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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): April 29, 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 2.02. Results of Operations and Financial Condition.**

On April 29, 2020, Sonic Automotive, Inc. (the "Company") issued a press release announcing its financial results for its fiscal first quarter ended March 31, 2020 (the "Earnings Press Release"). A copy of the Earnings Press Release is attached hereto as Exhibit 99.1 and a copy of the earnings call presentation materials is attached hereto as Exhibit 99.2.

On April 29, 2020, the Company will hold its 2020 annual meeting of stockholders (the "Annual Meeting"). During the Annual Meeting, the Company intends to make a presentation to its stockholders and invited guests (the "Stockholder Presentation"). A copy of the Stockholder Presentation is attached hereto as Exhibit 99.3.

**Item 7.01. Regulation FD Disclosure.**

On April 29, 2020, in the Earnings Press Release, the Company announced the approval of a quarterly cash dividend.

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

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release of Sonic Automotive, Inc., dated April 29, 2020.</a>
99.2	<a href="#">Earnings Call Presentation Materials.</a>
99.3	<a href="#">Stockholder Presentation of Sonic Automotive, Inc., dated April 29, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

The information in this Current Report on Form 8-K, including Exhibits 99.1, 99.2 and 99.3 attached hereto, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

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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.

**SONIC AUTOMOTIVE, INC.**

April 29, 2020

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

# Sonic Automotive Reports 1<sup>st</sup> Quarter 2020 Results With All-Time Record EchoPark Revenue And Unit Sales

*Strengthens Balance Sheet and Liquidity*

CHARLOTTE, N.C. – April 29, 2020 - [Sonic Automotive Inc.](#) (“Sonic” or the “Company”) (NYSE:SAH), one of the nation’s largest automotive retailers, today reported financial results for the first quarter ended March 31, 2020. The Company also provided a business update regarding the effects of the COVID-19 pandemic, and the actions Sonic is taking to protect the health and safety of its guests and teammates.

In the first quarter of 2020, the Company was required to record a non-cash goodwill impairment charge of \$268.0 million related to its franchised dealerships reporting unit as a result of a decrease in the Company’s market value due to the COVID-19 pandemic’s effect on the stock market and expected reduction in economic activity in the near term. Including the effect of this non-cash goodwill impairment charge, the Company reported GAAP loss per diluted share from continuing operations of \$4.67 for the first quarter of 2020, compared to GAAP earnings per diluted share from continuing operations of \$0.99 for the first quarter of 2019.

Excluding the effect of the non-cash goodwill impairment charge, adjusted earnings per diluted share from continuing operations\* were \$0.40 for the first quarter of 2020, compared to \$0.39 for the first quarter of 2019, up nearly 3%.

## First Quarter Highlights

- Adjusted earnings per diluted share from continuing operations\* of \$0.40 for the first quarter of 2020, compared to \$0.39 for the first quarter of 2019
- SG&A expenses as a percentage of gross profit were 80.5% for the first quarter of 2020, compared to 68.8% for the first quarter of 2019 (adjusted SG&A expenses as a percentage of gross profit\* were 80.5% for the first quarter of 2020 and 80.1% for the first quarter of 2019)
- Total Sonic consolidated first quarter 2020 revenues of \$2.3 billion and gross profit of \$350.6 million
- Record quarterly EchoPark revenues of \$331.7 million, up 33% from the first quarter of 2019
- Record quarterly EchoPark retail sales volume of 13,986 units, up 27% from the first quarter of 2019
- EchoPark segment income of \$2.1 million, in-line with the first quarter of 2019
- Total available liquidity of \$418.4 million as of April 28, 2020, an increase from \$311.5 million as of March 31, 2020, and \$280.0 million as of December 31, 2019
- Same store Franchised Dealerships Segment operating results for the first quarter of 2020, compared to the first quarter of 2019:
  - Revenues down 2.7%, gross profit up 0.8%
  - New vehicle unit volume down 6.1%; new vehicle gross profit per unit down 6.5%, to \$2,093 per unit
  - Retail used vehicle unit volume up 1.5%; retail used vehicle gross profit per unit down 2.5%, to \$1,240 per unit
  - Parts, service and collision repair (“Fixed Operations”) gross profit up 2.0%; customer pay gross profit up 5.3%
  - Finance and insurance (“F&I”) gross profit up 6.9% (all-time record quarterly F&I gross profit per retail unit of \$1,885 on a total Sonic consolidated basis)

\* Adjusted net income from continuing operations, adjusted earnings per diluted share from continuing operations, adjusted SG&A expenses, and adjusted SG&A expenses as a percentage of gross profit are non-GAAP financial measures. The schedules included in this press release reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures.

## Commentary

David Smith, Sonic’s and EchoPark’s Chief Executive Officer, commented, “Our exceptional 2019 momentum carried over into the first quarter of 2020, where we saw strong operational performance prior to the impact of the COVID-19 pandemic on our business in the last three weeks of March. Through the first two months of 2020, same store total revenues increased 17% versus the comparable two-month period in 2019, driven by an 11% increase in new vehicle unit sales volume, a 27% increase in used vehicle unit sales volume and an 8% increase in Fixed Operations revenues. In mid-

March, we began to see the sudden and severe impact of the COVID-19 pandemic, as many state and local governments across the nation enacted stay-at-home orders. As essential businesses, our stores have remained open as permitted by governmental orders, however we have experienced a significant reduction in customer foot traffic in both our service and sales businesses.”

Mr. Smith continued, “During this challenging time, our primary concern remains the health and safety of our teammates and guests. We have taken extensive actions to ensure that first responders and other essential workers have safe, reliable access to transportation so they can continue to supply critical needs in our communities. In addition to implementing CDC-recommended social distancing protocols and enhanced sanitization procedures at our dealerships, we are also providing no-contact vehicle pick-up and delivery services for both vehicle sales and vehicle service, ensuring stability and continuity for our guests, our teammates and our business partners.”

Jeff Dyke, Sonic’s and EchoPark’s President, commented, “Looking to the longer term, we continue to take appropriate steps to strengthen our balance sheet and fortify the business. This includes continuing to enhance our liquidity outlook by lowering operating costs, postponing certain capital expenditures and working with our manufacturer and lending partners to access additional sources of liquidity. I would like to thank all of our teammates and manufacturer partners for their dedication and commitment during this difficult time. Due to their efforts, we believe that we have the operating procedures and financial resources in place to manage the current economic climate and to quickly recover when consumer and commercial activity resumes.”

Heath Byrd, Sonic’s and EchoPark’s Chief Financial Officer, commented, “The one-time, non-cash goodwill impairment charge was related to our franchised dealerships only and was triggered by the decrease in our stock market value from the time period between the official announcement of the COVID-19 pandemic on March 11, 2020 and the end of the first quarter, March 31, 2020. While there continues to be near-term disruption from the COVID-19 pandemic, our liquidity is strong and our long-term outlook and prospects for Sonic and EchoPark have not changed. We believe that our current liquidity position, coupled with the actions taken to improve efficiencies during this pandemic, position us well for the recovery and will make us a stronger company into the future.”

### **COVID-19 Update**

During the global COVID-19 pandemic, certain automotive dealership operations have been deemed essential businesses to support the continuity of people’s daily lives and ensure the transportation needs of our nation’s first responders and essential workers. Presently, all Sonic stores remain open, with full service operations and various levels of vehicle sales as stipulated by individual state and local orders. Sonic is committed to ensuring the safety of its guests and teammates by limiting the spread of COVID-19 while maintaining the continuity of its operations to the best of our ability.

Since the onset of the COVID-19 pandemic in the United States, Sonic has implemented a number of initiatives nationwide to protect the health and safety of its guests and teammates in response to the COVID-19 pandemic, notably:

- As an essential business, all of the Company’s service departments remain open to facilitate reliable transportation for consumers for purposes permitted under state and local government orders (such as shopping for groceries or receiving medical care), as well as first responders, medical professionals and other essential workers requiring transportation to their workplaces;
- The Company’s vehicle sales departments have begun to offer a no-contact purchase experience, allowing 90% of a vehicle transaction to be completed on Sonic’s website or by phone and delivered to the guest with a safe, no-contact home delivery;
- To further reduce the need for unnecessary travel, Sonic has provided delivery and pickup of vehicles from its guests’ places of residence, for those utilizing both the Company’s sales and service departments; and
- For all of the Company’s dealership locations, the Company is adhering to CDC-recommended social distancing protocols and has introduced stringent sanitization procedures, including providing enhanced disinfection of vehicles brought in for service, used for loaner service, used for test drives, or delivered to guests at home.

The COVID-19 pandemic is having a widespread effect on worldwide commerce, including the automotive industry. The positive momentum Sonic experienced during fiscal 2019, including increased revenues, higher overall vehicle sales volumes, and increased levels of profit, continued in early fiscal 2020 through the beginning of March. Since mid-March, Sonic has experienced a significant decrease in overall vehicle sales volumes and service department revenue compared to the prior year, mainly due to lower consumer demand related to the COVID-19 pandemic and related government-imposed restrictions and uncertainty around the overall economic outlook.

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## **Financial Position**

Sonic continues to have considerable financial resources and access to diversified funding sources. In response to the COVID-19 pandemic, the Company continues to opportunistically assess all available funding options to further strengthen its balance sheet and increase liquidity to maximize its financial flexibility. Sonic has also taken proactive measures to bolster its liquidity position and provide additional financial flexibility, including drawing down \$210 million of additional cash from its revolving credit facility prior to March 31, 2020.

As of April 28, 2020, Sonic's total available liquidity had increased to approximately \$418.4 million, up from \$311.5 million as of March 31, 2020 and \$280.0 million as of December 31, 2019. Sonic's liquidity at April 28, 2020 consists of \$304.0 million of cash and cash equivalents on hand, \$90.0 million of floor plan deposit balances and \$24.4 million of availability under our existing credit facilities. All of the additional liquidity generated since December 31, 2019 was a result of maximizing availability under pre-existing agreements and cash from operations. Sonic may have additional opportunities to further increase its liquidity position using unfinanced real estate and other sources, if necessary. From a debt perspective, Sonic has no significant near-term debt maturities.

## **First Quarter 2020 Operational Summary**

For the first quarter of 2020, Sonic's consolidated total revenues were \$2.3 billion, down 3% compared to the first quarter of 2019. EchoPark Segment revenues were \$331.7 million for the first quarter of 2020, representing a 33% increase from the first quarter of 2019. Franchised Dealerships Segment revenues were \$2.0 billion for the first quarter of 2020, down 8% from the first quarter of 2019, attributable to a substantial decrease in new and used vehicle sales during the last three weeks of March due to the COVID-19 pandemic and related government-imposed restrictions.

Adjusted SG&A expenses as a percentage of gross profit\* were up 40 basis points for the first quarter of 2020, compared to the first quarter of 2019, due primarily to lower levels of gross profit for the first quarter of 2020, attributable to the COVID-19 pandemic.

Adjusted net income from continuing operations\* for the first quarter of 2020 was \$17.6 million, or \$0.40 per diluted share. Comparatively, adjusted net income from continuing operations\* for the first quarter of 2019 was \$16.8 million, or \$0.39 per diluted share.

Adjusted results exclude the following pre-tax items of interest:

(In millions)	Q1 2020	Q1 2019	Income Statement Line Item
Gain on franchise disposals	\$ —	\$ 46.7	SG&A expenses
Executive transition costs	\$ —	\$ (6.3)	SG&A expenses (1)
Impairment charges	\$ (268.0)	\$ (1.9)	Impairment charges (2)

Note: Amounts in table relate to the Franchised Dealerships Segment unless otherwise noted below.

(1) \$6.0 million of Q1 2019 amount is not deductible for tax purposes.

(2) \$91.1 million of Q1 2020 amount is not deductible for tax purposes. \$1.9 million Q1 2019 amount is related to the EchoPark Segment.

## **Dividend**

Sonic's Board of Directors approved a quarterly cash dividend of \$0.10 per share payable on July 15, 2020 to all stockholders of record on June 15, 2020.

## **First Quarter 2020 Earnings Conference Call**

Senior management will host a conference call on Thursday, April 30, 2020 at 11:00 A.M. (Eastern) to discuss the quarter's results. To access the live broadcast of the call over the Internet, please go to [ir.sonicautomotive.com](http://ir.sonicautomotive.com). The conference call will also be available live by dialing in 15 minutes prior to the start of the call at:

Domestic: (833) 353-0344

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International: (346) 294-9374  
Conference ID: 5789957

A conference call replay will be available one hour following the call for seven days and can be accessed by calling:

Domestic: (855) 859-2056  
International: (404) 537-3406  
Conference ID: 5789957

Investor presentation and earnings press release materials for the Company's earnings conference call will be accessible beginning the morning of the conference call on the Company's website at [ir.sonicautomotive.com](http://ir.sonicautomotive.com).

### **About Sonic Automotive**

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, North Carolina, is one of the nation's largest automotive retailers. Sonic can be reached on the web at [www.sonicautomotive.com](http://www.sonicautomotive.com).

### **About EchoPark Automotive**

EchoPark Automotive is an operating segment within the Company with 10 existing locations that specialize in pre-owned vehicle sales and provide a unique guest experience unlike traditional used car stores. More information about EchoPark Automotive can be found at [www.echopark.com](http://www.echopark.com).

### **Forward-Looking Statements**

Included herein are forward-looking statements. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risks and uncertainties that could cause actual results or trends to differ materially from management's views, including, without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, anticipated liquidity position, expected future capital expenditures, anticipated future growth in our EchoPark Segment, the success of our operational strategies, the rate and timing of overall economic expansion or contraction, the effect of the COVID-19 pandemic and related government-imposed restrictions on operations, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and the Company's other periodic reports and information filed with the Securities and Exchange Commission (the "SEC"). The Company does not undertake any obligation to update forward-looking information, except as required under federal securities laws and the rules and regulations of the SEC.

