

## Asbury Automotive (ABG)

**\$256.03** (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$263.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 11/11/25)	
	Prior Recommendation: Outperform	
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: A
	Value: A	Growth: A
		Momentum: F

### Summary

Asbury Automotive Group's recent acquisitions — including Larry H. Miller, Jim Koons, Total Care Auto, and Herb Chambers — have meaningfully expanded its geographic footprint, revenue base, and entry into the high-margin F&I segment. Its growing Parts & Service business benefits from an aging U.S. vehicle fleet, while ongoing digitization through Clicklane and Tekion's rollout positions Asbury for long-term efficiency gains and improved customer reach. Continued portfolio optimization and strong cash generation support disciplined capital allocation. However, earnings visibility remains clouded by TCA's deferred revenue model, elevated SG&A ratios, and rising capex needs. A leveraged balance sheet and intensifying competition add further risk. Thus, we maintain a cautious stance on the stock.

### Data Overview

52 Week High-Low	<b>\$312.56 - \$201.68</b>
20 Day Average Volume (sh)	<b>167,714</b>
Market Cap	<b>\$5.0 B</b>
YTD Price Change	<b>10.1%</b>
Beta	<b>0.82</b>
Dividend / Div Yld	<b>\$0.00 / 0.0%</b>
Industry	<b><u>Automotive - Retail and Whole Sales</u></b>
Zacks Industry Rank	<b>Top 22% (54 out of 244)</b>

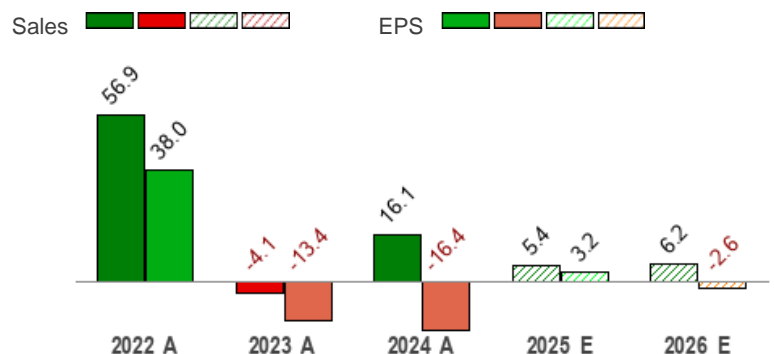
Last EPS Surprise	<b>5.4%</b>
Last Sales Surprise	<b>2.4%</b>
EPS F1 Est- 4 week change	<b>-0.9%</b>
Expected Report Date	<b>01/29/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>8.9</b>
P/E F1	<b>9.4</b>
PEG F1	<b>36.0</b>
P/S TTM	<b>0.3</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	4,516 E	4,785 E	5,058 E	4,906 E	19,242 E
2025	4,149 A	4,373 A	4,801 A	4,791 E	18,113 E
2024	4,201 A	4,246 A	4,237 A	4,505 A	17,189 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	6.60 E	7.12 E	7.50 E	7.27 E	27.38 E
2025	6.82 A	7.43 A	7.17 A	6.69 E	28.10 E
2024	7.21 A	6.40 A	6.35 A	7.26 A	27.24 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 01/09/2026.

