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

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported): February 3, 2020**

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**SONIC AUTOMOTIVE, INC.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

1-13395  
(Commission  
File Number)

56-2010790  
(IRS Employer  
Identification No.)

4401 Colwick Road  
Charlotte, North Carolina  
(Address of principal executive offices)

28211  
(Zip Code)

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

Not Applicable  
(Former name or former address, if changed since last report.)

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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))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.01 per share	SAH	New York Stock Exchange

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.

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**Item 7.01. Regulation FD Disclosure.**

On February 3, 2020, Sonic Automotive, Inc. (the “Company”) posted to its website a presentation relating to the business and historical financial information of the Company (the “Presentation”). A copy of the Presentation is attached hereto as Exhibit 99.1 and incorporated by reference in this Item 7.01.

The information provided in Item 7.01 of this report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall the information or Exhibit 99.1 be deemed incorporated by reference in any filings under the Securities Act of 1933, as amended.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Presentation of Sonic Automotive, Inc., dated February 3, 2020</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**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.

February 3, 2020

**SONIC AUTOMOTIVE, INC.**

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

Sonic Automotive –  
A Holistic Approach to  
**Creating  
Shareholder Value**



## → 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, earnings expectations, anticipated 2020 industry new vehicle sales volume, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, the development of open points and stand-alone pre-owned stores, the return of capital to stockholders, anticipated future success and impacts from the implementation of our strategic initiatives and earnings per share expectations.

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, without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, the success of our operational strategies, the rate and timing of overall economic recovery or decline, and the risk factors described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and the Company’s other periodic reports and information filed with the Securities and Exchange Commission.

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, except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission.







# COMPANY OVERVIEW



## → Sonic Automotive: Who We Are



**(NYSE: SAH)**  
a Fortune 500  
Company and One  
of the Nation's  
Largest Automotive  
Retailers



Our Core Franchised  
Dealership Business  
Focuses on High Levels of  
New and Used Vehicle  
Sales Volume to Drive  
Profit From Parts and  
Service and Finance and  
Insurance Products



Our Unique Approach to  
Pre-Owned Car Shopping  
Below-Market Pricing with  
a No Haggle Purchase  
Experience

### QUICK FACTS

**95** Franchised and  
EchoPark Stores

**15** Collision  
Repair  
Centers

**20+** Different  
Automobile  
Brands

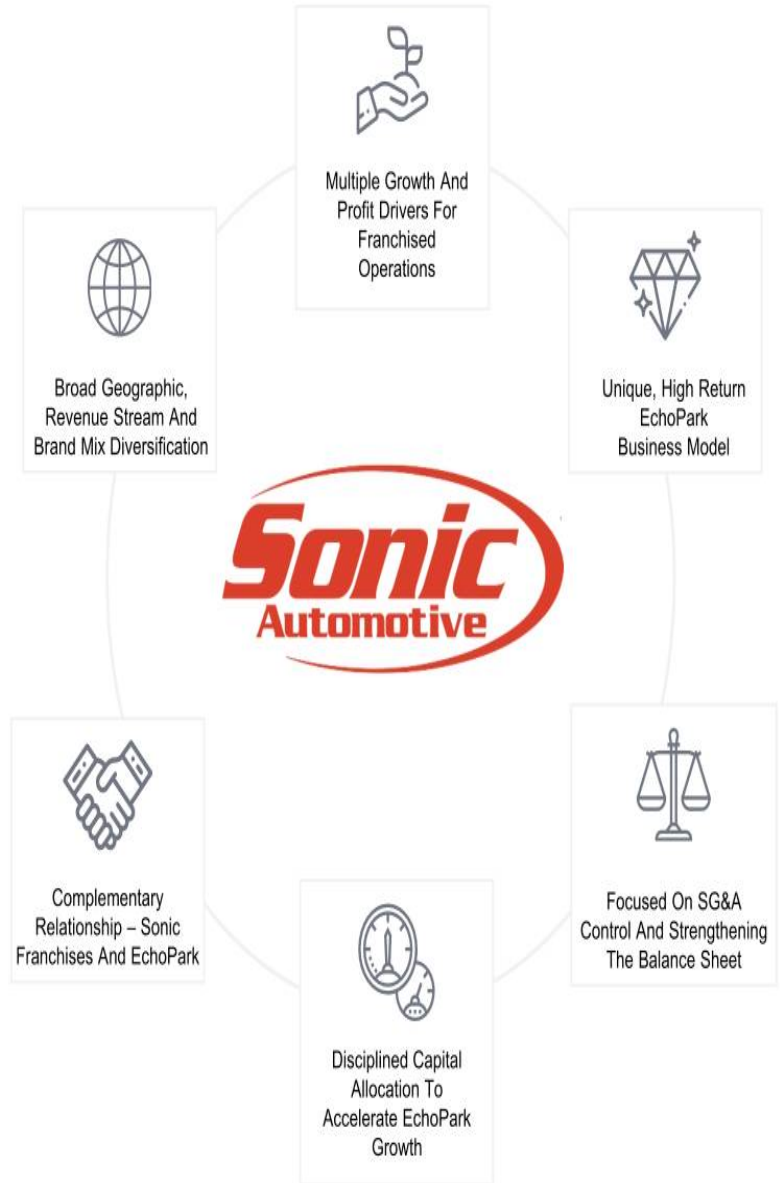
**12** Different  
States

**\$10B** FY 2018  
Revenues

**\$1.4B** FY 2018  
Gross Profit



## → Investment Highlights

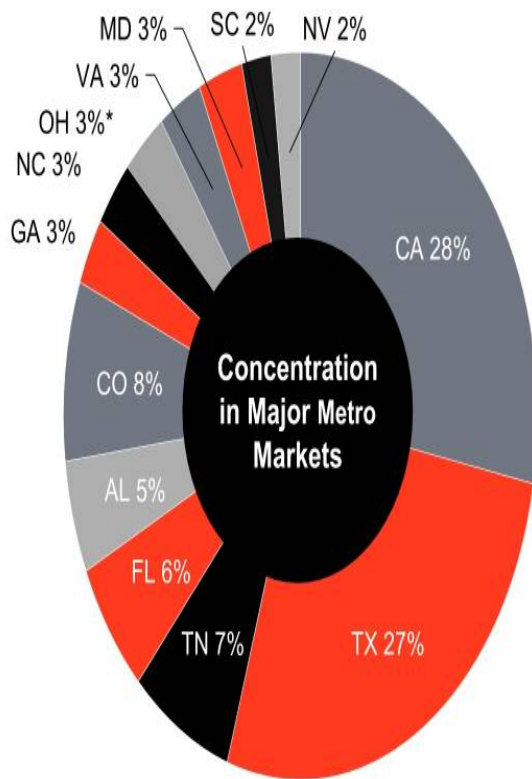




## → Revenue Composition

### BY GEOGRAPHY

Geographic Footprint, Revenue Streams and Brand Mix Offer Attractive Diversification Across the Automotive Retail Space