### **Non-GAAP Financial Measures**

This press release and the attached financial tables contain certain non-GAAP financial measures as defined under SEC rules, such as adjusted net income from continuing operations, adjusted earnings per diluted share from continuing operations, adjusted SG&A expenses, and adjusted SG&A expenses as a percentage of gross profit. As required by SEC rules, the Company provides reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosures and provide a meaningful presentation of the Company's results.

### **Company Contacts**

#### **Investor Inquiries:**

Heath Byrd, Executive Vice President and Chief Financial Officer (704) 566-2400  
Danny Wieland, Investor Relations (704) 927-3462

#### **Press Inquiries:**

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**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

**Results of Operations**

	Three Months Ended March 31,		Better / (Worse) % Change
	2020	2019	
(In thousands, except per share amounts)			
<b>Revenues:</b>			
New vehicles	\$ 959,489	\$ 1,066,334	(10.0)%
Used vehicles	850,052	820,366	3.6 %
Wholesale vehicles	48,543	54,770	(11.4)%
Total vehicles	1,858,084	1,941,470	(4.3)%
Parts, service and collision repair	334,680	341,430	(2.0)%
Finance, insurance and other, net	115,292	106,238	8.5 %
Total revenues	2,308,056	2,389,138	(3.4)%
<b>Cost of Sales:</b>			
New vehicles	(914,074)	(1,012,538)	(9.7)%
Used vehicles	(817,922)	(783,358)	4.4 %
Wholesale vehicles	(48,700)	(56,037)	(13.1)%
Total vehicles	(1,780,696)	(1,851,933)	(3.8)%
Parts, service and collision repair	(176,782)	(178,194)	(0.8)%
Total cost of sales	(1,957,478)	(2,030,127)	(3.6)%
Gross profit	350,578	359,011	(2.3)%
Selling, general and administrative expenses	(282,156)	(247,095)	(14.2)%
Impairment charges	(268,000)	(1,952)	(13,629.5)%
Depreciation and amortization	(22,297)	(22,649)	1.6 %
Operating income (loss)	(221,875)	87,315	(354.1)%
<b>Other income (expense):</b>			
Interest expense, floor plan	(10,508)	(13,226)	20.6 %
Interest expense, other, net	(10,965)	(12,853)	14.7 %
Other income (expense), net	100	100	— %
Total other income (expense)	(21,373)	(25,979)	17.7 %
Income (loss) from continuing operations before taxes	(243,248)	61,336	(496.6)%
Provision for income taxes for continuing operations - benefit (expense)	44,117	(18,987)	332.4 %
Income (loss) from continuing operations	(199,131)	42,349	(570.2)%
<b>Discontinued operations:</b>			
Income (loss) from discontinued operations before taxes	(285)	(180)	(58.3)%
Provision for income taxes for discontinued operations - benefit (expense)	83	52	59.6 %
Income (loss) from discontinued operations	(202)	(128)	(57.8)%
Net income (loss)	\$ (199,333)	\$ 42,221	(572.1)%
<b>Basic earnings (loss) per common share:</b>			
Earnings (loss) per share from continuing operations	\$ (4.67)	\$ 0.99	(571.7)%
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	— %
Earnings (loss) per common share	\$ (4.68)	\$ 0.98	(577.6)%
Weighted-average common shares outstanding	42,615	42,838	0.5 %
<b>Diluted earnings (loss) per common share:</b>			
Earnings (loss) per share from continuing operations	\$ (4.67)	\$ 0.99	(571.7)%
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	— %
Earnings (loss) per common share	\$ (4.68)	\$ 0.98	(577.6)%
Weighted-average common shares outstanding	42,615	42,888	0.6 %
Dividends declared per common share	\$ 0.10	\$ 0.10	— %



*New Vehicles - Consolidated*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 959,489	\$ 1,066,334	\$ (106,845)	(10.0)%
Gross profit	\$ 45,415	\$ 53,796	\$ (8,381)	(15.6)%
Unit sales	21,724	25,197	(3,473)	(13.8)%
Revenue per unit	\$ 44,167	\$ 42,320	\$ 1,847	4.4 %
Gross profit per unit	\$ 2,091	\$ 2,135	\$ (44)	(2.1)%
Gross profit as a % of revenue	4.7 %	5.0 %	(30) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 959,491	\$ 1,006,903	\$ (47,412)	(4.7)%
Gross profit	\$ 45,465	\$ 51,752	\$ (6,287)	(12.1)%
Unit sales	21,724	23,133	(1,409)	(6.1)%
Revenue per unit	\$ 44,167	\$ 43,527	\$ 640	1.5 %
Gross profit per unit	\$ 2,093	\$ 2,237	\$ (144)	(6.4)%
Gross profit as a % of revenue	4.7 %	5.1 %	(40) bps	

*Used Vehicles - Consolidated*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 850,052	\$ 820,366	\$ 29,686	3.6 %
Gross profit	\$ 32,130	\$ 37,008	\$ (4,878)	(13.2)%
Unit sales	40,024	38,463	1,561	4.1 %
Revenue per unit	\$ 21,239	\$ 21,329	\$ (90)	(0.4)%
Gross profit per unit	\$ 803	\$ 962	\$ (159)	(16.5)%
Gross profit as a % of revenue	3.8 %	4.5 %	(70) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 832,190	\$ 793,460	\$ 38,730	4.9 %
Gross profit	\$ 30,444	\$ 32,351	\$ (1,907)	(5.9)%
Unit sales	39,105	36,692	2,413	6.6 %
Revenue per unit	\$ 21,281	\$ 21,625	\$ (344)	(1.6)%
Gross profit per unit	\$ 779	\$ 882	\$ (103)	(11.7)%
Gross profit as a % of revenue	3.7 %	4.1 %	(40) bps	

**Wholesale Vehicles - Consolidated**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported wholesale vehicle:				
Revenue	\$ 48,543	\$ 54,770	\$ (6,227)	(11.4) %
Gross profit (loss)	\$ (157)	\$ (1,267)	\$ 1,110	87.6 %
Unit sales	8,675	8,647	28	0.3 %
Revenue per unit	\$ 5,596	\$ 6,334	\$ (738)	(11.7) %
Gross profit (loss) per unit	\$ (18)	\$ (147)	\$ 129	87.8 %
Gross profit (loss) as a % of revenue	(0.3)%	(2.3)%	200	bps

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store wholesale vehicle:				
Revenue	\$ 48,313	\$ 52,004	\$ (3,691)	(7.1) %
Gross profit (loss)	\$ (154)	\$ (1,083)	\$ 929	85.8 %
Unit sales	8,586	7,972	614	7.7 %
Revenue per unit	\$ 5,627	\$ 6,523	\$ (896)	(13.7) %
Gross profit (loss) per unit	\$ (18)	\$ (136)	\$ 118	86.8 %
Gross profit (loss) as a % of revenue	(0.3)%	(2.1)%	180	bps

Parts, Service and Collision Repair ("Fixed Operations") - Consolidated

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Reported:</b>				
Revenue				
Customer pay	\$ 135,056	\$ 137,721	\$ (2,665)	(1.9)%
Warranty	60,760	68,973	(8,213)	(11.9)%
Wholesale parts	38,706	39,297	(591)	(1.5)%
Internal, sublet and other	100,158	95,439	4,719	4.9 %
Total	<u>\$ 334,680</u>	<u>\$ 341,430</u>	<u>\$ (6,750)</u>	(2.0)%
Gross profit				
Customer pay	\$ 74,595	\$ 74,326	\$ 269	0.4 %
Warranty	33,746	38,407	(4,661)	(12.1)%
Wholesale parts	6,667	6,796	(129)	(1.9)%
Internal, sublet and other	42,890	43,707	(817)	(1.9)%
Total	<u>\$ 157,898</u>	<u>\$ 163,236</u>	<u>\$ (5,338)</u>	(3.3)%
Gross profit as a % of revenue				
Customer pay	55.2 %	54.0 %	120 bps	
Warranty	55.5 %	55.7 %	(20) bps	
Wholesale parts	17.2 %	17.3 %	(10) bps	
Internal, sublet and other	42.8 %	45.8 %	(300) bps	
Total	47.2 %	47.8 %	(60) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Same Store:</b>				
Revenue				
Customer pay	\$ 137,147	\$ 133,233	\$ 3,914	2.9 %
Warranty	61,313	65,474	(4,161)	(6.4) %
Wholesale parts	38,706	38,157	549	1.4 %
Internal, sublet and other	99,559	90,698	8,861	9.8 %
Total	<u>\$ 336,725</u>	<u>\$ 327,562</u>	<u>\$ 9,163</u>	2.8 %
Gross profit				
Customer pay	\$ 75,729	\$ 71,929	\$ 3,800	5.3 %
Warranty	33,907	36,525	(2,618)	(7.2) %
Wholesale parts	6,667	6,565	102	1.6 %
Internal, sublet and other	42,752	40,832	1,920	4.7 %
Total	<u>\$ 159,055</u>	<u>\$ 155,851</u>	<u>\$ 3,204</u>	2.1 %
Gross profit as a % of revenue				
Customer pay	55.2 %	54.0 %	120 bps	
Warranty	55.3 %	55.8 %	(50) bps	
Wholesale parts	17.2 %	17.2 %	— bps	
Internal, sublet and other	42.9 %	45.0 %	(210) bps	
Total	47.2 %	47.6 %	(40) bps	

**Finance, Insurance and Other, Net ("F&I") - Consolidated**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported:</b>				
Revenue	\$ 115,292	\$ 106,238	\$ 9,054	8.5 %
Unit sales	61,163	63,381	(2,218)	(3.5) %
Gross profit per retail unit (excludes fleet)	\$ 1,885	\$ 1,676	\$ 209	12.5 %

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same Store:</b>				
Revenue	\$ 109,054	\$ 99,384	\$ 9,670	9.7 %
Unit sales	60,244	59,546	698	1.2 %
Gross profit per retail unit (excludes fleet)	\$ 1,810	\$ 1,669	\$ 141	8.4 %

**Q1 2020 Build - Consolidated Same Store**

(In millions, except unit and per unit data)	B/(W) than Comparable Period in 2019					
	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 83	13.5 %	\$ (130)	(33.2)%	\$ (47)	(4.7)%
Retail used vehicle revenues	127	25.8 %	(88)	(29.0)%	39	4.9 %
Wholesale used vehicle revenues	—	2.2 %	(4)	(28.4)%	(5)	(7.1)%
Fixed Operations revenues	18	8.3 %	(9)	(7.6)%	9	2.8 %
F&I revenues	17	27.8 %	(7)	(18.4)%	10	9.7 %
Total revenues	\$ 245	17.3 %	\$ (238)	(27.6)%	\$ 6	0.3 %
New vehicle gross profit	\$ 1	3.5 %	\$ (7)	(34.8)%	\$ (6)	(12.1)%
New vehicle unit sales volume	1,603	11.3 %	(3,012)	(33.6)%	(1,409)	(6.1)%
New vehicle GPU	\$ (151)	(7.0)%	\$ (41)	(1.7)%	\$ (144)	(6.4)%
Retail used vehicle gross profit	\$ 3	14.1 %	\$ (5)	(36.1)%	\$ (2)	(5.9)%
Retail used vehicle unit sales volume	6,100	26.9 %	(3,687)	(26.4)%	2,413	6.6 %
Retail used vehicle GPU	\$ (86)	(10.0)%	\$ (122)	(13.2)%	\$ (103)	(11.7)%
Wholesale used vehicle gross profit	\$ 1	63.4 %	\$ —	196.1 %	\$ 1	85.8 %
Fixed Operations gross profit	\$ 8	8.1 %	\$ (5)	(9.3)%	\$ 3	2.1 %
Customer Pay gross profit	\$ 5	11.6 %	\$ (2)	(6.6)%	\$ 4	5.3 %
F&I gross profit	\$ 17	27.8 %	\$ (7)	(18.4)%	\$ 10	9.7 %
F&I GPU	\$ 106	6.4 %	\$ 261	15.3 %	\$ 141	8.4 %
Total gross profit	\$ 30	14.0 %	\$ (24)	(18.9)%	\$ 6	1.7 %

*New Vehicles - Franchised Dealership Segment*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 959,489	\$ 1,066,334	\$ (106,845)	(10.0)%
Gross profit	\$ 45,415	\$ 53,796	\$ (8,381)	(15.6)%
Unit sales	21,724	25,197	(3,473)	(13.8)%
Revenue per unit	\$ 44,167	\$ 42,320	\$ 1,847	4.4 %
Gross profit per unit	\$ 2,091	\$ 2,135	\$ (44)	(2.1)%
Gross profit as a % of revenue	4.7 %	5.0 %	(30) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 959,491	\$ 1,006,903	\$ (47,412)	(4.7)%
Gross profit	\$ 45,465	\$ 51,752	\$ (6,287)	(12.1)%
Unit sales	21,724	23,133	(1,409)	(6.1)%
Revenue per unit	\$ 44,167	\$ 43,527	\$ 640	1.5 %
Gross profit per unit	\$ 2,093	\$ 2,237	\$ (144)	(6.4)%
Gross profit as a % of revenue	4.7 %	5.1 %	(40) bps	

*Used Vehicles - Franchised Dealership Segment*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 566,888	\$ 603,949	\$ (37,061)	(6.1)%
Gross profit	\$ 32,314	\$ 36,738	\$ (4,424)	(12.0)%
Unit sales	26,038	27,412	(1,374)	(5.0)%
Revenue per unit	\$ 21,772	\$ 22,032	\$ (260)	(1.2)%
Gross profit per unit	\$ 1,241	\$ 1,340	\$ (99)	(7.4)%
Gross profit as a % of revenue	5.7 %	6.1 %	(40) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 566,889	\$ 577,043	\$ (10,154)	(1.8)%
Gross profit	\$ 32,288	\$ 32,608	\$ (320)	(1.0)%
Unit sales	26,038	25,641	397	1.5 %
Revenue per unit	\$ 21,772	\$ 22,505	\$ (733)	(3.3)%
Gross profit per unit	\$ 1,240	\$ 1,272	\$ (32)	(2.5)%
Gross profit as a % of revenue	5.7 %	5.7 %	— bps	

