
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): April 26, 2011

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-13395

(Commission File Number)

56-201079

(IRS Employer Identification No.)

6415 Idlewild Road, Suite 109

Charlotte, North Carolina

(Address of principal executive offices)

28212

(Zip Code)

Registrant's telephone number, including area code: **(704) 566-2400**

N/A

(Former name or former address, if changed since last report.)

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))
-
-

Item 2.02. Results of Operations and Financial Condition.

On April 26, 2011, we issued a press release announcing results for our fiscal quarter ended March 31, 2010.

A copy of the press release is attached hereto as Exhibit 99.1. A copy of the earnings call presentation materials is attached hereto as Exhibit 99.2.

Item 7.01. Regulation FD Disclosure.

On April 26, 2011, we issued a press release announcing the approval of a quarterly cash dividend.

A copy of the press release is attached hereto as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

- | | |
|------|--|
| 99.1 | Press release of Sonic Automotive, Inc. dated April 26, 2011 |
| 99.2 | Earnings call presentation materials |
| 99.3 | Press release of Sonic Automotive, Inc. dated April 26, 2011 |

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.

SONIC AUTOMOTIVE, INC.

By: /s/ Greg Young
Greg Young
Vice President – Finance

Dated: April 26, 2011

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated April 26, 2011
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated April 26, 2011

***Sonic Automotive, Inc. First Quarter 2011 Earnings up \$9.2 million or 140%; Strong Growth
Trends Continue as Sonic's Volume Outperforms Industry***

CHARLOTTE, N.C. – April 26, 2011 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported that 2011 first quarter earnings from continuing operations were \$0.27 per diluted share compared to \$0.12 per diluted share in the prior year quarter. The prior year period included pretax charges of \$0.9 million, or \$0.01 per diluted share, related to various debt refinancing transactions completed during the first quarter of 2010.

First Quarter 2011 Highlights

- Continuing operations net profit up \$9.2 million or 140%
- Total revenues up 19% over prior year quarter
- New vehicle volume up 27%
- Used vehicle volume up 18%; Record used vehicle sales
- Parts and Service revenue up 6%

Business Overview

- Company growth trends continue across all business lines
- Automotive retailing industry continues its steady rebound
- SG&A metrics improved significantly from prior year quarter
- Profits continue to benefit from debt reduction strategy

Company Strategy

- Organic growth through focus on the base business
- Converting leased properties to owned properties
- Opportunistically reduce debt

Commenting on the first quarter results, B. Scott Smith, the Company's President, said, "We are pleased with this quarter's operating performance. Our continuing operations profit was up significantly from the prior year quarter due to our strong revenue growth and the improvement in our SG&A to gross profit metrics. We saw no disruption to our first quarter business from the natural disaster in Japan. We will provide a further business outlook on our conference call later this afternoon."

Mr. Smith further stated, "Sonic Automotive's new vehicle volume grew 27% over the first quarter of last year compared with new vehicle industry volume growth of 18% over the same period. Our ability to outperform the industry trend is a direct result of our strategy to grow our base business through the implementation of predictable, repeatable and sustainable best practices at each of our dealerships. We are seeing similar results in each of our business lines as we continue the rollout of our operational playbooks. We continued to see strong, steady growth in the automotive retailing sector this quarter and expect that to continue over the course of this year."

The Company's used vehicle retail volume was up 18% with used vehicle retail revenues up 15%. Parts and service revenue was up 6% compared to the first quarter of last year. Commenting on the business, Jeff Dyke, the

Company's EVP of Operations, stated, "The used vehicle business remains very robust and we continue to gain market share. Our playbook implementation is the most advanced in this segment of our business but we continue to see tremendous growth potential. In our parts and service business, the growth trends we saw in the second half of 2010 have continued into 2011. Growing this high margin area of our business remains a key focus of our operational playbook rollout."

Presentation materials for the Company's April 26, 2011 earnings conference call at 2:00 P.M. (Eastern) can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations".

