ 2,272.9	$ 1,760.0
Vehicle floorplan payable - non-trade	1,686.9	1,622.4
Accounts payable	338.9	344.7
Commercial paper	425.0	440.0
Current maturities of long-term debt	463.1	462.4
Current portion of non-recourse debt	16.8	8.8
Other current liabilities	1,013.5	944.2
Total Current Liabilities	6,217.1	5,582.5
LONG-TERM DEBT, NET OF CURRENT MATURITIES	3,123.5	3,127.9
NON-RECOURSE DEBT, NET OF CURRENT PORTION	471.5	249.6
NONCURRENT OPERATING LEASE LIABILITIES	373.3	363.2
DEFERRED INCOME TAXES	90.3	85.0
OTHER LIABILITIES	369.7	360.4
COMMITMENTS AND CONTINGENCIES (Note 14)		
SHAREHOLDERS' EQUITY:		
Common stock, par value $0.01 per share; 1,500,000,000 shares authorized; 63,562,149 shares issued at June 30, 2024, and December 31, 2023, including shares held in treasury	0.6	0.6
Additional paid-in capital	8.8	22.4
Retained earnings	4,959.9	4,643.0
Treasury stock, at cost; 23,882,966 and 21,917,635 shares held, respectively	(2,786.1)	(2,454.6)
Total Shareholders' Equity	2,183.2	2,211.4
Total Liabilities and Shareholders' Equity	$ 12,828.6	$ 11,980.0

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

AUTONATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
New vehicle	$ 3,122.5	$ 3,281.0	$ 6,101.8	$ 6,212.9
Used vehicle	1,911.1	2,088.0	3,907.2	4,120.6
Parts and service	1,117.1	1,145.3	2,289.5	2,235.1
Finance and insurance, net	324.0	369.5	658.7	701.9
Other	5.7	6.3	8.9	18.3
TOTAL REVENUE	6,480.4	6,890.1	12,966.1	13,288.8
Cost of sales:				
New vehicle	2,932.1	2,993.3	5,715.5	5,638.3
Used vehicle	1,799.7	1,953.7	3,684.3	3,831.9
Parts and service	580.5	602.8	1,197.1	1,181.5
Other	5.0	5.0	8.2	15.4
TOTAL COST OF SALES	5,317.3	5,554.8	10,605.1	10,667.1
Gross profit:				
New vehicle	190.4	287.7	386.3	574.6
Used vehicle	111.4	134.3	222.9	288.7
Parts and service	536.6	542.5	1,092.4	1,053.6
Finance and insurance	324.0	369.5	658.7	701.9
Other	0.7	1.3	0.7	2.9
TOTAL GROSS PROFIT	1,163.1	1,335.3	2,361.0	2,621.7
Selling, general, and administrative expenses	825.8	842.9	1,618.9	1,625.6
Depreciation and amortization	59.9	54.6	118.2	107.4
Other (income) expense, net	2.4	(1.4)	8.6	6.2
OPERATING INCOME	275.0	439.2	615.3	882.5
Non-operating income (expense) items:				
Floorplan interest expense	(53.9)	(32.8)	(103.3)	(59.9)
Other interest expense	(46.8)	(46.0)	(91.4)	(87.1)
Other income (loss), net	(0.1)	4.4	6.9	9.6
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	174.2	364.8	427.5	745.1
Income tax provision	44.0	92.3	107.2	184.8
NET INCOME FROM CONTINUING OPERATIONS	130.2	272.5	320.3	560.3
Income from discontinued operations, net of income taxes	—	—	—	0.9
NET INCOME	$ 130.2	$ 272.5	$ 320.3	$ 561.2
BASIC EARNINGS PER SHARE:				
Continuing operations	$ 3.22	$ 6.06	$ 7.77	$ 12.15
Discontinued operations	$ —	$ —	$ —	$ 0.02
Net income	$ 3.22	$ 6.06	$ 7.77	$ 12.17
Weighted average common shares outstanding	40.4	45.0	41.2	46.1
DILUTED EARNINGS PER SHARE:				
Continuing operations	$ 3.20	$ 6.02	$ 7.72	$ 12.08
Discontinued operations	$ —	$ —	$ —	$ 0.02
Net income	$ 3.20	$ 6.02	$ 7.72	$ 12.09
Weighted average common shares outstanding	40.7	45.3	41.5	46.4
COMMON SHARES OUTSTANDING, net of treasury stock, at period end	39.7	44.0	39.7	44.0

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

AUTONATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except share data)

	Six Months Ended June 30, 2024					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
BALANCE AT DECEMBER 31, 2023	63,562,149	$ 0.6	$ 22.4	$ 4,643.0	$ (2,454.6)	$ 2,211.4
Net income	—	—	—	190.1	—	190.1
Repurchases of common stock, including excise tax	—	—	—	—	(38.8)	(38.8)
Stock-based compensation expense	—	—	14.1	—	—	14.1
Shares awarded under stock-based compensation plans, net of shares withheld for taxes	—	—	(34.5)	(3.4)	20.9	(17.0)
BALANCE AT MARCH 31, 2024	63,562,149	$ 0.6	$ 2.0	$ 4,829.7	$ (2,472.5)	$ 2,359.8
Net income	—	—	—	130.2	—	130.2
Repurchases of common stock, including excise tax	—	—	—	—	(314.4)	(314.4)
Stock-based compensation expense	—	—	7.6	—	—	7.6
Shares awarded under stock-based compensation plans, net of shares withheld for taxes	—	—	(0.8)	—	0.8	—
BALANCE AT JUNE 30, 2024	63,562,149	$ 0.6	$ 8.8	$ 4,959.9	$ (2,786.1)	$ 2,183.2

	Six Months Ended June 30, 2023					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
BALANCE AT DECEMBER 31, 2022	63,562,149	$ 0.6	$ 3.1	$ 3,663.7	$ (1,619.6)	$ 2,047.8
Net income	—	—	—	288.7	—	288.7
Repurchases of common stock, including excise tax	—	—	—	—	(307.5)	(307.5)
Stock-based compensation expense	—	—	15.1	—	—	15.1
Shares awarded under stock-based compensation plans, net of shares withheld for taxes	—	—	(15.2)	(41.8)	33.2	(23.8)
BALANCE AT MARCH 31, 2023	63,562,149	$ 0.6	$ 3.0	$ 3,910.6	$ (1,893.9)	$ 2,020.3
Net income	—	—	—	272.5	—	272.5
Repurchases of common stock, including excise tax	—	—	—	—	(209.5)	(209.5)
Stock-based compensation expense	—	—	8.3	—	—	8.3
Shares awarded under stock-based compensation plans, net of shares withheld for taxes	—	—	(0.3)	—	0.5	0.2
BALANCE AT JUNE 30, 2023	63,562,149	$ 0.6	$ 11.0	$ 4,183.1	$ (2,102.9)	$ 2,091.8

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

AUTONATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Six Months Ended June 30,	
	2024	**2023**
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income	$ 320.3	$ 561.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations	—	(0.9)
Depreciation and amortization	118.2	107.4
Amortization of debt issuance costs and accretion of debt discounts	4.6	4.8
Stock-based compensation expense	21.7	23.4
Provision for credit losses on auto loans receivable	17.9	22.7
Deferred income tax provision	5.3	2.8
Gain on corporate-owned life insurance asset	(7.7)	(9.1)
Other	3.7	2.4
(Increase) decrease, net of effects from business acquisitions and divestitures:		
Receivables	185.8	20.7
Auto loans receivable, net	(370.6)	(50.1)
Inventory	(611.3)	(485.8)
Other assets	10.1	(52.4)
Increase (decrease), net of effects from business acquisitions and divestitures:		
Vehicle floorplan payable - trade	559.3	265.2
Accounts payable	(8.7)	53.4
Other liabilities	(13.7)	41.6
Net cash provided by continuing operations	234.9	507.3
Net cash used in discontinued operations	—	(0.3)
Net cash provided by operating activities	234.9	507.0
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchases of property and equipment	(181.2)	(199.0)
Cash paid for business acquisitions, net of cash acquired	—	(268.9)
Originations of auto loans receivable acquired through third-party dealers	—	(91.8)
Collections on auto loans receivable acquired through third-party dealers	45.6	76.7
Other	(0.8)	(4.5)
Net cash used in continuing operations	(136.4)	(487.5)
Net cash used in discontinued operations	—	—
Net cash used in investing activities	(136.4)	(487.5)

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

AUTONATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

(Continued)

	Six Months Ended June 30,	
	2024	**2023**
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Repurchases of common stock	(350.0)	(523.2)
Net proceeds from (payments of) commercial paper	(15.0)	415.0
Proceeds from non-recourse debt	623.0	63.9
Payments of non-recourse debt	(393.9)	(126.9)
Payment of debt issuance costs	(1.1)	—
Net proceeds from vehicle floorplan payable - non-trade	94.8	171.4
Payments of other debt obligations	(6.5)	(6.2)
Proceeds from the exercise of stock options	0.3	1.5
Payments of tax withholdings for stock-based awards	(17.3)	(25.1)
Net cash used in continuing operations	(65.7)	(29.6)
Net cash used in discontinued operations	—	—
Net cash used in financing activities	(65.7)	(29.6)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	32.8	(10.1)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH at beginning of period	77.0	95.4
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH at end of period	$ 109.8	$ 85.3

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

AUTONATION, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share data)

1. INTERIM FINANCIAL STATEMENTS

Business and Basis of Presentation

AutoNation, Inc., through its subsidiaries, is one of the largest automotive retailers in the United States. As of June 30, 2024, we owned and operated 347 new vehicle franchises from 251 stores located in the United States, predominantly in major metropolitan markets in the Sunbelt region. Our stores, which we believe include some of the most recognizable and well-known in our key markets, sell 32 different new vehicle brands. The core brands of new vehicles that we sell, representing approximately 88% of the new vehicles that we sold during the six months ended June 30, 2024, are manufactured by Toyota (including Lexus), Honda, Ford, General Motors, BMW, Mercedes-Benz, Stellantis, and Volkswagen (including Audi and Porsche). As of June 30, 2024, we also owned and operated 52 AutoNation-branded collision centers, 23 AutoNation USA used vehicle stores, 4 AutoNation-branded automotive auction operations, 3 parts distribution centers, a mobile automotive repair and maintenance business, and an auto finance company.

We offer a diversified range of automotive products and services, including new vehicles, used vehicles, "parts and service" (also referred to as "After-Sales"), which includes automotive repair and maintenance services as well as wholesale parts and collision businesses, and automotive "finance and insurance" products (also referred to as "Customer Financial Services"), which include vehicle service and other protection products, as well as the arranging of financing for vehicle purchases through third-party finance sources. We also offer indirect financing through our captive finance company on vehicles we sell. For convenience, the terms "AutoNation," "Company," and "we" are used to refer collectively to AutoNation, Inc. and its subsidiaries, unless otherwise required by the context. Our store and other operations are conducted by our subsidiaries.

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of AutoNation, Inc. and its subsidiaries; intercompany accounts and transactions have been eliminated. The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. Additionally, operating results for interim periods are not necessarily indicative of the results that can be expected for a full year. The Unaudited Condensed Consolidated Financial Statements herein should be read in conjunction with our audited Consolidated Financial Statements and notes thereto included within our most recent Annual Report on Form 10-K. These Unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to fairly state, in all material respects, our financial position and results of operations for the periods presented.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. We periodically evaluate estimates and assumptions used in the preparation of the financial statements and make changes on a prospective basis when adjustments are necessary. Such estimates and assumptions affect, among other things, our goodwill, indefinite-lived intangible asset, and long-lived asset valuations; inventory valuation; equity investment valuation; assets held for sale; assessments of variable consideration and related constraints associated with retrospective commissions; accruals for chargebacks against revenue recognized from the sale of finance and insurance products; accruals related to self-insurance programs; certain legal proceedings; assessment of the annual income tax expense; valuation of deferred income taxes and income tax contingencies; the allowance for expected credit losses; and measurement of performance-based compensation costs.

Certain reclassifications of amounts previously reported have been made to the accompanying Unaudited Condensed Consolidated Financial Statements in order to maintain consistency and comparability between periods presented.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, that requires presentation of specific categories of reconciling items, as well as reconciling items that meet a quantitative threshold, in the reconciliation between the income tax provision and the income tax provision using statutory tax rates. The standard also requires disclosure of income taxes paid disaggregated by jurisdiction with separate disclosure of income taxes paid to individual jurisdictions that meet a quantitative threshold. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2024, on a prospective basis. Early adoption and retrospective application are permitted. We do not expect the adoption of this accounting standard to have an impact on our consolidated financial statements, but will require certain additional disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, that requires disclosure of significant segment expenses that are regularly reviewed by the chief operating decision maker and included within each reported measure of segment profit or loss. The standard also requires disclosure of the composition of other segment items included in the measure of segment profit or loss that are not separately disclosed. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We do not expect the adoption of this accounting standard to have an impact on our consolidated financial statements, but will require certain additional disclosures.

2. REVENUE RECOGNITION

Disaggregation of Revenue

The significant majority of our revenue is from contracts with customers. Taxes assessed by governmental authorities that are directly imposed on revenue transactions are excluded from revenue and expenses. In the following tables, revenue is disaggregated by major lines of goods and services and timing of transfer of goods and services. The tables also include a reconciliation of the disaggregated revenue to reportable segment revenue.

	Three Months Ended June 30, 2024				
	Domestic	Import	Premium Luxury	Corporate and other[1]	Total
Major Goods/Service Lines					
New vehicle	$ 841.9	$ 1,067.3	$ 1,213.3	$ —	$ 3,122.5
Used vehicle	516.2	544.6	687.7	162.6	1,911.1
Parts and service	283.0	289.4	397.3	147.4	1,117.1
Finance and insurance, net	96.8	115.2	99.9	12.1	324.0
Other	1.5	2.3	0.2	1.7	5.7
	$ 1,739.4	$ 2,018.8	$ 2,398.4	$ 323.8	$ 6,480.4
Timing of Revenue Recognition					
Goods and services transferred at a point in time	$ 1,529.9	$ 1,788.5	$ 2,055.1	$ 221.9	$ 5,595.4
Goods and services transferred over time[2]	209.5	230.3	343.3	101.9	885.0
	$ 1,739.4	$ 2,018.8	$ 2,398.4	$ 323.8	$ 6,480.4

	Three Months Ended June 30, 2023				
	Domestic	Import	Premium Luxury	Corporate and other[1]	Total
Major Goods/Service Lines					
New vehicle	$ 923.0	$ 1,011.2	$ 1,346.8	$ —	$ 3,281.0
Used vehicle	619.0	563.2	756.9	148.9	2,088.0
Parts and service	298.7	291.3	400.3	155.0	1,145.3
Finance and insurance, net	114.3	128.0	115.8	11.4	369.5
Other	0.5	4.0	0.7	1.1	6.3
	$ 1,955.5	$ 1,997.7	$ 2,620.5	$ 316.4	$ 6,890.1
Timing of Revenue Recognition					
Goods and services transferred at a point in time	$ 1,740.1	$ 1,771.5	$ 2,278.3	$ 210.6	$ 6,000.5
Goods and services transferred over time[2]	215.4	226.2	342.2	105.8	889.6
	$ 1,955.5	$ 1,997.7	$ 2,620.5	$ 316.4	$ 6,890.1

AUTONATION, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	Six Months Ended June 30, 2024				
	Domestic	Import	Premium Luxury	Corporate and other[1]	Total
Major Goods/Service Lines					
New vehicle	$ 1,656.3	$ 2,074.1	$ 2,371.4	$ —	$ 6,101.8
Used vehicle	1,059.2	1,101.8	1,423.9	322.3	3,907.2
Parts and service	585.1	584.1	814.5	305.8	2,289.5
Finance and insurance, net	193.8	234.4	203.2	27.3	658.7
Other	1.7	3.9	0.3	3.0	8.9
	$ 3,496.1	$ 3,998.3	$ 4,813.3	$ 658.4	$ 12,966.1
Timing of Revenue Recognition					
Goods and services transferred at a point in time	$ 3,068.2	$ 3,536.8	$ 4,113.1	$ 451.0	$ 11,169.1
Goods and services transferred over time[2]	427.9	461.5	700.2	207.4	1,797.0
	$ 3,496.1	$ 3,998.3	$ 4,813.3	$ 658.4	$ 12,966.1

	Six Months Ended June 30, 2023				
	Domestic	Import	Premium Luxury	Corporate and other[1]	Total
Major Goods/Service Lines					
New vehicle	$ 1,751.0	$ 1,867.6	$ 2,594.3	$ —	$ 6,212.9
Used vehicle	1,231.3	1,105.3	1,502.7	281.3	4,120.6
Parts and service	586.3	559.7	786.5	302.6	2,235.1
Finance and insurance, net	216.6	240.4	220.8	24.1	701.9
Other	1.4	14.0	1.1	1.8	18.3
	$ 3,786.6	$ 3,787.0	$ 5,105.4	$ 609.8	$ 13,288.8
Timing of Revenue Recognition					
Goods and services transferred at a point in time	$ 3,369.4	$ 3,358.4	$ 4,437.7	$ 405.3	$ 11,570.8
Goods and services transferred over time[2]	417.2	428.6	667.7	204.5	1,718.0
	$ 3,786.6	$ 3,787.0	$ 5,105.4	$ 609.8	$ 13,288.8

[1] "Corporate and other" is comprised of our non-franchised businesses, including AutoNation USA used vehicle stores, collision centers, parts distribution centers, auction operations, and AutoNation Mobile Service.

[2] Represents revenue recognized during the period for automotive repair and maintenance services.

Transaction Price Allocated to Remaining Performance Obligations

We sell a vehicle maintenance program (the AutoNation Vehicle Care Program or "VCP") under which a customer purchases a specific number of maintenance services to be redeemed at an AutoNation location over a five-year term from the date of purchase. We satisfy our performance obligations related to this program and recognize revenue as the maintenance services are rendered, since the customer benefits when we have completed the maintenance service.

The following table includes estimated revenue expected to be recognized in the future related to VCP performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period:

	Revenue Expected to Be Recognized by Period			
	Total	Next 12 Months	13 - 36 Months	37 - 60 Months
Revenue expected to be recognized on VCP contracts sold as of period end	$ 110.5	$ 37.9	$ 54.0	$ 18.6

As a practical expedient, since all other automotive repair and maintenance services are generally performed within one year or less, we do not disclose estimated revenue expected to be recognized in the future for all other automotive repair and maintenance performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period or when we expect to recognize such revenue.

Contract Assets and Liabilities

When the timing of our provision of goods or services is different from the timing of payments made by our customers, we recognize either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). Contract assets primarily relate to our right to consideration for work in process not yet billed at the reporting date associated with automotive repair and maintenance services, as well as our estimate of variable consideration that has been included in the transaction price for certain finance and insurance products (retrospective commissions). These contract assets are reclassified to receivables when the right to consideration becomes unconditional. Contract liabilities primarily relate to upfront payments received from customers for the sale of VCP contracts.

Our receivables from contracts with customers are included in Receivables, net, our current contract asset is included in Other Current Assets, our long-term contract asset is included in Other Assets, our current contract liability is included in Other Current Liabilities, and our long-term contract liability is included in Other Liabilities in our Unaudited Condensed Consolidated Balance Sheets.