*Wholesale Vehicles - Franchised Dealership Segment*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported wholesale vehicle:				
Revenue	\$ 42,440	\$ 52,533	\$ (10,093)	(19.2)%
Gross profit (loss)	\$ (83)	\$ (1,204)	\$ 1,121	93.1 %
Unit sales	6,910	8,148	(1,238)	(15.2)%
Revenue per unit	\$ 6,142	\$ 6,447	\$ (305)	(4.7)%
Gross profit (loss) per unit	\$ (12)	\$ (148)	\$ 136	91.9 %
Gross profit (loss) as a % of revenue	(0.2)%	(2.3)%	210 bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store wholesale vehicle:				
Revenue	\$ 42,440	\$ 49,767	\$ (7,327)	(14.7)%
Gross profit (loss)	\$ (83)	\$ (1,020)	\$ 937	91.9 %
Unit sales	6,910	7,473	(563)	(7.5)%
Revenue per unit	\$ 6,142	\$ 6,660	\$ (518)	(7.8)%
Gross profit (loss) per unit	\$ (12)	\$ (136)	\$ 124	91.2 %
Gross profit (loss) as a % of revenue	(0.2)%	(2.0)%	180 bps	



**Fixed Operations - Franchised Dealership Segment**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Reported:</b>				
Revenue				
Customer pay	\$ 134,798	\$ 137,569	\$ (2,771)	(2.0)%
Warranty	60,760	68,973	(8,213)	(11.9)%
Wholesale parts	38,706	39,297	(591)	(1.5)%
Internal, sublet and other	90,237	90,386	(149)	(0.2)%
Total	<u>\$ 324,501</u>	<u>\$ 336,225</u>	<u>\$ (11,724)</u>	<u>(3.5)%</u>
Gross profit				
Customer pay	\$ 74,593	\$ 74,324	\$ 269	0.4 %
Warranty	33,746	38,407	(4,661)	(12.1)%
Wholesale parts	6,667	6,796	(129)	(1.9)%
Internal, sublet and other	43,090	43,919	(829)	(1.9)%
Total	<u>\$ 158,096</u>	<u>\$ 163,446</u>	<u>\$ (5,350)</u>	<u>(3.3)%</u>
Gross profit as a % of revenue				
Customer pay	55.3 %	54.0 %	130 bps	
Warranty	55.5 %	55.7 %	(20) bps	
Wholesale parts	17.2 %	17.3 %	(10) bps	
Internal, sublet and other	47.8 %	48.6 %	(80) bps	
Total	48.7 %	48.6 %	10 bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Same Store:</b>				
Revenue				
Customer pay	\$ 136,913	\$ 133,081	\$ 3,832	2.9 %
Warranty	61,313	65,474	(4,161)	(6.4) %
Wholesale parts	38,706	38,157	549	1.4 %
Internal, sublet and other	90,219	85,646	4,573	5.3 %
Total	<u>\$ 327,151</u>	<u>\$ 322,358</u>	<u>\$ 4,793</u>	<u>1.5 %</u>
Gross profit				
Customer pay	\$ 75,728	\$ 71,926	\$ 3,802	5.3 %
Warranty	33,907	36,525	(2,618)	(7.2) %
Wholesale parts	6,667	6,565	102	1.6 %
Internal, sublet and other	42,911	41,044	1,867	4.5 %
Total	<u>\$ 159,213</u>	<u>\$ 156,060</u>	<u>\$ 3,153</u>	<u>2.0 %</u>
Gross profit as a % of revenue				
Customer pay	55.3 %	54.0 %	130 bps	
Warranty	55.3 %	55.8 %	(50) bps	
Wholesale parts	17.2 %	17.2 %	— bps	
Internal, sublet and other	47.6 %	47.9 %	(30) bps	
Total	48.7 %	48.4 %	30 bps	

*F&I - Franchised Dealership Segment*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change

(In thousands, except unit and per unit data)

<b>Reported:</b>							
Revenue	\$	83,029	\$	80,521	\$	2,508	3.1 %
Unit sales		47,177		52,330		(5,153)	(9.8) %
Gross profit per retail unit (excludes fleet)	\$	1,760	\$	1,539	\$	221	14.4 %

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change

(In thousands, except unit and per unit data)

<b>Same Store:</b>							
Revenue	\$	78,830	\$	73,737	\$	5,093	6.9 %
Unit sales		47,177		48,495		(1,318)	(2.7) %
Gross profit per retail unit (excludes fleet)	\$	1,671	\$	1,521	\$	150	9.9 %

*Used Vehicles and F&I - EchoPark Segment*

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported used vehicle and F&amp;I:</b>				
Used vehicle revenue	\$ 283,164	\$ 216,417	\$ 66,747	30.8 %
Used vehicle gross profit (loss)	\$ (184)	\$ 270	\$ (454)	(168.1)%
Used vehicle unit sales	13,986	11,051	2,935	26.6 %
Used vehicle revenue per unit	\$ 20,246	\$ 19,583	\$ 663	3.4 %
F&I revenue	\$ 32,263	\$ 25,717	\$ 6,546	25.5 %
Combined used vehicle gross profit and F&I revenue	\$ 32,079	\$ 25,987	\$ 6,092	23.4 %
Total used vehicle and F&I gross profit per unit	\$ 2,294	\$ 2,352	\$ (58)	(2.5)%

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store used vehicle:</b>				
Used vehicle revenue	\$ 265,301	\$ 216,417	\$ 48,884	22.6 %
Used vehicle gross profit (loss)	\$ (1,844)	\$ (257)	\$ (1,587)	(617.5)%
Used vehicle unit sales	13,067	11,051	2,016	18.2 %
Used vehicle revenue per unit	\$ 20,303	\$ 19,583	\$ 720	3.7 %
F&I revenue	\$ 30,224	\$ 25,647	\$ 4,577	17.8 %
Combined used vehicle gross profit and F&I revenue	\$ 28,380	\$ 25,390	\$ 2,990	11.8 %
Total used vehicle and F&I gross profit per unit	\$ 2,172	\$ 2,298	\$ (126)	(5.5)%

**Wholesale Vehicles - EchoPark Segment**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Reported wholesale vehicle:				
Revenue	\$ 6,103	\$ 2,237	\$ 3,866	172.8 %
Gross profit (loss)	\$ (74)	\$ (63)	\$ (11)	(17.5)%
Unit sales	1,765	499	1,266	253.7 %
Revenue per unit	\$ 3,458	\$ 4,483	\$ (1,025)	(22.9)%
Gross profit (loss) per unit	\$ (42)	\$ (126)	\$ 84	66.7 %
Gross profit (loss) as a % of revenue	(1.2)%	(2.8)%	160	bps

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands, except unit and per unit data)				
Same store wholesale vehicle:				
Revenue	\$ 5,873	\$ 2,237	\$ 3,636	162.5 %
Gross profit (loss)	\$ (71)	\$ (63)	\$ (8)	(12.7)%
Unit sales	1,676	499	1,177	235.9 %
Revenue per unit	\$ 3,504	\$ 4,483	\$ (979)	(21.8)%
Gross profit (loss) per unit	\$ (42)	\$ (126)	\$ 84	66.7 %
Gross profit (loss) as a % of revenue	(1.2)%	(2.8)%	160	bps

**Fixed Operations - EchoPark Segment**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Total reported Fixed Operations:</b>				
Revenue	\$ 10,179	\$ 5,205	\$ 4,974	95.6 %
Gross profit (loss)	\$ (198)	\$ (210)	\$ 12	5.7 %
Gross profit (loss) as a % of revenue	(1.9)%	(4.0)%	210 bps	

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Total same store Fixed Operations:</b>				
Revenue	\$ 9,574	\$ 5,204	\$ 4,370	84.0 %
Gross profit (loss)	\$ (158)	\$ (209)	\$ 51	24.4 %
Gross profit (loss) as a % of revenue	(1.7)%	(4.0)%	230 bps	

**Segment Income (Loss)**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
Segment income (loss):				
Franchised Dealerships Segment	\$ 22,656	\$ 61,182	\$ (38,526)	(63.0)%
EchoPark Segment	2,096	2,106	(10)	(0.5)%
Total segment income (loss)	\$ 24,752	\$ 63,288	\$ (38,536)	(60.9)%
Impairment charges	(268,000)	(1,952)	(266,048)	13,629.5 %
Income (loss) from continuing operations before taxes	\$ (243,248)	\$ 61,336	\$ (304,584)	(496.6)%

**Selling, General and Administrative ("SG&A") Expenses - Non-GAAP Reconciliation**

	Three Months Ended March 31,		Better / (Worse)	
	2020	2019	Change	% Change
(In thousands)				
<b>Reported:</b>				
Compensation	\$ 174,422	\$ 184,185	\$ 9,763	5.3 %
Advertising	14,135	15,050	915	6.1 %
Rent	13,865	15,250	1,385	9.1 %
Other	79,734	32,610	(47,124)	(144.5)%
Total SG&A expenses	<u>\$ 282,156</u>	<u>\$ 247,095</u>	<u>\$ (35,061)</u>	<u>(14.2)%</u>
<b>Items of interest:</b>				
Gain (loss) on franchise disposals	\$ —	\$ 46,680		
Executive transition costs	—	(6,264)		
Total SG&A adjustments	<u>\$ —</u>	<u>\$ 40,416</u>		
<b>Adjusted:</b>				
Total adjusted SG&A expenses	<u>\$ 282,156</u>	<u>\$ 287,511</u>	\$ 5,355	1.9 %
<b>Reported:</b>				
SG&A expenses as a % of gross profit:				
Compensation	49.8 %	51.3 %	150 bps	
Advertising	4.0 %	4.2 %	20 bps	
Rent	4.0 %	4.2 %	20 bps	
Other	22.7 %	9.1 %	(1,360) bps	
Total SG&A expenses as a % of gross profit	<u>80.5 %</u>	<u>68.8 %</u>	<u>(1,170) bps</u>	
<b>Items of interest:</b>				
Gain (loss) on franchise disposals	— %	13.1 %		
Executive transition costs	— %	(1.8)%		
Total effect of adjustments	<u>— %</u>	<u>11.3 %</u>		
<b>Adjusted:</b>				
Total adjusted SG&A expenses as a % of gross profit	<u>80.5 %</u>	<u>80.1 %</u>	(40) bps	

*Earnings Per Share from Continuing Operations - Non-GAAP Reconciliation*

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Weighted-Average Shares	Amount	Per Share Amount	Weighted-Average Shares	Amount	Per Share Amount
	(In thousands, except per share amounts)					
Diluted earnings (loss) and shares from continuing operations <sup>(1)</sup>	42,615	\$ (199,131)	\$ (4.67)	42,888	\$ 42,349	\$ 0.99
Pre-tax items of interest:						
(Gain) loss on franchise disposals		\$ —			\$ (46,680)	
Executive transition costs		—			6,264	
Impairment charges		268,000			1,926	
Total pre-tax items of interest		\$ 268,000			\$ (38,490)	
Tax effect of above items		\$ (51,295)			\$ 12,902	
Adjusted diluted earnings (loss) and shares from continuing operations	43,432	\$ 17,574	\$ 0.40	42,888	\$ 16,761	\$ 0.39

(1) Basic Weighted-Average Shares Used For Three Months Ended March 31, 2020 Due To Net Loss On GAAP Basis



*Adjusted EBITDA - Non-GAAP Reconciliation*

	Three Months Ended March 31, 2020				Three Months Ended March 31, 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net income (loss)				\$ (199,333)				\$ 42,221
Provision for income taxes				(44,200)				18,935
Income (loss) before taxes	\$ (245,344)	\$ 2,096	\$ (285)	\$ (243,533)	\$ 61,156	\$ 180	\$ (180)	\$ 61,156
Non-floor plan interest	10,043	365	—	10,408	11,829	433	—	12,262
Depreciation and amortization	20,144	2,708	—	22,852	20,824	2,418	—	23,242
Stock-based compensation expense	2,427	—	—	2,427	2,814	—	—	2,814
Loss (gain) on exit of leased dealerships	—	—	—	—	(170)	—	—	(170)
Impairment charges	268,000	—	—	268,000	26	1,926	—	1,952
Loss (gain) on franchise disposals	—	—	—	—	(46,750)	—	—	(46,750)
Adjusted EBITDA	\$ 55,270	\$ 5,169	\$ (285)	\$ 60,154	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506

