

Section 1: 8-K (8-K)

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 18, 2019

Penske Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-12297 (Commission File Number)	22-3086739 (I.R.S. Employer Identification No.)
2555 Telegraph Road, Bloomfield Hills, Michigan (Address of principal executive offices)		48302 (Zip Code)
Registrant's telephone number, including area code:		248-648-2500
Former name or former address, if changed since last report		Not Applicable

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Voting Common Stock, par value \$0.0001 per share	PAG	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.



Item 1.01 Entry into a Material Definitive Agreement.

Our U.S. credit agreement (the “U.S. credit agreement”) with Mercedes-Benz Financial Services USA LLC and Toyota Motor Credit Corporation provides for up to \$700.0 million in revolving loans for working capital, acquisitions, capital expenditures, letters of credit, investments and other general corporate purposes, which includes \$250.0 million in revolving loans solely for acquisitions. The U.S. credit agreement provides for a maximum of \$150.0 million of borrowings for foreign acquisitions and expires on September 30, 2022. On December 18, 2019, we amended the U.S. credit agreement, effective January 1, 2020, to lower the interest rate on revolving loans to LIBOR plus 1.75%, subject to an incremental 1.25% for uncollateralized borrowings in excess of a defined borrowing base.

The U.S. credit agreement is fully and unconditionally guaranteed on a joint and several basis by substantially all of our U.S. subsidiaries and contains a number of significant covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, repay certain other indebtedness, pay dividends, create liens on assets, make investments or acquisitions and engage in mergers or consolidations. We are also required to comply with specified financial and other tests and ratios, each as defined in the U.S. credit agreement including: a ratio of current assets to current liabilities, a fixed charge coverage ratio, a ratio of debt to stockholders’ equity and a ratio of debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”). A breach of these requirements would give rise to certain remedies under the agreement, the most severe of which is the termination of the agreement and acceleration of the amounts owed.

The U.S. credit agreement also contains typical events of default, including change of control, non-payment of obligations and cross-defaults to our other material indebtedness. Substantially all of our U.S. assets are subject to security interests granted to the lenders under the U.S. credit agreement.

We purchase motor vehicles from Daimler AG and Toyota Motor Credit Corporation, affiliates of the respective lenders under the U.S. credit agreement, for sale at certain of our dealerships. The lenders also provide certain of our dealerships with mortgage, “floor-plan” and consumer financing.

Our subsidiaries in the U.K. (the “U.K. subsidiaries”) are party to a £150.0 million revolving credit agreement with the National Westminster Bank plc and BMW Financial Services (GB) Limited and an additional demand overdraft line of credit (collectively, the “U.K. credit agreement”) to be used for working capital, acquisitions, capital expenditures, investments and general corporate purposes. The U.K. credit agreement expires on December 12, 2023. The revolving loans bear interest between defined LIBOR plus 1.10% and defined LIBOR plus 2.10%. The U.K. credit agreement also includes a £100.0 million “accordion” feature which allows the U.K. subsidiaries to request up to an additional £100.0 million of facility capacity. The lenders may agree to provide the additional capacity, and, if not, the U.K. subsidiaries may add an additional lender, if available, to the facility to provide such additional capacity. On December 18, 2019, we amended the U.K. credit agreement to provide additional covenant flexibility for 2019 capital expenditures.

The U.K. credit agreement is fully and unconditionally guaranteed on a joint and several basis by our U.K. subsidiaries, and contains a number of significant covenants that, among other things, restrict the ability of our U.K. subsidiaries to pay dividends, dispose of assets, incur additional indebtedness, repay other indebtedness, create liens on assets, make investments or acquisitions and engage in mergers or consolidations. In addition, our U.K. subsidiaries are required to comply with defined ratios and tests, including: a ratio of earnings before interest, taxes, amortization, and rental payments (“EBITAR”) to interest plus rental payments, a measurement of maximum capital expenditures, and a debt to EBITDA ratio. A breach of these requirements would give rise to certain remedies under the U.K. credit agreement, the most severe of which is the termination of the agreement and acceleration of any amounts owed.

The U.K. credit agreement also contains typical events of default, including change of control and non-payment of obligations and cross-defaults to other material indebtedness of our U.K. subsidiaries. Substantially all of our U.K. subsidiaries’ assets are subject to security interests granted to the lenders under the U.K. credit agreement.

We purchase motor vehicles from subsidiaries of BMW Group, the parent company and affiliate of BMW Financial, a lender under the U.K. credit agreement, for sale at certain of our dealerships. BMW Group subsidiaries also provide certain of our dealerships with “floor-plan,” mortgage and consumer financing.