## Overview

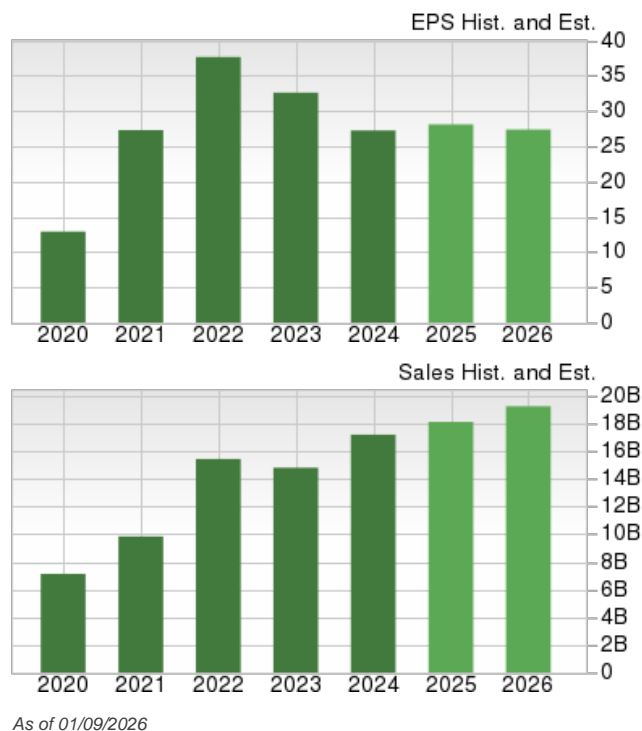
Headquartered in Duluth, GA, Asbury is one of the largest automotive retailers of new and used vehicles, and related services in the United States. As of Dec 31, 2024, Asbury operated 152 new vehicle dealerships with 198 franchises, representing 31 domestic and international vehicle brands. Additionally, Asbury runs Total Care Auto (TCA), powered by Landcar, a leading provider of service contracts and vehicle protection products, along with 37 collision repair centers.

The automotive brands offered by the company include Lexus, Mercedes-Benz, Acura, BMW, Genesis, Infiniti, Jaguar, Land Rover, Lincoln, Porsche, Volvo, Audi, Bentley, Toyota, Honda, Nissan, Hyundai, Sprinter, Volkswagen, Subaru, Fiat, Kia, MINI, Isuzu, Dodge, Chrysler, Jeep, Ford, Chevrolet, Buick and GMC.

Apart from a wide range of new and used vehicles, the company provides finance and insurance products, and automotive repair and maintenance services. Asbury's omni-channel platform is designed to increase its market share through digital innovation. In December 2020, Asbury introduced Clicklane, an online shopping platform, that ensures a true online car-buying and selling experience.

Asbury's business mix comprises New Vehicles (accounted for about 51.5% of the company's revenues in 2024), Used Vehicles (30.3%), Parts and Services (13.7%) and Finance and insurance (4.5%).

Subsequent to the closure of the Larry H. Miller buyout in December 2021, Asbury has two reportable segments: Dealerships and TCA. The Dealerships segment includes revenues derived primarily from the sale of new vehicles, the sale of used vehicles to retail customers and dealers, repair and maintenance services, and the arrangement of third-party vehicle financing. Revenues from the TCA segment, reflected in F&I Revenues, are derived from the vehicle service contracts, guaranteed asset protection insurance, prepaid maintenance contracts, vehicle theft assistance contracts and protection contracts.



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## Reasons To Buy:

- ▲ Asbury's **strategic buyouts** are helping the auto retailer increase its market share and boost its portfolio. The acquisition of Larry H. Miller Dealerships expanded Asbury's presence in the high-growth Western markets. The acquisition of Total Care Auto expanded Asbury's business horizontally into the F&I segment. The acquisition of Jim Koons added another \$3 billion to annualized revenues. The acquisition of The Herb Chambers Companies (HCC), closed in July 2025, is likely to add around \$3 billion in Asbury's annualized revenues.
- ▲ The average age of a new vehicle in the United States rose to 12.8 years in 2025, up from 12.6 years in 2024. **Aging vehicles** have a higher demand for spare and replacement parts. Asbury's Parts and Service business is likely to benefit from higher demand for auto parts. The interplay between aging vehicles and technically advanced new vehicles augurs well for the firm's Parts/Services division.
- ▲ Asbury is **actively optimizing its portfolio and directing capital toward its most effective uses**. In the third quarter, the company sold 4 stores (with annualized revenues of \$300 million) as part of its capital allocation strategy. The proceeds from these sales helped partially fund its investment in Herb Chambers.
- ▲ Asbury's diversified product mix and multiple streams of income improve its risk profile and position it for top-line growth. The company's **digitization efforts**— Clicklane (Asbury's end-to-end e-commerce platform) are set to drive its prospects. Total units retailed through Clicklane in 2024 were over 51,000 units, up 13% increase versus 2023.
- ▲ Asbury's **rollout of Tekion's Automotive Retail Cloud** is emerging as a strategic tailwind. Its four-store pilot showed clear gains in productivity, training efficiency, and operational simplicity. All Koons stores are now fully converted, and around 23 locations company-wide are live on Tekion, with full deployment expected by the end of 2026. Management expects meaningful software cost savings to begin in Q4 and measurable productivity benefits by early 2027. Once fully implemented, Tekion should simplify workflows, reduce third-party software costs, and improve SG&A leverage—driving sustainable margin expansion and strengthening ABG's digital retailing and customer experience advantage.