Note: Percentages are Percent of Total Revenue for FY 2018

\* Disposed of Platform in Q4 2019



## → Revenue Composition

### Brand Distribution

Brand	% of Revenue	Franchise Brand	% of Revenue
Luxury	57%	BMW	23%
		Mercedes	11%
		Audi	6%
		Lexus	4%
		Land Rover	3%
		Porsche	3%
		Cadillac	3%
		MINI	2%
		Other Luxury (1)	2%
Import	24%	Honda	13%
		Toyota	8%
		Hyundai	1%
		Volkswagen	1%
		Other Import (2)	1%
EchoPark	11%	Non-Franchise	11%
Domestic	8%	Ford	4%
		General Motors (3)	4%

(1) Includes Volvo, Jaguar, Acura and Infiniti

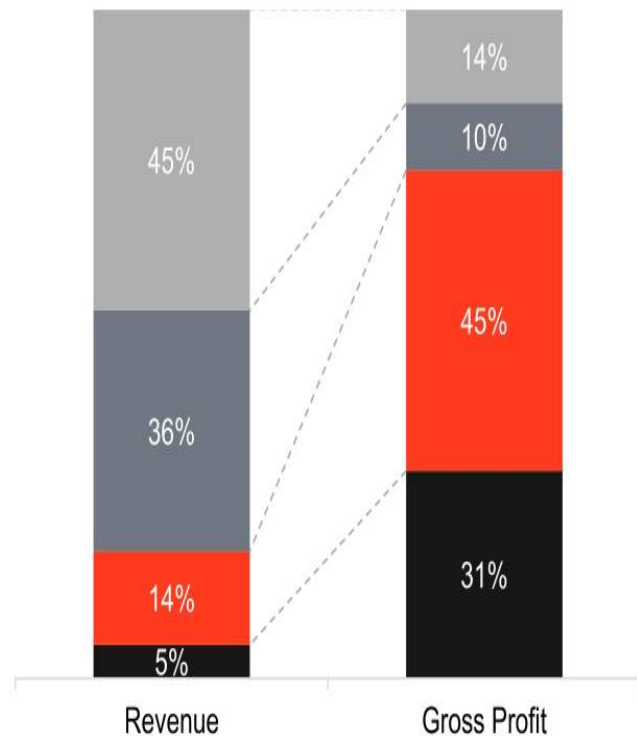
(2) Includes Nissan, Subaru and Kia

(3) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for YTD Q3 2019

### Business Line Mix

- New Vehicle
- Used Vehicle (Including Wholesale)
- Parts, Service & Collision
- Finance & Insurance



Note: Percentages are Percent of Total for YTD Q3 2019



## → Franchised Operations



**86** Franchised  
Dealerships



**20+** Brands, Focus  
on Luxury

New & Used Vehicle Sales  
Parts & Service (P&S)  
Finance & Insurance (F&I)



**15** Collision  
Repair Centers

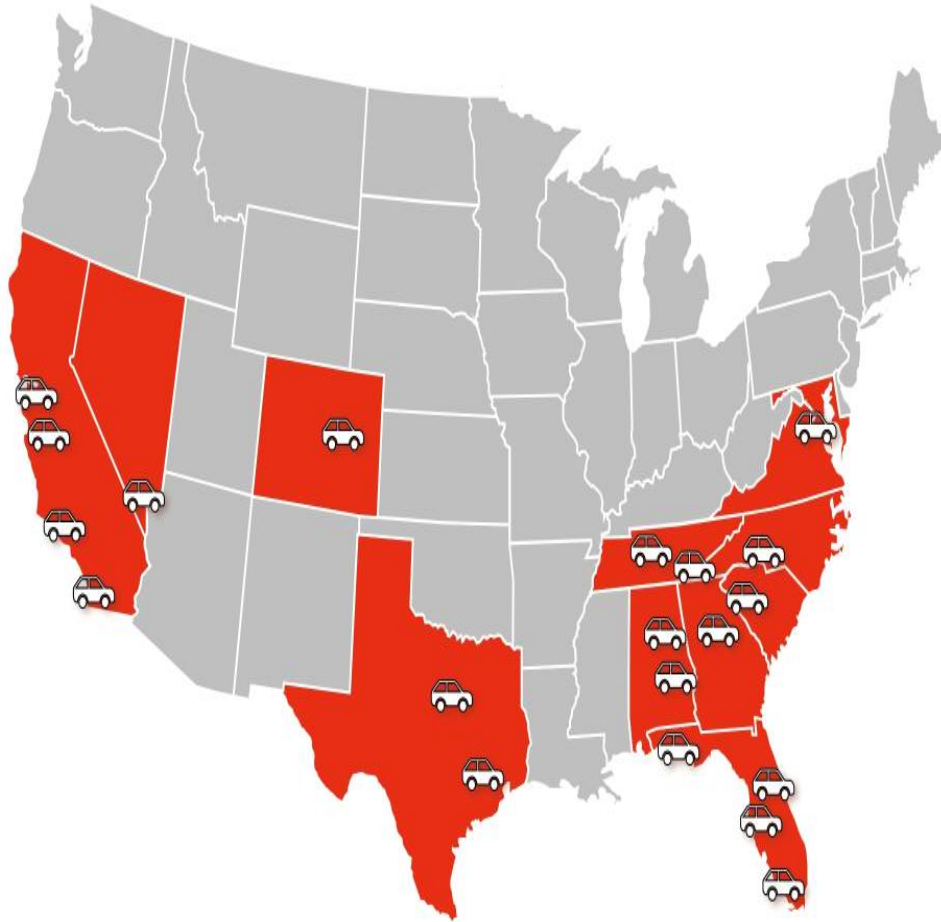


**20** Major  
Metropolitan  
Markets

Focused On Inventory Mix and Attractive Pricing  
to Drive Growth and Profitability