The foregoing descriptions of the amendments are qualified in their entirety by references to the amendments, which are filed as Exhibits and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

Exhibit 4.1 Fifth Amendment to Fifth Amended and Restated Credit Agreement dated December 18, 2019 among us, Mercedes-Benz Financial Services USA LLC and Toyota Motor Credit Corporation.

Exhibit 4.2 Consent and Amendment Letter dated December 18, 2019, by and between Syner Group Limited and The Royal Bank of Scotland plc, as Agent.



Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
4.1	<u>Fifth Amendment to Fifth Amended and Restated Credit Agreement dated December 18, 2019 among us, Mercedes-Benz Financial Services USA LLC and Toyota Motor Credit C</u>
4.2	<u>Consent and Amendment Letter dated December 18, 2019, by and between Sytner Group Limited and The Royal Bank of Scotland plc, as Agent,</u>
104	Cover Page Interactive Data File (formatted as inline XBRL).



SIGNATURES

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 hereunto duly authorized.

Penske Automotive Group, Inc.

December 19, 2019

By: /s/ Shane M. Spradlin
Name: Shane M. Spradlin
Title: Executive Vice President

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Section 2: EX-4.1 (EX-4.1)

Exhibit 4.1

Fifth AMENDMENT TO FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

This FIFTH AMENDMENT (this "Amendment"), dated as of December 18, 2019 and made effective as of January 1, 2020 (the "Effective Date"), is to the Fifth Amended and Restated Credit Agreement (as heretofore amended, the "Credit Agreement"), dated as of May 1, 2015 among PENSKE AUTOMOTIVE GROUP, INC., a Delaware corporation (the "Company"), various financial institutions party thereto (the "Lenders") and MERCEDES-BENZ FINANCIAL SERVICES USA LLC, as agent for the Lenders (the "Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as defined in the Credit Agreement (including as amended hereby).

WHEREAS, the parties hereto desire to amend the Credit Agreement in certain respects as set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Subject to the terms and conditions hereof and subject to the satisfaction of the conditions precedent set forth in [Section 3](#) of this Amendment, the Credit Agreement is hereby amended as follows:

1.1 The definition of "Interest Rate" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Interest Rate means, for each day, a rate per annum equal to the sum of (a) (i) in the case of any day from and including the first day of each calendar month through and including the 15th day of such calendar month, the LIBO Rate for the first day of such calendar month and (ii) in the case of any day from and including the 16th day of each calendar month through and including the last day of such calendar month, the LIBO Rate for the 16th day of such calendar month (the rate set forth in this [clause \(a\)](#) being the "Base LIBO Rate") plus (b) (x) if the Total Outstandings are less than or equal to the Borrowing Base, a margin of one and three-quarters percent (1.75%) per annum, and (y) if the Total Outstandings exceed the Borrowing Base, then (A) a margin of three percent (3.00%) per annum shall apply to the portion of the Loans equal to the amount by which the Total Outstandings exceed the Borrowing Base and (B) a margin of one and three-quarters percent (1.75%) per annum shall apply to the portion of Loans not described in the foregoing [clause \(A\)](#) (with each determination of the Borrowing Base in this [clause \(b\)](#) to be effective as of the first day of the calendar month during which the applicable Borrowing Base Certificate is delivered). Notwithstanding the foregoing, at any time an Event of Default exists, the applicable margin shall be increased by two percent (2.00%) per annum. For purposes of this definition, "LIBO Rate" means, for each date of calculation, (1) the rate of interest (rounded upwards, if necessary, to the next 1/16th of 1%) published in [The Wall Street Journal](#) on such day (or the immediately preceding Business Day, if such date is not a Business Day) in its "Money Rates" column as the one-month London Interbank Offered Rate for Dollar-denominated deposits (if [The Wall Street Journal](#) ceases to publish such a rate or substantially changes the methodology used to determine such rate, then the rate shall be the rate of interest (rounded upwards, if necessary, to the next 1/16th of 1%) published by Reuters Monitor Rates Service on such day (or the immediately preceding Business Day, if such date is not a Business Day) as the one-month London Interbank Offered Rate for Dollar-denominated deposits) or (2) if such rate is not published or available, such rate as shall be otherwise independently determined by the Agent on a basis substantially similar to the methodology used by [The Wall Street Journal](#) on the date of this Agreement."

