

Edgar Filing: KAR Auction Services, Inc. - Form 10-Q

KAR Auction Services, Inc.

Form 10-Q

November 05, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

Commission File Number: 001-34568

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KAR Auction Services, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or

organization)

13085 Hamilton Crossing Boulevard

Carmel, Indiana 46032

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (800) 923-3725

20-8744739

(I.R.S. Employer

Identification No.)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
		(Do not check if a smaller reporting company)	

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

As of October 31, 2015, 137,534,892 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.



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## PART I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

## KAR Auction Services, Inc.

## Consolidated Statements of Income

(In millions, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating revenues				
ADESA Auction Services	\$351.4	\$308.1	\$1,024.4	\$908.0
IAA Salvage Services	246.2	217.5	732.8	666.3
AFC	69.1	63.5	200.2	184.2
Total operating revenues	666.7	589.1	1,957.4	1,758.5
Operating expenses				
Cost of services (exclusive of depreciation and amortization)	378.1	328.0	1,096.7	974.6
Selling, general and administrative	128.5	116.5	373.5	357.6
Depreciation and amortization	54.1	48.9	156.8	145.3
Total operating expenses	560.7	493.4	1,627.0	1,477.5
Operating profit	106.0	95.7	330.4	281.0
Interest expense	24.4	20.3	67.2	65.3
Other income, net	(0.3)	(0.5)	(2.1)	(1.9)
Loss on extinguishment of debt	—	—	—	30.3
Income before income taxes	81.9	75.9	265.3	187.3
Income taxes	29.6	28.4	99.0	68.3
Net income	\$52.3	\$47.5	\$166.3	\$119.0
Net income per share				
Basic	\$0.37	\$0.34	\$1.18	\$0.85
Diluted	\$0.37	\$0.33	\$1.16	\$0.84
Dividends declared per common share	\$0.27	\$0.25	\$0.81	\$0.75

See accompanying notes to consolidated financial statements

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KAR Auction Services, Inc.

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$52.3	\$47.5	\$166.3	\$119.0
Other comprehensive loss				
Foreign currency translation loss	(14.2	) (10.8	) (29.4	) (11.4
Comprehensive income	\$38.1	\$36.7	\$136.9	\$107.6