## → Franchised Geographic Footprint



Headquartered in  
Charlotte, NC



86 Stores, 20+ Brands,  
15 Collision Repair Centers

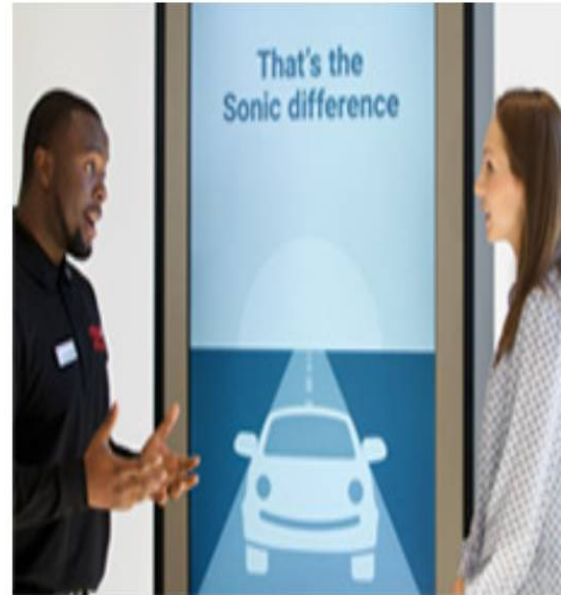


Platforms in Major  
Metro Markets





# → Franchised Operations – Levers





## → EchoPark Business Model



The New Car Alternative™  
Get the New Car Feel Without the New Car Price

Focus On  
**Pre-Owned**  
Market – More Stable  
Than New Vehicle  
Market

**Below Market**  
Pricing With Simplified, Easy  
Purchase Experience

Unique, High Return  
Business Model

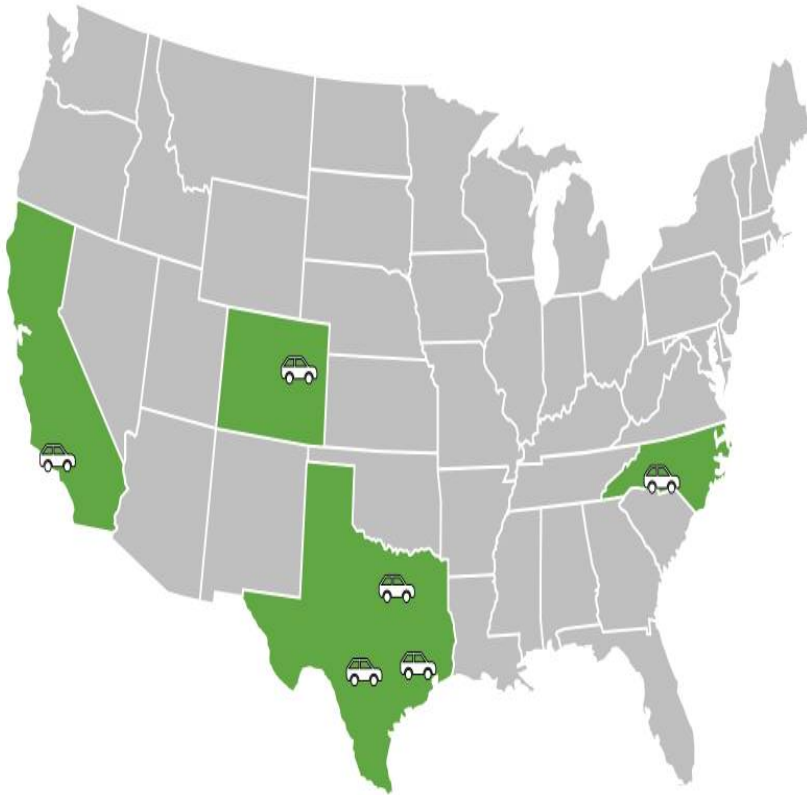
**1- 4 Year Old**  
Vehicles - Nearly New  
With Remaining OEM  
Warranty

**30% of Guests**  
Travel More Than 30 Minutes  
To Shop Our Inventory

5-Year Goal of 25+ Physical Markets



## → EchoPark Geographic Footprint



# EchoPark

AUTOMOTIVE

### Texas

- Grand Prairie (Dallas) – driversselect Operation Acquired Q3 2017
- San Antonio – Opened Q4 2017
- New Braunfels – Opened Q1 2018
- Houston – Opened December 2018

### Colorado

- Thornton and Centennial (Denver) – Opened Q4 2014
- Colorado Springs – Opened Q2 2017

### North Carolina

- Charlotte – Opened October 2018

### California

- Long Beach – Opened December 2019



Nine Existing Stores in Six Physical Markets

Three New Locations Opening in 2020



EchoPark  
AUTOMOTIVE

## → EchoPark Model: 4-Wall Economics

	<u>Medium Store</u>	<u>Large Store</u>
Average Selling Price	\$ 20,500	\$ 20,500
Annual Revenues	\$ 184,500,000	\$ 369,000,000
Average Monthly Unit Volume - 100% Mature	750	1,500
Total Combined Front-End and F&I GPU	\$ 2,150	\$ 2,150
Average Monthly Profitability - 100% Mature	\$ 600,000	\$ 1,200,000
Average Compensation Per Employee (with Fringe)	\$ 78,000	\$ 78,000
Total Headcount - 100% Mature	105	170
Average Retail Unit Sales Per Head Per Month	7.1	8.8
Target Inventory Days' Supply	30 Days	30 Days
Working Capital Investment - 100% Mature	\$ 14,000,000	\$ 30,000,000
Cap Ex Investment - 100% Mature	\$ 16,000,000	\$ 20,000,000
Total Capital Investment	\$ 30,000,000	\$ 50,000,000
<b>Pre-Tax ROI - 100% Mature</b>	<b>24%+</b>	<b>29%+</b>

### Existing Medium Stores:

- Centennial, CO
- Colorado Springs, CO
- New Braunfels, TX
- San Antonio, TX
- Charlotte, NC
- Long Beach, CA

### Existing Large Stores:

- Dallas, TX
- Thornton, CO
- Houston, TX

### Other Targeted Markets:

- Atlanta, GA
- Fort Lauderdale/Miami, FL
- Los Angeles, CA
- Nashville, TN
- Orlando, FL
- Philadelphia, PA
- Phoenix, AZ
- Tampa/St. Petersburg, FL
- Washington, D.C.

Note: Start-up pre-tax losses of \$2M per store include hiring, training and related pre-opening costs plus operating losses prior to targeted breakeven.