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SECTION 2 REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Agent and the Lenders that: (a) the representations and warranties made in Section 8 of the Credit Agreement are true and correct on and as of the date hereof with the same effect as if made on and as of the date hereof (except to the extent relating solely to an earlier date, in which case they were true and correct as of such earlier date); (b) no Event of Default or Unmatured Event of Default exists or will result from the execution of this Amendment; (c) no event or circumstance has occurred since the Effective Date that has resulted, or would reasonably be expected to result, in a Material Adverse Effect; (d) the execution and delivery by the Company of this Amendment and the performance by the Company of its obligations under the Credit Agreement as amended hereby (as so amended, the "Amended Credit Agreement") (i) are within the corporate powers of the Company, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary approval from any governmental authority and (iv) do not and will not contravene or conflict with any provision of any law, rule or regulation or any order, decree, judgment or award which is binding on the Company or any of its Subsidiaries or of any provision of the certificate of incorporation or bylaws or other organizational documents of the Company or of any agreement, indenture, instrument or other document which is binding on the Company or any of its Subsidiaries; and (e) the Amended Credit Agreement is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

SECTION 3 EFFECTIVENESS. This Amendment shall become effective as of the Effective Date upon the receipt of this Amendment by Agent duly executed by the Company and each of the Lenders.

SECTION 4 MISCELLANEOUS.

4.1 Continuing Effectiveness, etc. As hereby amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. All references in the Credit Agreement, the Notes, each other Loan Document and any similar document to the "Credit Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment.

4.3 Expenses. The Company agrees to pay the reasonable costs and expenses of the Agent and the Lenders in connection with the preparation, execution and delivery of this Amendment.

4.4 Severability of Provisions. In the event that any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.5 Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Credit Agreement or any provision hereof or thereof.

4.6 Governing Law. This Amendment shall be a contract made under and governed by the laws of the State of New York applicable to contracts made and to be wholly performed within the State of New York.

4.7 Successors and Assigns. This Amendment shall be binding upon the Company, the



Lenders and the Agent and their respective successors and assigns, and shall inure to the benefit of the Company, the Lenders and the Agent and the successors and assigns of the Lenders and the Agent.

4.8 Loan Document. This Amendment is a Loan Document.

[Signatures Immediately Follow]



Delivered as of the day and year first above written.

PENSKE AUTOMOTIVE GROUP, INC., as Company

By: /s/ Aaron Michael
Name: Aaron Michael
Title: Senior Vice President & Treasurer

MERCEDES-BENZ FINANCIAL SERVICES USA LLC, as Agent and as a Lender

By: /s/ Michele Nowak
Name: Michele Nowak
Title: Credit Director, National Accounts

TOYOTA MOTOR CREDIT CORPORATION,
as a Lender

By: /s/ Steve Estes
Name: Steve Estes
Title: National Accounts Manager

Signature Page to Fifth Amendment

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Section 3: EX-4.2 (EX-4.2)

EXHIBIT 4.2

THE ROYAL BANK OF SCOTLAND PLC
as Agent under the Facility Agreement (as defined below)
2 St Philips Place
Birmingham
B3 2RB

Attention: Jamie Miller

Date: 18 December 2019

Dear Sirs

£150,000,000 REVOLVING FACILITY AGREEMENT - CONSENT & AMENDMENT LETTER

1. Background

1.1 We refer to the £150,000,000 revolving facility agreement dated 16 December 2011 and made between, amongst others (1) PAG International Limited as Parent, (2) Sytner Group Limited as Company and Original Borrower (the "**Company**"), (3) the companies listed in part 1 of schedule 1 therein as Original Guarantors, (4) The Royal Bank of Scotland plc and BMW Financial Services (GB) Limited as Mandated Lead Arrangers, (5) the financial institutions listed in parts 2 and 3 of the schedule 1 therein as Original Lenders, (6) The Royal Bank of Scotland plc as Agent and (7) NatWest Markets Plc as Security Agent (the "**Facility Agreement**" and such expression shall include the Facility Agreement as amended and/or amended and restated from time to time including, but not limited to, on 10 January 2012, 19 December 2014, 2 April 2015, 28 September 2016 and 12 December 2018).

1.2 We write to you to request certain amendments to the Facility Agreement.

1.3 Following discussions between the Company, the Agent and the Lenders, the Majority Lenders have agreed to make certain amendments to the Facility Agreement to reflect an increase in the Group's annual capex covenant.

1.4 This letter reflects the commercial agreement between the parties to the Facility Agreement to such amendments.

1.5 The Company hereby requests that the Lenders approve the various matters detailed in this letter and that by countersigning this letter, this letter constitutes an amendment as contemplated by clause 38 (*Amendments and Waivers*) of the Facility Agreement.

1.6 This letter is supplemental to and amends the Facility Agreement.

1.7 This letter is entered into by Sytner Group Limited as the Company and as Obligors' Agent.

2. definitions and interpretation

2.1 Definitions

In this letter terms defined in, or construed for the purposes of, the Facility Agreement have the same meanings when used in this letter (unless the same are otherwise defined in this letter).