To access the live broadcast of the call over the Internet go to:

www.sonicautomotive.com

A live audio of the call will be accessible to the public by calling (877) 791-3416. International callers dial (706) 643-0958. Callers should dial in approximately 10 minutes before the call begins.

A conference call replay will be available one hour following the call for seven days and can be accessed by calling: 800-642-1687, Conference ID: 56248512, International callers dial (706) 645-9291.

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements with respect to future industry growth trends and future impacts from the implementation of our various operational playbooks. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010. The Company does not undertake any obligation to update forward-looking information.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

(In thousands, except per share, unit data and percentage amounts)

	First Quarter Ended March 31,	
	2011	2010
Revenues		
New retail vehicles	\$ 917,105	\$ 734,592
Fleet vehicles	63,640	43,652
Total new vehicles	980,745	778,244
Used vehicles	482,031	418,849
Wholesale vehicles	35,362	30,806
Total vehicles	1,498,138	1,227,899
Parts, service and collision repair	291,770	275,172
Finance, insurance and other	49,468	40,595
Total revenues	1,839,376	1,543,666
Total gross profit	291,168	265,879
SG&A expenses	(232,514)	(220,653)
Impairment charges	(17)	(44)
Depreciation	(9,992)	(8,418)
Operating income	48,645	36,764
Interest expense, floor plan	(5,436)	(4,798)
Interest expense, other, net	(15,447)	(17,151)
Interest expense, non-cash, convertible debt	(1,694)	(1,677)
Interest expense / amortization, non-cash, cash flow swaps	178	(1,683)
Other income (expense), net	73	64
Income from continuing operations before taxes	26,319	11,519
Provision for income taxes	(10,528)	(4,953)
Income from continuing operations	15,791	6,566
Loss from discontinued operations	(827)	(2,412)
Net income	\$ 14,964	\$ 4,154
Diluted:		
Weighted average common shares outstanding	65,950	52,579
Earnings per share from continuing operations	\$ 0.27	\$ 0.12
Loss per share from discontinued operations	(0.01)	(0.04)
Earnings per share	\$ 0.26	\$ 0.08
Gross Margin Data (Continuing Operations):		
New retail vehicles	6.3%	6.9%
Fleet vehicles	3.1%	3.7%
Total new vehicles	6.1%	6.8%
Used vehicles	7.9%	8.3%
Total vehicles retail	6.7%	7.3%
Wholesale vehicles	(1.3%)	(2.1%)
Parts, service and collision repair	49.3%	50.4%
Finance, insurance and other	100.0%	100.0%
Overall gross margin	15.8%	17.2%
SG&A Expenses (Continuing Operations):		
Personnel	\$ 136,565	\$ 128,890
Advertising	13,782	11,175
Rent and rent related	30,416	32,850
Other	51,751	47,738
Total	\$ 232,514	\$ 220,653
SG&A Expenses as % of Gross Profit	79.9%	83.0%
Operating Margin %	2.6%	2.4%
Unit Data (Continuing Operations):		
New retail units	26,896	21,382
Fleet units	2,488	1,750
Total new units	29,384	23,132
Used units	25,245	21,492
Total units retailed	54,629	44,624
Wholesale units	5,644	5,128
Other Data:		
Continuing Operations unit volume percentage changes:		
New retail units	25.8%	

Fleet units	42.2%
Total new units	27.0%
Used units	17.5%
Total units retailed	22.4%
Wholesale units	10.1%

Sonic Automotive, Inc.
Earnings Per Share Reconciliation (Unaudited)
(In thousands, except per share data)

	For the First Quarter Ended March 31, 2011						
	Weighted Average Shares	Income From Continuing Operations		Loss From Discontinued Operations		Net Income	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
Earnings (Loss) and Shares	52,416	\$ 15,791		\$ (827)		\$ 14,964	
Effect of Participating Securities:							
Unvested Restricted Stock and Stock Units	—	(206)		—		(206)	
Basic Earnings (Loss) Per Share	52,416	\$ 15,585	\$ 0.30	\$ (827)	\$ (0.02)	\$ 14,758	\$ 0.28
Effect of Dilutive Securities:							
Contingently Convertible Debt (5.0% Convertible Notes)	12,890	2,310		—		2,310	
Stock Compensation Plans	644						
Diluted Earnings (Loss) Per Share	65,950	\$ 17,895	\$ 0.27	\$ (827)	\$ (0.01)	\$ 17,068	\$ 0.26