## → EchoPark - Superior Unit Returns

Ultra-Low Pricing



Attractive F&I



High Volume Throughput

May Yield Slightly **Negative**  
Front-End Gross Profit

Typical F&I Ranges From  
**\$2,200-\$2,400** Per Unit

**5X** Volume Per Store Per Month  
vs. Sonic Franchised Stores

	Franchised Used	EchoPark	B (W)
Front-End Used Vehicle Gross Per Unit	\$1,300	\$(100)	
F&I Gross Per Unit	\$1,400	\$2,300	
Parts and Service Reconditioning Profit	\$500	-	
<b>Total Used-Related Gross Per Unit</b>	<b>\$3,200</b>	<b>\$2,200</b>	<b>(\$1,000)</b>
Volume Differential	x1	x5	
<b>Volume-Adjusted Used-Related Gross Profit</b>	<b>\$3,200</b>	<b>\$11,000</b>	<b>\$7,800</b>

Note: Amounts Are Approximate Figures Used For Comparative Modeling Purposes





## → Complementary Relationship





## → Strategic Direction

### Franchised Business

Drive New And Used Vehicle Profit Growth Through Multiple Channels (Traditional Sale Or Lease, Online Selling, Alternative Sources Of Inventory)

Continued Growth Opportunity In Parts & Service, F&I

Ongoing Profitability Enhancement Through SG&A Control, Inventory Management

### EchoPark

Early Stage Strong Secular Growth Phase

Profitability Improving As Older Stores Continue To Mature

Expect 3 New Locations By The End Of 2020 (Bringing Total to 12) - 5-Year Goal Of **25+** Total Physical Markets

Expansion To Be Self-Funding In **2-3** Years With Free Cash Flow From Existing Stores

### Capital Allocation

Opportunistic Divestitures Of Underperforming Or Capital-Intensive Franchised Dealerships

Strategically Deploy Capital To Accelerate EchoPark's Already Strong Growth

### SG&A And Balance Sheet

Relatively Low Fixed Cost Structure Already In Place

Explore Further Opportunities To Leverage Expenses

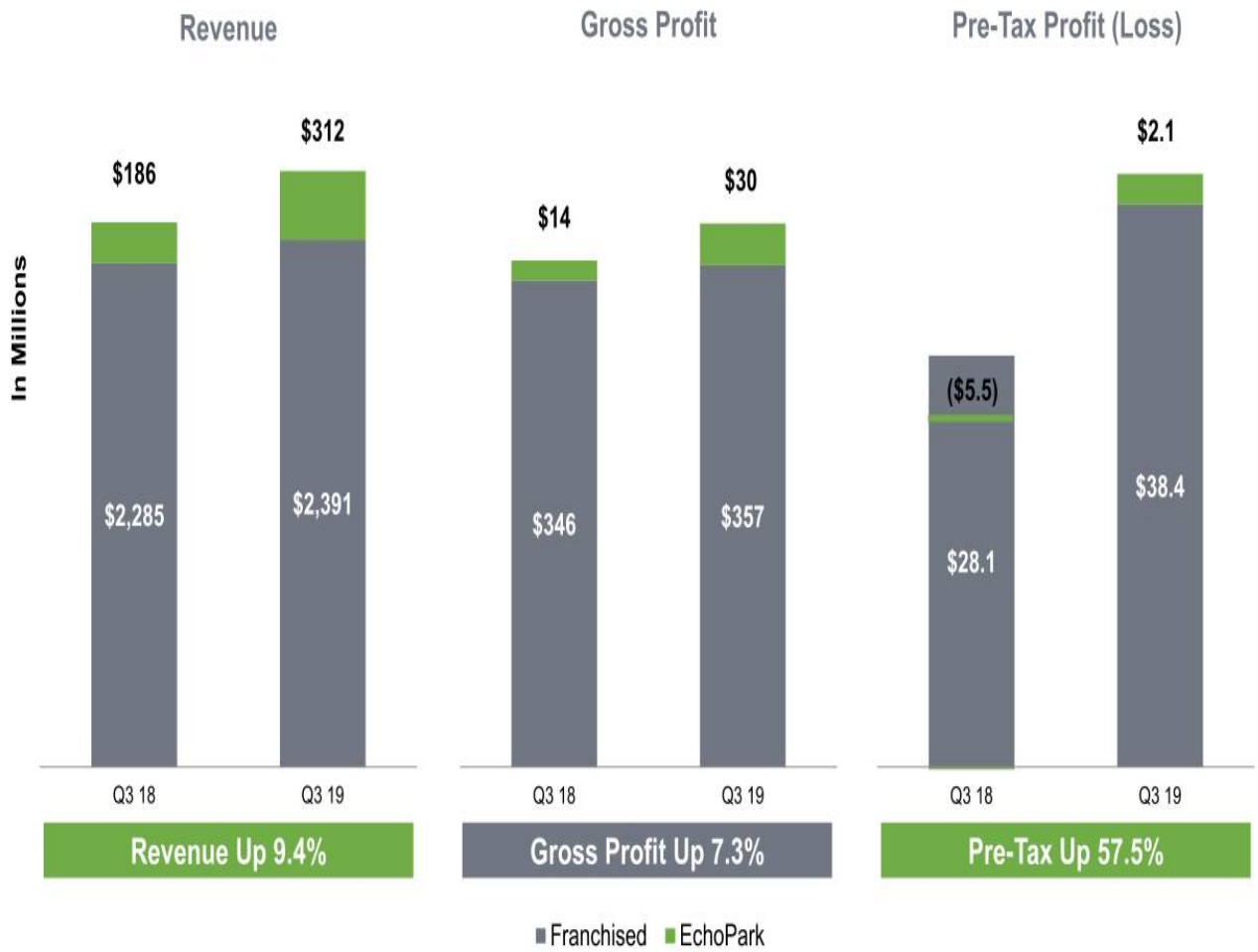
**\$300M** Debt Reduction By Mid-To-Late 2020 To Position Balance Sheet For Future M&A Opportunities (\$235M Complete Through Q4 2019)