The following table provides the balances of our receivables from contracts with customers and our current and long-term contract assets and contract liabilities:

	June 30, 2024	December 31, 2023
Receivables from contracts with customers, net	$ 640.6	$ 762.0
Contract Asset (Current)	$ 18.8	$ 23.1
Contract Asset (Long-Term)	$ 2.1	$ 3.2
Contract Liability (Current)	$ 43.6	$ 42.5
Contract Liability (Long-Term)	$ 72.6	$ 70.6

The change in the balances of our contract assets and contract liabilities primarily result from the timing differences between our performance and the customer's payment, as well as changes in the estimated transaction price related to variable consideration for performance obligations satisfied in previous periods. The following table presents revenue recognized during the period from amounts included in the contract liability balance at the beginning of the period and adjustments to revenue related to performance obligations satisfied in previous periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amounts included in contract liability at the beginning of the period	$ 9.5	$ 9.0	$ 19.3	$ 18.4
Performance obligations satisfied in previous periods	$ (0.7)	$ (0.3)	$ (0.4)	$ (2.6)

Other significant changes include contract assets reclassified to receivables of $23.8 million for the six months ended June 30, 2024, and $28.7 million for the six months ended June 30, 2023.

3. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding for the period, including vested restricted stock unit ("RSU") awards. Diluted EPS is calculated using the treasury stock method by dividing net income by the weighted average number of shares outstanding, noted above, including the dilutive effect of unvested RSU awards and stock options.

The following table presents the calculation of basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income from continuing operations	$ 130.2	$ 272.5	$ 320.3	$ 560.3
Income from discontinued operations, net of income taxes	—	—	—	0.9
Net income	$ 130.2	$ 272.5	$ 320.3	$ 561.2
Basic weighted average common shares outstanding	40.4	45.0	41.2	46.1
Dilutive effect of unvested RSUs and stock options	0.3	0.3	0.3	0.3
Diluted weighted average common shares outstanding	40.7	45.3	41.5	46.4
Basic EPS amounts[1]:				
Continuing operations	$ 3.22	$ 6.06	$ 7.77	$ 12.15
Discontinued operations	$ —	$ —	$ —	$ 0.02
Net income	$ 3.22	$ 6.06	$ 7.77	$ 12.17
Diluted EPS amounts[1]:				
Continuing operations	$ 3.20	$ 6.02	$ 7.72	$ 12.08
Discontinued operations	$ —	$ —	$ —	$ 0.02
Net income	$ 3.20	$ 6.02	$ 7.72	$ 12.09

[1] EPS amounts are calculated discretely and, therefore, may not add up to the total due to rounding.

In June 2024, our business was impacted by an outage of our dealer management system provided by CDK Global, which is used to support our dealership operations, including our sales, service, inventory, customer relationship management, and accounting functions. As a result, our results of operations and earnings per share for the three and six months ended June 30, 2024, were negatively impacted by lost income from the disruption to our operations and one-time compensation costs paid to commission-based associates to ensure business continuity.

A summary of anti-dilutive equity instruments excluded from the computation of diluted EPS is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Anti-dilutive equity instruments excluded from the computation of diluted EPS	—	—	0.1	—

4. RECEIVABLES, NET

The components of receivables, net of allowances for expected credit losses, are as follows:

	June 30, 2024	December 31, 2023
Contracts-in-transit and vehicle receivables	$ 397.3	$ 553.8
Trade receivables	146.1	173.2
Manufacturer receivables	204.7	240.5
Income taxes receivable (see Note 9)	18.9	11.1
Other	89.8	63.9
	856.8	1,042.5
Less: allowances for expected credit losses	(2.2)	(2.1)
Receivables, net	$ 854.6	$ 1,040.4

Contracts-in-transit and vehicle receivables primarily represent receivables from financial institutions for the portion of the vehicle sales price financed by our customers. Trade receivables represent amounts due for parts and services sold, excluding amounts due from manufacturers, as well as receivables from finance organizations for commissions on the sale of finance and insurance products. Manufacturer receivables represent amounts due from manufacturers for holdbacks, rebates, incentives, floorplan assistance, and warranty claims. We evaluate our receivables for collectability based on past collection experience, current information, and reasonable and supportable forecasts.

5. AUTO LOANS RECEIVABLE

Auto loans receivable include amounts due from customers related to retail vehicle sales financed through our auto finance company (referred to as AutoNation Finance), as well as retail vehicle installment sales contracts acquired through third-party independent dealers prior to October 2023. Auto loans receivable are presented net of an allowance for expected credit losses. Auto loans receivable represent a large group of smaller-balance homogeneous loans, which we consider to be part of one class of financing receivable and one portfolio segment for purposes of determining our allowance for expected credit losses.

AutoNation Finance operating results include the interest and fee income generated by auto loans receivable less the interest expense associated with the debt issued to fund these receivables, a provision for estimated credit losses, and direct expenses. AutoNation Finance operating results are included as a component of Other Expense, Net (within Operating Income). Interest income on auto loans receivable is recognized when earned based on contractual loan terms. Direct costs associated with loan originations are capitalized and amortized using the effective interest method.

Auto Loans Receivable, Net

The components of auto loans receivable, net of unearned discounts and allowances for expected credit losses, at June 30, 2024, and December 31, 2023, are as follows:

	June 30, 2024	December 31, 2023
Total auto loans receivable	$ 755.5	$ 451.2
Accrued interest and fees	6.2	4.8
Deferred loan origination costs	2.7	1.6
Less: unearned discounts	(6.8)	(8.9)
Less: allowances for expected credit losses	(48.2)	(46.3)
Auto loans receivable, net	$ 709.4	$ 402.4

Credit Quality

We utilize proprietary credit scoring models to rate the risk of default for customers that apply for financing by evaluating customer credit history and certain credit application information, including information such as income, collateral, and down

payment. The scoring models yield credit program tiers that reflect our internal credit risk ratings and represent the relative likelihood of repayment. The assigned credit tier influences the terms of the agreement, such as the required loan-to-value ratio and interest rate. After origination, credit tier assignments by customer are generally not updated. Loan performance is reviewed on a recurring basis to identify whether the assigned credit tiers adequately reflect the customers' likelihood of repayment, and if needed, adjustments are made to the scoring models on a prospective basis.

Auto Loans Receivable by Major Credit Program

The following tables present auto loans receivable as of June 30, 2024, and December 31, 2023, disaggregated by major credit program tier, in descending order of highest likelihood of repayment:

		Fiscal Year of Origination						
As of June 30, 2024	**Weighted Average FICO Score**	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior to 2020**	**Total**
Credit Program Tier[1]:								
Palladium	733	$ 63.3	$ —	$ —	$ —	$ —	$ —	$ 63.3
Rhodium	699	60.2	21.0	0.1	—	—	—	81.3
Platinum	647	246.4	108.5	11.6	6.4	2.3	1.7	376.9
Gold	617	36.6	52.4	27.9	14.0	4.6	2.8	138.3
Silver	583	0.2	40.6	25.0	11.5	3.3	1.4	82.0
Bronze	554	0.1	5.4	0.5	4.3	1.0	—	11.3
Copper	559	—	0.2	0.1	1.8	0.3	—	2.4
Total auto loans receivable		$ 406.8	$ 228.1	$ 65.2	$ 38.0	$ 11.5	$ 5.9	$ 755.5
Current-period gross write-offs		$ 0.7	$ 12.9	$ 7.9	$ 4.8	$ 1.4	$ 0.5	$ 28.2

		Fiscal Year of Origination						
As of December 31, 2023	**Weighted Average FICO Score**	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior to 2019**	**Total**
Credit Program Tier[1]:								
Rhodium	701	$ 27.6	$ 0.1	$ —	$ —	$ —	$ —	$ 27.7
Platinum	644	136.3	14.7	8.2	3.3	3.1	0.5	166.1
Gold	612	64.3	35.9	18.5	6.8	4.5	0.8	130.8
Silver	583	50.2	33.0	16.2	5.2	2.8	0.3	107.7
Bronze	556	6.7	0.7	6.0	1.5	0.1	—	15.0
Copper	558	0.3	0.2	2.8	0.5	0.1	—	3.9
Total auto loans receivable		$ 285.4	$ 84.6	$ 51.7	$ 17.3	$ 10.6	$ 1.6	$ 451.2

[1] Classified based on credit grade assigned when customer was initially approved for financing.

Allowance for Credit Losses

The allowance for credit losses represents the net credit losses expected over the remaining contractual life of our auto loans receivable. The allowance for credit losses is determined using a vintage-level statistical model that captures the relationship between historical changes in gross losses and the lifetime loss curves by month on book, credit tiers at origination, and seasonality, adjusted for expected recoveries based on historical recovery trends. The credit loss model also incorporates reasonable and supportable forecasts about the future utilizing a forecast of a macroeconomic variable, specifically, the change in U.S. disposable personal income, which we believe is most strongly correlated to evaluating and predicting expected credit losses of our auto loans receivable. We utilize a reasonable and supportable forecast period of one year, after which we immediately revert to historical experience.

We periodically consider whether the use of alternative variables would result in improved credit loss model accuracy and revise the model when appropriate. We also consider whether qualitative adjustments are necessary for factors that are not reflected in the quantitative methods but impact the measurement of estimated credit losses. Such adjustments include the expectations of the impact of recent economic trends on customer behavior.

The net loss estimate is calculated by applying the loss rates developed using the methods described above to the amortized cost basis of the auto loans receivable. The change in the allowance for credit losses is recognized through an adjustment to the provision for credit losses.

Rollforward of Allowance for Credit Losses

The following is a rollforward of our allowance for expected credit losses for auto loans receivable for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	**2023**
Balance as of beginning of year	$ 46.3	$ 57.5
Provision for credit losses	17.9	22.7
Write-offs	(28.2)	(30.6)
Recoveries[(1)]	12.2	13.5
Balance as of end of period	$ 48.2	$ 63.1

[(1)] Includes proceeds from the recovery of vehicle collateral, net of costs incurred.

Past Due Auto Loans Receivable

An account is considered delinquent if 95% of the required principal and interest payments have not been received as of the date such payments were due. All loans continue to accrue interest until repayment, write-off, or when a loan reaches 75 days past due. If payment is received after a loan has stopped accruing interest due to reaching 75 days past due, the loan will be deemed current and the accrual of interest resumes. When a write-off occurs, accrued interest is written off by reversing interest income. Payments received on nonaccrual assets are recorded using a combination of the cost recovery method and the cash basis method depending on whether the related loan has been written off. In general, accounts are written off on the last business day of the month during which the earliest of the following occurs: the receivable is 120 days or more delinquent as of the last business day of the month, the vehicle has been repossessed and liquidated, or the related vehicle has been in repossession inventory for at least 60 days. The following table presents past due auto loans receivable, as of June 30, 2024, and December 31, 2023:

	Age Analysis of Past-Due Auto Loans Receivable as of	
	June 30, 2024	**December 31, 2023**
31-60 Days	$ 20.6	$ 20.7
61-90 Days	5.3	5.4
Greater than 90 Days	2.6	3.1
Total Past Due	$ 28.5	$ 29.2
Current	727.0	422.0
Total	$ 755.5	$ 451.2

6. INVENTORY AND VEHICLE FLOORPLAN PAYABLE

The components of inventory are as follows:

	June 30, 2024	December 31, 2023
New vehicles	$ 2,600.0	$ 1,948.6
Used vehicles	695.2	815.3
Parts, accessories, and other	258.7	269.5
Inventory	$ 3,553.9	$ 3,033.4

The components of vehicle floorplan payable are as follows:

	June 30, 2024	December 31, 2023
Vehicle floorplan payable - trade	$ 2,272.9	$ 1,760.0
Vehicle floorplan payable - non-trade	1,686.9	1,622.4
Vehicle floorplan payable	$ 3,959.8	$ 3,382.4

Vehicle floorplan payable-trade reflects amounts borrowed to finance the purchase of specific new and, to a lesser extent, used vehicle inventories with the corresponding manufacturers' captive finance subsidiaries ("trade lenders"). Vehicle floorplan payable-non-trade represents amounts borrowed to finance the purchase of specific new and, to a lesser extent, used vehicle inventories with non-trade lenders, as well as amounts borrowed under our secured used vehicle floorplan facilities. Changes in vehicle floorplan payable-trade are reported as operating cash flows and changes in vehicle floorplan payable-non-trade are reported as financing cash flows in the accompanying Unaudited Condensed Consolidated Statements of Cash Flows.

Our inventory costs are generally reduced by manufacturer holdbacks, incentives, floorplan assistance, and non-reimbursement-based manufacturer advertising rebates, while the related vehicle floorplan payables are reflective of the gross cost of the vehicle. The vehicle floorplan payables, as shown in the above table, may also be higher than the inventory cost due to the timing of the sale of a vehicle and payment of the related liability.

Vehicle floorplan facilities are due on demand, but in the case of new vehicle inventories, are generally paid within several business days after the related vehicles are sold. Vehicle floorplan facilities are primarily collateralized by vehicle inventories and related receivables.

At June 30, 2024, our new vehicle floorplan facilities utilized Prime-based and SOFR-based interest rates. Our new vehicle floorplan outstanding had a weighted-average interest rate of 7.1% at June 30, 2024, and 7.1% at December 31, 2023. As of June 30, 2024, the aggregate capacity under our new vehicle floorplan facilities to finance our new vehicle inventory was approximately $4.8 billion, of which $3.4 billion had been borrowed.

At June 30, 2024, our used vehicle floorplan facilities utilized Prime-based and SOFR-based interest rates. Our used vehicle floorplan outstanding had a weighted-average interest rate of 6.8% at June 30, 2024, and 6.9% at December 31, 2023. As of June 30, 2024, the aggregate capacity under our used vehicle floorplan facilities with various lenders to finance a portion of our used vehicle inventory was $810.0 million, of which $551.5 million had been borrowed. The remaining borrowing capacity of $258.5 million was limited to $0.3 million based on the eligible used vehicle inventory that could have been pledged as collateral.

7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill and intangible assets, net, consist of the following:

	June 30, 2024	December 31, 2023
Goodwill	$ 1,449.4	$ 1,465.8
Franchise rights - indefinite-lived	$ 876.2	$ 876.2
Other intangibles	68.0	68.0
	944.2	944.2
Less: accumulated amortization	(19.9)	(16.4)
Other intangible assets, net	$ 924.3	$ 927.8

Goodwill for our reporting units and our franchise rights assets are tested for impairment annually as of April 30 or more frequently when events or changes in circumstances indicate that impairment may exist.

Under accounting standards, we chose to perform quantitative tests for our annual goodwill impairment testing as of April 30, 2024, and no impairment charges resulted from these quantitative tests. We elected to perform quantitative franchise rights impairment tests as of April 30, 2024, and no impairment charges resulted from these quantitative tests.

See Note 13 of the Notes to Unaudited Condensed Consolidated Financial Statements for information about our annual impairment tests of goodwill and franchise rights.

8. DEBT

Non-Vehicle Long-Term Debt

Non-vehicle long-term debt consisted of the following:

Debt Description	Maturity Date	Interest Payable	June 30, 2024	December 31, 2023
3.5% Senior Notes	November 15, 2024	May 15 and November 15	$ 450.0	$ 450.0
4.5% Senior Notes	October 1, 2025	April 1 and October 1	450.0	450.0
3.8% Senior Notes	November 15, 2027	May 15 and November 15	300.0	300.0
1.95% Senior Notes	August 1, 2028	February 1 and August 1	400.0	400.0
4.75% Senior Notes	June 1, 2030	June 1 and December 1	500.0	500.0
2.4% Senior Notes	August 1, 2031	February 1 and August 1	450.0	450.0
3.85% Senior Notes	March 1, 2032	March 1 and September 1	700.0	700.0
Revolving credit facility	July 18, 2028	Monthly	—	—
Finance leases and other debt	Various dates through 2041		356.4	362.2
			3,606.4	3,612.2
Less: unamortized debt discounts and debt issuance costs			(19.8)	(21.9)
Less: current maturities			(463.1)	(462.4)
Long-term debt, net of current maturities			$ 3,123.5	$ 3,127.9

Senior Unsecured Notes and Credit Agreement

Our 3.5% Senior Notes due 2024 will mature on November 15, 2024, and were, therefore, reclassified to current during the fourth quarter of 2023.

The interest rates payable on our 3.5% Senior Notes, 4.5% Senior Notes, 3.8% Senior Notes, and 4.75% Senior Notes are subject to adjustment upon the occurrence of certain credit rating events as provided in the indentures for these senior unsecured notes.

Under our amended and restated credit agreement, we have a $1.9 billion revolving credit facility that matures on July 18, 2028. The credit agreement also contains an accordion feature that allows us, subject to credit availability and certain other conditions, to increase the amount of the revolving credit facility, together with any added term loans, by up to $500.0 million in the aggregate. As of June 30, 2024, we had no borrowings outstanding under our revolving credit facility. We have a $200.0 million letter of credit sublimit as part of the revolving credit facility. The amount available to be borrowed under the revolving credit facility is reduced on a dollar-for-dollar basis by the cumulative amount of any outstanding letters of credit, which was $0.8 million at June 30, 2024, leaving a borrowing capacity under our credit agreement of $1.9 billion at June 30, 2024.

Our revolving credit facility under our amended and restated credit agreement provides for a commitment fee on undrawn amounts ranging from 0.125% to 0.20% and interest on borrowings at SOFR plus a credit spread adjustment of 0.10% or the base rate, in each case plus an applicable margin. The applicable margin ranges from 1.125% to 1.50% for SOFR borrowings and 0.125% to 0.50% for base rate borrowings. The interest rate charged for our revolving credit facility is affected by our leverage ratio.

Within the meaning of Regulation S-X, Rule 3-10, AutoNation, Inc. (the parent company) has no independent assets or operations. If guarantees of our subsidiaries were to be issued under our existing registration statement, we expect that such guarantees would be full and unconditional and joint and several, and any subsidiaries other than the guarantor subsidiaries would be minor.

Other Long-Term Debt

At June 30, 2024, we had finance leases and other debt obligations of $356.4 million, which are due at various dates through 2041.

Commercial Paper

We have a commercial paper program pursuant to which we may issue short-term, unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of $1.9 billion. The interest rate for the commercial paper notes varies based on duration and market conditions. The maturities of the commercial paper notes may vary, but may not exceed 397 days from the date of issuance. Proceeds from the issuance of commercial paper notes are used to repay borrowings under the revolving credit facility, to finance acquisitions, and for strategic initiatives, working capital, capital expenditures, share repurchases, and/or other general corporate purposes. We plan to use the revolving credit facility under our credit agreement as a liquidity backstop for borrowings under the commercial paper program. A downgrade in our credit ratings could negatively impact our ability to issue, or the interest rates for, commercial paper notes.

At June 30, 2024, we had $425.0 million of commercial paper notes outstanding with a weighted-average annual interest rate of 6.0% and a weighted-average remaining term of 8 days. At December 31, 2023, we had $440.0 million of commercial paper notes outstanding with a weighted-average annual interest rate of 5.9% and a weighted-average remaining term of 6 days.