# Sonic Automotive – A Holistic Approach to Creating Shareholder Value



Earnings & Investor Presentation  
Updated April 29, 2020

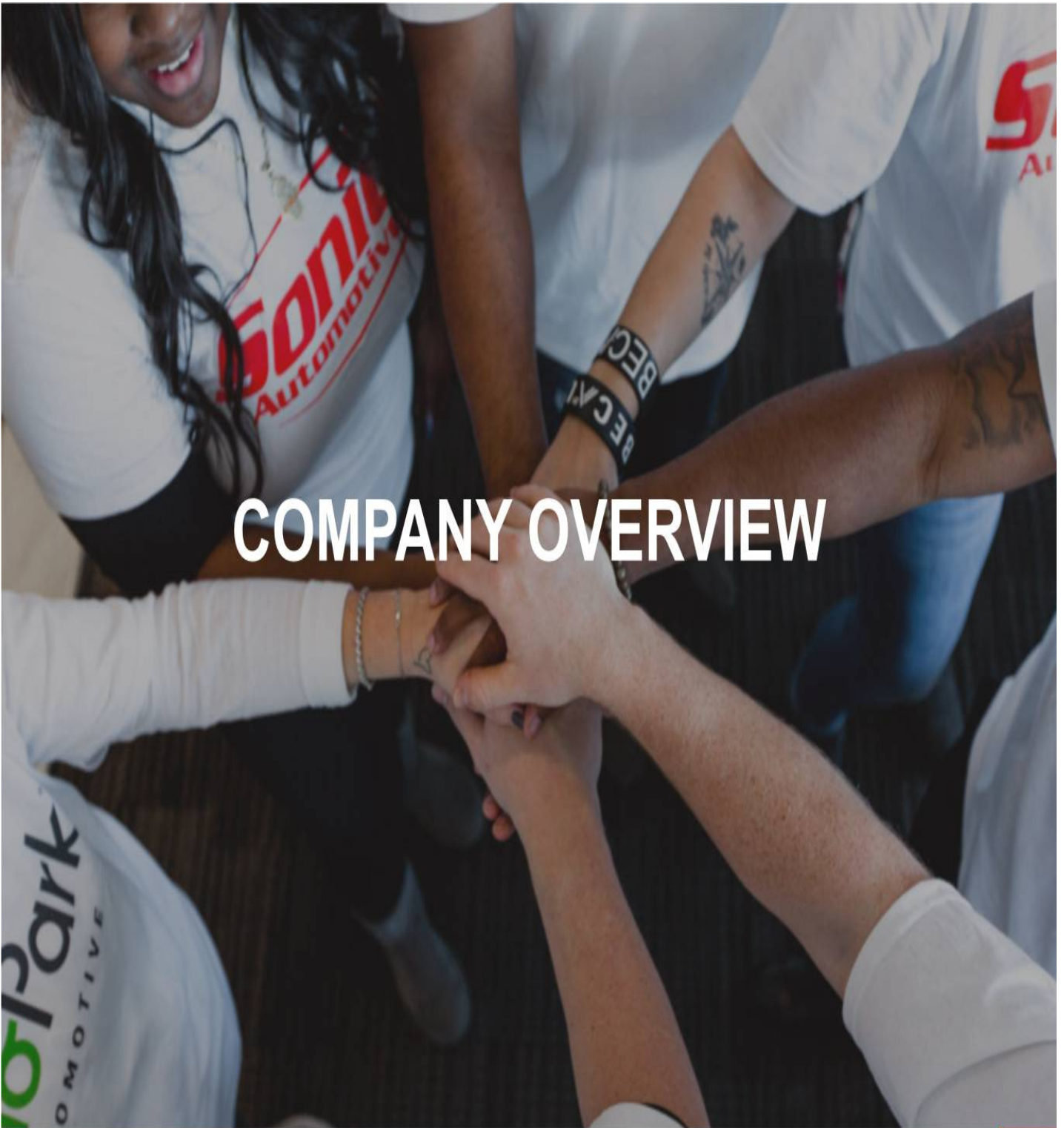
## → Forward-Looking Statements

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 “may,” “will,” “should,” “could,” “believe,” “expect,” “estimate,” “anticipate,” “intend,” “plan,” “foresee” and other similar words or phrases. 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, the effects of COVID-19 on operations, anticipated future new vehicle unit sales volume, anticipated future used vehicle unit sales volume, anticipated future parts, service and collision repair (“Fixed Operations”) gross profit, anticipated expense reductions, long-term annual revenue targets, anticipated future growth and profitability in our EchoPark Segment, anticipated openings of new EchoPark stores, anticipated future performance and growth of our Franchised Dealerships Segment, anticipated liquidity positions, anticipated 2020 industry new vehicle sales volume, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, 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 expansion or contraction, and the risk factors described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and the Company’s other periodic reports and information filed with the Securities and Exchange Commission (the “SEC”).

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 SEC.





# 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 Dealerships Segment is a Full-Service Automotive Retailer, Selling New and Used Vehicles, Arranging F&I Product Sales, and Providing Parts, Service and Collision Repair



Our Growing EchoPark Segment Offers a Unique Approach to Pre-Owned Vehicle and F&I Sales

Below-Market Pricing with a No Haggle Purchase Experience Drives Industry-Leading Used Vehicle Volume Throughput

### QUICK FACTS

<b>95</b> Dealerships	<b>15</b> Collision Centers
<b>20+</b> Automotive Brands	<b>12</b> States
<b>\$10.5B</b> Revenue	<b>\$1.5B</b> Gross Profit
<b>114K</b> New Vehicles Sold	<b>162K</b> Used Vehicles Sold

Note: Revenue, Gross Profit, New and Used Vehicles Sold are for FY 2019



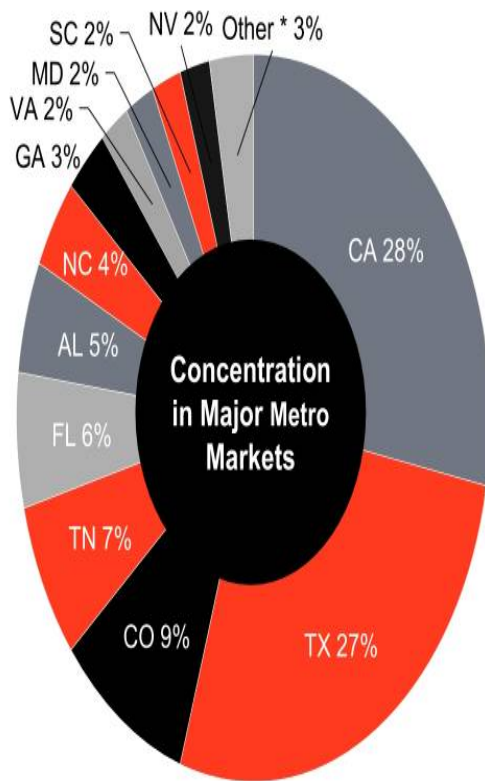
## → Investment Highlights



## → 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 2019

\* Consists of Disposed Stores and Holding Companies



## → 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%
		Non-Franchise	11%
EchoPark	11%		
Domestic	8%	Ford	4%
		General Motors (3)	4%

(1) Includes Volvo, Jaguar, Acura and Infiniti

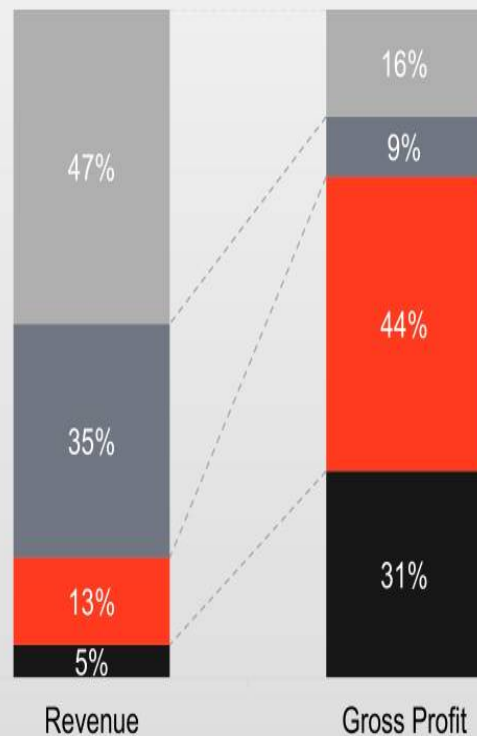
(2) Includes Nissan, Subaru and Kia

(3) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for FY 2019

### Business Line Mix

- New Vehicle
- Used Vehicle (Including Wholesale)
- Parts, Service & Collision Repair ("Fixed Operations")
- Finance & Insurance ("F&I")



Note: Percentages are Percent of Total for FY 2019





## → Franchised Dealerships



**86** Franchised Dealerships



**20+** Brands, Luxury Weighted

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



**15** Collision Repair Centers

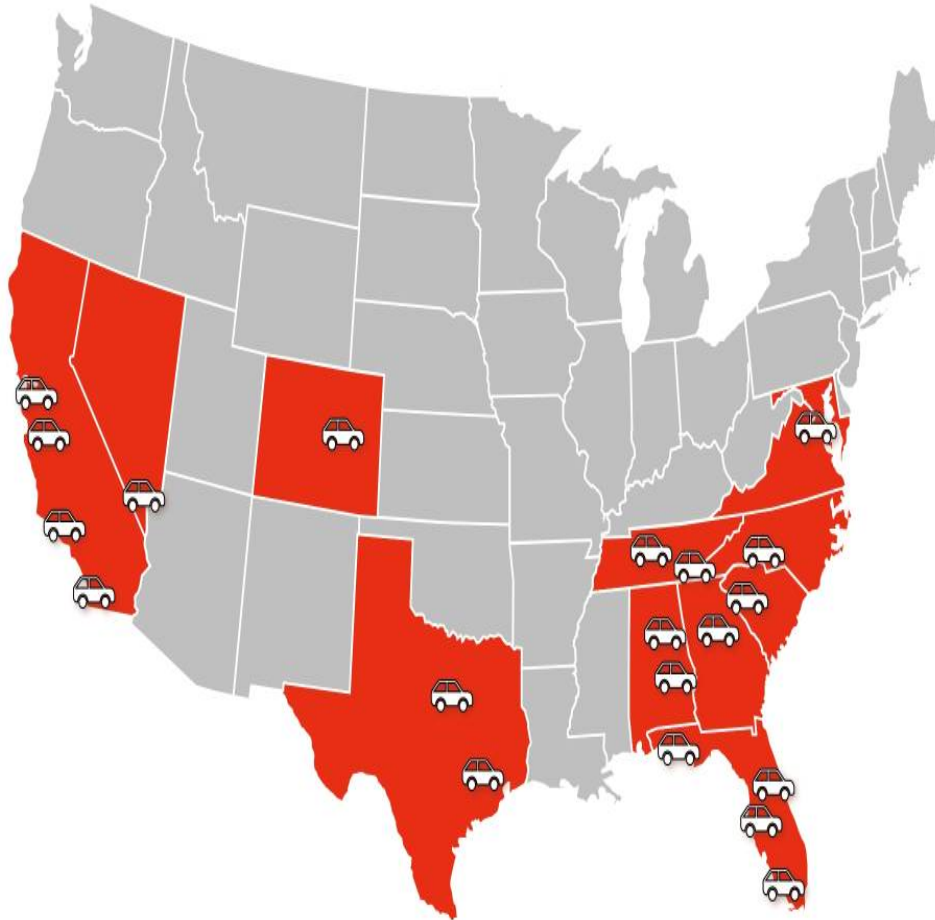


**20** Major Metropolitan Markets

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



## → Franchised Dealerships – Geographic Footprint



Headquartered in  
Charlotte, NC



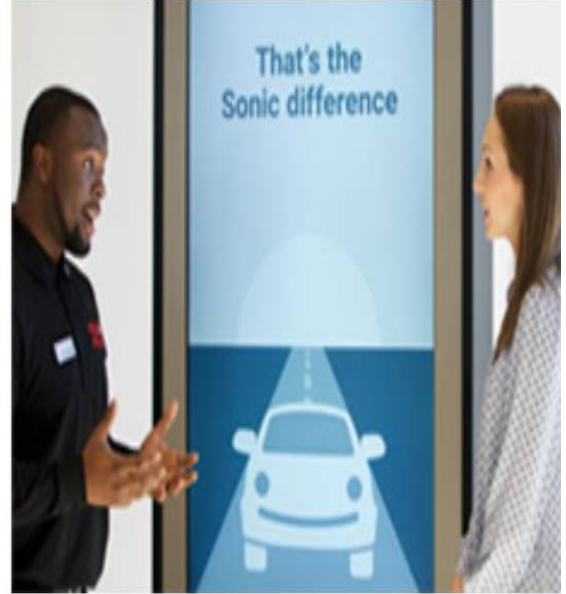
86 Stores, 20+ Brands,  
15 Collision Repair Centers



Platforms in Major  
Metro Markets



## → Franchised Dealerships – Strategic Levers



## → EchoPark Automotive



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

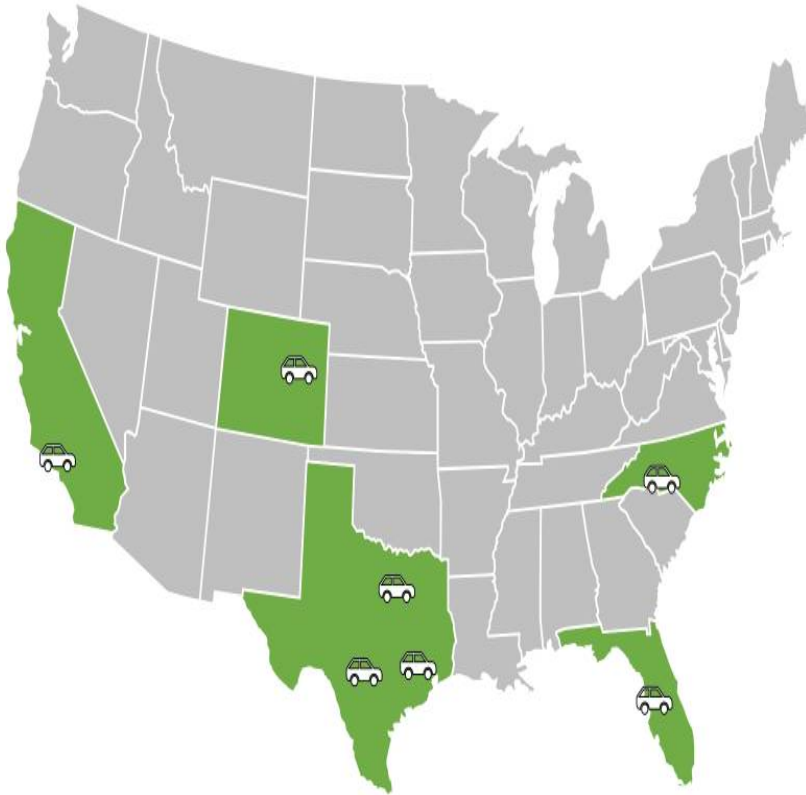
**30% of Guests**  
Travel More Than 30 Minutes  
To Shop Our Inventory

Expansion Goal of 25+ Locations Through 2024

## → EchoPark – Geographic Footprint

# EchoPark

AUTOMOTIVE



10 Existing Stores in  
Seven Physical  
Markets

Two Additional Locations  
Opening in 2020

### Texas

- Grand Prairie (Dallas) – Pre-Owned Business 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