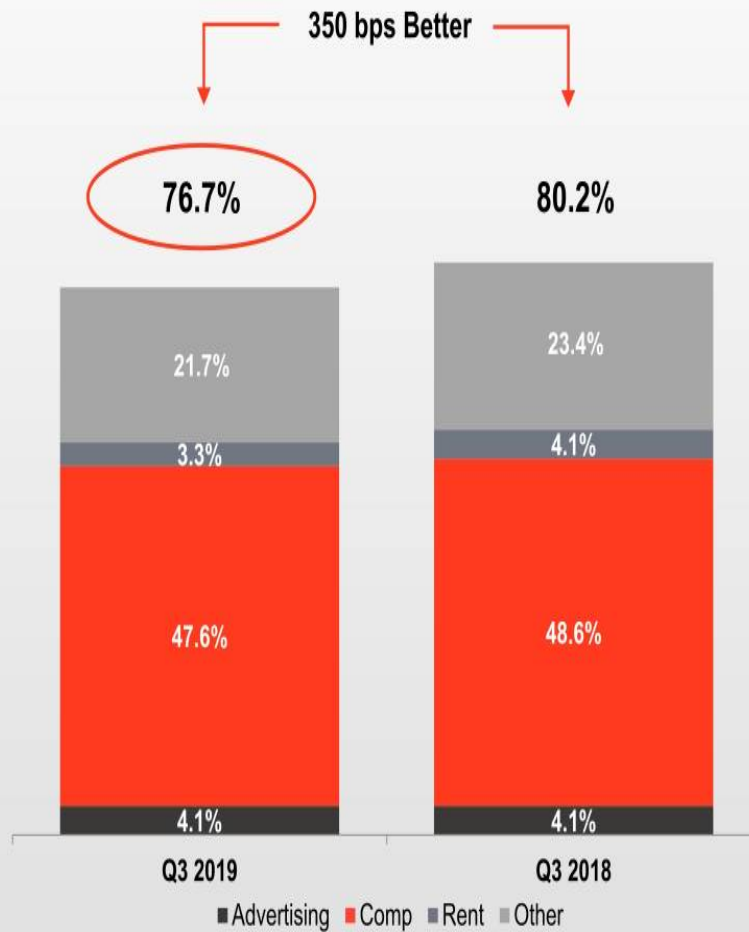
# FINANCIAL OVERVIEW



## → Q3 2019: Continuing Operations



## → Q3 2019: SG&A to Gross Profit



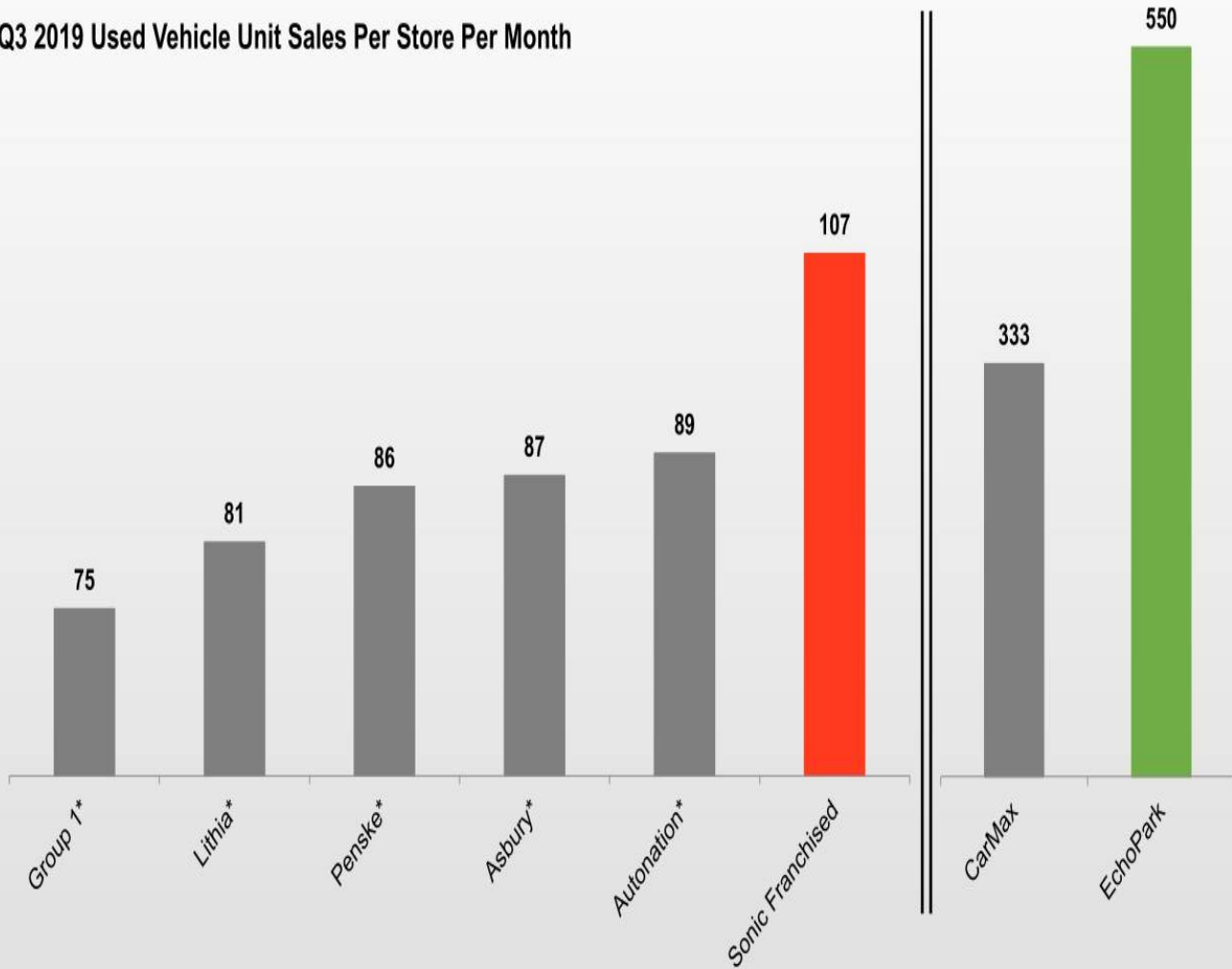
Emphasis on Expense Control

Note: Results reported for the third quarter of 2018 include pre-tax SG&A expenses totaling \$3.1 million related to storm damage, executive transition costs and charges related to the disposal of franchises.



## → Industry-Leading Used Vehicle Volume Throughput

Q3 2019 Used Vehicle Unit Sales Per Store Per Month



\* Peer Average Is 84 Units Per Store Per Month – Sonic Franchised Volume Throughput Is 27% Higher Than Peer Average