Non-Recourse Debt

Non-recourse debt relates to auto loans receivable of our captive auto finance company funded through non-recourse funding facilities, including warehouse facilities and asset-backed term funding transactions.

We have three warehouse facility agreements with certain banking institutions through wholly-owned, bankruptcy-remote, special purpose entities, primarily to finance the purchase and origination of auto loans receivable. We fund auto loans receivable through these warehouse facilities, which are secured by the eligible auto loans receivable pledged as collateral.

Additionally, we have term securitizations that were put in place to provide long-term funding for certain auto loans receivable initially funded through the warehouse facilities. In these transactions, a pool of auto loans receivable is sold to a bankruptcy-remote, special purpose entity that, in turn, transfers the receivables to a special purpose securitization trust (“term securitization trust”). The term securitization trust issues asset-backed securities, secured or otherwise supported by the transferred receivables, and the proceeds from the sale of the asset-backed securities are used to finance the securitized receivables.

We are required to evaluate the term securitization trusts for consolidation. We retain the servicing rights for the auto loans receivable that were funded through the term securitizations. In our capacity as servicer of the underlying auto loans receivable, we have the power to direct the activities of the trusts that most significantly impact the economic performance of the trusts. In addition, we have the obligation to absorb losses (subject to limitations) and the rights to receive any returns of the trusts, which could be significant. Accordingly, we are the primary beneficiary of the trusts and are required to consolidate them.

We recognize transfers of auto loans receivable into the warehouse facilities and term securitizations (together, "non-recourse debt") as secured borrowings, which result in recording the auto loans receivable and the related non-recourse debt on our Unaudited Condensed Consolidated Balance Sheets. The non-recourse debt is structured to legally isolate the auto loans receivable, which can only be used as collateral to settle obligations of the related non-recourse debt. The term securitization trusts and investors and the creditors of the warehouse facilities have no recourse to our assets for payment of the debt beyond the related receivables, the amounts on deposit in reserve accounts, and the restricted cash from collections on auto loans receivable.

Non-recourse debt outstanding at June 30, 2024, and December 31, 2023, consisted of the following:

	June 30, 2024	December 31, 2023
Warehouse facilities	$ 453.0	$ 209.4
Term securitization debt of consolidated VIEs	36.1	50.5
	489.1	259.9
Less: unamortized debt discounts and debt issuance costs	(0.8)	(1.5)
Less: current maturities	(16.8)	(8.8)
Non-recourse debt, net of current maturities	$ 471.5	$ 249.6

The timing of principal payments on the non-recourse debt is based on the timing of principal collections and defaults on the related auto loans receivable. The current portion of non-recourse debt represents the portion of the payments received from the auto loans receivable that are due to be distributed as principal payments on the non-recourse debt in the following period.

We generally enter into warehouse facility agreements for one-year terms and typically renew the agreements annually. We have three warehouse facilities with maturity dates of October 2024, January 2025, and February 2025. Aggregate commitments under the warehouse facilities total $650.0 million.

The term securitization debt of consolidated VIEs consists of various notes with interest rates ranging from 1.79% to 4.45% and maturity dates ranging from April 2027 to May 2028. Term securitization debt is expected to become due and be paid prior to the final legal maturities based on amortization of the auto loans receivable pledged as collateral. The term securitization agreements require certain funds to be held in restricted cash accounts to provide additional collateral for the borrowings or to be applied to make payments on the securitization debt. Restricted cash of consolidated VIEs under the various term securitization agreements totaled $3.5 million as of June 30, 2024, and $4.3 million as of December 31, 2023, and is included in Other Current Assets and Other Assets in our Unaudited Condensed Consolidated Balance Sheets. Auto loans receivable pledged to the term securitization debt of consolidated VIEs totaled $36.4 million as of June 30, 2024, and $50.8 million as of December 31, 2023.

9. INCOME TAXES

Income taxes receivable included in Receivables, net totaled $18.9 million at June 30, 2024, and $11.1 million at December 31, 2023.

We file income tax returns in the U.S. federal jurisdiction and various states. As a matter of course, various taxing authorities, including the IRS, regularly audit us. These audits may culminate in proposed assessments which may ultimately result in our owing additional taxes. With few exceptions, we are no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2019. Currently, no tax years are under examination by the IRS and tax years from 2020 to 2021 are under examination by U.S. state jurisdictions. We believe that our tax positions comply with applicable tax law and that we have adequately provided for these matters.

It is our policy to account for interest and penalties associated with income tax obligations as a component of Income Tax Provision in the accompanying Unaudited Condensed Consolidated Statements of Income.

10. SHAREHOLDERS' EQUITY

A summary of shares repurchased under our stock repurchase program authorized by our Board of Directors follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Shares repurchased	2.0	1.6	2.2	4.0
Aggregate purchase price [1]	$ 311.3	$ 207.4	$ 350.0	$ 512.4
Average purchase price per share	$ 159.52	$ 132.44	$ 159.39	$ 128.76

[1] Excludes excise taxes imposed under the Inflation Reduction Act of $3.1 million and $3.2 million for the three and six months ended June 30, 2024, respectively, and $2.1 million and $4.6 million for the three and six months ended June 30, 2023, respectively.

As of June 30, 2024, $970.8 million remained available under our stock repurchase limit authorized by our Board of Directors.

We have 5.0 million authorized shares of preferred stock, par value $0.01 per share, none of which are issued or outstanding. The Board of Directors has the authority to issue the preferred stock in one or more series and to establish the rights, preferences, and dividends of such preferred stock.

A summary of shares of common stock issued in connection with the exercise of stock options follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Shares issued (in actual number of shares)	4,825	3,861	5,790	30,996
Proceeds from the exercise of stock options	$ 0.3	$ 0.2	$ 0.3	$ 1.5
Average exercise price per share	$ 54.54	$ 57.44	$ 56.20	$ 48.80

The following table presents a summary of shares of common stock issued in connection with the settlement of RSUs, as well as shares surrendered to AutoNation to satisfy tax withholding obligations in connection with the settlement of RSUs:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In actual number of shares)	2024	2023	2024	2023
Shares issued	4,019	1,111	339,840	531,007
Shares surrendered to AutoNation to satisfy tax withholding obligations	1,456	296	115,146	182,249

11. ACQUISITIONS AND DIVESTITURES

We did not purchase any stores during the six months ended June 30, 2024. During the six months ended June 30, 2023, we acquired RepairSmith, a mobile solution for automotive repair and maintenance, which we renamed AutoNation Mobile Service, and we also purchased six stores. Acquisitions are included in the Unaudited Condensed Consolidated Financial Statements from the date of acquisition.

The acquisitions that occurred during the six months ended June 30, 2023, were not material to our financial condition or results of operations. Additionally, on a pro forma basis as if the results of these acquisitions had been included in our consolidated results for the entire six month period ended June 30, 2023, revenue and net income would not have been materially different from our reported revenue and net income for this period.

We did not divest any stores during the six months ended June 30, 2024 or 2023. We terminated two franchises during the six months ended June 30, 2024.

12. CASH FLOW INFORMATION

Cash, Cash Equivalents, and Restricted Cash

The total amounts presented on our statements of cash flows include cash, cash equivalents, and restricted cash. Restricted cash includes additional collateral for non-recourse debt borrowings and collections on auto loans receivable that are due to be distributed to non-recourse debt holders in the following period. The following table provides a reconciliation of cash and cash equivalents reported on our Unaudited Condensed Consolidated Balance Sheets to the total amounts reported on our Unaudited Condensed Consolidated Statements of Cash Flows:

	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 85.9	$ 60.8
Restricted cash included in Other Current Assets	22.1	14.3
Restricted cash included in Other Assets	1.8	1.9
Total cash, cash equivalents, and restricted cash	$ 109.8	$ 77.0

Non-Cash Investing and Financing Activities

We had accrued purchases of property and equipment of $28.1 million at June 30, 2024, and $39.4 million at June 30, 2023.

	Six Months Ended June 30,	
	2024	2023
Supplemental noncash information on adjustments to right-of-use assets, including right-of-use assets obtained in exchange for new:		
Operating lease liabilities	$ 35.7	$ 67.0
Finance lease liabilities	$ 16.0	$ 27.8

Interest and Income Taxes Paid

We made interest payments, net of amounts capitalized and including interest on vehicle inventory financing, of $189.5 million during the six months ended June 30, 2024, and $140.0 million during the six months ended June 30, 2023. We made income tax payments, net of income tax refunds, of $108.9 million during the six months ended June 30, 2024, and $190.8 million during the six months ended June 30, 2023.

13. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgment, and therefore cannot be determined with precision.

Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy which 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 (unadjusted) in active markets for identical assets or liabilities that a reporting entity can access at the measurement date
Level 2	Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly
Level 3	Unobservable inputs

The following methods and assumptions were used by us in estimating fair value disclosures for financial instruments:

- *Cash and cash equivalents, receivables, other current assets, vehicle floorplan payable, accounts payable, other current liabilities, commercial paper, warehouse credit facilities, and variable rate debt*: The amounts reported in the accompanying Unaudited Condensed Consolidated Balance Sheets approximate fair value due to their short-term nature or the existence of variable interest rates that approximate prevailing market rates.
- *Auto loans receivable, net*: Auto loans receivable are presented net of an allowance for expected credit losses, which we believe approximates fair value.
- *Investments in Equity Securities:* Our equity investments with readily determinable fair values are measured at fair value using Level 1 inputs. The fair value of our equity investments with readily determinable fair values totaled $21.4 million at June 30, 2024, and $22.8 million at December 31, 2023.

  Our equity investments that do not have a readily determinable fair value are measured using the measurement alternative as permitted by accounting standards and were recorded at cost, to be subsequently adjusted for observable price changes. The carrying amount of our equity investments without a readily determinable fair value was $58.2 million at June 30, 2024, and $56.7 million at December 31, 2023. Equity investments that do not have a readily determinable fair value reflect a cumulative upward adjustment of $3.4 million based on an observable price change that occurred in the second quarter of 2021. We did not record any upward adjustments during the six months ended June 30, 2024. Additionally, we have not recorded any impairments or downward adjustments to the carrying amount of these equity investments as of and for the six months ended June 30, 2024.

  Investments in equity securities are reported in Other Current Assets and Other Assets in the accompanying Unaudited Condensed Consolidated Balance Sheets. Realized and unrealized gains and losses are reported in Other Income (Loss), Net (non-operating) in the Unaudited Condensed Consolidated Statements of Income and in the "Corporate and other" category of our segment information.

	Six Months Ended June 30,	
	2024	2023
Net losses recognized during the period on equity securities	$ (1.8)	$ (1.3)
Less: Net gains (losses) recognized during the period on equity securities sold during the period	—	—
Unrealized losses recognized during the reporting period on equity securities still held at the reporting date	$ (1.8)	$ (1.3)

- *Fixed rate long-term debt*: Our fixed rate long-term debt consists primarily of amounts outstanding under our senior unsecured notes. We estimate the fair value of our senior unsecured notes using quoted prices for the identical liability (Level 1). A summary of the aggregate carrying values and fair values of our senior unsecured notes is as follows:

	June 30, 2024	December 31, 2023
Carrying value	$ 3,230.2	$ 3,228.1
Fair value	$ 2,979.1	$ 2,979.3

Nonfinancial assets such as goodwill, other intangible assets, and long-lived assets held and used, are measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized or for a business combination. The fair values less costs to sell of long-lived assets and disposal groups held for sale are assessed each reporting period they remain classified as held for sale. Subsequent changes in the held for sale long-lived asset's or disposal group's fair value less cost to sell (increase or decrease) are reported as an adjustment to its carrying amount, except that the adjusted carrying amount cannot exceed the carrying amount of the long-lived asset or disposal group at the time it was initially classified as held for sale.

Goodwill and Other Intangible Assets

Goodwill for our reporting units is tested for impairment annually as of April 30 or more frequently when events or changes in circumstances indicate that impairment may exist. Under accounting standards, we chose to perform quantitative tests for our annual goodwill impairment testing as of April 30, 2024, and no impairment charges resulted from these quantitative tests.

The quantitative goodwill impairment test requires a determination of whether the fair value of a reporting unit is less than its carrying value. We estimate the fair value of our reporting units using an "income" valuation approach, which discounts projected free cash flows of the reporting unit at a computed weighted average cost of capital as the discount rate. The income valuation approach requires the use of significant estimates and assumptions, which include the revenue growth rates and future operating margins used to calculate projected future cash flows, weighted average costs of capital, and future economic and market conditions. In connection with this process, we also reconcile the estimated aggregate fair values of our reporting units to our market capitalization, including consideration of a control premium that represents the estimated amount an investor would pay for our equity securities to obtain a controlling interest. We believe that this reconciliation process is consistent with a market participant perspective. We base our cash flow forecasts on our knowledge of the automotive industry, our recent performance, our expectations of our future performance, and other assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. We also make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

We chose to make a qualitative evaluation about the likelihood of goodwill impairment as of April 30, 2023, and determined that it was not more likely than not that the fair values of our reporting units were less than their carrying amounts.

Our principal identifiable intangible assets are individual store rights under franchise agreements with vehicle manufacturers, which have indefinite lives and are tested for impairment annually as of April 30 or more frequently when events or changes in circumstances indicate that impairment may have occurred. We elected to perform quantitative franchise rights impairment tests as of April 30, 2024 and 2023, and no impairment charges resulted from these quantitative tests.

The quantitative impairment test for franchise rights requires the comparison of the franchise rights' estimated fair value to carrying value by store. Fair values of rights under franchise agreements are estimated using Level 3 inputs by discounting expected future cash flows of the store. The forecasted cash flows contain inherent uncertainties, including significant estimates and assumptions related to growth rates, margins, working capital requirements, capital expenditures, and cost of capital, for which we utilize certain market participant-based assumptions, using third-party industry projections, economic projections, and other marketplace data we believe to be reasonable. Actual future results may differ from those estimates.

Long-Lived Assets and Right-of-Use Assets

Fair value measurements for our long-lived assets and right-of-use assets are based on Level 3 inputs. Changes in fair value measurements are reviewed and assessed each quarter for properties and disposal groups classified as held for sale, or when an indicator of impairment exists for properties classified as held and used or for right-of-use assets. The valuation process is generally based on a combination of the market and replacement cost approaches. In certain cases, fair value measurements are based on pending agreements to sell the related assets.

In a market approach, we use transaction prices for comparable properties that have recently been sold. These transaction prices are adjusted for factors related to a specific property. We evaluate changes in local real estate markets, and/or recent market interest or negotiations related to a specific property. In a replacement cost approach, the cost to replace a specific long-lived asset is considered, which is adjusted for depreciation from physical deterioration, as well as functional and economic obsolescence, if present and measurable.

To validate the fair values determined under the valuation process noted above, we also obtain independent third-party appraisals for our properties and/or third-party brokers' opinions of value, which are generally developed using the same valuation approaches described above, and we evaluate any recent negotiations or discussions with third-party real estate brokers related to a specific long-lived asset or market.

During the six months ended June 30, 2024 and 2023, we recorded non-cash impairment charges of $2.4 million and $2.2 million, respectively. The non-cash impairment charges related to long-lived assets held and used and are included in Other (Income) Expense, Net in our Unaudited Condensed Consolidated Statements of Income and in the "Corporate and other" category of our segment information.

We had assets held for sale of $195.1 million as of June 30, 2024, and $21.3 million as of December 31, 2023, primarily related to inventory, goodwill, and property of disposal groups held for sale, as well as property held for sale. Assets held for sale are included in Other Current Assets in our Unaudited Condensed Consolidated Balance Sheets.

14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are involved, and will continue to be involved, in numerous legal proceedings arising out of the conduct of our business, including litigation with customers, third-party dealers, wage and hour and other employment-related lawsuits, and actions brought by governmental authorities. Some of these lawsuits purport or may be determined to be class or collective actions and seek substantial damages or injunctive relief, or both, and some may remain unresolved for several years. We establish accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Our accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. We disclose the amount accrued if material or if such disclosure is necessary for our financial statements to not be misleading. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued, we assess whether there is at least a reasonable possibility that a loss, or additional loss, may have been incurred. If there is a reasonable possibility that a loss, or additional loss, may have been incurred, we disclose the estimate of the possible loss or range of loss if it is material or a statement that such an estimate cannot be made. Our evaluation of whether a loss is reasonably possible or probable is based on our assessment and consultation with legal counsel regarding the ultimate outcome of the matter.

As of June 30, 2024 and 2023, we have accrued for the potential impact of loss contingencies that are probable and reasonably estimable, and there was no indication of a reasonable possibility that a material loss, or additional material loss, may have been incurred. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our results of operations, financial condition, or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on our results of operations, financial condition, or cash flows.

Other Matters

AutoNation, acting through its subsidiaries, is the lessee under many real estate leases that provide for the use by our subsidiaries of their respective store premises. Pursuant to these leases, we agree to indemnify the lessor and other related parties from certain liabilities arising as a result of the use of the leased premises, including environmental liabilities, or a breach of the lease by the lessee. Additionally, from time to time, we enter into agreements with third parties in connection with the sale of assets or businesses in which we agree to indemnify the purchaser or related parties from certain liabilities or costs arising in connection with the assets or business. Also, in the ordinary course of business in connection with purchases or sales of goods and services, we enter into agreements that may contain indemnification provisions. In the event that an indemnification claim is asserted, our liability would be limited by the terms of the applicable agreement.

From time to time, primarily in connection with dispositions of automotive stores, we assign or sublet to the store purchaser our interests in any real property leases associated with such stores. In general, we retain responsibility for the performance of certain obligations under such leases to the extent that the assignee or sublessee does not perform, whether such performance is required prior to or following the assignment or subletting of the lease. Additionally, we generally remain subject to the terms of any guarantees made by us in connection with such leases. We generally have indemnification rights against the assignee or sublessee in the event of non-performance under these leases, as well as certain defenses. We presently have no reason to believe that we will be called on to perform under any such remaining assigned leases or subleases. We estimate that lessee rental payment obligations during the remaining terms of these leases with expirations ranging from 2024 to

2034 are approximately $5 million at June 30, 2024. There can be no assurance that any performance required of us under these leases would not have a material adverse effect on our business, financial condition, and cash flows.

At June 30, 2024, surety bonds, letters of credit, and cash deposits totaled $121.8 million, of which $0.8 million were letters of credit. In the ordinary course of business, we are required to post performance and surety bonds, letters of credit, and/or cash deposits as financial guarantees of our performance. We do not currently provide cash collateral for outstanding letters of credit.

In the ordinary course of business, we are subject to numerous laws and regulations, including automotive, environmental, health and safety, and other laws and regulations. We do not anticipate that the costs of compliance with such laws will have a material adverse effect on our business, results of operations, cash flows, or financial condition, although such outcome is possible given the nature of our operations and the extensive legal and regulatory framework applicable to our business. We do not have any material known environmental commitments or contingencies.

15. BUSINESS AND CREDIT CONCENTRATIONS

We own and operate franchised automotive stores in the United States pursuant to franchise agreements with vehicle manufacturers. During the six months ended June 30, 2024, approximately 64% of our total retail new vehicle unit sales was generated by our stores in Florida, Texas, and California.