Strategic buyouts, higher demand for auto parts and digitization efforts are boosting Ausbury's prospects.

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## Reasons To Sell:

- ▼ Asbury faces a growing earnings headwind from **TCA's deferred revenue model**, which spreads sales over time. In Q3'25, TCA generated \$14M in pre-tax income, but a \$6 million non-cash deferral trimmed EPS by 23 cents. The company expects EPS drag from deferrals in Q4'25. The rollout of TCA products in Florida and on the Koons platform will impact results, with deferral pressures peaking in 2026 before easing.
- ▼ **Rising adjusted SG&A** as a percentage of gross profit raises concern. In 2024, the metric was 64%, up 536 bps from 2023. In the first nine months of 2025, SG&A as a percentage of gross profit rose 6 basis points year over year to 63.9%. The company anticipates that the SG&A as a percentage of gross profit to remain in the mid-60s range 2025, which may clip overall profits. Additionally, escalating capex might also limit cash flows. ABG expects capital spending of \$250 million for both 2025 and 2026, higher than \$163 million in 2024.
- ▼ Asbury's **stretched balance sheet** plays a spoilsport. As of Sept. 30, 2025, the company's long-term debt was over \$3.6 billion (up from \$3.1 billion as of 2024 end), as against cash and cash equivalents of a mere \$32.2 million. Its total long-term debt-to-capital ratio was 0.47, higher than its industry's 0.25. Moreover, the company's times interest earned ratio of 3.8 is lower than the industry's 4.3.
- ▼ Asbury competes with publicly and privately owned dealerships, along with Internet-based vehicle brokers. Its finance and insurance business faces **strong competition** from various financial institutions and other third parties. Rising competition— especially in the used car market owing to the fragmented nature of the industry— and increasing price transparency pose risks.

Stretched balance sheet, TCA's deferral accounting, and high capex and SG&A pose concerns.

## Last Earnings Report

### Asbury's Q3 Earnings Beat Estimates

Asbury reported third-quarter 2025 adjusted earnings per share of \$7.17, which beat the Zacks Consensus Estimate of \$6.80 and increased from \$6.35 generated in the year-ago period. Better-than-expected gross profits from new vehicle sales, finance and insurance business, as well as parts and service business, resulted in the outperformance. In the reported quarter, revenues amounted to \$4.80 billion, which increased nearly 13% year over year and beat the Zacks Consensus Estimate of \$4.69 billion.

**FY Quarter Ending** **12/31/2025**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	2.37%
EPS Surprise	5.44%
Quarterly EPS	7.17
Annual EPS (TTM)	28.68

### Segment Details

In the quarter, new vehicle revenues rose 17% year over year to \$2.53 billion, beating the Zacks Consensus Estimate of \$2.44 billion. The outperformance was due to the higher-than-expected number of units sold. Retail units sold in the segment totaled 48,070 (up 13% year over year), which topped the consensus mark of 45,535 units. The new vehicle average selling price ("ASP") was \$52,609 (up 4%), which beat the consensus mark of \$52,259. Gross profit from the segment was \$161 million, up 7% from the prior-year quarter. The metric also surpassed the Zacks Consensus Estimate of \$157 million.

Used-vehicle retail revenues rose 7% from the year-ago figure to \$1.23 billion but missed the Zacks Consensus Estimate of \$1.24 billion due to a lower-than-expected number of units sold. Retail used vehicle units sold in the quarter totaled 37,696 (up 1% year over year), lagging the consensus mark of 39,323. Retail used vehicle ASP was \$32,543 (up 6% year over year), which topped the Zacks Consensus Estimate of \$31,576. Gross profit from the segment was \$61.5 million (up 10% year over year), lagging the Zacks Consensus Estimate of \$63 million.