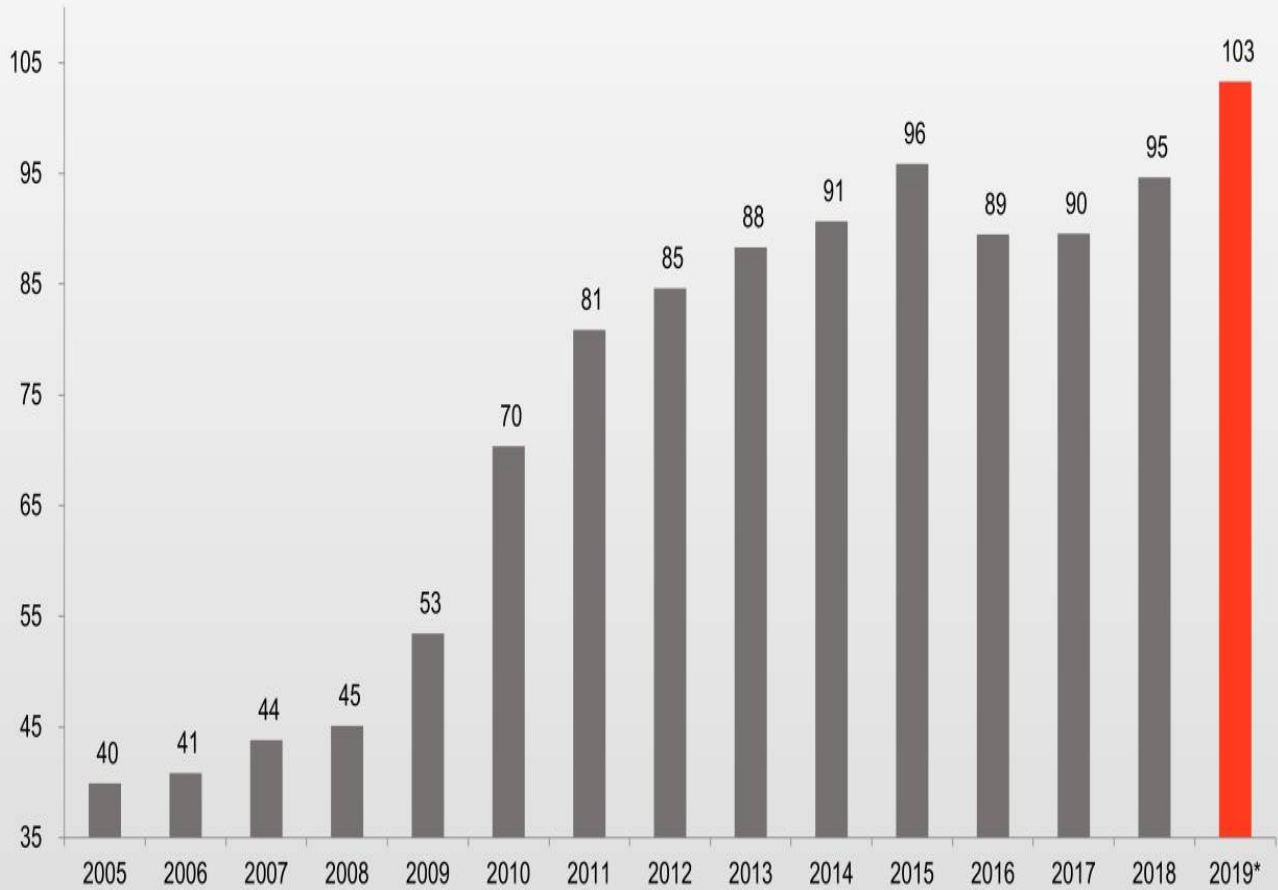
Note: CarMax Data is for the Quarter Ended August 31, 2019





## → Used Vehicle Volume Throughput Over Time

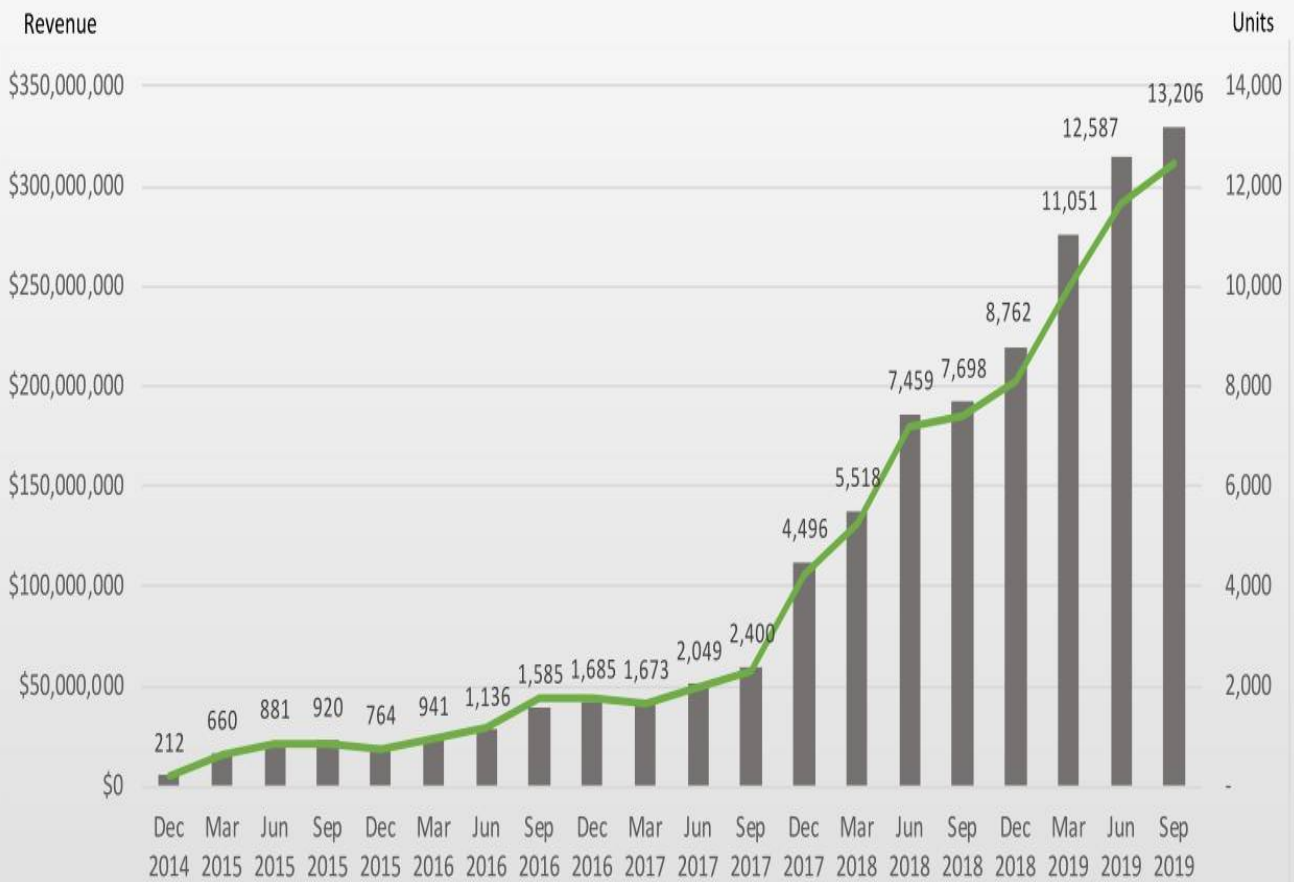
Franchised Dealerships Average Used Volume Per Store Per Month