We are subject to a concentration of risk in the event of financial distress of or other adverse event related to a major vehicle manufacturer or related lender or supplier. The core brands of vehicles that we sell, representing approximately 88% of the new vehicles that we sold during the six months ended June 30, 2024, are manufactured by Toyota (including Lexus), Honda, Ford, General Motors, BMW, Mercedes-Benz, Stellantis, and Volkswagen (including Audi and Porsche). Our business could be materially adversely impacted by a bankruptcy of or other adverse event related to a major vehicle manufacturer or related lender or supplier.

We are also subject to a concentration of risk in the event of the non-performance of third-party information technology service providers, such as the provider of our dealer management system on which we significantly rely to operate our business. See Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of a recent outage that impacted our results of operations for the three months ended June 30, 2024.

We had receivables from manufacturers or distributors of $204.7 million at June 30, 2024, and $240.5 million at December 31, 2023. Additionally, a large portion of our contracts-in-transit included in Receivables, net, in the accompanying Unaudited Condensed Consolidated Balance Sheets, are due from automotive manufacturers' captive finance subsidiaries, which provide financing directly to our new and used vehicle customers. Concentrations of credit risk with respect to non-manufacturer trade receivables are limited due to the wide variety of customers and markets in which our products are sold as well as their dispersion across many different geographic areas in the United States. Consequently, at June 30, 2024, we do not consider AutoNation to have any significant non-manufacturer concentrations of credit risk.

16. SEGMENT INFORMATION

At June 30, 2024 and 2023, we had three reportable segments: (1) Domestic, (2) Import, and (3) Premium Luxury. Our Domestic segment is comprised of retail automotive franchises that sell new vehicles manufactured by Ford, General Motors, and Stellantis. Our Import segment is comprised of retail automotive franchises that sell new vehicles manufactured primarily by Toyota, Honda, Hyundai, Subaru, and Nissan. Our Premium Luxury segment is comprised of retail automotive franchises that sell new vehicles manufactured primarily by Mercedes-Benz, BMW, Lexus, Audi, and Jaguar Land Rover. The franchises in each segment also sell used vehicles, parts and automotive repair and maintenance services, and automotive finance and insurance products.

"Corporate and other" is comprised of our non-franchised businesses, including AutoNation USA used vehicle stores, collision centers, parts distribution centers, auction operations, and our mobile automotive repair and maintenance business, all of which generate revenues but do not meet the quantitative thresholds for reportable segments, as well as the results of our auto finance company, unallocated corporate overhead expenses, and other income items.

The reportable segments identified above are the business activities of the Company for which discrete financial information is available and for which operating results are regularly reviewed by our chief operating decision maker to allocate resources and assess performance. Our chief operating decision maker is our Chief Executive Officer.

The following table provides information on revenues from external customers and segment income of our reportable segments:

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Domestic	Import	Premium Luxury	Domestic	Import	Premium Luxury
Revenues from external customers	$ 1,739.4	$ 2,018.8	$ 2,398.4	$ 3,496.1	$ 3,998.3	$ 4,813.3
Segment income [1]	$ 50.3	$ 108.2	$ 141.9	$ 125.5	$ 237.0	$ 313.5

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Domestic	Import	Premium Luxury	Domestic	Import	Premium Luxury
Revenues from external customers	$ 1,955.5	$ 1,997.7	$ 2,620.5	$ 3,786.6	$ 3,787.0	$ 5,105.4
Segment income [1]	$ 115.8	$ 173.0	$ 221.5	$ 234.3	$ 333.4	$ 448.3

[1] Segment income represents income for each of our reportable segments and is defined as operating income less floorplan interest expense.

The following is a reconciliation of total segment income for reportable segments to our consolidated income from continuing operations before income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total segment income for reportable segments	$ 300.4	$ 510.3	$ 676.0	$ 1,016.0
Corporate and other	(79.3)	(103.9)	(164.0)	(193.4)
Other interest expense	(46.8)	(46.0)	(91.4)	(87.1)
Other income (loss), net	(0.1)	4.4	6.9	9.6
Income from continuing operations before income taxes	$ 174.2	$ 364.8	$ 427.5	$ 745.1

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and notes thereto included under Part I, Item 1 of this Quarterly Report on Form 10-Q. In addition, reference should be made to our audited Consolidated Financial Statements and notes thereto and related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our most recent Annual Report on Form 10-K.

Overview

AutoNation, Inc., through its subsidiaries, is one of the largest automotive retailers in the United States. As of June 30, 2024, we owned and operated 347 new vehicle franchises from 251 stores located in the United States, predominantly in major metropolitan markets in the Sunbelt region. Our stores, which we believe include some of the most recognizable and well known in our key markets, sell 32 different new vehicle brands. The core brands of new vehicles that we sell, representing approximately 88% of the new vehicles that we sold during the six months ended June 30, 2024, are manufactured by Toyota (including Lexus), Honda, Ford, General Motors, BMW, Mercedes-Benz, Stellantis, and Volkswagen (including Audi and Porsche). As of June 30, 2024, we also owned and operated 52 AutoNation-branded collision centers, 23 AutoNation USA used vehicle stores, 4 AutoNation-branded automotive auction operations, 3 parts distribution centers, a mobile automotive repair and maintenance business, and an auto finance company.

We offer a diversified range of automotive products and services, including new vehicles, used vehicles, "parts and service" (also referred to as "After-Sales"), which includes automotive repair and maintenance services as well as wholesale parts and collision businesses, and automotive "finance and insurance" products (also referred to as "Customer Financial Services"), which include vehicle service and other protection products, as well as the arranging of financing for vehicle purchases through third-party finance sources. We also offer indirect financing through our captive finance company on vehicles we sell. We believe that the significant scale of our operations and the quality of our managerial talent allow us to achieve efficiencies in our key markets by, among other things, leveraging the AutoNation retail brand and advertising, implementing standardized processes, and increasing productivity across all of our stores.

At June 30, 2024, we had three reportable segments: (1) Domestic, (2) Import, and (3) Premium Luxury. Our Domestic segment is comprised of retail automotive franchises that sell new vehicles manufactured by Ford, General Motors, and Stellantis. Our Import segment is comprised of retail automotive franchises that sell new vehicles manufactured primarily by Toyota, Honda, Hyundai, Subaru, and Nissan. Our Premium Luxury segment is comprised of retail automotive franchises that sell new vehicles manufactured primarily by Mercedes-Benz, BMW, Lexus, Audi, and Jaguar Land Rover. The franchises in each segment also sell used vehicles, parts and automotive repair and maintenance services, and automotive finance and insurance products.

For the six months ended June 30, 2024, new vehicle sales accounted for 47% of our total revenue and 16% of our total gross profit. Used vehicle sales accounted for 30% of our total revenue and 9% of our total gross profit. Our parts and service operations, while comprising 18% of our total revenue, contributed 46% of our total gross profit. Our finance and insurance sales, while comprising 5% of our total revenue, contributed 28% of our total gross profit.

Market Conditions

In the second quarter of 2024, U.S. industry retail new vehicle unit sales increased for the first two months of the quarter by 2%, as compared to the prior year, and then were negatively impacted in June by an outage of a major supplier of information systems to U.S. automotive retail dealerships, which adversely impacted dealership productivity and sales and service processes. See "System Outage Due to CDK Cyber Incident" discussed below. As a result of this incident, U.S. industry retail new vehicle unit sales were flat as compared to the second quarter of 2023.

Although still below historical levels, new vehicle inventory levels continued to increase during the second quarter of 2024 due to higher levels of manufacturer vehicle production. The increasing supply and availability of new vehicle inventory, which varies by make and model, has resulted in moderation of new vehicle unit profitability, which we expect will continue throughout 2024. Additionally, the increased availability of new vehicles and an increase in manufacturer new vehicle incentives, including low-interest financing and customer rebates, has adversely impacted market demand for used vehicles, particularly for higher-priced, nearly new vehicle inventory, and stabilization of used vehicle value trends, as compared to the prior year period, has resulted in moderation of industry used vehicle unit profitability.

System Outage Due to CDK Cyber Incident

On June 19, 2024, we were notified by CDK Global ("CDK"), a third-party provider of information systems, that CDK was experiencing a cyber incident impacting its systems, including the systems necessary to support our dealer management system ("DMS"), which supports our dealership operations, including our sales, service, inventory, customer relationship management, and accounting functions ("Core Functions").

We immediately took precautionary containment steps to help protect our systems and data, implemented business continuity plans, and commenced a review of the potential impact of the incident. The incident resulted in outages of our DMS and Core Functions (the "CDK outage"), causing disruption and adverse impacts to our business, including our productivity. Access to our DMS and Core Functions was restored as of June 29, 2024. Restoration of certain ancillary systems and integrations, such as those that help automate ordering, scheduling, payment, and reporting processes, were restored by the end of July. See "Results of Operations" below for a discussion on the financial impact to our second quarter 2024 results.

Results of Operations

During the three months ended June 30, 2024, we had net income of $130.2 million and diluted earnings per share of $3.20, as compared to net income of $272.5 million and diluted earnings per share of $6.02 during the same period in 2023.

Our total gross profit decreased 12.9% during the second quarter of 2024 compared to the second quarter of 2023, driven by an estimated 5% decline in gross profit due to the CDK outage described above. New and used vehicle volumes, finance and insurance product penetration, and our parts and service business were all adversely impacted by the CDK outage.

New vehicle gross profit was also adversely impacted by a decrease in gross profit per vehicle retailed ("PVR") resulting from increasing supply and availability of new vehicle inventory, which has moderated pricing and margins. Used vehicle gross profit was also adversely impacted by a decrease in gross profit PVR primarily due to a shift in mix towards lower-priced entry-level vehicles, which have lower average gross profit PVR. Finance and insurance gross profit PVR was also adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration. Excluding the impact from the CDK outage, our parts and service results benefited primarily from increases in gross profit associated with warranty service and customer-pay service.

Decreases in gross profit were slightly offset by a decrease in SG&A expenses. This decrease was primarily due to a decrease in performance-driven compensation expense partly resulting from the CDK outage, which was largely offset by certain one-time costs relating to the incident, principally consisting of compensation of approximately $43 million paid to commission-based associates to ensure business continuity. Additionally, the prior year period reflects self-insured losses of $16.5 million related to hailstorms and other natural catastrophes. Floorplan interest expense increased due to higher average floorplan balances and higher average interest rates.

As a result of the CDK outage, we estimate earnings per share for the quarter ended June 30, 2024, were negatively impacted by approximately $1.55 per share, without taking into account any potential recoveries related to the incident. The estimated impact is comprised of internal estimates for lost income during the outage period and the one-time costs incurred related to the incident, described above. We expect a modest adverse effect on the early part of our third quarter 2024 results.

Inventory Management

Our new and used vehicle inventories are stated at the lower of cost or net realizable value in our Unaudited Condensed Consolidated Balance Sheets. We monitor our vehicle inventory levels based on current economic conditions and seasonal sales trends.

Our new vehicle inventory units at June 30, 2024 and 2023, were 47,095 and 23,659, respectively. We have typically not experienced significant losses on the sale of new vehicle inventory, in part due to incentives provided by manufacturers to promote sales of new vehicles and our inventory management practices. We monitor our new vehicle inventory values as compared to net realizable values. We had no new vehicle inventory cumulative write-downs at June 30, 2024, and December 31, 2023.

We recondition the majority of used vehicles acquired for retail sale in our parts and service departments and capitalize the related costs to the used vehicle inventory. We monitor our used vehicle inventory values as compared to net realizable values. Typically, used vehicles that are not sold on a retail basis are sold at wholesale auctions. Our used vehicle inventory balance was net of cumulative write-downs of $6.7 million at June 30, 2024, and $12.2 million at December 31, 2023.

Parts, accessories, and other inventory are carried at the lower of cost or net realizable value. We estimate the amount of potentially damaged and/or excess and obsolete inventory based upon historical experience, manufacturer return policies, and industry trends. Our parts, accessories, and other inventory balance was net of cumulative write-downs of $8.6 million at June 30, 2024, and $7.8 million at December 31, 2023.

Critical Accounting Estimates

We prepare our Unaudited Condensed Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles ("GAAP"), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. We evaluate our estimates on an ongoing basis, and we base our estimates on historical experience and various other assumptions we believe to be reasonable. Actual outcomes could differ materially from those estimates in a manner that could have a material effect on our Unaudited Condensed Consolidated Financial Statements. For additional discussion of our critical accounting estimates, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K.

Goodwill

Goodwill for our reporting units is tested for impairment annually as of April 30 or more frequently when events or changes in circumstances indicate that the carrying value of a reporting unit more likely than not exceeds its fair value. We may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. When assessing goodwill for impairment, our decision to perform a qualitative assessment for an individual reporting unit is influenced by a number of factors, including the carrying value of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments, macroeconomic conditions, automotive industry and market conditions, and our operating performance.

Under accounting standards, we chose to perform quantitative tests for our annual goodwill impairment testing as of April 30, 2024, and no impairment charges resulted from these quantitative tests. The quantitative goodwill impairment test is dependent on many variables used to determine the fair value of each reporting unit. See Note 13 of the Notes to Unaudited Condensed Consolidated Financial Statements for a description of the valuation method and related estimates and assumptions used in our quantitative impairment testing.

The fair values of the Domestic, Import, Premium Luxury, AutoNation Finance, and Collision Center reporting units substantially exceeded their carrying values. The fair value of the Mobile Service reporting unit, which relates to the mobile automotive repair and maintenance business we acquired in the first quarter of 2023, exceeded carrying value by approximately 25%. The key assumptions used in our estimate of fair value for our Mobile Service reporting unit included revenue growth rates to calculate projected future cash flows. As a measure of sensitivity, if the revenue growth rates decreased by 20%, the fair value would have still slightly exceeded the carrying value of the Mobile Service reporting unit. This result and discussion is not intended to address all potential outcomes that could have resulted if different assumptions had been used given the number of assumptions used in determining fair value and the degree of sensitivity to changes in such assumptions.

As of June 30, 2024, we have $219.8 million of goodwill related to the Domestic reporting unit, $524.0 million related to the Import reporting unit, $482.1 million related to the Premium Luxury reporting unit, $140.5 million related to the Mobile Service reporting unit, $78.4 million related to the AutoNation Finance reporting unit, and $4.6 million related to the Collision Centers reporting unit.

Other Intangible Assets

Our principal identifiable intangible assets are individual store rights under franchise agreements with vehicle manufacturers, which have indefinite lives and are tested for impairment annually as of April 30 or more frequently when events or changes in circumstances indicate that impairment may have occurred.

We may first perform a qualitative assessment to determine whether it is more likely than not that a franchise right asset is impaired. We elected to perform quantitative tests for our annual franchise rights impairment testing as of April 30, 2024, and no impairment charges resulted from these quantitative tests. We identified 15 stores that, while they each had franchise rights fair value in excess of or equal to carrying value, had lower relative performance compared to our total store population. We will continue to monitor these stores, as well as all stores, for events or changes in circumstances that may indicate potential impairment. The remainder of our stores had franchise rights with calculated fair values that substantially exceeded their carrying values. As of June 30, 2024, we had 82 stores with franchise rights totaling $876.2 million.

The quantitative franchise rights impairment test is dependent on many variables used to determine the fair value of each store's franchise rights. See Note 13 of the Notes to Unaudited Condensed Consolidated Financial Statements for a description of the valuation method and related estimates and assumptions used in our quantitative impairment testing. Based on a sensitivity analysis of these estimates and assumptions, including if the fair value of each of our franchise rights had been determined to be a hypothetical 10% lower as of the valuation date of April 30, 2024, the resulting impairment charge would have been approximately $3 million. The sensitivity analysis performed, including the effect of a hypothetical 10% decrease in fair value estimates, is not intended to provide a sensitivity analysis of every potential outcome.

Reported Operating Data

Historical operating results include the results of acquired businesses from the date of acquisition.

($ in millions, except per vehicle data)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
New vehicle	$ 3,122.5	$ 3,281.0	$ (158.5)	(4.8)	$ 6,101.8	$ 6,212.9	$ (111.1)	(1.8)
Retail used vehicle	1,743.5	1,949.2	(205.7)	(10.6)	3,577.3	3,833.3	(256.0)	(6.7)
Wholesale	167.6	138.8	28.8	20.7	329.9	287.3	42.6	14.8
Used vehicle	1,911.1	2,088.0	(176.9)	(8.5)	3,907.2	4,120.6	(213.4)	(5.2)
Finance and insurance, net	324.0	369.5	(45.5)	(12.3)	658.7	701.9	(43.2)	(6.2)
Total variable operations[1]	5,357.6	5,738.5	(380.9)	(6.6)	10,667.7	11,035.4	(367.7)	(3.3)
Parts and service	1,117.1	1,145.3	(28.2)	(2.5)	2,289.5	2,235.1	54.4	2.4
Other	5.7	6.3	(0.6)		8.9	18.3	(9.4)	
Total revenue	$ 6,480.4	$ 6,890.1	$ (409.7)	(5.9)	$ 12,966.1	$ 13,288.8	$ (322.7)	(2.4)
Gross profit:								
New vehicle	$ 190.4	$ 287.7	$ (97.3)	(33.8)	$ 386.3	$ 574.6	$ (188.3)	(32.8)
Retail used vehicle	107.3	128.7	(21.4)	(16.6)	209.1	271.7	(62.6)	(23.0)
Wholesale	4.1	5.6	(1.5)		13.8	17.0	(3.2)	
Used vehicle	111.4	134.3	(22.9)	(17.1)	222.9	288.7	(65.8)	(22.8)
Finance and insurance	324.0	369.5	(45.5)	(12.3)	658.7	701.9	(43.2)	(6.2)
Total variable operations[1]	625.8	791.5	(165.7)	(20.9)	1,267.9	1,565.2	(297.3)	(19.0)
Parts and service	536.6	542.5	(5.9)	(1.1)	1,092.4	1,053.6	38.8	3.7
Other	0.7	1.3	(0.6)		0.7	2.9	(2.2)	
Total gross profit	1,163.1	1,335.3	(172.2)	(12.9)	2,361.0	2,621.7	(260.7)	(9.9)
Selling, general, and administrative expenses	825.8	842.9	17.1	2.0	1,618.9	1,625.6	6.7	0.4
Depreciation and amortization	59.9	54.6	(5.3)		118.2	107.4	(10.8)	
Other (income) expense, net	2.4	(1.4)	(3.8)		8.6	6.2	(2.4)	
Operating income	275.0	439.2	(164.2)	(37.4)	615.3	882.5	(267.2)	(30.3)
Non-operating income (expense) items:								
Floorplan interest expense	(53.9)	(32.8)	(21.1)		(103.3)	(59.9)	(43.4)	
Other interest expense	(46.8)	(46.0)	(0.8)		(91.4)	(87.1)	(4.3)	
Other income (loss), net	(0.1)	4.4	(4.5)		6.9	9.6	(2.7)	
Income from continuing operations before income taxes	$ 174.2	$ 364.8	$ (190.6)	(52.2)	$ 427.5	$ 745.1	$ (317.6)	(42.6)
Retail vehicle unit sales:								
New vehicle	61,268	62,444	(1,176)	(1.9)	120,131	117,509	2,622	2.2
Used vehicle	65,504	68,812	(3,308)	(4.8)	134,625	136,351	(1,726)	(1.3)
	126,772	131,256	(4,484)	(3.4)	254,756	253,860	896	0.4
Revenue per vehicle retailed:								
New vehicle	$ 50,965	$ 52,543	$ (1,578)	(3.0)	$ 50,793	$ 52,872	$ (2,079)	(3.9)
Used vehicle	$ 26,617	$ 28,326	$ (1,709)	(6.0)	$ 26,572	$ 28,113	$ (1,541)	(5.5)
Gross profit per vehicle retailed:								
New vehicle	$ 3,108	$ 4,607	$ (1,499)	(32.5)	$ 3,216	$ 4,890	$ (1,674)	(34.2)
Used vehicle	$ 1,638	$ 1,870	$ (232)	(12.4)	$ 1,553	$ 1,993	$ (440)	(22.1)
Finance and insurance	$ 2,556	$ 2,815	$ (259)	(9.2)	$ 2,586	$ 2,765	$ (179)	(6.5)
Total variable operations[2]	$ 4,904	$ 5,988	$ (1,084)	(18.1)	$ 4,923	$ 6,099	$ (1,176)	(19.3)

[1] Total variable operations includes new vehicle, used vehicle (retail and wholesale), and finance and insurance results.