### Florida

- Tampa – Opened April 2020

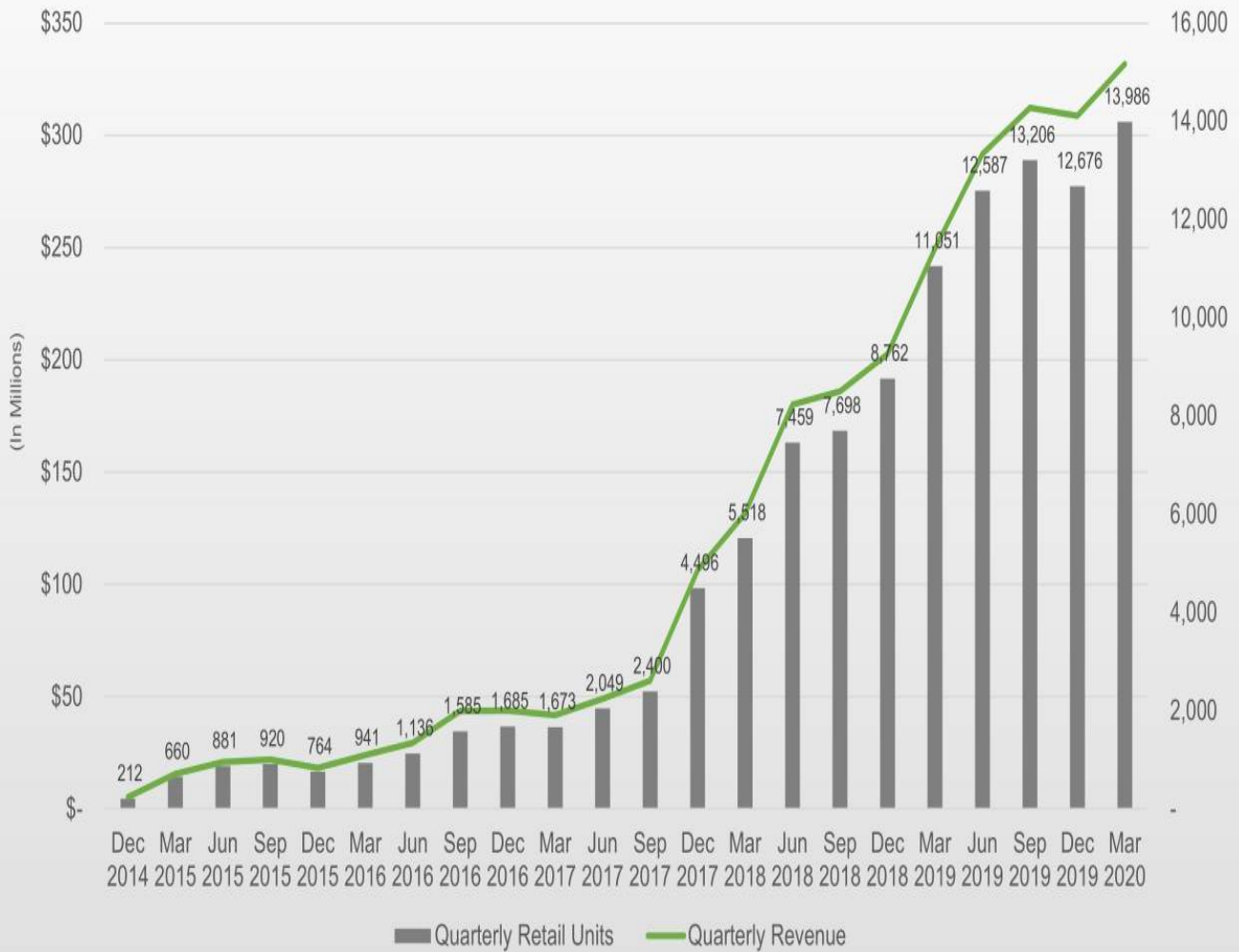
### TBD

- Two Additional Locations By End of 2020
- 25+ Locations Through 2024



EchoPark  
AUTOMOTIVE

## → EchoPark – Growth Path



Prior to COVID-19 Stay At Home Orders, On Pace For 16,000 Retail Units Sold In Q1 2020



## → EchoPark – Modeled 4-Wall Economics At Maturity

	<u>Medium Store</u>	<u>Large Store</u>
Average Monthly Retail Unit Volume (100% Mature)	750	1,500
Average Vehicle Selling Price	\$ 20,500	\$ 20,500
Total Annual Revenues	\$ 210,000,000	\$ 420,000,000
Total Combined Gross Profit Per Unit Retailed ("GPU")	\$ 2,150	\$ 2,150
Target SG&A Expenses as % of Gross Profit	60%	60%
Average Monthly Pre-Tax Profit	\$ 600,000	\$ 1,200,000
Average Compensation Per Employee (with Fringe)	\$ 78,000	\$ 78,000
Total Headcount	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	\$ 15,000,000	\$ 31,000,000
Capital Expenditures (Varies By Market)	<u>\$ 16,000,000</u>	<u>\$ 20,000,000</u>
Total Capital Investment	<u>\$ 30,000,000</u>	<u>\$ 50,000,000</u>
<b>Pre-Tax Return On Investment</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
- Tampa, FL

### 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
- Washington, D.C.

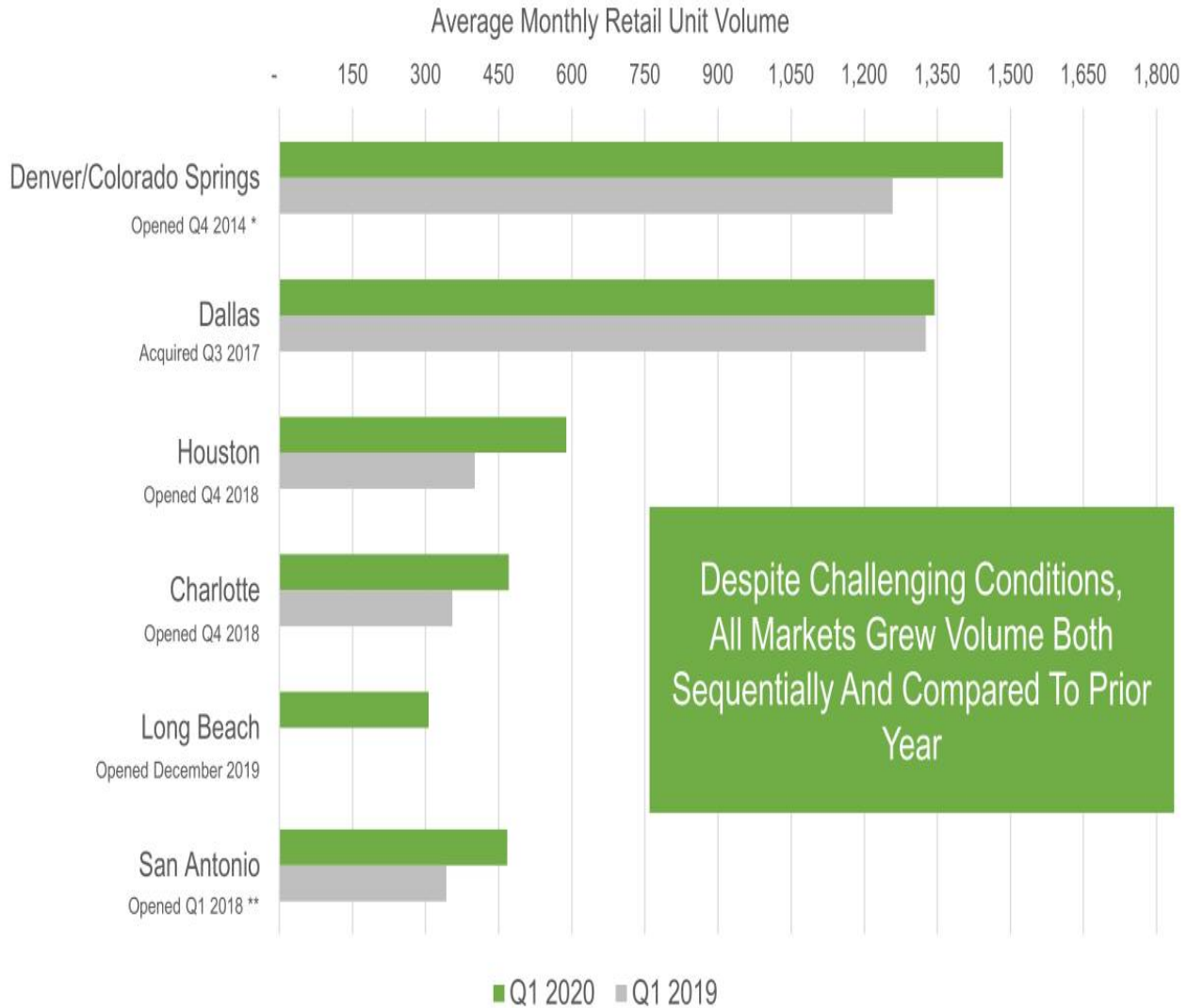
Note: Estimate average pre-tax losses of \$2M per new store opening including hiring, training and other pre-opening expenses, plus operating losses incurred prior to targeted breakeven.

Note: Amounts are estimates of future results used for comparative modeling purposes. Actual store results may differ.

\* These stores were established under the previous EchoPark operating model and may not conform to the above model.



## → EchoPark – Market Maturity Comparison



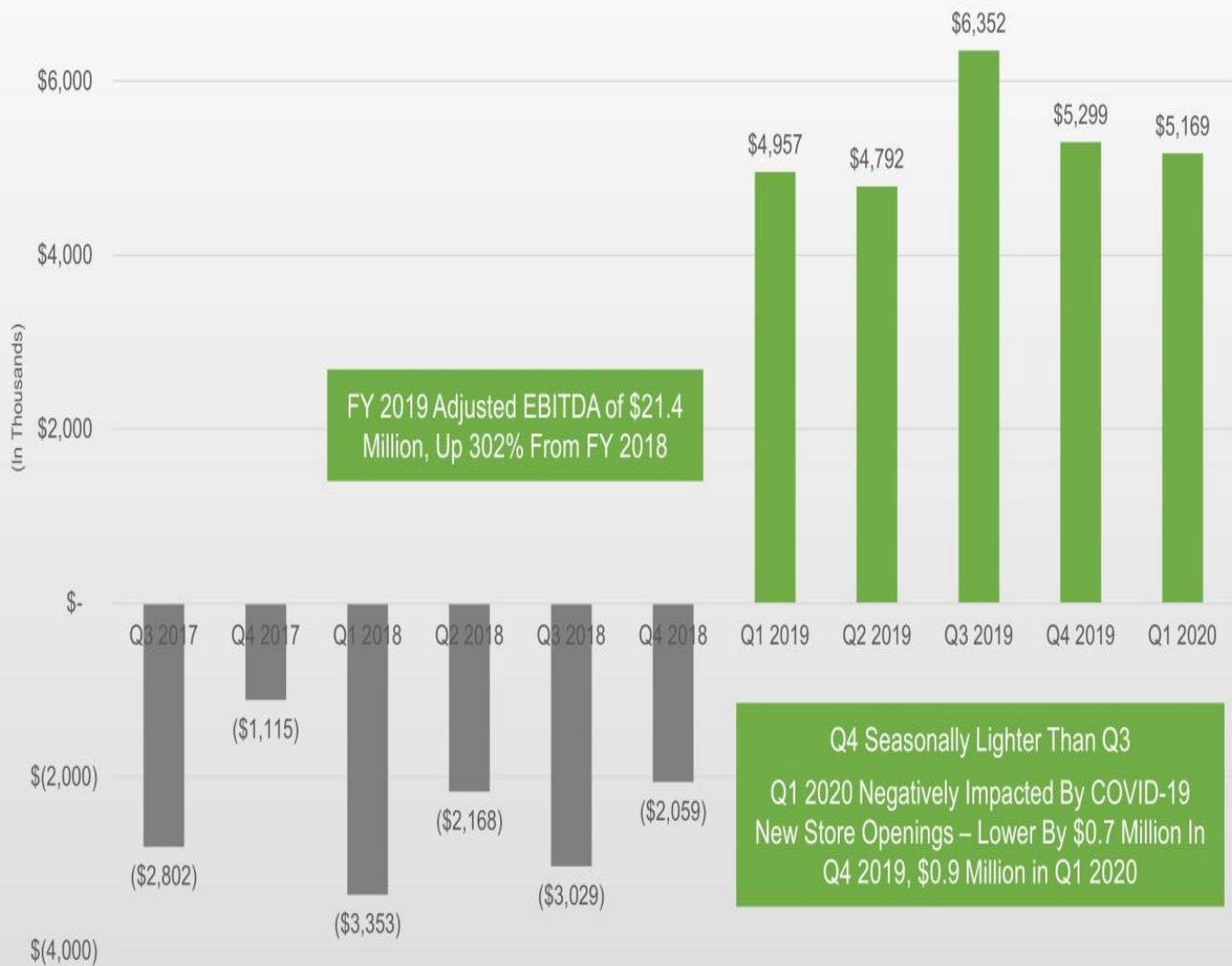
\* This Market Converted To Current EchoPark 1-4 Year Old Vehicle Inventory And Pricing Model In Q2 2018

\*\* This Market Began To Pilot An Outlet Model Selling 1-8 Year Old Vehicles In November 2019





## → EchoPark – Adjusted EBITDA Trend



Note: Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure)