Revenues from the used vehicle wholesale business climbed 27% to \$185.5 million and beat the consensus mark of \$160 million. Gross profit from the unit jumped 14% to \$3.8 million, missing the consensus mark of \$4.15 million.

Net revenues from the finance and insurance business amounted to \$200.3 million, up 8% from the year-ago quarter. The metric beat the Zacks Consensus Estimate of \$187 million. Gross profit was \$187.1 million, which was up 9% year over year and beat the Zacks Consensus Estimate of \$178 million.

Revenues from the parts and service business were \$659.4 million, up from the year-ago quarter's \$593.1 million but missed the Zacks Consensus Estimate of \$661 million. Gross profit from this segment was \$389.1 million. The figure surpassed the consensus mark of \$388 million and rose 9% year over year.

### Other Tidbits

Selling, general & administrative expenses as a percentage of gross profit rose to 65.7%, which marked an increase of 70 basis points year over year.

As of Sept. 30, 2025, the company had cash and cash equivalents of \$32.2 million, down from \$69.4 million as of Dec. 31, 2024. It had a long-term debt of \$3.6 billion as of Sept. 30, 2025, up from \$3.14 billion as of Dec. 31, 2024.

## Valuation

Asbury's shares are down 5.8% and up 5.4% over the past six months and in the trailing 12-month period, respectively. Stocks in the Zacks Automotive – Retail and Wholesale industry and the Zacks Auto-Tires-Trucks sector are down 10.6% and up 27.3%, respectively, over the past six months. Over the past year, the Zacks sub industry and sector are up 1.3% and 12.7%, respectively. The S&P 500 index is up 13.2% and 21.1% over the past six months and in the past year, respectively.

The stock is currently trading at 9.13X forward 12-month earnings, which compares to 8.62X for the Zacks sub-industry, 31.72X for the Zacks sector and 23.31X for the S&P 500 index.

Over the past five years, the stock has traded as high as 14.39X and as low as 4.21X, with a 5-year median of 7.73X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$263 price target reflects 9.58X forward 12-month earnings.

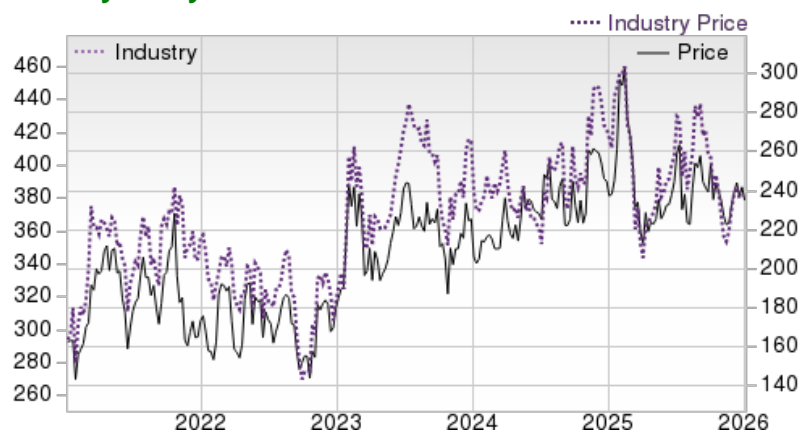
The table below shows summary valuation data for ABG:

Valuation Multiples - ABG					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	9.13	8.62	31.72	23.31
	5-Year High	14.39	11.4	32.2	23.8
	5-Year Low	4.21	4.51	13.35	15.74
	5-Year Median	7.73	7.56	19.74	21.21
EV/EBITDA TTM	Current	7.23	8.48	26.72	18.87
	5-Year High	11.93	10.79	28.63	22.34
	5-Year Low	4.84	4.78	9.13	13.86
	5-Year Median	7.05	7.21	17.54	17.93
P/S F12M	Current	0.25	0.28	1.56	5.64
	5-Year High	0.47	0.33	1.97	5.64
	5-Year Low	0.2	0.2	0.82	3.82
	5-Year Median	0.27	0.28	1.22	5.04

As of 01/08/2026

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 22% (54 out of 244)