[2] Total variable operations gross profit per vehicle retailed is calculated by dividing the sum of new vehicle, retail used vehicle, and finance and insurance gross profit by total retail vehicle unit sales.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024 (%)	2023 (%)	2024 (%)	2023 (%)
Revenue mix percentages:				
New vehicle	48.2	47.6	47.1	46.8
Used vehicle	29.5	30.3	30.1	31.0
Parts and service	17.2	16.6	17.7	16.8
Finance and insurance, net	5.0	5.4	5.1	5.3
Other	0.1	0.1	—	0.1
Total	100.0	100.0	100.0	100.0
Gross profit mix percentages:				
New vehicle	16.4	21.5	16.4	21.9
Used vehicle	9.6	10.1	9.4	11.0
Parts and service	46.1	40.6	46.3	40.2
Finance and insurance	27.9	27.7	27.9	26.8
Other	—	0.1	—	0.1
Total	100.0	100.0	100.0	100.0
Operating items as a percentage of revenue:				
Gross profit:				
New vehicle	6.1	8.8	6.3	9.2
Used vehicle - retail	6.2	6.6	5.8	7.1
Parts and service	48.0	47.4	47.7	47.1
Total	17.9	19.4	18.2	19.7
Selling, general, and administrative expenses	12.7	12.2	12.5	12.2
Operating income	4.2	6.4	4.7	6.6
Other operating items as a percentage of total gross profit:				
Selling, general, and administrative expenses	71.0	63.1	68.6	62.0
Operating income	23.6	32.9	26.1	33.7

	June 30,	
	2024	2023
Inventory days supply:		
New vehicle (industry standard of selling days)	67 days	26 days
Used vehicle (trailing calendar month days)	34 days	35 days

Same Store Operating Data

We have presented below our operating results on a same store basis to reflect our internal performance. The "Same Store" amounts presented below include the results of our stores for the identical months in each period presented in the comparison, commencing with the first full month in which the store was owned by us. Results from divested stores are excluded from both current and prior periods. Therefore, the amounts presented in the 2023 column may differ from the same store amounts presented for 2023 in the prior year. We believe the presentation of this information provides a meaningful comparison of period-over-period results of our operations.

	Three Months Ended June 30,				Six Months Ended June 30,			
($ in millions, except per vehicle data)	2024	2023	Variance Favorable / (Unfavorable)	% Variance	2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
New vehicle	$ 3,095.8	$ 3,275.1	$ (179.3)	(5.5)	$ 6,032.9	$ 6,202.6	$ (169.7)	(2.7)
Retail used vehicle	1,688.4	1,943.1	(254.7)	(13.1)	3,457.3	3,820.8	(363.5)	(9.5)
Wholesale	161.7	138.4	23.3	16.8	318.5	286.3	32.2	11.2
Used vehicle	1,850.1	2,081.5	(231.4)	(11.1)	3,775.8	4,107.1	(331.3)	(8.1)
Finance and insurance, net	316.9	368.8	(51.9)	(14.1)	643.0	700.6	(57.6)	(8.2)
Total variable operations[1]	5,262.8	5,725.4	(462.6)	(8.1)	10,451.7	11,010.3	(558.6)	(5.1)
Parts and service	1,105.7	1,142.1	(36.4)	(3.2)	2,261.3	2,227.9	33.4	1.5
Other	5.4	6.4	(1.0)		9.1	18.6	(9.5)	
Total revenue	$ 6,373.9	$ 6,873.9	$ (500.0)	(7.3)	$ 12,722.1	$ 13,256.8	$ (534.7)	(4.0)
Gross profit:								
New vehicle	$ 189.5	$ 287.5	$ (98.0)	(34.1)	$ 383.9	$ 574.2	$ (190.3)	(33.1)
Retail used vehicle	104.9	128.3	(23.4)	(18.2)	203.9	271.0	(67.1)	(24.8)
Wholesale	5.0	5.6	(0.6)		14.7	17.0	(2.3)	
Used vehicle	109.9	133.9	(24.0)	(17.9)	218.6	288.0	(69.4)	(24.1)
Finance and insurance	316.9	368.8	(51.9)	(14.1)	643.0	700.6	(57.6)	(8.2)
Total variable operations[1]	616.3	790.2	(173.9)	(22.0)	1,245.5	1,562.8	(317.3)	(20.3)
Parts and service	530.0	541.0	(11.0)	(2.0)	1,077.1	1,050.1	27.0	2.6
Other	0.5	1.6	(1.1)		0.7	3.2	(2.5)	
Total gross profit	$ 1,146.8	$ 1,332.8	$ (186.0)	(14.0)	$ 2,323.3	$ 2,616.1	$ (292.8)	(11.2)
Retail vehicle unit sales:								
New vehicle	60,625	62,340	(1,715)	(2.8)	118,467	117,325	1,142	1.0
Used vehicle	63,008	68,577	(5,569)	(8.1)	129,171	135,895	(6,724)	(4.9)
	123,633	130,917	(7,284)	(5.6)	247,638	253,220	(5,582)	(2.2)
Revenue per vehicle retailed:								
New vehicle	$ 51,065	$ 52,536	$ (1,471)	(2.8)	$ 50,925	$ 52,867	$ (1,942)	(3.7)
Used vehicle	$ 26,797	$ 28,335	$ (1,538)	(5.4)	$ 26,765	$ 28,116	$ (1,351)	(4.8)
Gross profit per vehicle retailed:								
New vehicle	$ 3,126	$ 4,612	$ (1,486)	(32.2)	$ 3,241	$ 4,894	$ (1,653)	(33.8)
Used vehicle	$ 1,665	$ 1,871	$ (206)	(11.0)	$ 1,579	$ 1,994	$ (415)	(20.8)
Finance and insurance	$ 2,563	$ 2,817	$ (254)	(9.0)	$ 2,597	$ 2,767	$ (170)	(6.1)
Total variable operations[2]	$ 4,944	$ 5,993	$ (1,049)	(17.5)	$ 4,970	$ 6,105	$ (1,135)	(18.6)

[1] Total variable operations includes new vehicle, used vehicle (retail and wholesale), and finance and insurance results.

[2] Total variable operations gross profit per vehicle retailed is calculated by dividing the sum of new vehicle, retail used vehicle, and finance and insurance gross profit by total retail vehicle unit sales.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024 (%)	2023 (%)	2024 (%)	2023 (%)
Revenue mix percentages:				
New vehicle	48.6	47.6	47.4	46.8
Used vehicle	29.0	30.3	29.7	31.0
Parts and service	17.3	16.6	17.8	16.8
Finance and insurance, net	5.0	5.4	5.1	5.3
Other	0.1	0.1	—	0.1
Total	100.0	100.0	100.0	100.0
Gross profit mix percentages:				
New vehicle	16.5	21.6	16.5	21.9
Used vehicle	9.6	10.0	9.4	11.0
Parts and service	46.2	40.6	46.4	40.1
Finance and insurance	27.6	27.7	27.7	26.8
Other	0.1	0.1	—	0.2
Total	100.0	100.0	100.0	100.0
Operating items as a percentage of revenue:				
Gross profit:				
New vehicle	6.1	8.8	6.4	9.3
Used vehicle - retail	6.2	6.6	5.9	7.1
Parts and service	47.9	47.4	47.6	47.1
Total	18.0	19.4	18.3	19.7

New Vehicle

($ in millions, except per vehicle data)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Reported:								
Revenue	$ 3,122.5	$ 3,281.0	$ (158.5)	(4.8)	$ 6,101.8	$ 6,212.9	$ (111.1)	(1.8)
Gross profit	$ 190.4	$ 287.7	$ (97.3)	(33.8)	$ 386.3	$ 574.6	$ (188.3)	(32.8)
Retail vehicle unit sales	61,268	62,444	(1,176)	(1.9)	120,131	117,509	2,622	2.2
Revenue per vehicle retailed	$ 50,965	$ 52,543	$ (1,578)	(3.0)	$ 50,793	$ 52,872	$ (2,079)	(3.9)
Gross profit per vehicle retailed	$ 3,108	$ 4,607	$ (1,499)	(32.5)	$ 3,216	$ 4,890	$ (1,674)	(34.2)
Gross profit as a percentage of revenue	6.1%	8.8%			6.3%	9.2%		
Inventory days supply (industry standard of selling days)	67 days	26 days						

	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Same Store:								
Revenue	$ 3,095.8	$ 3,275.1	$ (179.3)	(5.5)	$ 6,032.9	$ 6,202.6	$ (169.7)	(2.7)
Gross profit	$ 189.5	$ 287.5	$ (98.0)	(34.1)	$ 383.9	$ 574.2	$ (190.3)	(33.1)
Retail vehicle unit sales	60,625	62,340	(1,715)	(2.8)	118,467	117,325	1,142	1.0
Revenue per vehicle retailed	$ 51,065	$ 52,536	$ (1,471)	(2.8)	$ 50,925	$ 52,867	$ (1,942)	(3.7)
Gross profit per vehicle retailed	$ 3,126	$ 4,612	$ (1,486)	(32.2)	$ 3,241	$ 4,894	$ (1,653)	(33.8)
Gross profit as a percentage of revenue	6.1%	8.8%			6.4%	9.3%		

The following discussion of new vehicle results is on a same store basis. The difference between reported amounts and same store amounts in the above tables of $26.7 million and $5.9 million in new vehicle revenue and $0.9 million and $0.2 million in new vehicle gross profit for the three months ended June 30, 2024 and 2023, respectively, and $68.9 million and $10.3 million in new vehicle revenue and $2.4 million and $0.4 million in new vehicle gross profit for the six months ended June 30, 2024 and 2023, respectively, is related to acquisition and divestiture activity.

Second Quarter 2024 compared to Second Quarter 2023

Same store new vehicle revenue decreased during the three months ended June 30, 2024, as compared to the same period in 2023, due to a decrease in same store unit volume and a decrease in same store revenue PVR. The decrease in same store unit volume was largely due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024. Our same store new vehicle unit volume increased for the first two months of the second quarter of 2024 by 4%, as compared to the prior year, and then was negatively impacted in June 2024 by the CDK outage. The decrease in same store unit volume was partially offset by increases in same store unit volume due to increasing supply of new vehicle inventory, particularly for Import manufacturers, an increase in manufacturer incentives, including low-interest financing and rebates, and sustained consumer demand.

Same store new vehicle revenue PVR and gross profit PVR decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to the increasing supply and availability of new vehicle inventory and sustained consumer demand, which has resulted in moderation of pricing and margins. Same store new vehicle revenue PVR and gross profit PVR were also adversely impacted by a shift in mix towards Import vehicles, which have relatively lower average selling prices and gross profit PVR.

First Six Months 2024 compared to First Six Months 2023

Same store new vehicle revenue decreased during the six months ended June 30, 2024, as compared to the same period in 2023, due to a decrease in same store revenue PVR, partially offset by an increase in same store unit volume. Same store unit volume benefited from the increasing supply of new vehicle inventory, particularly for Import manufacturers, an increase in manufacturer incentives, including low-interest financing and rebates, and sustained consumer demand. The increase in same store unit volume was partially offset by a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024.

Same store revenue PVR and gross profit PVR decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to increasing supply and availability of new vehicle inventory and sustained consumer demand, which has resulted in moderation of pricing and margins. Same store new vehicle revenue PVR and gross profit PVR were also adversely impacted by a shift in mix by towards Import vehicles, which have relatively lower average selling prices and gross profit PVR.

New Vehicle Inventory Carrying Benefit (Expense)

The following table details net new vehicle inventory carrying benefit (expense), consisting of new vehicle floorplan interest expense, net of floorplan assistance earned (amounts received from manufacturers specifically to support store financing of new vehicle inventory). Floorplan assistance is accounted for as a component of new vehicle gross profit in accordance with GAAP.

	Three Months Ended June 30,			Six Months Ended June 30,		
($ in millions)	**2024**	**2023**	**Variance**	**2024**	**2023**	**Variance**
Floorplan assistance	$ 31.6	$ 32.4	$ (0.8)	$ 63.4	$ 60.7	$ 2.7
New vehicle floorplan interest expense	(52.3)	(29.6)	(22.7)	(98.9)	(54.0)	(44.9)
Net new vehicle inventory carrying benefit (expense)	$ (20.7)	$ 2.8	$ (23.5)	$ (35.5)	$ 6.7	$ (42.2)

Second Quarter 2024 compared to Second Quarter 2023

During the three months ended June 30, 2024, we had a net new vehicle inventory carrying expense of $20.7 million, compared to a net new vehicle inventory carrying benefit of $2.8 million for the same period in 2023.

Floorplan interest rates are variable and, therefore, increase and decrease with changes in the underlying benchmark interest rates. Up until the third quarter of 2023, since the first quarter of 2020, when the Federal Reserve cut interest rates to near 0%, we had a net new vehicle inventory carrying benefit. Additionally, over this same period, our average floorplan balances were significantly lower than historical standards due to manufacturers' new vehicle inventory supply constraints. With the increases in new vehicle inventory supply and interest rates, floorplan interest expense has increased, resulting in a net new vehicle inventory carrying expense for the three months ended June 30, 2024. If interest rates remain at their current levels or continue to increase without a corresponding increase in floorplan assistance or a decrease in average new vehicle inventory levels, we would expect that we will continue to incur a net new vehicle inventory carrying expense.

First Six Months 2024 compared to First Six Months 2023

During the six months ended June 30, 2024, we had a net new vehicle inventory carrying expense of $35.5 million, compared to a net new vehicle inventory carrying benefit of $6.7 million for the same period in 2023, primarily due to an increase in floorplan interest expense resulting from the factors noted above. The increase in floorplan interest expense was partially offset by an increase in floorplan assistance due to higher average floorplan balances and higher average interest rates.

Used Vehicle

($ in millions, except per vehicle data)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Reported:								
Retail revenue	$ 1,743.5	$ 1,949.2	$ (205.7)	(10.6)	$ 3,577.3	$ 3,833.3	$ (256.0)	(6.7)
Wholesale revenue	167.6	138.8	28.8	20.7	329.9	287.3	42.6	14.8
Total revenue	$ 1,911.1	$ 2,088.0	$ (176.9)	(8.5)	$ 3,907.2	$ 4,120.6	$ (213.4)	(5.2)
Retail gross profit	$ 107.3	$ 128.7	$ (21.4)	(16.6)	$ 209.1	$ 271.7	$ (62.6)	(23.0)
Wholesale gross profit	4.1	5.6	(1.5)		13.8	17.0	(3.2)	
Total gross profit	$ 111.4	$ 134.3	$ (22.9)	(17.1)	$ 222.9	$ 288.7	$ (65.8)	(22.8)
Retail vehicle unit sales	65,504	68,812	(3,308)	(4.8)	134,625	136,351	(1,726)	(1.3)
Revenue per vehicle retailed	$ 26,617	$ 28,326	$ (1,709)	(6.0)	$ 26,572	$ 28,113	$ (1,541)	(5.5)
Gross profit per vehicle retailed	$ 1,638	$ 1,870	$ (232)	(12.4)	$ 1,553	$ 1,993	$ (440)	(22.1)
Retail gross profit as a percentage of retail revenue	6.2%	6.6%			5.8%	7.1%		
Inventory days supply (trailing calendar month days)	34 days	35 days						

	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Same Store:								
Retail revenue	$ 1,688.4	$ 1,943.1	$ (254.7)	(13.1)	$ 3,457.3	$ 3,820.8	$ (363.5)	(9.5)
Wholesale revenue	161.7	138.4	23.3	16.8	318.5	286.3	32.2	11.2
Total revenue	$ 1,850.1	$ 2,081.5	$ (231.4)	(11.1)	$ 3,775.8	$ 4,107.1	$ (331.3)	(8.1)
Retail gross profit	$ 104.9	$ 128.3	$ (23.4)	(18.2)	$ 203.9	$ 271.0	$ (67.1)	(24.8)
Wholesale gross profit	5.0	5.6	(0.6)		14.7	17.0	(2.3)	
Total gross profit	$ 109.9	$ 133.9	$ (24.0)	(17.9)	$ 218.6	$ 288.0	$ (69.4)	(24.1)
Retail vehicle unit sales	63,008	68,577	(5,569)	(8.1)	129,171	135,895	(6,724)	(4.9)
Revenue per vehicle retailed	$ 26,797	$ 28,335	$ (1,538)	(5.4)	$ 26,765	$ 28,116	$ (1,351)	(4.8)
Gross profit per vehicle retailed	$ 1,665	$ 1,871	$ (206)	(11.0)	$ 1,579	$ 1,994	$ (415)	(20.8)
Retail gross profit as a percentage of retail revenue	6.2%	6.6%			5.9%	7.1%		

The following discussion of used vehicle results is on a same store basis. The difference between reported amounts and same store amounts in the above tables of $61.0 million and $6.5 million in total used vehicle revenue and $1.5 million and $0.4 million in total used vehicle gross profit for the three months ended June 30, 2024 and 2023, respectively, and $131.4 million and $13.5 million in total used vehicle revenue and $4.3 million and $0.7 million in total used vehicle gross profit for the six months ended June 30, 2024 and 2023, respectively, is related to acquisition and divestiture activity, as well as the opening of AutoNation USA stores.

Second Quarter 2024 compared to Second Quarter 2023

Same store retail used vehicle revenue decreased during the three months ended June 30, 2024, as compared to the same period in 2023, due to a decrease in same store unit volume and a decrease in same store revenue PVR. The decrease in same store unit volume was largely due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions. In addition, the decrease in same store unit volume, particularly for mid- to higher-priced used vehicles, is due in part to the shift in mix from used vehicles to new vehicles.

Same store used vehicle revenue PVR and gross profit PVR decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to a shift in mix towards lower-priced entry-level vehicles, which have lower average selling prices and gross profit PVR. The decrease in same store gross profit PVR was partially offset by the favorable impact of certain actions we took in the first quarter of 2024 to better align used vehicle inventory with market demand and achieve a more optimal inventory supply, resulting in quarterly sequential improvement in gross profit PVR since the fourth quarter of 2023.