## → EchoPark – High Volume Drives Superior Returns

Ultra-Low Pricing



Attractive F&I



High Volume Throughput

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

**Higher Penetration Rates**  
On F&I Products  
vs. Sonic Franchised Stores

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

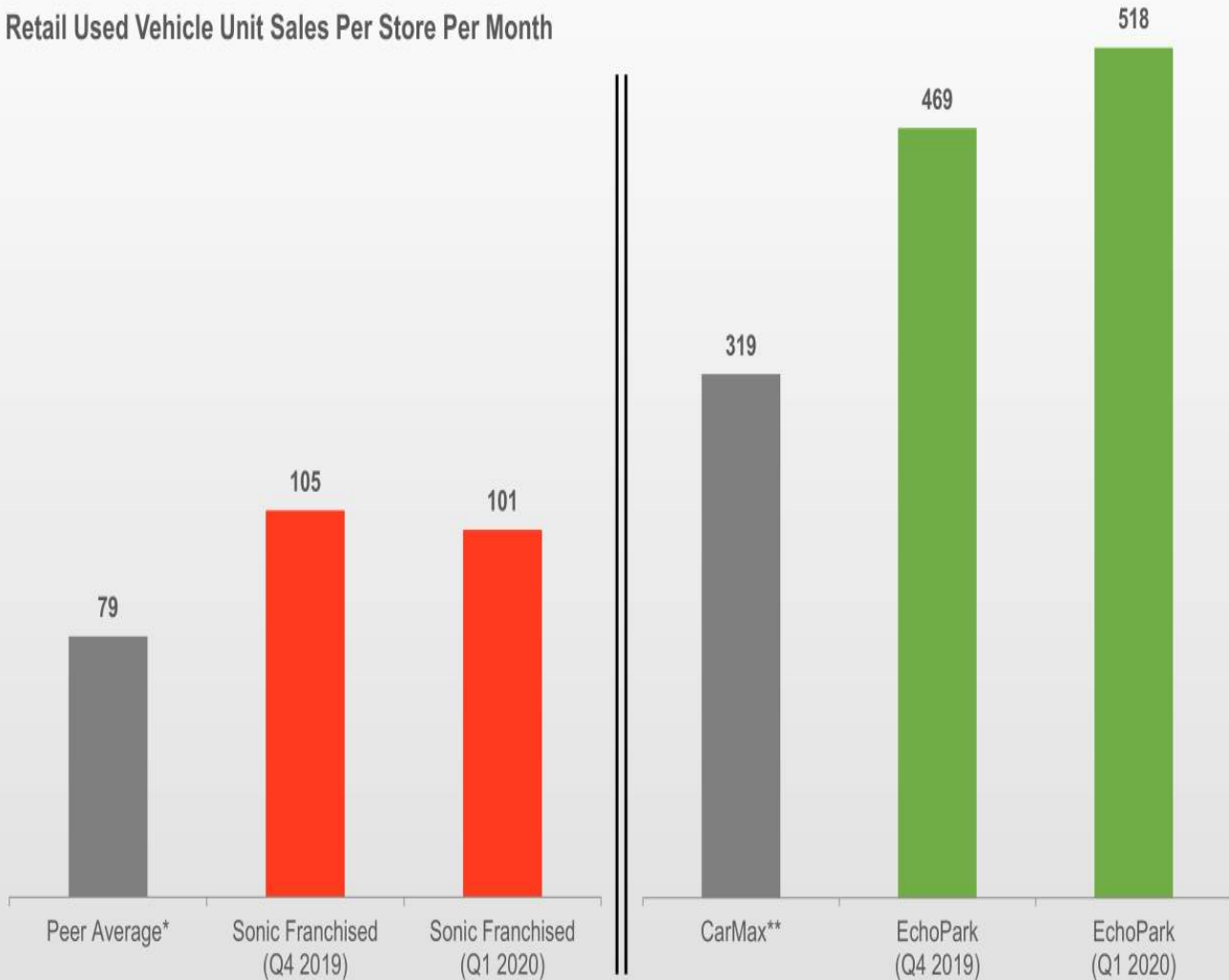
Gross Profit Per Unit ("GPU")	Franchised Used	EchoPark	B (W)
Front-End Used Vehicle GPU	\$1,300	\$(100)	
F&I GPU	\$1,400	\$2,250	
Parts and Service Reconditioning GPU	\$500	-	
Total Used-Related GPU	\$3,200	\$2,150	(\$1,050)
Volume Differential Factor	x1	X5	
<b>Pro Forma Comparative Used-Related Gross Profit</b>	<b>\$3,200</b>	<b>\$10,750</b>	<b>\$7,550</b>

Note: Amounts are estimates of future results used for comparative modeling purposes. Actual store results may differ.



## → Industry-Leading Used Vehicle Volume Throughput

Retail Used Vehicle Unit Sales Per Store Per Month



Utilize Highly Efficient Inventory Sourcing, Pricing And Selling Processes To Maximize Throughput

\* Peer Average Is Store Count As Of And Unit Sales For The Quarter Ended December 31, 2019 (Q1 2020 Data Not Available As Of Date Of This Report) For ABG, AN, GPI, LAD And PAG

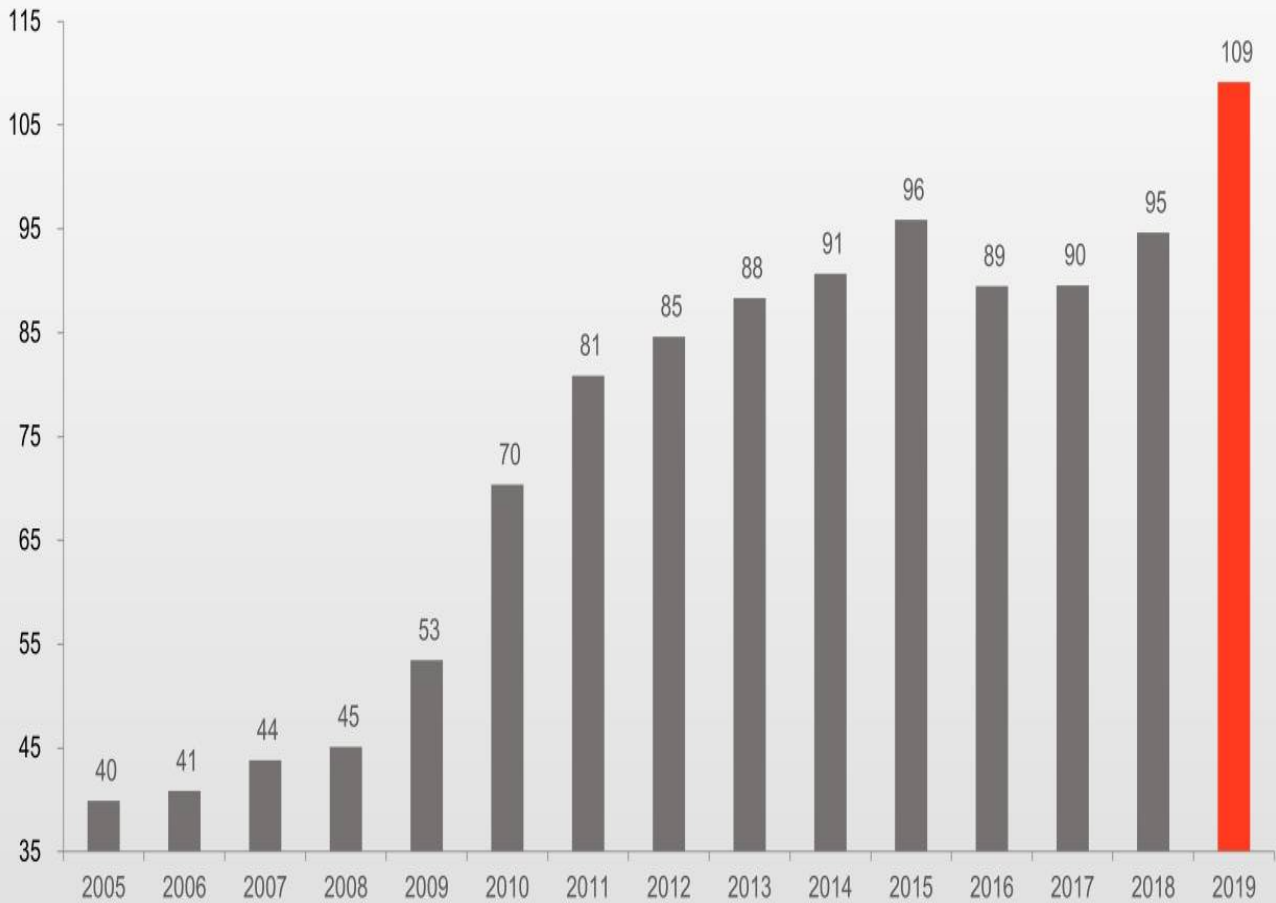
\*\* CarMax Data Is Store Count As Of And Unit Sales For The Quarter Ended February 29, 2020

Note: Data Source – Company Filings, Company Websites



## → Used Vehicle Volume Throughput Trend

Franchised Dealerships Retail Used Vehicle Unit Sales Volume Per Store Per Month

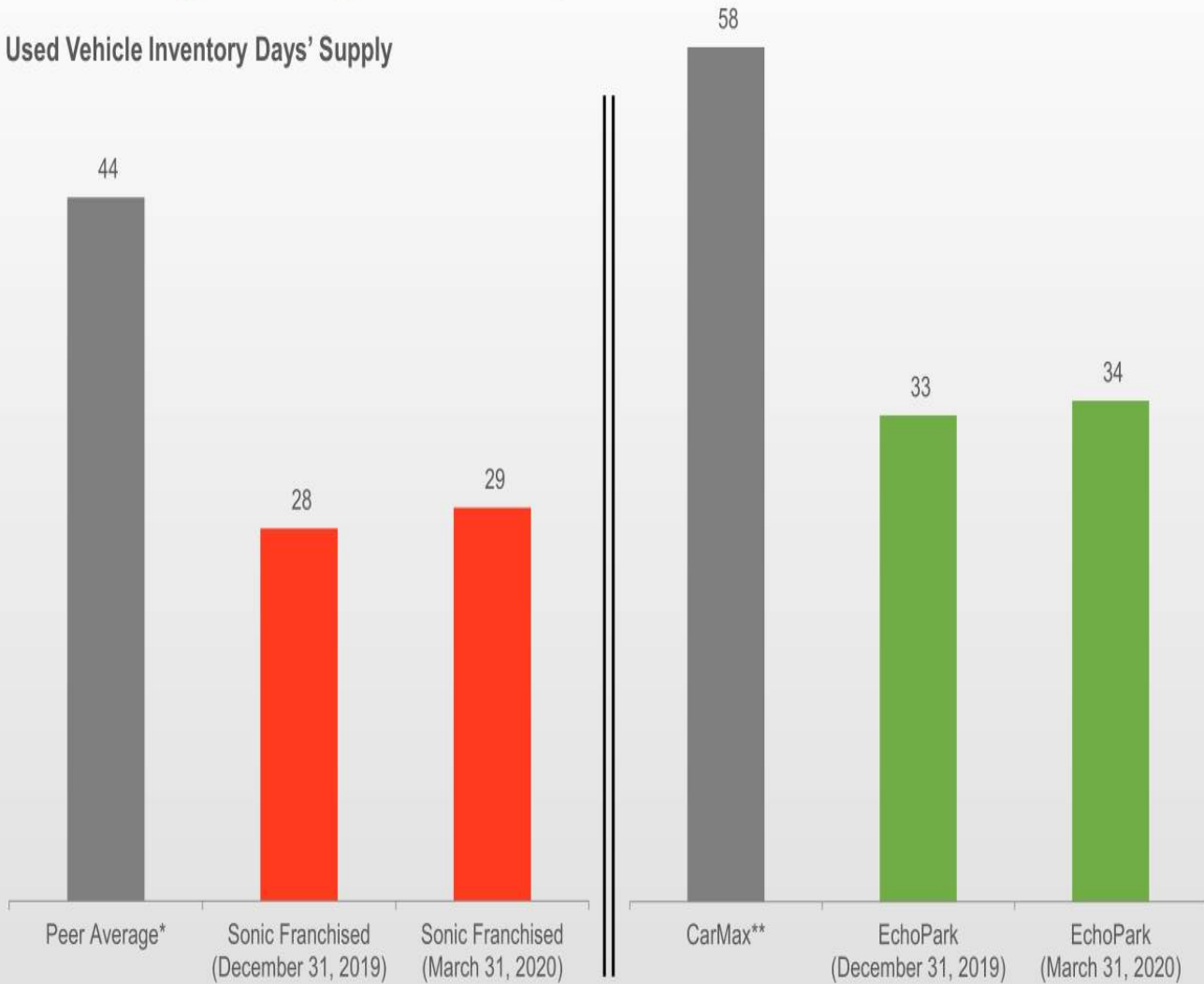


2005-2019 - 7.4% CAGR



## → Inventory Management Expertise

### Used Vehicle Inventory Days' Supply



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

\* Peer Average Is As Of December 31, 2019 (March 31, 2020 Data Not Available As Of Date Of This Report) For ABG, AN, GPI, LAD And PAG

\*\* CarMax Data Is As Of February 29, 2020

Note: Data Source – Company Filings, Calculated Based On Trailing Quarter Cost Of Sales If Not Explicitly Disclosed



## → Inventory Management Expertise



Data Analytics Tools Enable Accuracy, Consistency And Scalability Of Used Inventory Sourcing And Pricing



# → 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 car dealership website interface with several vehicle listings and analytics overlays. The listings include:

- 2019 Ford ESCAPE F (1FMCU0GDXXKJ20874)
- 2018 Ford ESCAPE F (1FMCU0GDXXKJ20874)
- 2017 Ford EXPLORE F (1FMSK7D81HGB59861)
- 2019 Ford EXPLORE F (1FMSK7D81HGB59861)
- 2016 Ford ESCAPE F (1FMCU0GDXXKJ20874)