	For the First Quarter Ended March 31, 2010						
	Weighted Average Shares	Income From Continuing Operations		Loss From Discontinued Operations		Net Income	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
Earnings (Loss) and Shares	51,889	\$ 6,566		\$ (2,412)		\$ 4,154	
Effect of Participating Securities:							
Unvested Restricted Stock and Stock Units	—	(79)		—		(79)	
Basic Earnings (Loss) Per Share	51,889	\$ 6,487	\$ 0.13	\$ (2,412)	\$ (0.05)	\$ 4,075	\$ 0.08
Effect of Dilutive Securities:							
Stock Compensation Plans	690						
Diluted Earnings (Loss) Per Share	52,579	\$ 6,487	\$ 0.12	\$ (2,412)	\$ (0.04)	\$ 4,075	\$ 0.08

The logo for Sonic Automotive, featuring the word "Sonic" in a large, italicized, red font with a 3D effect, and "Automotive" in a smaller, bold, red font below it. The text is enclosed within a red, oval-shaped border that has a slight shadow effect.

Sonic
Automotive

Q1 Earnings Review
April 26, 2011

Cautionary Notice: Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events, are not historical facts and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. These statements can generally be identified by lead-in words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “foresee”, “may”, “will” and other similar words. Statements that describe our Company’s objectives, plans or goals are also forward-looking statements. Examples of such forward-looking information we may be discussing in this presentation include, without limitation, further implementation of our operational strategies and playbooks, future debt retirement, capital expenditures, operating margins and revenues, inventory levels and new vehicle industry sales volume.

You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, among other things, (a) economic conditions in the markets in which we operate, (b) the success of our operational strategies, (c) our relationships with the automobile manufacturers and (d) new and used vehicle sales volume. These risks and uncertainties, as well as additional factors that could affect our forward-looking statements, are described in our Form 10-K for the year ending December 31, 2010.

These forward-looking statements, risks, uncertainties and additional factors speak only as of the date of this presentation. We undertake no obligation to update any such statements.

Sonic Automotive Q1 2011

- **Quarter in Review**
- **Financial Results**
- **Operations Recap**
- **Summary and Outlook**

Overall Results

- ❑ **Grow the base business**
 - **Operating Playbooks key to organic growth:**
 - ❖ Revenues up 19.2%
 - ❖ New vehicle revenue up 26.0%, exceeding industry growth
 - ❖ Used revenue up 15.1%
 - ❖ F&I revenue up 21.9%
 - ❖ Fixed Operations up 6.0%
- ❑ **Own our dealerships:**
 - Purchased 5 additional properties
 - Owned properties up to 18% of portfolio
- ❑ **SG&A to Gross declined to 79.9%**
- ❑ **Income from continuing operations up 140.5%**
- ❑ **Q1 2011 diluted EPS from continuing operations was \$0.27 per share, an increase of 125.0% from Q1 2010**

Quarterly Results

(amounts in millions, except per share)

			Better / (Worse)	
			\$	%
	Q1 2011	Q1 2010		
Revenue	\$ 1,839.4	\$ 1,543.7	\$ 295.7	19.2%
Gross Profit	291.2	265.9	25.3	9.5%
SG&A	(232.5)	(220.7)	(11.9)	(5.4%)
% of Gross	79.9%	83.0%		
Operating Profit	48.6	36.8	11.9	32.3%
% of Revenue	2.6%	2.4%		
Floorplan Interest Exp	(5.4)	(4.8)	(0.6)	(13.3%)
Other Interest Exp	(17.0)	(20.5)	3.5	17.3%
Profit / (Loss) After Tax:				
Continuing	\$ 15.8	\$ 6.6	\$ 9.2	140.5%
Discontinued	(0.8)	(2.4)	1.6	
Total Operations	\$ 15.0	\$ 4.2	\$ 10.8	260.2%
Diluted EPS:				
Continuing	\$ 0.27	\$ 0.12	\$ 0.15	125.0%
Discontinued	(0.01)	(0.04)	0.03	
Total Operations	\$ 0.26	\$ 0.08	\$ 0.18	225.0%