The pace of our used vehicle inventory turnover was adversely impacted by the CDK outage, resulting in less than optimal levels and mix of used vehicle inventory at the start of the third quarter of 2024. While we anticipate this will result in a modest adverse impact to used vehicle sales in the early part of the third quarter of 2024, we expect used vehicle inventory levels to normalize by mid-quarter.

First Six Months 2024 compared to First Six Months 2023

Same store retail used vehicle revenue decreased during the six months ended June 30, 2024, as compared to the same period in 2023, due to a decrease in same store unit volume and a decrease in same store revenue PVR. The decrease in same store unit volume, particularly for mid- to higher-priced used vehicles, is due in part to the shift in mix from used vehicles to new vehicles. In addition, same store unit volume was adversely impacted by a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions.

Same store used vehicle revenue PVR and gross profit PVR decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a shift in mix towards lower-priced entry-level vehicles, which have lower average selling prices and gross profit PVR. The decrease in same store gross profit PVR was partially offset by the favorable impact of certain actions we took in the first quarter of 2024 to better align used vehicle inventory with market demand and achieve a more optimal inventory supply, resulting in quarterly sequential improvement in gross profit PVR since the fourth quarter of 2023.

Parts and Service

($ in millions)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Reported:								
Revenue	$ 1,117.1	$ 1,145.3	$ (28.2)	(2.5)	$ 2,289.5	$ 2,235.1	$ 54.4	2.4
Gross Profit	$ 536.6	$ 542.5	$ (5.9)	(1.1)	$ 1,092.4	$ 1,053.6	$ 38.8	3.7
Gross profit as a percentage of revenue	48.0%	47.4%			47.7%	47.1%		
Same Store:								
Revenue	$ 1,105.7	$ 1,142.1	$ (36.4)	(3.2)	$ 2,261.3	$ 2,227.9	$ 33.4	1.5
Gross Profit	$ 530.0	$ 541.0	$ (11.0)	(2.0)	$ 1,077.1	$ 1,050.1	$ 27.0	2.6
Gross profit as a percentage of revenue	47.9%	47.4%			47.6%	47.1%		

Parts and service revenue is primarily derived from vehicle repairs paid directly by customers or via reimbursement from manufacturers and others under warranty programs, as well as from wholesale parts sales, the preparation of vehicles for sale, and collision services.

The following discussion of parts and service results is on a same store basis. The difference between reported amounts and same store amounts in the above tables of $11.4 million and $3.2 million in parts and service revenue and $6.6 million and $1.5 million in parts and service gross profit for the three months ended June 30, 2024 and 2023, respectively, and $28.2 million and $7.2 million in parts and service revenue and $15.3 million and $3.5 million in parts and service gross profit for the six months ended June 30, 2024 and 2023, respectively, is related to acquisition and divestiture activity, as well as the opening of AutoNation USA stores.

Second Quarter 2024 compared to Second Quarter 2023

During the three months ended June 30, 2024, same store parts and service revenue decreased compared to the same period in 2023, primarily due to decreases in revenue associated with wholesale parts sales of $21.2 million, the preparation of vehicles for sale of $14.2 million, and customer-pay service of $5.4 million, partially offset by an increase in revenue associated with warranty service of $11.7 million.

During the three months ended June 30, 2024, same store parts and service gross profit decreased compared to the same period in 2023, primarily due to decreases in gross profit associated with customer-pay service of $7.5 million, the preparation of vehicles for sale of $5.1 million, and wholesale parts sales of $4.9 million, partially offset by an increase in gross profit associated with warranty service of $9.6 million.

Parts and service revenue and gross profit across all revenue types were adversely impacted by the CDK outage, which disrupted our sales and service processes, resulting in a decrease in repair order volume and parts sales. This decrease was partially offset by an increase in parts and service revenue and gross profit associated with warranty service and customer-pay service due to higher value repair orders. Warranty service revenue and gross profit also benefited from improved parts and labor rates.

Same store parts and service gross profit as a percentage of revenue increased to 47.9% during the three months ended June 30, 2024, from 47.4% in the same period in 2023, primarily due to a shift in mix to warranty service, which has a relatively higher average gross profit margin.

The CDK outage continued to adversely impact our parts and service business in July 2024 as certain ancillary systems and integrations were not fully restored until the end of July.

First Six Months 2024 compared to First Six Months 2023

During the six months ended June 30, 2024, same store parts and service revenue increased compared to the same period in 2023, primarily due to increases in revenue associated with warranty service of $30.7 million and the preparation of vehicles for sale of $19.7 million, partially offset by a decrease in revenue associated with wholesale parts sales of $22.3 million.

During the six months ended June 30, 2024, same store parts and service gross profit increased compared to the same period in 2023, primarily due to increases in gross profit associated with warranty-service of $23.4 million and the preparation of vehicles for sale of $11.9 million, partially offset by a decrease in wholesale parts sales of $5.1 million.

Parts and service revenue and gross profit associated with warranty service and the preparation of vehicles for sale benefited from higher value repair orders. Parts and service gross profit associated with warranty service also benefited from improved parts and labor rates. The increases in parts and service revenue and gross profit were partially offset by the CDK outage, which disrupted our sales and service processes, resulting in a decrease in repair order volume and parts sales.

Parts and service gross profit as a percentage of revenue increased increased to 47.6% during the six months ended June 30, 2024, from 47.1% in the same period in 2023, primarily due to a shift in mix to warranty service, which has a relatively higher average gross profit margin..

Finance and Insurance

($ in millions, except per vehicle data)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Reported:								
Revenue and gross profit	$ 324.0	$ 369.5	$ (45.5)	(12.3)	$ 658.7	$ 701.9	$ (43.2)	(6.2)
Gross profit per vehicle retailed	$ 2,556	$ 2,815	$ (259)	(9.2)	$ 2,586	$ 2,765	$ (179)	(6.5)
Same Store:								
Revenue and gross profit	$ 316.9	$ 368.8	$ (51.9)	(14.1)	$ 643.0	$ 700.6	$ (57.6)	(8.2)
Gross profit per vehicle retailed	$ 2,563	$ 2,817	$ (254)	(9.0)	$ 2,597	$ 2,767	$ (170)	(6.1)

Revenue on finance and insurance products represents commissions earned by us for the placement of: (i) loans and leases with financial institutions in connection with customer vehicle purchases financed, (ii) vehicle service contracts with third-party providers, and (iii) other vehicle protection products with third-party providers. We sell these products on a commission basis, and we also participate in the future underwriting profit on certain products pursuant to retrospective commission arrangements with the issuers of those products.

As we continue to grow our AutoNation Finance business and increase our finance penetration rates associated with vehicles sold through our stores, we expect that income related to arranging customer financing will shift to AutoNation Finance and that the resulting decrease in finance and insurance gross profit will be offset by greater profitability generated by our AutoNation Finance business. Interest income on financing provided through AutoNation Finance is recognized over the contractual term of the related loans. See "Corporate and Other" for additional information related to AutoNation Finance.

The following discussion of finance and insurance results is on a same store basis. The difference between reported amounts and same store amounts in finance and insurance revenue and gross profit in the above tables of $7.1 million and $0.7 million for the three months ended June 30, 2024 and 2023, respectively, and $15.7 million and $1.3 million for the six months ended June 30, 2024 and 2023, respectively, is related to acquisition and divestiture activity, as well as the opening of AutoNation USA stores.

Second Quarter 2024 compared to Second Quarter 2023

Same store finance and insurance revenue and gross profit decreased during the three months ended June 30, 2024, as compared to the same period in 2023, due to decreases in finance and insurance gross profit PVR and new and used vehicle unit volume. Finance and insurance gross profit PVR was adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration. In addition, finance and insurance gross profit was adversely impacted by the CDK outage, which disrupted our finance and insurance sales process including our ability to offer certain products.

First Six Months 2024 compared to First Six Months 2023

Same store finance and insurance revenue and gross profit decreased during the six months ended June 30, 2024, as compared to the same period in 2023, due to a decrease in finance and insurance gross profit PVR and a decrease in used vehicle unit volume, partially offset by an increase in new vehicle unit volume. Finance and insurance gross profit PVR was adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration. In addition, finance and insurance gross profit was adversely impacted by the CDK outage, which disrupted our finance and insurance sales process including our ability to offer certain products.

Segment Results

In the following table of financial data, revenue and segment income of our reportable segments are reconciled to consolidated revenue and consolidated operating income, respectively. The following discussions of segment results are on a reported basis.

	Three Months Ended June 30,				Six Months Ended June 30,			
($ in millions)	**2024**	**2023**	**Variance Favorable / (Unfavorable)**	**% Variance**	**2024**	**2023**	**Variance Favorable / (Unfavorable)**	**% Variance**
Revenue:								
Domestic	$ 1,739.4	$ 1,955.5	$ (216.1)	(11.1)	$ 3,496.1	$ 3,786.6	$ (290.5)	(7.7)
Import	2,018.8	1,997.7	21.1	1.1	3,998.3	3,787.0	211.3	5.6
Premium Luxury	2,398.4	2,620.5	(222.1)	(8.5)	4,813.3	5,105.4	(292.1)	(5.7)
Total	6,156.6	6,573.7	(417.1)	(6.3)	12,307.7	12,679.0	(371.3)	(2.9)
Corporate and other	323.8	316.4	7.4	2.3	658.4	609.8	48.6	8.0
Total consolidated revenue	$ 6,480.4	$ 6,890.1	$ (409.7)	(5.9)	$ 12,966.1	$ 13,288.8	$ (322.7)	(2.4)
Segment income[1]:								
Domestic	$ 50.3	$ 115.8	$ (65.5)	(56.6)	$ 125.5	$ 234.3	$ (108.8)	(46.4)
Import	108.2	173.0	(64.8)	(37.5)	237.0	333.4	(96.4)	(28.9)
Premium Luxury	141.9	221.5	(79.6)	(35.9)	313.5	448.3	(134.8)	(30.1)
Total	300.4	510.3	(209.9)	(41.1)	676.0	1,016.0	(340.0)	(33.5)
Corporate and other	(79.3)	(103.9)	24.6		(164.0)	(193.4)	29.4	
Floorplan interest expense	53.9	32.8	(21.1)		103.3	59.9	(43.4)	
Operating income	$ 275.0	$ 439.2	$ (164.2)	(37.4)	$ 615.3	$ 882.5	$ (267.2)	(30.3)
Retail new vehicle unit sales:								
Domestic	16,583	17,495	(912)	(5.2)	32,485	33,344	(859)	(2.6)
Import	28,729	27,172	1,557	5.7	56,297	50,270	6,027	12.0
Premium Luxury	15,956	17,777	(1,821)	(10.2)	31,349	33,895	(2,546)	(7.5)
	61,268	62,444	(1,176)	(1.9)	120,131	117,509	2,622	2.2
Retail used vehicle unit sales:								
Domestic	18,734	21,305	(2,571)	(12.1)	38,497	42,508	(4,011)	(9.4)
Import	22,572	22,630	(58)	(0.3)	46,337	44,693	1,644	3.7
Premium Luxury	17,769	18,931	(1,162)	(6.1)	36,732	37,699	(967)	(2.6)
Other	6,429	5,946	483	8.1	13,059	11,451	1,608	14.0
	65,504	68,812	(3,308)	(4.8)	134,625	136,351	(1,726)	(1.3)

[1] Segment income represents income for each of our reportable segments and is defined as operating income less floorplan interest expense.

Domestic

The Domestic segment operating results included the following:

($ in millions)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
New vehicle	$ 841.9	$ 923.0	$ (81.1)	(8.8)	$ 1,656.3	$ 1,751.0	$ (94.7)	(5.4)
Used vehicle	516.2	619.0	(102.8)	(16.6)	1,059.2	1,231.3	(172.1)	(14.0)
Parts and service	283.0	298.7	(15.7)	(5.3)	585.1	586.3	(1.2)	(0.2)
Finance and insurance, net	96.8	114.3	(17.5)	(15.3)	193.8	216.6	(22.8)	(10.5)
Other	1.5	0.5	1.0		1.7	1.4	0.3	
Total Revenue	$ 1,739.4	$ 1,955.5	$ (216.1)	(11.1)	$ 3,496.1	$ 3,786.6	$ (290.5)	(7.7)
Segment income	$ 50.3	$ 115.8	$ (65.5)	(56.6)	$ 125.5	$ 234.3	$ (108.8)	(46.4)
Retail new vehicle unit sales	16,583	17,495	(912)	(5.2)	32,485	33,344	(859)	(2.6)
Retail used vehicle unit sales	18,734	21,305	(2,571)	(12.1)	38,497	42,508	(4,011)	(9.4)

Second Quarter 2024 compared to Second Quarter 2023

Domestic revenue decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in new and used vehicle unit volume largely due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024. In addition, Domestic revenue was adversely impacted by a decrease in used vehicle revenue PVR due to a shift in mix towards lower-priced entry-level vehicles and a decrease in new vehicle revenue PVR due to continued moderation of pricing resulting from the increasing supply and availability of new vehicle inventory.

Domestic segment income decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle gross profit, used vehicle gross profit, and finance and insurance gross profit. New vehicle gross profit was adversely impacted by a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. Used vehicle gross profit was adversely impacted by a shift in mix towards lower-priced entry-level vehicles, which have lower average gross profit PVR, and a decrease in used vehicle unit volume due in part to the shift in mix from used vehicles to new vehicles. Finance and insurance gross profit was adversely impacted by the decrease in vehicle unit volume and a decrease in finance and insurance gross profit PVR, which was adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration. Domestic segment income was also adversely impacted by decreases in gross profit resulting from the CDK outage.

First Six Months 2024 compared to First Six Months 2023

Domestic revenue decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new and used vehicle unit volume largely due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024. In addition, Domestic revenue was adversely impacted by a decrease in used vehicle revenue PVR due to a shift in mix towards lower-priced entry-level vehicles and a decrease in new vehicle revenue PVR due to continued moderation of pricing resulting from the increasing supply and availability of new vehicle inventory.

Domestic segment income decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle gross profit and used vehicle gross profit. New vehicle gross profit was adversely impacted by a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. Used vehicle gross profit was adversely impacted by a shift in mix towards lower-priced entry-level vehicles, which have lower average gross profit PVR, and a decrease in used vehicle unit volume due in part to the shift in mix from used vehicles to new vehicles. Domestic segment income was also adversely impacted by decreases in gross profit resulting from the CDK outage.

Import

The Import segment operating results included the following:

($ in millions)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
New vehicle	$ 1,067.3	$ 1,011.2	$ 56.1	5.5	$ 2,074.1	$ 1,867.6	$ 206.5	11.1
Used vehicle	544.6	563.2	(18.6)	(3.3)	1,101.8	1,105.3	(3.5)	(0.3)
Parts and service	289.4	291.3	(1.9)	(0.7)	584.1	559.7	24.4	4.4
Finance and insurance, net	115.2	128.0	(12.8)	(10.0)	234.4	240.4	(6.0)	(2.5)
Other	2.3	4.0	(1.7)		3.9	14.0	(10.1)	
Total Revenue	$ 2,018.8	$ 1,997.7	$ 21.1	1.1	$ 3,998.3	$ 3,787.0	$ 211.3	5.6
Segment income	$ 108.2	$ 173.0	$ (64.8)	(37.5)	$ 237.0	$ 333.4	$ (96.4)	(28.9)
Retail new vehicle unit sales	28,729	27,172	1,557	5.7	56,297	50,270	6,027	12.0
Retail used vehicle unit sales	22,572	22,630	(58)	(0.3)	46,337	44,693	1,644	3.7

Second Quarter 2024 compared to Second Quarter 2023

Import revenue increased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to an increase in new vehicle unit volume due to the increasing supply of new vehicle inventory and sustained consumer demand. Import revenue also benefited from the acquisitions we completed in 2023. The increases in Import revenue were partially offset by a decrease in used vehicle revenue PVR due to a shift in mix towards lower-priced entry-level vehicles, as well as a decrease in new and used vehicle unit volume during the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024.

Import segment income decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle gross profit and finance and insurance gross profit. New vehicle gross profit was adversely impacted by a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. The decrease in finance and insurance gross profit was primarily due to the decrease in vehicle unit volume during the CDK outage and a decrease in finance and insurance gross profit PVR, which was adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration.

First Six Months 2024 compared to First Six Months 2023

Import revenue increased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to an increase in new vehicle unit volume due to the increasing supply of new vehicle inventory and sustained consumer demand. Import revenue also benefited from the acquisitions we completed in 2023 and an increase in parts and service revenue associated with the preparation of vehicles for sale. The increases in Import revenue were partially offset by a decrease in used vehicle revenue PVR primarily due to a shift in mix towards lower-priced entry-level vehicles, as well as a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024.

Import segment income decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. In addition, Import segment income was adversely impacted by an increase in SG&A expenses, largely due to the acquisitions we completed in 2023 and the one-time compensation paid to commission-based associates during the CDK outage, as well as decreases in gross profit resulting from the CDK outage.

Premium Luxury

The Premium Luxury segment operating results included the following:

($ in millions)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
New vehicle	$ 1,213.3	$ 1,346.8	$ (133.5)	(9.9)	$ 2,371.4	$ 2,594.3	$ (222.9)	(8.6)
Used vehicle	687.7	756.9	(69.2)	(9.1)	1,423.9	1,502.7	(78.8)	(5.2)
Parts and service	397.3	400.3	(3.0)	(0.7)	814.5	786.5	28.0	3.6
Finance and insurance, net	99.9	115.8	(15.9)	(13.7)	203.2	220.8	(17.6)	(8.0)
Other	0.2	0.7	(0.5)		0.3	1.1	(0.8)	
Total Revenue	$ 2,398.4	$ 2,620.5	$ (222.1)	(8.5)	$ 4,813.3	$ 5,105.4	$ (292.1)	(5.7)
Segment income	$ 141.9	$ 221.5	$ (79.6)	(35.9)	$ 313.5	$ 448.3	$ (134.8)	(30.1)
Retail new vehicle unit sales	15,956	17,777	(1,821)	(10.2)	31,349	33,895	(2,546)	(7.5)
Retail used vehicle unit sales	17,769	18,931	(1,162)	(6.1)	36,732	37,699	(967)	(2.6)

Second Quarter 2024 compared to Second Quarter 2023

Premium Luxury revenue decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle revenue and used vehicle revenue largely due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024. New vehicle revenue was also adversely impacted by lower availability of higher demand vehicle models in certain markets and sale restrictions placed on certain vehicles in June 2024 related to a manufacturer recall. Used vehicle revenue was also adversely impacted by a decrease in used vehicle revenue PVR due to a shift in mix towards lower-priced entry-level vehicles.

Premium Luxury segment income decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle gross profit and finance and insurance gross profit. New vehicle gross profit was adversely impacted by a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. Finance and insurance gross profit was adversely impacted by the decrease in new and used vehicle unit volume and a decrease in finance and insurance gross profit PVR, which was adversely impacted by an increase in retail vehicle sales financed through our captive auto finance company and a decrease in product penetration. Premium Luxury segment income was also adversely impacted by decreases in gross profit resulting from the CDK outage.