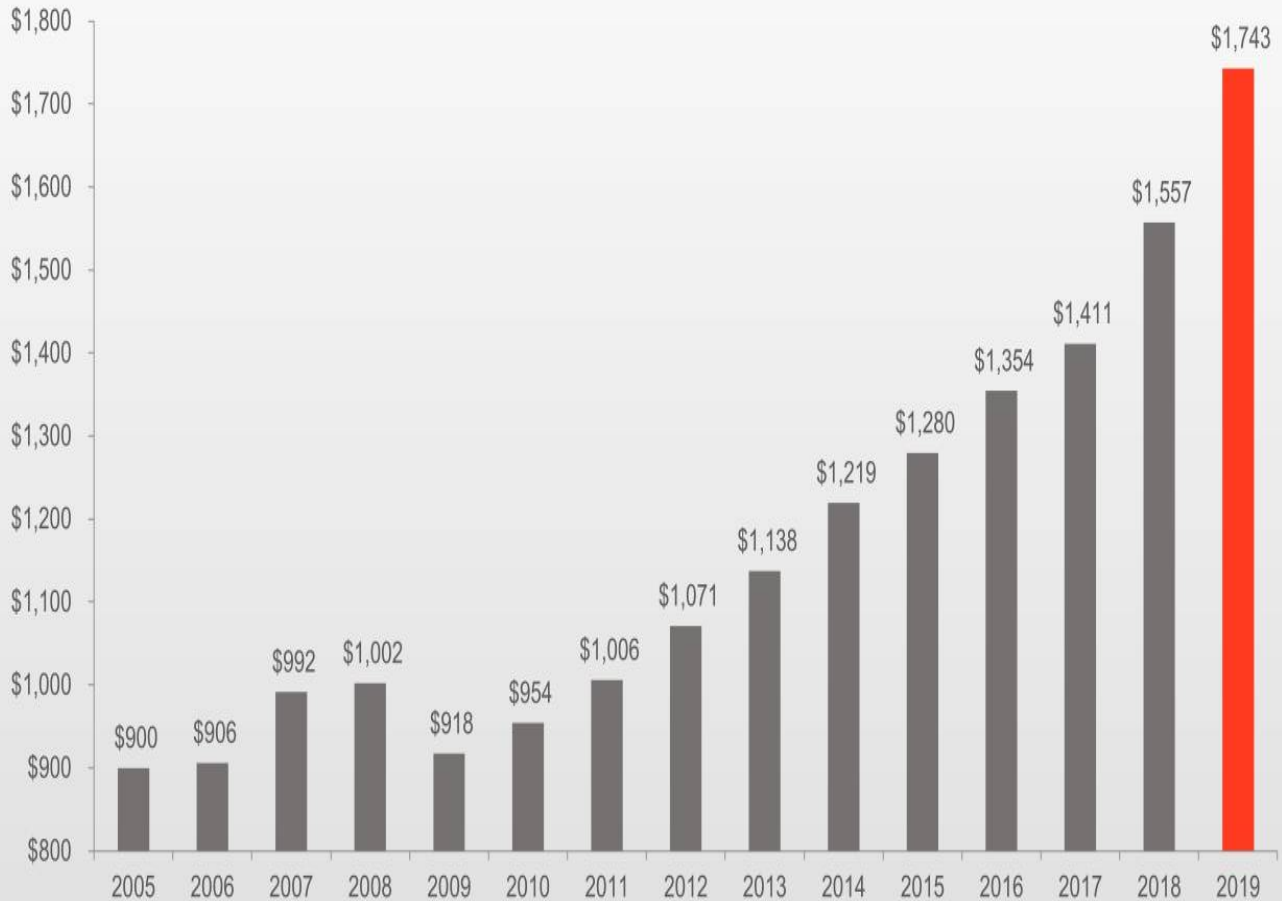
Analytics overlays provide detailed information for selected vehicles:

- 2019 Ford Escape (1FMCU0GDXXKJ20874):** Vehicle Rating 5.0 / 5.0, San Antonio Optimal Market, Buy Count 09 | Max Bid Amt \$14,286.
- 2017 Ford Explorer (1FMSK7D81HGB59861):** Vehicle Rating 2.0 / 5.0, 1-4 Years Old? Yes, Under 50,000 Miles? Yes, Accident Free? No, Pricing 20% < Than New? Yes.

Additional overlays show market data for various cities and a summary of buy counts across all markets.

## → Consolidated F&I Per Unit Trend

Annual F&I Gross Profit Per Unit



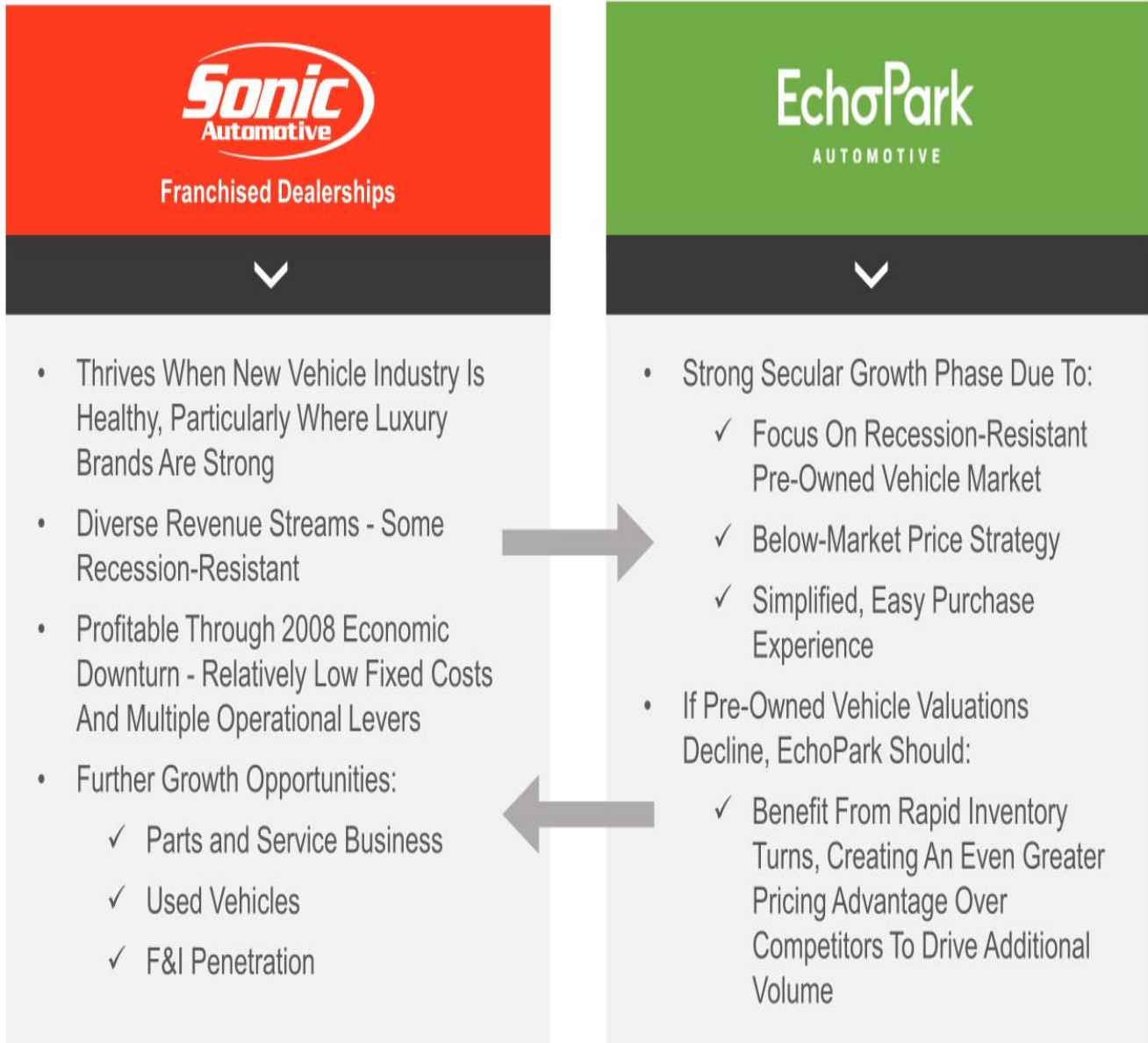
Additional Opportunity to Continue Improving F&I Product Penetration

Q1 2020 F&I Per Unit Of \$1,885





## → Complementary Relationship Between Segments



## → Strategic Direction

### Franchised Dealerships

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 Expense Control, Inventory Management

### EchoPark

Early Stage Strong Secular Growth Phase

Profitability Improving As Older Stores Continue To Mature

Expect 2 New Locations By The End Of 2020 (Bringing Total to 12) - Goal Of 25+ Locations Through 2024

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

Continue To Monitor Franchised Dealership Acquisition Opportunities As Market Evolves



# FINANCIAL OVERVIEW



## → Q1 2020 – Consolidated Continuing Operations – GAAP

(In millions, except per share data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	(\$35.1)	(14.2%)
SG&A expenses as % of gross profit	80.5%		(1,170) bps
Earnings from continuing operations before taxes	(\$243.2)	(\$304.6)	(496.6%)
Continuing Ops:			
Net income	(\$199.1)	(\$241.5)	(570.2%)
Diluted earnings per share	(\$4.67)	(\$5.66)	(571.7%)

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term

Note: Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts



## → Q1 2020 – Consolidated Continuing Operations - Adjusted

(In millions, except per share data)	Q1 2020 <sup>(1)</sup>	B/(W) than Q1 2019 <sup>(1)</sup>	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	\$5.4	1.9%
SG&A expenses as % of gross profit	80.5%		(40) bps
Earnings from continuing operations before taxes	\$24.8	\$1.9	8.3% ←
Continuing Ops:			
Net income	\$17.6	\$0.8	4.8%
Diluted earnings per share	\$0.40	\$0.01	2.6% ←

Revenues Were Lower Due To The Effect Of Franchise Disposals In FY 2019 And Impact Of COVID-19 In Q1 2020

Strategic Emphasis On Expense Discipline And Debt Reduction In FY 2019 Drove Profit And EPS Growth In Lower Revenue Environment

(1) Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted SG&A Expenses, Adjusted SG&A Expenses As % Of Gross Profit, Adjusted Earnings From Continuing Operations Before Taxes, Adjusted Net Income, And Adjusted Diluted Earnings Per Share (Non-GAAP Measures)



## → Q1 2020 Build – Consolidated Continuing Operations

FY 2019 Momentum Carried Into The First Two Months Of FY 2020, March Impacted By COVID-19

B/(W) than Comparable Period in 2019

(In millions, except unit and per unit data)

	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 45	6.9%	\$ (152)	(36.8%)	\$ (107)	(10.0%)
Retail used vehicle revenues	122	24.1%	(93)	(29.7%)	30	3.6%
Wholesale used vehicle revenues	-	(3.0%)	(5)	(30.8%)	(6)	(11.4%)
Fixed Operations revenues	8	3.7%	(15)	(12.9%)	(7)	(2.0%)
F&I revenues	16	25.0%	(7)	(17.2%)	9	8.5%
→ Total revenues	\$ 191	12.9%	\$ (272)	(30.2%)	\$ (81)	(3.4%)
New vehicle gross profit	\$ -	0.9%	\$ (9)	(39.4%)	\$ (8)	(15.6%)
→ <i>New vehicle unit sales volume</i>	314	2.0%	(3,787)	(38.9%)	(3,473)	(13.8%)
<i>New vehicle GPU</i>	\$ (22)	(1.1%)	\$ (17)	(0.7%)	\$ (44)	(2.1%)
Retail used vehicle gross profit	\$ 2	8.1%	\$ (7)	(45.7%)	\$ (5)	(13.2%)
→ <i>Retail used vehicle unit sales volume</i>	5,639	23.6%	(4,078)	(27.9%)	1,561	4.1%
<i>Retail used vehicle GPU</i>	\$ (117)	(12.5%)	\$ (247)	(24.6%)	\$ (159)	(16.5%)
Wholesale used vehicle gross profit	\$ 1	69.3%	\$ -	100.9%	\$ 1	87.6%
Fixed Operations gross profit	\$ 3	2.9%	\$ (8)	(15.0%)	\$ (5)	(3.3%)
→ <i>Customer Pay gross profit</i>	\$ 3	6.9%	\$ (3)	(12.3%)	\$ -	0.4%
F&I gross profit	\$ 16	25.0%	\$ (7)	(17.2%)	\$ 9	8.5%
<i>F&amp;I GPU</i>	\$ 153	9.3%	\$ 384	22.4%	\$ 209	12.5%
Total gross profit	\$ 22	10.0%	\$ (31)	(22.9%)	\$ (8)	(2.3%)



## → Q1 2020 Build – Consolidated Same Store

FY 2019 Momentum Carried Into The First Two Months Of FY 2020, March Impacted By COVID-19

B/(W) than Comparable Period in 2019

(In millions, except unit and per unit data)

	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 83	13.5%	\$ (130)	(33.2%)	\$ (47)	(4.7%)
Retail used vehicle revenues	127	25.8%	(88)	(29.0%)	39	4.9%
Wholesale used vehicle revenues	-	2.2%	(4)	(28.4%)	(5)	(7.1%)
Fixed Operations revenues	18	8.3%	(9)	(7.6%)	9	2.8%
F&I revenues	17	27.8%	(7)	(18.4%)	10	9.7%
→ Total revenues	\$ 245	17.3%	\$ (238)	(27.6%)	\$ 6	0.3%
New vehicle gross profit	\$ 1	3.5%	\$ (7)	(34.8%)	\$ (6)	(12.1%)
→ New vehicle unit sales volume	1,603	11.3%	(3,012)	(33.6%)	(1,409)	(6.1%)
New vehicle GPU	\$ (151)	(7.0%)	\$ (41)	(1.7%)	\$ (144)	(6.4%)
Retail used vehicle gross profit	\$ 3	14.1%	\$ (5)	(36.1%)	\$ (2)	(5.9%)
→ Retail used vehicle unit sales volume	6,100	26.9%	(3,687)	(26.4%)	2,413	6.6%
Retail used vehicle GPU	\$ (86)	(10.0%)	\$ (122)	(13.2%)	\$ (103)	(11.7%)
Wholesale used vehicle gross profit	\$ 1	63.4%	\$ -	196.1%	\$ 1	85.8%
Fixed Operations gross profit	\$ 8	8.1%	\$ (5)	(9.3%)	\$ 3	2.1%
→ Customer Pay gross profit	\$ 5	11.6%	\$ (2)	(6.6%)	\$ 4	5.3%
F&I gross profit	\$ 17	27.8%	\$ (7)	(18.4%)	\$ 10	9.7%
F&I GPU	\$ 106	6.4%	\$ 261	15.3%	\$ 141	8.4%
Total gross profit	\$ 30	14.0%	\$ (24)	(18.9%)	\$ 6	1.7%