\* YTD Q3 2019



## → EchoPark Retail Unit Sales Volume Growth

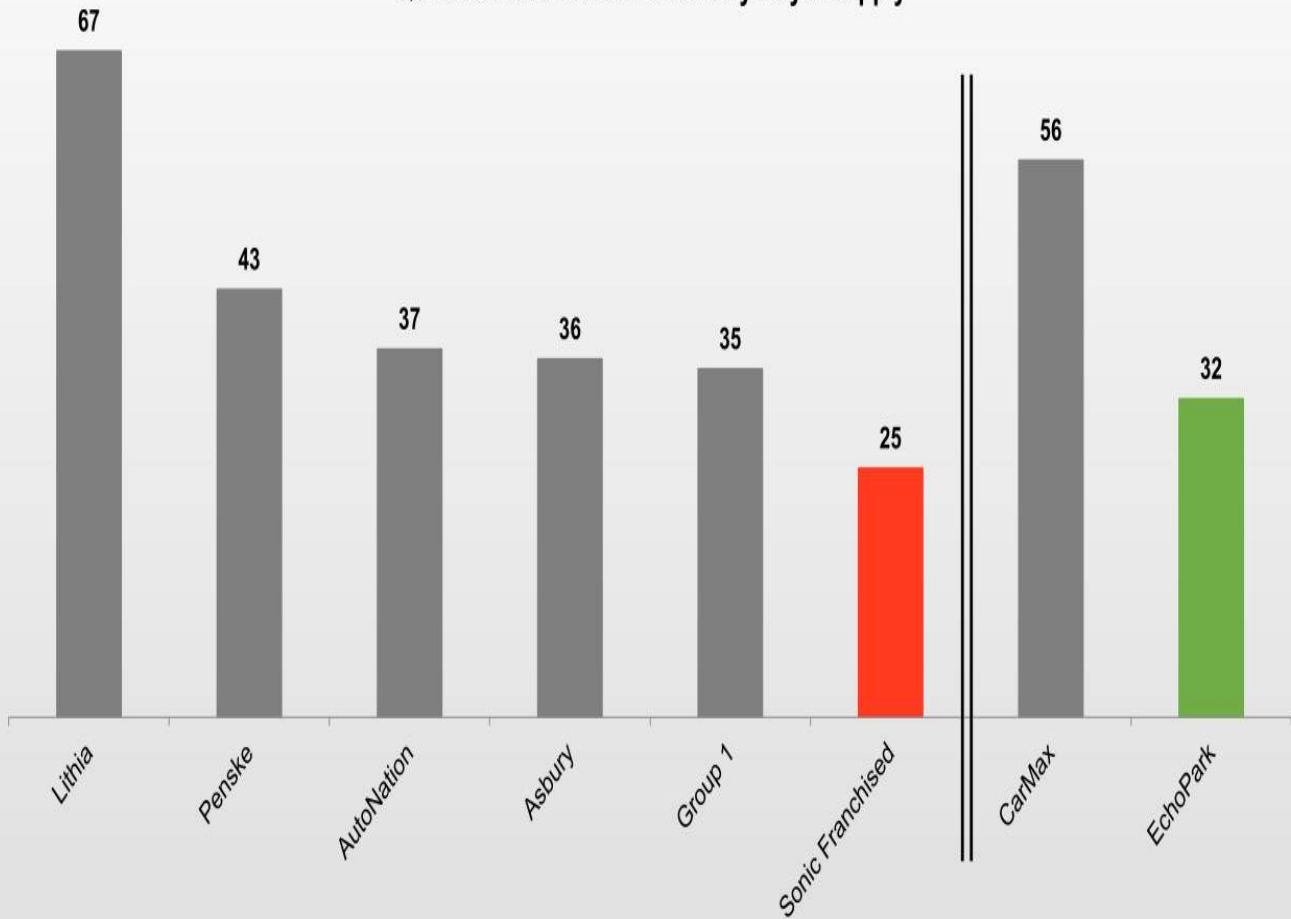


2019 Revenues Projected at \$1.2B



## → Inventory Management Expertise

Q3 2019 Used Vehicle Inventory Days' Supply



Low Inventory Days' Supply Reduces Exposure to Fluctuations in Used Vehicle Valuations

Note: CarMax Data is for the Quarter Ended August 31, 2019



# → Data and Analytics-Based Inventory Management

## POWERFUL

Analytics Delivered To Buyer's Fingertips

## EFFICIENT

Only the Information Needed in the Moment

## INSTANT

Insights in Less Than a Click

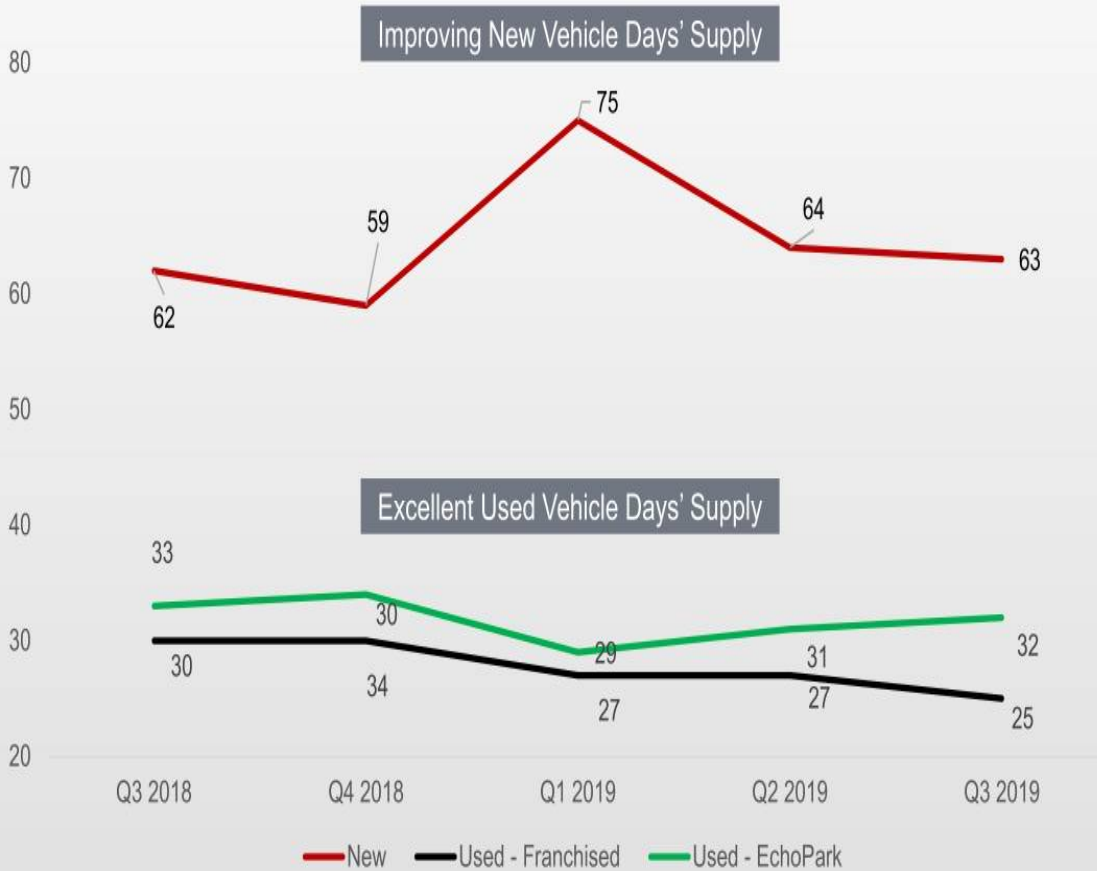
## SIMPLE

Implementation in Existing Webpage with No Training

HyperIntelligence Embeds the Analytics Into the Tools We Already Use to Enable Speed, Accuracy and Split-Second Decision Making