First Six Months 2024 compared to First Six Months 2023

Premium Luxury revenue decreased slightly during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in new vehicle revenue and used vehicle revenue due to a decrease in productivity as a result of the CDK outage, which disrupted our vehicle sales, inventory, and customer relationship management functions in the latter half of June 2024. In addition, new vehicle revenue was adversely impacted by lower availability of higher demand vehicle models in certain markets. Decreases in revenue were partially offset by an increase in parts and service revenue associated with warranty service and customer-pay service.

Premium Luxury segment income decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to decreases in new vehicle gross profit and used vehicle gross profit. New vehicle gross profit was adversely impacted by a decrease in new vehicle gross profit PVR due to continued moderation of margins resulting from the increasing supply of new vehicle inventory. Used vehicle gross profit was adversely impacted by a shift in mix towards lower-priced entry-level vehicles, which have lower average gross profit PVR. Premium Luxury segment income was also adversely impacted by decreases in gross profit resulting from the CDK outage.

Corporate and other

Corporate and other results included the following:

($ in millions)	Three Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance	Six Months Ended June 30, 2024	2023	Variance Favorable / (Unfavorable)	% Variance
Revenue:								
Used vehicle	$ 162.6	$ 148.9	$ 13.7	9.2	$ 322.3	$ 281.3	$ 41.0	14.6
Parts and service	147.4	155.0	(7.6)	(4.9)	305.8	302.6	3.2	1.1
Finance and insurance, net	12.1	11.4	0.7	6.1	27.3	24.1	3.2	13.3
Other	1.7	1.1	0.6		3.0	1.8	1.2	
Revenue	$ 323.8	$ 316.4	$ 7.4	2.3	$ 658.4	$ 609.8	$ 48.6	8.0
Income (loss)	$ (79.3)	$ (103.9)	$ 24.6		$ (164.0)	$ (193.4)	$ 29.4	

"Corporate and other" is comprised of our non-franchised businesses, all of which do not meet the quantitative thresholds for reportable segments, as well as unallocated corporate overhead expenses and other income items. As of June 30, 2024, our non-franchised businesses included 52 AutoNation-branded collision centers, 23 AutoNation USA used vehicle stores, 4 AutoNation-branded automotive auction operations, 3 parts distribution centers, a mobile automotive repair and maintenance business, referred to as AutoNation Mobile Service, and an auto finance company, referred to as AutoNation Finance.

Revenue from "Corporate and other" increased for the three and six months ended June 30, 2024, as compared to the same period in 2023, primarily due to newly opened AutoNation USA stores, partially offset by a decrease in revenue from collision centers.

The loss from "Corporate and other" decreased for the three and six months ended June 30, 2024, as compared to the same period in 2023, primarily due to the prior year reflecting self-insured losses of $16.5 million related to hailstorms and other natural catastrophes and a decrease in performance-driven compensation expenses.

AutoNation Finance

AutoNation Finance, our captive auto finance company, provides indirect financing to qualified retail customers on vehicles we sell. This business provides us an opportunity to extend our relationship with the customer beyond the vehicle sale and participate in the customer's entire vehicle ownership cycle. As a result, we are able to diversify our revenues and create a low-volatility earnings stream, generate additional profits, cash flows, and sales, and increase customer retention. AutoNation Finance operating results include the interest and fee income generated by auto loans receivable less the interest expense associated with the debt issued to fund these receivables, a provision for estimated credit losses on the auto loans receivable originated or acquired, and direct expenses. Interest income on auto loans receivable is recognized over the contractual term of the related loans.

In September 2023, we discontinued acquiring installment contracts from third-party independent dealers. We plan to continue to increase finance penetration rates for retail vehicle sales through our stores, which we expect will favorably impact the operating results of our auto finance business over time. AutoNation Finance results are included in Other (Income) Expense, Net in our Unaudited Condensed Consolidated Statements of Income. See Notes 5 and 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information on auto loans receivable, the related allowance for credit losses, and the related debt of our auto finance company.

Selling, General, and Administrative Expenses

Our Selling, General, and Administrative ("SG&A") expenses consist primarily of compensation, including store and corporate salaries, commissions, and incentive-based compensation, as well as advertising (net of reimbursement-based manufacturer advertising rebates), and store and corporate overhead expenses, which include occupancy costs, outside service costs, information technology expenses, transportation-related costs for parts and service customers, legal, accounting, and professional services, and general corporate expenses. The following table presents the major components of our SG&A expenses.

	Three Months Ended June 30,				Six Months Ended June 30,			
($ in millions)	2024	2023	Variance Favorable / (Unfavorable)	% Variance	2024	2023	Variance Favorable / (Unfavorable)	% Variance
Reported:								
Compensation	$ 537.0	$ 548.7	$ 11.7	2.1	$ 1,053.7	$ 1,071.0	$ 17.3	1.6
Advertising	66.2	63.4	(2.8)	(4.4)	124.3	114.1	(10.2)	(8.9)
Store and corporate overhead	222.6	230.8	8.2	3.6	440.9	440.5	(0.4)	(0.1)
Total	$ 825.8	$ 842.9	$ 17.1	2.0	$ 1,618.9	$ 1,625.6	$ 6.7	0.4
SG&A as a % of total gross profit:								
Compensation	46.2	41.1	(510)	bps	44.6	40.9	(370)	bps
Advertising	5.7	4.7	(100)	bps	5.3	4.4	(90)	bps
Store and corporate overhead	19.1	17.3	(180)	bps	18.7	16.7	(200)	bps
Total	71.0	63.1	(790)	bps	68.6	62.0	(660)	bps

Second Quarter 2024 compared to Second Quarter 2023

SG&A expenses decreased during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in performance-driven compensation expense partly resulting from the CDK outage, which disrupted our sales and service processes. This decrease was partially offset by certain one-time compensation of approximately $43 million paid to commission-based associates to ensure business continuity as a result of the CDK outage. The prior year period also reflects self-insured losses of $16.5 million related to hailstorms and other natural catastrophes. Decreases in SG&A were partially offset by acquisitions and newly opened stores. As a percentage of total gross profit, SG&A expenses increased to 71.0% during the three months ended June 30, 2024, from 63.1% in the same period in 2023, primarily due to the decrease in gross profit resulting from the CDK outage and the one-time compensation paid to commission-based associates during this period. While we expect the elevated level of SG&A expense as a percentage of gross profit to normalize, we expect there will be some residual adverse impacts on gross profit from the CDK outage in the early part of the third quarter of 2024.

First Six Months 2024 compared to First Six Months 2023

SG&A expenses decreased slightly during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in performance-driven compensation expense partly resulting from the CDK outage, which disrupted our sales and service processes. This decrease was partially offset by certain one-time compensation of approximately $43 million paid to commission-based associates to ensure business continuity as a result of the CDK outage. The prior year period also reflects self-insured losses of $16.5 million related to hailstorms and other natural catastrophes. Decreases in SG&A were partially offset by acquisitions and newly opened stores, an increase in advertising expenses to support our vehicle and after-sales businesses, as well as growth in our new non-franchised businesses, and an increase in transportation-related costs for parts and service customers. As a percentage of total gross profit, SG&A expenses increased to 68.6% during the six months ended June 30, 2024, from 62.0% in the same period in 2023, primarily due to moderation of gross profit and increases in SG&A expenses, as well as the decrease in gross profit resulting from the CDK outage and the one-time compensation paid to commission-based associates during this period.

Other (Income) Expense, Net (Operating)

Other (Income) Expense, Net includes gains associated with property divestitures, legal settlements, and asset impairments, among other items, and the results of our captive auto finance company, including net interest margin, the provision for expected credit losses, and direct expenses. See "Segment Results - Corporate and other" above and Notes 5 and 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information about our auto finance company.

Non-Operating Income (Expense)

Floorplan Interest Expense

Floorplan interest rates are variable and, therefore, increase and decrease with changes in the underlying benchmark interest rates.

Second Quarter 2024 compared to Second Quarter 2023

Floorplan interest expense was $53.9 million for the three months ended June 30, 2024, compared to $32.8 million for the same period in 2023. The increase in floorplan interest expense of $21.1 million was the result of higher average vehicle floorplan balances and higher average interest rates.

First Six Months 2024 compared to First Six Months 2023

Floorplan interest expense was $103.3 million for the six months ended June 30, 2024, compared to $59.9 million for the same period in 2023. The increase in floorplan interest expense of $43.4 million was the result of higher average vehicle floorplan balances and higher average interest rates.

Interest Expense

Other interest expense includes the interest related to non-vehicle long-term debt and finance lease obligations.

Second Quarter 2024 compared to Second Quarter 2023

Other interest expense was $46.8 million for the three months ended June 30, 2024, compared to $46.0 million for the same period in 2023. The increase in interest expense of $0.8 million was driven by higher average interest rates.

First Six Months 2024 compared to First Six Months 2023

Other interest expense was $91.4 million for the six months ended June 30, 2024, compared to $87.1 million for the same period in 2023. The increase in interest expense of $4.3 million was driven by higher average interest rates.

Other Income (Loss), Net

We recognized a net gain of $0.4 million and $4.4 million for the three months ended June 30, 2024 and 2023, respectively, and a net gain of $7.7 million and $9.1 million for the six months ended June 30, 2024 and 2023, respectively, related to changes in the cash surrender value of corporate-owned life insurance ("COLI") for deferred compensation plan participants as a result of changes in market performance of the underlying investments. Gains and losses related to the COLI are substantially offset by corresponding increases and decreases, respectively, in the deferred compensation obligations, which are reflected in SG&A expenses.

We recorded unrealized losses of $1.4 million and $0.2 million for the three months ended June 30, 2024 and 2023, respectively, and unrealized losses of $1.8 million and $1.3 million for the six months ended June 30, 2024 and 2023, respectively, related to the change in fair value of the underlying securities of our minority equity investments. During the period that we hold our minority equity investments, unrealized gains and losses will be recorded as the fair market values of securities with readily determinable fair values change over time, or as observable price changes are identified for securities without readily determinable fair values. See Note 13 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information.

Income Tax Provision

Income taxes are provided based upon our anticipated underlying annual blended federal and state income tax rates adjusted, as necessary, for any discrete tax matters occurring during the period. As we operate in various states, our effective tax rate is also dependent upon our geographic revenue mix.

Our effective income tax rate was 25.3% for the three months ended June 30, 2024, and 25.3% for the three months ended June 30, 2023. Our effective income tax rate was 25.1% for the six months ended June 30, 2024, and 24.8% for the six months ended June 30, 2023.

Discontinued Operations

Results from discontinued operations, net of income taxes, for the six months ended June 30, 2023, were primarily related to a gain on the sale of real estate in the first quarter of 2023 associated with a store that was closed prior to January 1, 2014. Upon the sale of this real estate, we have no remaining discontinued operations.

Liquidity and Capital Resources

We manage our liquidity to ensure access to sufficient funding at acceptable costs to fund our ongoing operating requirements and future capital expenditures while continuing to meet our financial obligations. We believe that our cash and cash equivalents, funds generated through operations, and amounts available under our revolving credit facility, commercial paper program, and secured used vehicle floorplan facilities will be sufficient to fund our working capital requirements, service our debt, pay our tax obligations and commitments and contingencies, and meet any seasonal operating requirements for the foreseeable future. Depending on market conditions, we may from time to time issue debt, including in private or public offerings, to augment our liquidity, to reduce our cost of capital, or for general corporate purposes.

Available Liquidity Resources

We had the following sources of liquidity available:

(In millions)	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 85.9	$ 60.8
Revolving credit facility	$ 1,899.2 [1]	$ 1,899.2
Secured used vehicle floorplan facilities [2]	$ 0.3	$ 0.9

[1] At June 30, 2024, we had $0.8 million of letters of credit outstanding. In addition, we use the revolving credit facility under our credit agreement as a liquidity backstop for borrowings under our commercial paper program. We had $425.0 million of commercial paper notes outstanding at June 30, 2024. See Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information.

[2] Based on the eligible used vehicle inventory that could have been pledged as collateral. See Note 6 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information.

In the ordinary course of business, we are required to post performance and surety bonds, letters of credit, and/or cash deposits as financial guarantees of our performance primarily relating to insurance matters. At June 30, 2024, surety bonds, letters of credit, and cash deposits totaled $121.8 million, of which $0.8 million were letters of credit. We do not currently provide cash collateral for outstanding letters of credit.

In February 2022, we filed an automatic shelf registration statement with the SEC that enables us to offer for sale, from time to time and as the capital markets permit, an unspecified amount of common stock, preferred stock, debt securities, warrants, subscription rights, depositary shares, stock purchase contracts, and units.

In addition, we own a significant portion of our new vehicle franchise store locations and other locations associated with our non-franchised businesses, as well as other properties. At June 30, 2024, these properties had a net book value of $2.8 billion. None of these properties are mortgaged or encumbered.

Capital Allocation

Our capital allocation strategy is focused on growing long-term value per share. We invest capital in our business to maintain and upgrade our existing facilities and to build new facilities for existing franchises and new AutoNation USA used vehicle stores, as well as for other strategic and technology initiatives. We also deploy capital opportunistically to complete acquisitions or investments, build facilities for newly awarded franchises, and/or repurchase our common stock and/or debt. Our capital allocation decisions are based on factors such as the expected rate of return on our investment, the market price of our common stock versus our view of its intrinsic value, the market price of our debt, the potential impact on our capital structure, our ability to complete acquisitions that meet our market and vehicle brand criteria and/or return on investment threshold, and limitations set forth in our debt agreements.

Share Repurchases

Our Board of Directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. A summary of shares repurchased under our stock repurchase program authorized by our Board of Directors follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	**2024**	**2023**	**2024**	**2023**
Shares repurchased	2.0	1.6	2.2	4.0
Aggregate purchase price [1]	$ 311.3	$ 207.4	$ 350.0	$ 512.4
Average purchase price per share	$ 159.52	$ 132.44	$ 159.39	$ 128.76

(1) Excludes excise taxes imposed under the Inflation Reduction Act of $3.1 million and $3.2 million for the three and six months ended June 30, 2024, respectively, and $2.1 million and $4.6 million for the three and six months ended June 30, 2023, respectively.

As of June 30, 2024, $970.8 million remained available under our stock repurchase limit authorized by our Board of Directors.

The decision to repurchase shares at any given point in time is based on factors such as the market price of our common stock versus our view of its intrinsic value, the potential impact on our capital structure (including compliance with our maximum leverage ratio and other financial covenants in our debt agreements as well as our available liquidity), and the expected return on competing uses of capital such as acquisitions or investments, capital investments in our current businesses, or repurchases of our debt.

Capital Expenditures

The following table sets forth information regarding our capital expenditures:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Purchases of property and equipment	$ 87.5	$ 103.7	$ 181.2	$ 199.0

We continue to expand our AutoNation USA used vehicle stores. The expansion may be impacted by a number of variables, including customer adoption, market conditions, availability of used vehicle inventory, availability and cost of building supplies and materials, and our ability to identify, acquire, and build out suitable locations in a timely manner.

Acquisitions and Divestitures

We did not purchase or divest any stores during the six months ended June 30, 2024. During the six months ended June 30, 2023, we acquired RepairSmith, a mobile solution for automotive repair and maintenance, which we renamed AutoNation Mobile Service, and we also purchased six stores. We did not divest any stores during the six months ended June 30, 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Cash paid for business acquisitions, net	$ —	$ 77.9	$ —	$ 268.9

We regularly review our store portfolio and may acquire or divest stores to optimize our operations and footprint. We typically utilize proceeds related to asset sales, including business and real estate divestitures, to fund our capital investments and strategic initiatives or for other general corporate purposes. Subsequent to June 30, 2024, we divested three stores for total proceeds of approximately $57 million.

Debt

The following table sets forth our non-vehicle long-term debt, as of June 30, 2024, and December 31, 2023.

Debt Description	Maturity Date	Interest Payable	June 30, 2024	December 31, 2023
3.5% Senior Notes	November 15, 2024	May 15 and November 15	$ 450.0	$ 45(
4.5% Senior Notes	October 1, 2025	April 1 and October 1	450.0	45(
3.8% Senior Notes	November 15, 2027	May 15 and November 15	300.0	30(
1.95% Senior Notes	August 1, 2028	February 1 and August 1	400.0	40(
4.75% Senior Notes	June 1, 2030	June 1 and December 1	500.0	50(
2.40% Senior Notes	August 1, 2031	February 1 and August 1	450.0	45(
3.85% Senior Notes	March 1, 2032	March 1 and September 1	700.0	70(
Revolving credit facility	July 18, 2028	Monthly	—	-
Finance leases and other debt	Various dates through 2041		356.4	362
			3,606.4	3,612
Less: unamortized debt discounts and debt issuance costs			(19.8)	(21
Less: current maturities			(463.1)	(462
Long-term debt, net of current maturities			$ 3,123.5	$ 3,127

Our 3.5% Senior Notes due 2024 will mature on November 15, 2024, and were, therefore, reclassified to current during the fourth quarter of 2023.

We had commercial paper notes outstanding of $425.0 million at June 30, 2024, and $440.0 million at December 31, 2023.

We had non-recourse debt under our warehouse facilities of $453.0 million at June 30, 2024, and $209.4 million at December 31, 2023, and non-recourse debt under term securitizations of consolidated variable interest entities ("VIEs") of $36.1 million at June 30, 2024, and $50.5 million at December 31, 2023.

A downgrade in our credit ratings could negatively impact the interest rate payable on our 3.5% Senior Notes, 4.5% Senior Notes, 3.8% Senior Notes, and 4.75% Senior Notes and could negatively impact our ability to issue, or the interest rates for, commercial paper notes. Additionally, an increase in our leverage ratio could negatively impact the interest rates charged for borrowings under our revolving credit facility.

See Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information on our non-vehicle long-term debt, commercial paper, and non-recourse debt.

Restrictions and Covenants

Our amended and restated credit agreement and the indentures for our senior unsecured notes contain customary covenants that place restrictions on us, including our ability to incur additional or guarantee other indebtedness, to create liens or other encumbrances, to engage in sale and leaseback transactions, to sell (or otherwise dispose of) assets, and to merge or consolidate with other entities. Our failure to comply with the covenants contained in our amended and restated credit agreement and the indentures for our senior unsecured notes could result in the acceleration of other indebtedness of AutoNation.

Under our amended and restated credit agreement, we are required to remain in compliance with a maximum leverage ratio and a minimum interest coverage ratio. The leverage ratio is a contractually defined amount principally reflecting non-vehicle debt divided by a measure of earnings. The interest coverage ratio is a contractually defined amount reflecting a measure of earnings divided by certain interest expense principally associated with vehicle floorplan payable and non-vehicle debt. The specific terms of the leverage and interest coverage ratios can be found in our amended and restated credit agreement, which is filed with our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.

As of June 30, 2024, we were in compliance with the covenants under our credit agreement and the indentures for our senior unsecured notes. At June 30, 2024, our leverage and interest coverage ratios were as follows:

	June 30, 2024	
	Requirement	Actual
Leverage ratio	≤ 3.75x	2.53x
Interest coverage ratio	≥ 3.00x	4.63x

Vehicle Floorplan Payable

The components of vehicle floorplan payable are as follows:

(In millions)	June 30, 2024	December 31, 2023
Vehicle floorplan payable - trade	$ 2,272.9	$ 1,760.0
Vehicle floorplan payable - non-trade	1,686.9	1,622.4
Vehicle floorplan payable	$ 3,959.8	$ 3,382.4

Vehicle floorplan facilities are due on demand, but in the case of new vehicle inventories, are generally paid within several business days after the related vehicles are sold. Vehicle floorplan facilities are primarily collateralized by vehicle inventories and related receivables. See Note 6 of the Notes to Unaudited Condensed Consolidated Financial Statements for more information on our vehicle floorplan payable.