SG&A – Q1 2011

(dollars in thousands)

	Q1 2011	<i>% of Gross</i>	Q1 2010	<i>% of Gross</i>
<u>Gross Profit</u>	\$ 291,168		\$ 265,879	
<u>SG&A Expenses</u>				
Advertising	\$ 13,782	4.7%	\$ 11,175	4.2%
Variable Compensation	100,917	34.7%	92,989	35.0%
Other Variable	15,794	5.4%	14,286	5.4%
Rent Expense	21,873	7.5%	23,744	8.9%
Rent Related	8,544	2.9%	9,105	3.4%
Fixed Compensation	35,648	12.2%	35,901	13.5%
Other Fixed	35,956	12.3%	33,453	12.6%
Total SG&A Expenses	\$ 232,514		\$ 220,653	
 <u>SG&A to Gross</u>	79.9%		83.0%	

310 bps
Improvement

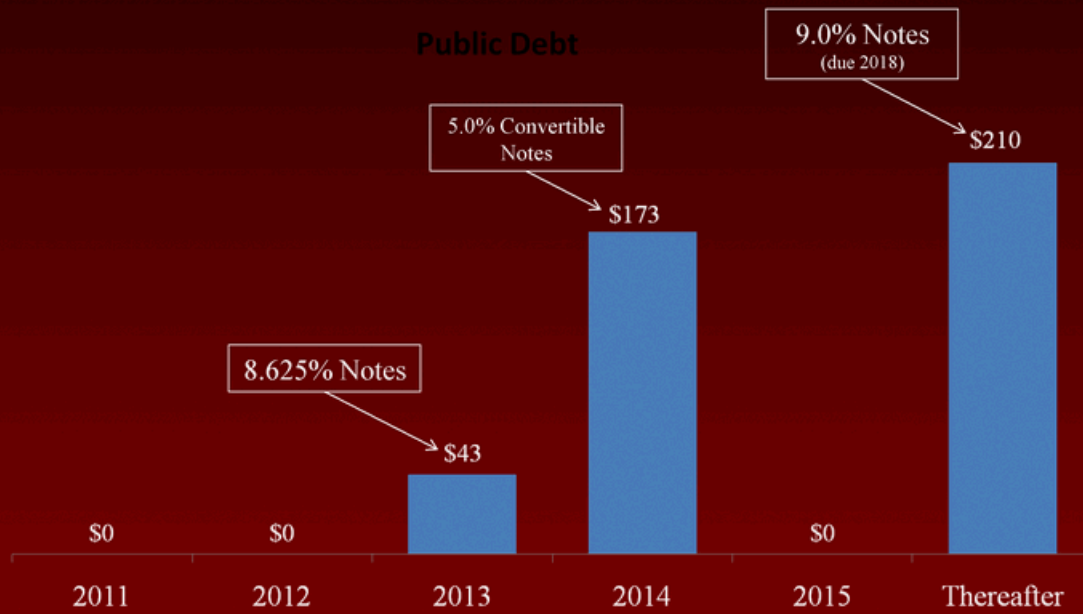
Capital Spending

<i>(amounts in millions)</i>	<u>Q1 2011</u>	<u>Expected FY 2011</u>
Facility Improvement	\$ 10.9	\$ 33.6
Real Estate Acquisitions	75.2	80.2
Less: Mortgage Funding	<u>(54.0)</u>	<u>(70.3)</u>
Net Cash Used - Facility Related	\$ 32.1	\$ 43.5
IT Capital Spending	2.7	9.7
Maintenance Cap Ex	1.8	10.0
Total Cash Used - Cap Ex	<u>\$ 36.6</u>	<u>\$ 63.2</u>