## Top Peers <sup>(1)</sup>

Company (Ticker)	Rec	Rank
AutoNation, Inc. (AN)	Neutral	2
Group 1 Automotive, ... (GPI)	Neutral	3
Penske Automotive Gr... (PAG)	Neutral	3
Rush Enterprises, In... (RUSHA)	Neutral	3
Titan Machinery Inc. (TITN)	Neutral	3
Sonic Automotive, In... (SAH)	Underperform	3
America's Car-Mart, ... (CRMT)	NA	
Rush Enterprises, In... (RUSHB)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Automotive - Retail And Whole Sales

	ABG	X Industry	S&P 500	GPI	RUSHA	SAH
<b>Zacks Recommendation (Long Term)</b>	Neutral	-	-	Neutral	Neutral	Underperform
<b>Zacks Rank (Short Term)</b>	3	-	-	3	3	3
<b>VGM Score</b>	A	-	-	A	A	A
Market Cap	4.98 B	4.52 B	40.82 B	5.09 B	4.52 B	2.21 B
# of Analysts	3	3.5	22	4	1	3
Dividend Yield	0.00%	0.00%	1.37%	0.50%	1.30%	2.35%
<b>Value Score</b>	A	-	-	A	A	A
Cash/Price	0.01	0.05	0.04	0.01	0.06	0.04
EV/EBITDA	8.74	7.21	15.04	8.10	6.56	6.56
PEG Ratio	35.97	1.79	2.08	NA	1.31	NA
Price/Book (P/B)	1.28	1.67	3.46	1.67	2.04	2.07
Price/Cash Flow (P/CF)	7.52	8.32	15.58	8.29	8.61	6.65
P/E (F1)	9.35	9.35	18.90	9.22	13.81	9.09
Price/Sales (P/S)	0.28	0.28	3.12	0.23	0.59	0.15
Earnings Yield	10.69%	9.73%	5.28%	10.85%	7.24%	11.00%
Debt/Equity	0.90	0.32	0.57	1.06	0.16	1.68
Cash Flow (\$/share)	34.07	9.73	8.98	48.58	6.82	9.73
<b>Growth Score</b>	A	-	-	A	A	A
Hist. EPS Growth (3-5 yrs)	8.73%	10.15%	8.24%	11.57%	16.05%	-0.74%
Proj. EPS Growth (F1/F0)	3.16%	5.18%	9.21%	5.92%	-15.05%	18.57%
Curr. Cash Flow Growth	-15.11%	-11.40%	7.00%	-9.86%	-4.92%	-11.40%
Hist. Cash Flow Growth (3-5 yrs)	22.46%	11.25%	7.49%	18.96%	11.25%	9.78%
Current Ratio	0.99	1.21	1.19	1.06	1.37	1.02
Debt/Capital	47.43%	24.09%	38.14%	51.56%	13.62%	62.65%
Net Margin	3.15%	2.38%	12.77%	1.67%	3.57%	0.86%
Return on Equity	15.26%	13.42%	17.03%	18.08%	12.52%	21.65%
Sales/Assets	1.68	1.65	0.53	2.24	1.65	2.56
Proj. Sales Growth (F1/F0)	5.40%	2.51%	5.30%	13.50%	NA	7.00%
<b>Momentum Score</b>	F	-	-	F	F	C
Daily Price Chg	2.15%	0.50%	0.65%	0.42%	1.21%	0.43%
1 Week Price Chg	-2.77%	-3.52%	1.76%	-3.68%	-2.73%	-4.14%
4 Week Price Chg	3.00%	-2.88%	0.95%	-5.68%	-0.24%	-3.95%
12 Week Price Chg	4.70%	1.28%	5.09%	-6.47%	14.81%	-13.23%
52 Week Price Chg	5.80%	5.80%	17.71%	-4.29%	5.86%	0.14%
20 Day Average Volume	167,714	166,178	2,445,854	137,438	477,561	153,203
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.91%	0.00%	0.00%	-1.26%	0.00%	0.00%
(F1) EPS Est 12 week change	3.36%	-1.48%	0.47%	-4.00%	-5.13%	-3.04%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	NA	0.00%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

## Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

## Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

## Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	F
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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