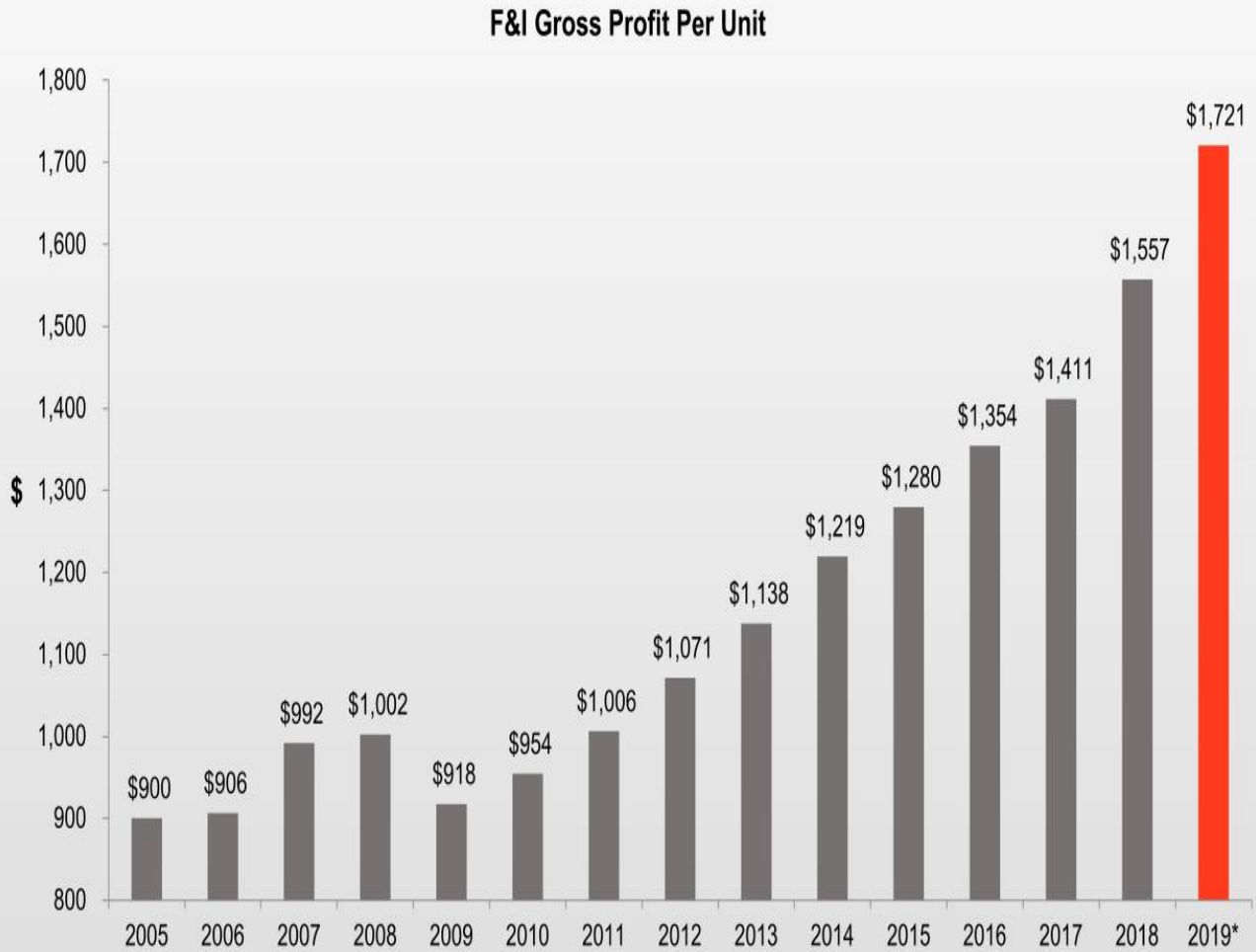
The screenshot displays a web-based inventory management system. On the left, a list of vehicles is shown, including a 2019 Ford ESCAPE, a 2018 Ford ESCAPE, a 2017 Ford EXPLORE, and a 2016 Ford EXPLORE. Two vehicle detail pop-ups are overlaid on the right. The first pop-up is for a 2019 Ford Escape (VIN: 1FMCU0GDXXKUB20874) with a 5.0/5.0 vehicle rating and a market analysis for San Antonio. The second pop-up is for a 2017 Ford Explorer (VIN: 1FMSK7D81HGB59861) with a 2.0/5.0 vehicle rating and a checklist of attributes such as '1-4 Years Old?' (Yes), 'Under 50,000 Miles?' (Yes), 'Accident Free?' (No), and 'Pricing 20% < Than New?' (Yes).

## → Vehicle Inventory Days' Supply





## → Consolidated F&I Per Unit Over Time



\* YTD Q3 2019

Additional Opportunity to Continue to Improve F&I Product Penetration



## → Capital Expenditure Discipline

Gross Capital Expenditures



## → Strong Balance Sheet and Liquidity

		September 30, 2019	December 31, 2018
		(In thousands)	
Cash and cash equivalents	\$	\$2,401	\$5,854
Availability under the 2016 Revolving Credit Facility		202,060	223,922
Availability under our used vehicle floor plan facilities		7,905	1,979
Floor plan deposit balance		104,868	-
<b>Total available liquidity resources</b>	<b>\$</b>	<b>\$317,234</b>	<b>\$231,755</b>

	Covenant	12/31/18	9/30/19
Liquidity Ratio	$\geq 1.05$	1.10	1.19
Fixed Charge Coverage Ratio	$\geq 1.20$	1.43	1.63
Total Lease Adjusted Leverage Ratio	$\leq 5.75$	5.25	3.91
Debt to Adjusted EBITDA Ratio		3.64	3.10

Compliant With All Covenants

Goal to Reduce Debt By \$300M  
By Mid-to-Late 2020





# EchoPark

AUTOMOTIVE



**Investor Relations Contact:**

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Danny Wieland, Director of Financial Reporting

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