Public Debt Maturities

(amounts in millions)

Public Debt



Debt Covenants

	<u>Covenant</u>	<u>Actual Q1 2011</u>	<u>Memo 2012 Covenant</u>
Liquidity Ratio	≥ 1.05	1.15	≥ 1.10
Fixed Charge Coverage Ratio	≥ 1.15	1.45	≥ 1.20
Total Senior Secured Debt to EBITDA Ratio	≤ 2.25	1.50	≤ 2.25

Compliant with all Covenants

New Retail Vehicles

(dollars in thousands, except GPU)

	Q1 2011	Q1 2010	B / (W)
New Retail Volume	26,896	21,382	25.8%
New Gross Margin	6.3%	6.9%	(60) bps
New GPU	\$ 2,160	\$ 2,383	(9.4%)
New Gross Profit	\$ 58,101	\$ 50,962	Up 18%
F&I Gross Profit - New	\$ 30,492	\$ 24,213	
Industry SAAR (millions)	13.0	11.0	18.2%

- Gross margin relatively stable sequentially
- Overall new vehicle gross profit continues to grow
- Increased volume driving F&I gross profit

Japanese Brands Outlook

April

- Vehicle inventories in good shape – Japanese brands' days supply was 45 days at 3/31/11
- Expect no parts inventory issues
- Margins are increasing

May

- Allocations will slow down; Inventory will get tighter
- Continue to increase used vehicle inventory
- Will impact new vehicle business beginning in mid-May

June

- Will see an impact on new vehicle sales
- May impact other brands as well due to parts supply disruption

Overall: Expect some new vehicle shortages in May & June

Used: Increasing our days supply of nearly new / CPO vehicles

Brand migration: May see some migration to other brands

Demand: May see pent-up demand once inventory levels return

What We're Doing

- Suspending all fleet deals
- No negative-level dealer trades
- No employee discounts
- Reducing new car advertising on these brands

Used Retail Vehicles

(dollars in thousands, except GPU)

	Q1 2011	Q1 2010	B / (W) %
Used Retail Volume	25,245	21,492	17.5%
CPO Volume	7,914	7,611	4.0%
Used GPU	\$ 1,515	\$ 1,618	(6.4%)
Used Gross Profit	\$ 38,244	\$ 34,777	10.0%
Used to New Ratio	0.94	1.01	
<hr/>			
F&I Gross Profit - Used	\$ 18,638	\$ 15,930	17.0%
Fixed Ops:			
Internal Gross Profit	\$ 22,962	\$ 20,530	11.8%
Sublet Gross Profit	3,170	2,546	24.5%
Total	\$ 26,132	\$ 23,076	13.2%



Fixed Operations



YOY Sales Increase of \$16.6M



Gross Margin % was 49.3% at Q1 2011

Summary

- ❑ **Base business continues to grow**
 - **New vehicle market share continues to increase**
 - **Used retail vehicle volume and gross continue to grow at double-digit rates**
 - **Fixed operations gross profit up for Q1**
 - **F&I benefitting from growth in new and used volume**

- ❑ **Used vehicle technology rollout begins in Q2**

- ❑ **Playbook implementation continues**

Outlook

- ❑ **Core strategy is producing results**
 - **Grow the base business**
 - **Own our land and facilities**
 - **Use cash flow to reduce debt**

- ❑ **Automotive retail industry continues its steady recovery**
 - **Still tracking a 12.5 to 13 million SAAR**

- ❑ **Maintain continuing operations earnings guidance of \$1.18 - \$1.28 for FY 2011**

SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. — April 26, 2011 — Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.025 per share payable in cash for shareholders of record on June 15, 2011. The dividend will be payable July 15, 2011.

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein is a forward-looking statement pertaining to an anticipated cash dividend to shareholders. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010. The Company does not undertake any obligation to update forward-looking information.