Cash Flows

The following table summarizes the changes in our cash provided by (used in) operating, investing, and financing activities:

	Six Months Ended June 30,	
(In millions)	2024	2023
Net cash provided by operating activities	$ 234.9	$ 507.0
Net cash used in investing activities	$ (136.4)	$ (487.5)
Net cash used in financing activities	$ (65.7)	$ (29.6)

Cash Flows from Operating Activities

Our primary sources of operating cash flows result from the sale of vehicles, finance and insurance products, and parts and automotive repair and maintenance services, proceeds from vehicle floorplan payable-trade, and collections on auto loans receivable for vehicles sold through our stores. Our primary uses of cash from operating activities are payments of vehicle floorplan payable-trade, purchases of inventory, personnel-related expenditures, originations of loans receivable for vehicles sold through our stores, and payments related to taxes and leased properties.

Net cash provided by operating activities decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to an increase in originations of loans receivable for vehicles sold through our stores, a decrease in earnings, and an increase in working capital requirements, partially offset by the impact to the timing of working capital related payments due to the CDK outage.

Cash Flows from Investing Activities

Net cash flows from investing activities consist primarily of cash used in capital additions and activity from business acquisitions, business divestitures, property dispositions, originations of and collections on auto loans receivable acquired through third-party dealers, and other transactions. In September 2023, we discontinued acquiring installment contracts from third-party dealers.

We will make facility and infrastructure upgrades and improvements from time to time as we identify projects that are required to maintain our current business or that we expect to provide us with acceptable rates of return.

Net cash used in investing activities decreased during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a decrease in cash used for acquisitions and a decrease in originations of loans receivable acquired through third-party dealers.

Cash Flows from Financing Activities

Net cash flows from financing activities primarily include repurchases of common stock, debt activity, and changes in vehicle floorplan payable-non-trade.

Cash flows from financing activities include changes in commercial paper notes outstanding totaling net payments of $15.0 million and net proceeds of $415.0 million during the six months ended June 30, 2024 and 2023, respectively.

During the six months ended June 30, 2024, we borrowed $623.0 million and repaid $393.9 million under our non-recourse debt facilities. During the six months ended June 30, 2023, we borrowed $63.9 million and repaid $126.9 million under our non-recourse debt facilities.

During the six months ended June 30, 2024, we repurchased 2.2 million shares of common stock for an aggregate purchase price of $350.0 million (average purchase price per share of $159.39), excluding the excise tax imposed under the Inflation Reduction Act. During the six months ended June 30, 2023, we repurchased 4.0 million shares of common stock for an aggregate purchase price of $512.4 million (average purchase price per share of $128.76), excluding the excise tax imposed under the Inflation Reduction Act.

Cash flows from financing activities include changes in vehicle floorplan payable-non-trade totaling net proceeds of $94.8 million and $171.4 million during the six months ended June 30, 2024 and 2023, respectively.

Forward-Looking Statements

Our business, financial condition, results of operations, cash flows, and prospects, and the prevailing market price and performance of our common stock may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our strategic initiatives, partnerships, or investments, including AutoNation USA, AutoNation Finance, and AutoNation Mobile Service, statements regarding our expectations for the future performance of our business and the automotive retail industry, including during the second half of 2024, statements regarding the impact of the CDK outage on our business and the availability of insurance or other sources of recovery, as well as other written or oral statements made from time to time by us or by our authorized executive officers on our behalf that describe our objectives, goals, or plans, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact, including statements that describe our objectives, plans or goals are, or may be deemed to be, forward-looking statements. Words such as "anticipate," "expect," "estimate," "intend," "goal," "target," "project," "plan," "believe," "continue," "may," "will," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Our forward-looking statements reflect our current expectations concerning future results and events, and they involve known and unknown risks, uncertainties and other factors that are difficult to predict and may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these statements. These forward-looking statements speak only as of the date of this report, and we undertake no obligation to revise or update these statements to reflect subsequent events or circumstances. The risks, uncertainties, and other factors that our stockholders and prospective investors should consider include, but are not limited to, the following:

- The automotive retail industry is sensitive to changing economic conditions and various other factors, including, but not limited to, unemployment levels, consumer confidence, fuel prices, interest rates, and tariffs. Our business and results of operations are substantially dependent on new and used vehicle sales levels in the United States and in our particular geographic markets, as well as the gross profit margins that we can achieve on our sales of vehicles, all of which are very difficult to predict.
- Our new vehicle sales are impacted by the incentive, marketing, and other programs of vehicle manufacturers.
- We are dependent upon the success and continued financial viability of the vehicle manufacturers and distributors with which we hold franchises. In addition, we rely on various third-party suppliers for key products and services.
- We are subject to restrictions imposed by, and significant influence from, vehicle manufacturers that may adversely impact our business, financial condition, results of operations, cash flows, and prospects, including our ability to acquire additional stores.

- We are investing significantly in various strategic initiatives, including the planned expansion of our AutoNation USA stores, our AutoNation Finance business, and our AutoNation Mobile Service business, and if they are not successful, we will have incurred significant expenses without the benefit of improved financial results.
- If we are not able to maintain and enhance our retail brands and reputation or to attract consumers to our own digital channels, or if events occur that damage our retail brands, reputation, or sales channels, our business and financial results may be harmed.
- We are subject to various risks associated with originating and servicing auto finance loans through indirect lending to customers, any of which could have an adverse effect on our business.
- New laws, regulations, or governmental policies in response to climate change, including fuel economy and greenhouse gas emission standards, or changes to existing standards, could adversely impact our business, results of operations, financial condition, cash flow, and prospects.
- We are subject to numerous legal and administrative proceedings, which, if the outcomes are adverse to us, could materially adversely affect our business, results of operations, financial condition, cash flows, and prospects.
- Our operations are subject to extensive governmental laws and regulations. If we are found to be in purported violation of or subject to liabilities under any of these laws or regulations, or if new laws or regulations are enacted that adversely affect our operations, our business, operating results, and prospects could suffer.
- We depend on information technology for our business and are subject to risks related to cybersecurity threats and incidents, including those affecting our third-party suppliers and other service providers. A failure of our information systems or any cybersecurity breaches or unauthorized disclosure of confidential information could have a material adverse effect on our business, disrupt our business, and adversely impact our reputation and results of operations.
- Our debt agreements contain certain financial ratios and other restrictions on our ability to conduct our business, and our substantial indebtedness could adversely affect our financial condition and operations and prevent us from fulfilling our debt service obligations.
- We are subject to interest rate risk in connection with our vehicle floorplan payables, revolving credit facility, commercial paper program, and warehouse facilities that could have a material adverse effect on our profitability.
- Goodwill and other intangible assets comprise a significant portion of our total assets. We must test our goodwill and other intangible assets for impairment at least annually, which could result in a material, non-cash write-down of goodwill or franchise rights and could have a material adverse impact on our results of operations and shareholders' equity.
- Our minority equity investments with readily determinable fair values are required to be measured at fair value each reporting period, which could adversely impact our results of operations and financial condition. The carrying value of our minority equity investment that does not have a readily determinable fair value is required to be adjusted for observable price changes or impairments, both of which could adversely impact our results of operations and financial condition.
- Our largest stockholders, as a result of their ownership stakes in us, may have the ability to exert substantial influence over actions to be taken or approved by our stockholders. In addition, future share repurchases and fluctuations in the levels of ownership of our largest stockholders could impact the volume of trading, liquidity, and market price of our common stock.
- Natural disasters and adverse weather events, including the effects of climate change, can disrupt our business.

Please refer to our most recent Annual Report on Form 10-K for additional discussion of the foregoing risks. These forward-looking statements speak only as of the date of this report, and we undertake no obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Additional Information

Investors and others should note that we announce material financial information using our company website (www.autonation.com), our investor relations website (investors.autonation.com), SEC filings, press releases, public conference calls, and webcasts. Information about AutoNation, its business, and its results of operations may also be announced by posts on AutoNation's X feed (www.x.com/autonation).

The information that we post on our websites and social media channels could be deemed to be material information. As a result, we encourage investors, the media, and others interested in AutoNation to review the information that we post on those websites and social media channels. Our social media channels may be updated from time to time on our investor relations website. The information on or accessible through our websites and social media channels is not incorporated by reference in this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have market risk exposure on various instruments that are based on variable interest rates. Interest rate derivatives may be used to hedge a portion of our variable rate debt, when appropriate, based on market conditions.

We had $4.0 billion of variable rate vehicle floorplan payable at June 30, 2024, and $3.4 billion at December 31, 2023. Based on these amounts, a 100 basis point change in interest rates would result in an approximate change to our annual floorplan interest expense of $39.6 million at June 30, 2024, and $33.8 million at December 31, 2023. Our exposure to changes in interest rates with respect to total vehicle floorplan payable is partially mitigated by manufacturers' floorplan assistance, which in some cases is based on variable interest rates.

We had $425.0 million of commercial paper notes outstanding at June 30, 2024, and $440.0 million at December 31, 2023. Based on the amount outstanding, a 100 basis point change in interest rates would result in an approximate change to our annual interest expense of $4.3 million at June 30, 2024, and $4.4 million at December 31, 2023.

Our fixed rate senior unsecured notes totaled $3.2 billion and had a fair value of $3.0 billion as of June 30, 2024, and totaled $3.2 billion and had a fair value of $3.0 billion as of December 31, 2023.

As of June 30, 2024, all auto loans receivable outstanding were fixed-rate installment contracts. Financing for these receivables was achieved primarily through both variable- and fixed-rate non-recourse debt. Non-recourse debt includes warehouse facilities and asset-backed term securitizations. Borrowings under the warehouse facilities are variable-rate debt and are secured by the related auto loans receivable. Certain auto loans receivable were funded through term securitizations, which issued notes payable that accrue interest at fixed rates, and are also secured by the related auto loans receivable.

Equity Price Risk

We are subject to equity price risk with respect to minority equity investments. Certain of our equity investments have readily determinable fair values. During the period that we hold these equity investments, unrealized gains and losses will be recorded as the fair market value of the securities change over time. The fair value of these equity investments was $21.4 million at June 30, 2024, and $22.8 million at December 31, 2023. A hypothetical 10% change in the equity prices of these securities with readily determinable fair values would result in an approximate change to gain or loss of $2.1 million at June 30, 2024, and $2.3 million at December 31, 2023. We also have minority equity investments without a readily determinable fair value. These equity investments are measured using a measurement alternative as permitted by accounting standards and were initially recorded at cost, to be subsequently adjusted for observable price changes. During the period that we hold these investments, unrealized gains and losses may be recorded if we identify observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The carrying amount of our equity investments without a readily determinable fair value was $58.2 million at June 30, 2024, and $56.7 million at December 31, 2023. A hypothetical 10% observable price change for these equity investments would result in an approximate change to gain or loss of $5.8 million at June 30, 2024, and $5.7 million at December 31, 2023. The selected 10% hypothetical change in equity prices is not intended to reflect a best or worst case scenario, as equity price changes could be smaller or larger due to the nature of equity markets.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 (our "10-K"), which could materially affect our business, financial condition, or future results. The risk factors set forth below update certain risk factors set forth in our 10-K.

We are dependent upon the success and continued financial viability of the vehicle manufacturers and distributors with which we hold franchises. In addition, we rely on various third-party suppliers for key products and services.

The success of our stores is dependent on vehicle manufacturers in several key respects. First, we rely exclusively on the various vehicle manufacturers for our new vehicle inventory. Our ability to sell new vehicles is dependent on a vehicle manufacturer's ability to design, manufacture, and allocate to our stores an attractive, high-quality, and desirable product mix at the right time and at the right price in order to satisfy customer demand. Second, manufacturers generally support their franchisees by providing direct financial assistance in various areas, including, among others, floorplan assistance and advertising assistance. Third, manufacturers provide product warranties and, in some cases, service contracts to customers.

Our stores perform warranty and service contract work for vehicles under manufacturer product warranties and service contracts, and direct bill the manufacturer as opposed to invoicing the store customer. At any particular time, we have significant receivables from manufacturers for warranty and service work performed for customers. In addition, we rely on manufacturers to varying extents for original equipment manufactured replacement parts, training, product brochures and point of sale materials, and other items for our stores. Our business, results of operations, and financial condition could be materially adversely affected as a result of any event that has a material adverse effect on the vehicle manufacturers or distributors that are our primary franchisors.

The core brands of vehicles that we sell, representing approximately 88% of the new vehicles that we sold in 2023, are manufactured by Toyota (including Lexus), Honda, Ford, General Motors, BMW, Mercedes-Benz, Stellantis, and Volkswagen (including Audi and Porsche). We are subject to a concentration of risk in the event of adverse events or financial distress, including bankruptcy, impacting one or more of these manufacturers.

Vehicle manufacturers may be adversely impacted by economic downturns or recessions, significant declines in the sales of their new vehicles, natural disasters, increases in interest rates, adverse fluctuations in currency exchange rates, declines in their credit ratings, liquidity concerns, labor strikes or similar disruptions (including within their major suppliers), supply shortages or rising raw material costs, rising employee benefit costs, vehicle recall campaigns, adverse publicity that may reduce consumer demand for their products (including due to bankruptcy), product defects, litigation, poor product mix or unappealing vehicle design, governmental laws and regulations (including fuel economy requirements), tariffs and other import product restrictions, the rise of ride-sharing applications, or other adverse events. These and other risks could materially adversely affect any manufacturer and impact its ability to profitably design, market, produce, or distribute new vehicles, which in turn could materially adversely affect our ability to obtain or finance our desired new vehicle inventories, our ability to take advantage of manufacturer financial assistance programs, our ability to collect in full or on a timely basis our manufacturer warranty and other receivables, and/or our ability to obtain other goods and services provided by the impacted manufacturer. In addition, vehicle recall campaigns could materially adversely affect our business, results of operations, and financial condition.

Our business could be materially adversely impacted by the bankruptcy of a major vehicle manufacturer or related lender. For example, (i) a manufacturer in bankruptcy could attempt to terminate all or certain of our franchises, in which case we may not receive adequate compensation for our franchises, (ii) consumer demand for such manufacturer's products could be materially adversely affected, (iii) a lender in bankruptcy could attempt to terminate our floorplan financing and demand repayment of any amounts outstanding, (iv) we may be unable to arrange financing for our customers for their vehicle purchases and leases through such lender, in which case we would be required to seek financing with alternate financing sources, which may be difficult to obtain on similar terms, if at all, (v) we may be unable to collect some or all of our significant receivables that are due from such manufacturer or lender, and we may be subject to preference claims relating to payments made by such manufacturer or lender prior to bankruptcy, and (vi) such manufacturer may be relieved of its indemnification obligations with respect to product liability claims. Additionally, any such bankruptcy may result in us being required to incur impairment charges with respect to the inventory, fixed assets, right-of-use assets, and intangible assets related to certain franchises, which could adversely impact our results of operations and financial condition.

Further, we rely on various third-party suppliers for key products and services to support our business, including CDK Global, the provider of our dealer management system ("DMS"), which supports our dealership operations, including our sales,

service, inventory, customer relationship management, and accounting functions. Outsourcing to third-party suppliers reduces our direct control over the services rendered, as we do not have control over their business operations or governance and compliance systems, practices and procedures. If our suppliers fail to deliver products or services on a timely basis and at reasonable prices for any reason, or if the third-parties' services are interrupted, disabled, sub-standard, or otherwise deficient, our business continuity or recovery programs may not be sufficient to mitigate the harm that may result, and we could face difficulties operating our business and suffer reputational harm, and our results of operations and financial condition could be adversely impacted.

We depend on information technology for our business and are subject to risks related to cybersecurity threats and incidents, including those affecting our third-party suppliers and other service providers. A failure of our information systems or any cybersecurity breaches or unauthorized disclosure of confidential information could have a material adverse effect on our business, disrupt our business, and adversely impact our reputation and results of operations.

Our business is dependent upon the efficient operation of our information systems. We rely on our information systems to manage, among other things, our sales, inventory, and service efforts, including through our digital channels, and customer information, as well as to prepare our consolidated financial and operating data. The failure of our information systems to perform as designed or the failure to maintain and enhance or protect the integrity of these systems could disrupt our business operations, impact sales and results of operations, expose us to customer or third-party claims, or result in adverse publicity. Additionally, we collect, process, and retain sensitive and confidential customer information in the normal course of our business. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could experience security breaches, malicious software (malware, ransomware, and viruses), lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. For example, several well-known retailers have disclosed high-profile security breaches involving sophisticated and highly targeted attacks on their company's infrastructure or their customers' data, which were not recognized or detected until after such retailers had been affected notwithstanding the preventative measures such retailers had in place.

In addition, we rely on third-party service providers to support our operations, including CDK Global, the provider of our DMS. These third-party service providers, with whom we may share data, are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems, as well as employee failures. Although we have procedures in place for selecting and managing our relationships with third-party service providers and other business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, and management of multiple third-party service providers increases our operational complexity. If these third-parties' services are interrupted, disabled, sub-standard or otherwise deficient, including as a result of a cybersecurity incident, we may have to incur additional costs, including to implement business continuity plans, our reputation could be harmed, and our information systems and business operations may be disrupted.

Cybersecurity incidents or other events involving our information technology systems or those of our third-party service providers may disrupt our information systems and business operations, result in the theft, misappropriation, loss, or other unauthorized disclosure of confidential information, damage our reputation, expose us to the risks of litigation and liability, or reduce our customers' willingness to do business with us, which could adversely affect our business, financial condition, and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below sets forth information with respect to shares of common stock repurchased by AutoNation, Inc. during the three months ended June 30, 2024.

Period	Total Number of Shares Purchased[1]	Avg. Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under The Plans or Programs (in millions)[1]
April 1, 2024 - April 30, 2024	1,356,888	$ 155.74	1,356,888	$ 1,070.8
May 1, 2024 - May 31, 2024	509,461	$ 168.17	509,461	$ 985.1
June 1, 2024 - June 30, 2024	85,289	$ 167.96	85,289	$ 970.8
Total	1,951,638		1,951,638	

(1) 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 fiscal quarter ended June 30, 2024, all of the shares that we repurchased were repurchased

under our stock repurchase program. In April 2024, our Board of Directors authorized the repurchase of up to an additional $1.0 billion of common stock under the stock repurchase program. Our stock repurchase program does not have an expiration date.

ITEM 5. OTHER INFORMATION

During the fiscal quarter ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Fourth Amended and Restated Certificate of Incorporation of AutoNation, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on April 26, 2024).
10.1	AutoNation, Inc. 2024 Non-Employee Director Equity Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on April 26, 2024).
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act.
32.1**	Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101*	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.
104*	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

* Filed herewith.

** Furnished herewith.

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.

AUTONATION, INC.

Date: August 1, 2024

By: /s/ Kimberly R. Dees
Kimberly R. Dees
Senior Vice President and Chief Accounting Officer
(Duly Authorized Officer and
Principal Accounting Officer)