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2.2 Continuing obligations

Subject to the provisions of this letter:

- 2.2.1 the Facility Agreement (other than as amended in accordance with the terms of this letter) and all other Finance Documents shall remain in full force and effect;
- 2.2.2 the Company on behalf of each Obligor confirms its knowledge and acceptance of this letter;
- 2.2.3 the Facility Agreement shall be read and construed as one document with this letter;
- 2.2.4 the Company on behalf of each Obligor confirms that with effect from the Effective Date (as defined below), each Obligor shall be bound by the terms of the Facility Agreement as amended by the terms of this letter;
- 2.2.5 the Company on behalf of each Obligor confirms that the guarantee and indemnity given by each Obligor pursuant to Clause 20 (*Guarantee and indemnity*) of the Facility Agreement and all Security given by each Obligor pursuant to the Facility Agreement shall continue in full force and effect notwithstanding the amendment of the Facility Agreement in accordance with the terms of this letter; and
- 2.2.6 except as expressly provided in paragraph 4 (*Amendments to Facility Agreement*) nothing in this letter shall constitute or be construed as an amendment, waiver, consent or release of any provisions of, or any right or remedy of the Finance Parties under, the Finance Documents, nor otherwise prejudice any right or remedy of a Finance Party under the Facility Agreement or any other Finance Document.

3. EFFECTIVE DATE

The amendments in paragraph 4 shall be effective on the date (the "**Effective Date**") upon which the Agent gives written confirmation to the Company that it has received:

- 3.2.1 an original of this letter countersigned by the Company by which the Company (on behalf of itself and each of the Obligors) acknowledges and agrees to the terms of this letter; and
- 3.2.2 a copy of the resolutions of the directors of the Company authorising it to agree to the terms of this letter and perform its obligations under it, in form and substance satisfactory to the Agent.

4. AMENDMENTS to facility agreement

With effect from the Effective Date, the Facility Agreement shall be amended as follows:

- 4.1 clause 23.2.3 (*Financial condition*) shall be deleted and replaced with the following:

"23.2.3 *Capital Expenditure:*

- (a) *The aggregate Capital Expenditure of the Group in respect of each Financial Year up to and including the Financial Year ending 31 December 2018 shall not exceed £80,000,000.*

(b) *The aggregate Capital Expenditure of the Group in respect of the Financial Year ending 31 December 2019 shall not exceed £100,000,000.*

(c) *The aggregate Capital Expenditure of the Group in respect of the Financial Year ending 31 December 2020 and each Financial Year thereafter shall not exceed £80,000,000."*

5. Representations and reliance

5.1 Representations

The Company makes the Repeating Representations to each Finance Party at the date of this letter, on the date this letter is countersigned by the Agent and on the Effective Date by reference to the facts and circumstances existing at such dates respectively but as if references to the "*Facility Agreement*" include this letter and the Facility Agreement as amended by the terms of this letter.

5.2 Reliance

The Company on behalf of each Obligor acknowledges that the Agent has entered into this letter in full reliance on the representations and warranties made by it in the terms stated in this paragraph 5.

6. Further assurance

The Company shall, at the request of the Agent and at its own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this letter.

7. Miscellaneous

7.1 Incorporation of terms

The provisions of clauses 38 (*Amendments and waivers*) and 34 (*Notices*) of the Facility Agreement shall apply to this letter as if set out in full in this letter and as if references in those clauses to "*this Agreement*" or "*the Finance Documents*" are references to this letter.

7.2 Counterparts

This letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this letter. Delivery of a counterpart of this letter by e-mail attachment or telecopy shall be an effective mode of delivery.

7.3 Third party rights

Unless expressly provided to the contrary in a Finance Document a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this letter.

7.4 Finance Document

The Agent and the Company designate this letter a Finance Document.

8. GOVERNING LAW/ENFORCEMENT

8.1 Governing law

This letter and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

8.2 Jurisdiction of English courts

8.2.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to the existence, validity or termination of this letter or any non-contractual obligation arising out of or in connection with this letter) (a "**Dispute**").

8.2.2 The parties to this letter agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party to this Letter will argue to the contrary.


Please confirm your agreement to the above by signing and returning the enclosed copy of this letter.

Yours faithfully

/s/ Adam Collinson

**For and on behalf of
SYTNER GROUP LIMITED
as Company and Obligors' Agent**

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ON COPY

To: Sytner Group Limited

We acknowledge, agree and accept the terms of the above letter.

Signed by /s/ Jamie Miller

For and on behalf of **THE ROYAL BANK OF SCOTLAND PLC as Agent** on behalf of the Lenders (acting on the instruction of the Majority Lenders)

Dated: 18 December 2019

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