## → Q1 2020 – Franchised Dealerships Segment – GAAP

(In millions, except unit and per unit data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Revenues	\$1,976.3	(\$163.2)	(7.6%)
Gross profit	\$318.8	(\$14.5)	(4.4%)
SG&A expenses	\$256.4	(\$29.4)	(13.0%)
SG&A expenses as % of gross profit	80.4%		(1,230) bps
Segment income (loss)	\$22.8	(\$38.5)	(63.0%)
New vehicle unit sales volume	21,724	(3,473)	(13.8%)
Retail used vehicle unit sales volume	26,038	(1,374)	(5.0%)
New vehicle gross profit per unit	\$2,091	(\$44)	(2.1%)
Retail used vehicle gross profit per unit	\$1,241	(\$99)	(7.4%)
F&I gross profit per unit retailed	\$1,760	\$221	14.4%

Revenues And Unit Sales Volumes Were Lower Due To The Effect Of Franchise Disposals In FY 2019 And Impact Of COVID-19 In Q1 2020

Q1 2020 Industry New Vehicle Retail SAAR Down 8.7%, Total New Vehicle SAAR Down 12.4%

Note: Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts





## → Q1 2020 – Franchised Dealerships Segment – Adjusted

(In millions, except unit and per unit data)	Q1 2020	B/(W) than Q1 2019 <sup>(1)</sup>	
		\$	%
Revenues	\$1,976.3	(\$163.2)	(7.6%)
Gross profit	\$318.8	(\$14.5)	(4.4%)
SG&A expenses	\$256.4	\$11.0	4.1% ←
SG&A expenses as % of gross profit	80.4%		(20) bps
Segment income (loss)	\$22.7	\$1.9	9.1% ←
New vehicle unit sales volume	21,724	(3,473)	(13.8%)
Retail used vehicle unit sales volume	26,038	(1,374)	(5.0%)
New vehicle gross profit per unit	\$2,091	(\$44)	(2.1%)
Retail used vehicle gross profit per unit	\$1,241	(\$99)	(7.4%)
F&I gross profit per unit retailed	\$1,760	\$221	14.4% ←

Revenues And Unit Sales Volumes Were Lower Due To The Effect Of Franchise Disposals In FY 2019 And Impact Of COVID-19 In Q1 2020

Q1 2020 Industry New Vehicle Retail SAAR Down 8.7%, Total New Vehicle SAAR Down 12.4%

(1) Q1 2019 Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted SG&A Expenses, Adjusted SG&A Expenses As % Of Gross Profit, And Adjusted Segment Income (Non-GAAP Measures)



## → Q1 2020 – Franchised Dealerships Segment Same Store

(In millions, except unit and per unit data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
New vehicle revenues	\$959	(\$47)	(4.7%)
Retail used vehicle revenues	\$567	(\$10)	(1.8%)
Wholesale used vehicle revenues	\$42	(\$7)	(14.7%)
Fixed Operations revenues	\$327	\$5	1.5%
F&I revenues	\$79	\$5	6.9%
Total revenues	\$1,975	(\$55)	(2.7%) ←
New vehicle gross profit	\$45	(\$6)	(12.1%)
<i>New vehicle unit sales volume</i>	21,724	(1,409)	(6.1%) ←
<i>New vehicle gross profit per unit</i>	\$2,093	(\$144)	(6.5%)
Retail used vehicle gross profit	\$32	(\$0)	(1.0%)
<i>Retail used vehicle unit sales volume</i>	26,038	397	1.5% ←
<i>Retail used vehicle gross profit per unit</i>	\$1,240	(\$32)	(2.5%)
Wholesale used vehicle gross profit	(\$0)	\$1	91.8%
<i>Wholesale used vehicle unit sales volume</i>	6,910	(563)	(7.5%)
Fixed Operations gross profit	\$159	\$3	2.0%
<i>Customer Pay gross profit</i>	\$76	\$4	5.3%
F&I gross profit	\$79	\$5	6.9%
<i>F&amp;I gross profit per unit</i>	\$1,671	\$150	9.9%
Total gross profit	\$316	\$3	0.8% ←

Prior To Impact Of COVID-19 In March 2020, February 2020 YTD Revenues Were Up 13%, New Vehicle Unit Sales Volume Was Up 11%, Retail Used Vehicle Unit Sales Volume Was Up 20%, And Total Gross Profit Was Up 12% Compared To The Same Prior Year Period

## → Q1 2020 – EchoPark Segment

(In millions, except unit and per unit data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Revenues	\$331.7	\$82.1	32.9%
Gross profit	\$31.8	\$6.1	23.7%
SG&A expenses	\$25.7	(\$5.6)	(28.1%)
SG&A expenses as % of gross profit	80.9%		(270) bps
Segment income (loss)	\$2.1	(\$0.0)	(0.5%) ←
Retail used vehicle unit sales volume	13,986	2,935	26.6%
Total combined gross profit per unit retailed	\$2,294	(\$58)	(2.5%)

We Opened Our Ninth EchoPark Store In Long Beach, California In December 2019 And Our Tenth EchoPark Store In Tampa, Florida In April 2020

Segment Income Was Negatively Affected By \$1.0 Million In Q1 2020 Due To Costs Associated With Opening These Stores



EchoPark  
AUTOMOTIVE

## → Q1 2020 – EchoPark Segment Same Store

(In millions, except unit and per unit data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Retail used vehicle revenues	\$265	\$49	22.6%
Wholesale used vehicle revenues	\$6	\$4	162.6%
Parts, service and collision repair revenues	\$10	\$4	84.0%
F&I revenues	\$30	\$5	17.8%
Total revenues	\$311	\$61	24.6% ←
Combined retail used vehicle and F&I gross profit	\$28	\$3	11.8%
<i>Retail used vehicle unit sales volume</i>	13,067	2,016	18.2% ←
<i>Combined retail used vehicle and F&amp;I gross profit per unit</i>	\$2,172	(\$126)	(5.5%)
Wholesale used vehicle gross profit	(\$0)	(\$0)	NM
<i>Wholesale used vehicle unit sales volume</i>	1,676	1,177	NM
Parts, service and collision repair gross profit	(\$0)	\$0	NM
Total gross profit	\$28	\$3	12.1% ←

NM = Not Meaningful

Prior To Impact Of COVID-19 In March, February 2020 YTD Revenues Were Up 51%  
 Retail Used Vehicle Unit Sales Volume Was Up 42%  
 Total Gross Profit Was Up 39% Compared To The Same Prior Year Period



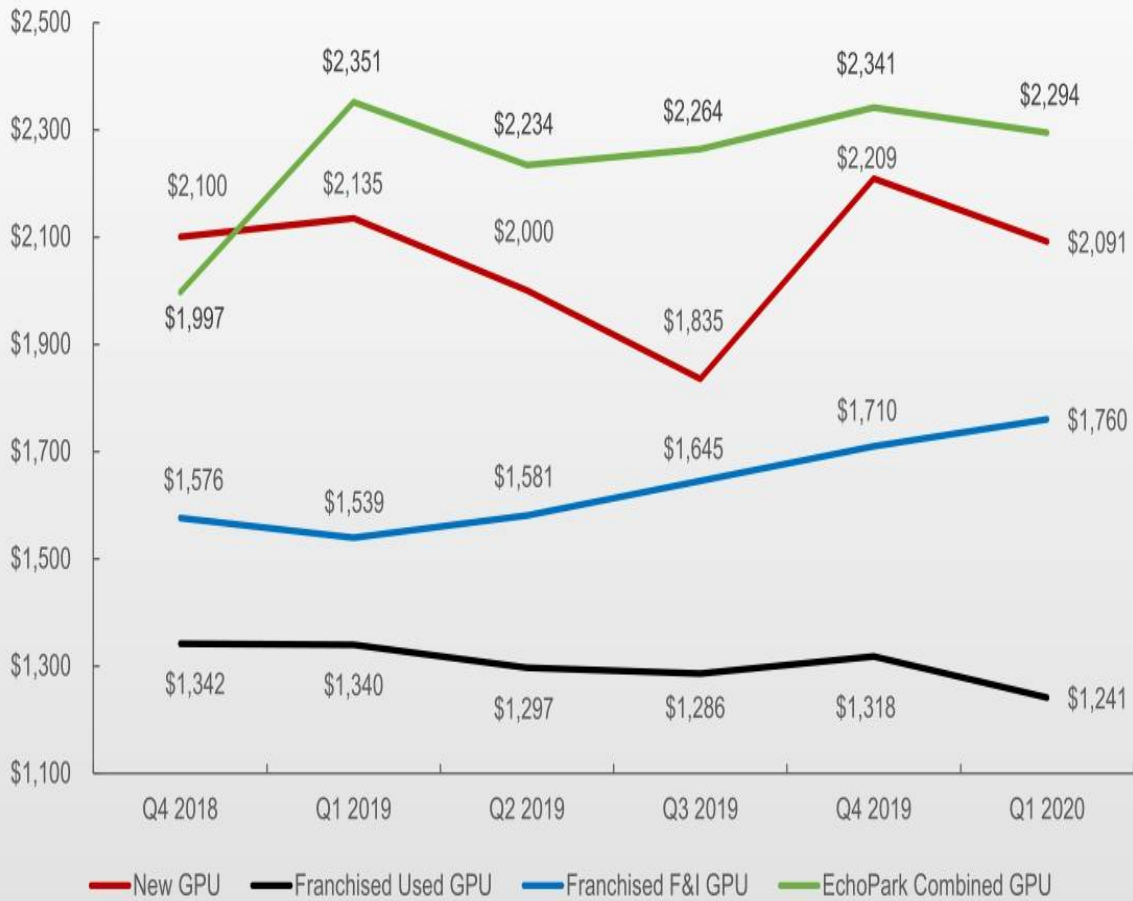
# → Q1 2020 – Consolidated Adjusted SG&A Expenses As Percentage Of Gross Profit

On A GAAP Basis\*, SG&A Expenses As Percentage Of Gross Profit Were 80.5% For Q1 2020 Compared To 68.8% For Q1 2019



\* Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts  
 (1) Refer To Appendix For Reconciliation Of Adjusted SG&A Expenses (A Non-GAAP Measure)

## → Gross Profit Per Unit Trend



New GPU Is Seasonally Low in Q3 and High In Q4  
 Franchised Used GPU May Vary Depending On Volume And Inventory Days Supply Seasonal Variations

## → Strong Balance Sheet And Liquidity

	March 31, 2020		December 31, 2019	
	(In Millions)			
Cash and cash equivalents	\$	181.8	\$	29.1
Availability under the 2016 Revolving Credit Facility		-		230.7
Availability under our used vehicle floor plan facilities		26.6		17.1
Availability under the 2019 Mortgage Facility		3.1		3.1
Floor plan deposit balance		100.0		-
Total available liquidity resources	\$	311.5	\$	280.0

	Covenant Requirement*	March 31, 2020	December 31, 2019
Liquidity ratio	$\geq 1.05$	1.07	1.11
Fixed charge coverage ratio	$\geq 1.20$	1.70	1.60
Total lease adjusted leverage ratio	$\leq 5.75$	3.69	3.21
Net debt to Adjusted EBITDA ratio <sup>(1)</sup>		2.01	2.20

Strategic Management Actions Have Increased Available Liquidity Despite Weakening Sales Environment

Available Liquidity As Of April 28, 2020 Was \$418.4 Million

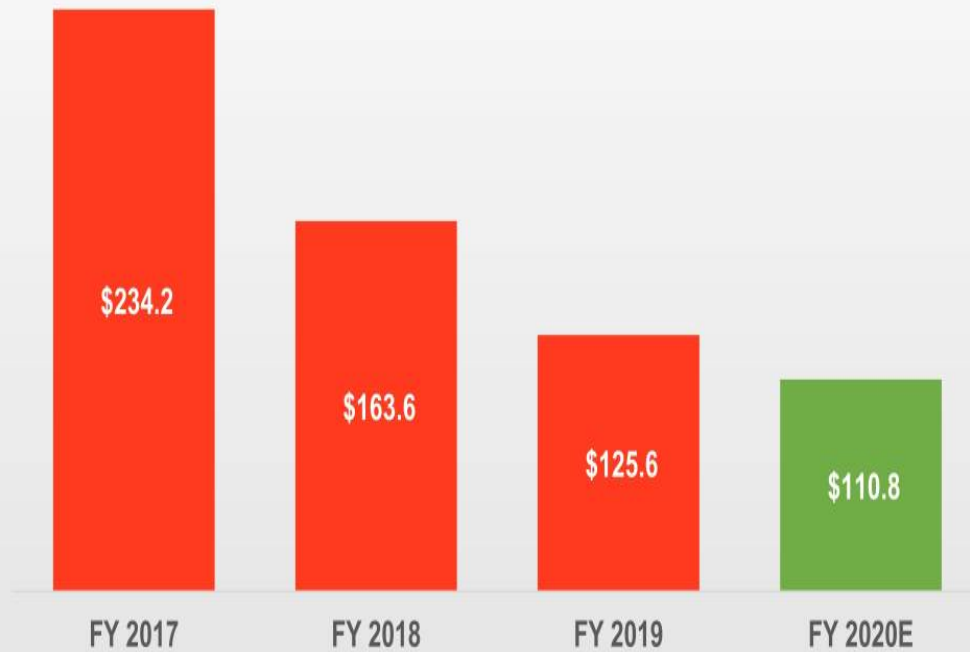
\* As Defined In The 2016 Revolving Credit Facility and 2019 Mortgage Facility

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure) and Net Debt To Adjusted EBITDA Ratio (A Non-GAAP Measure)



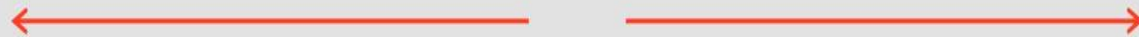
## → Capital Expenditure Discipline

Gross Capital Expenditures (In Millions)



Strict Capital  
Allocation Strategy

Growth Capital Used To Expand  
EchoPark Locations Nationwide



Actual Q1 2020 Capital Expenditures Of \$19.8 Million  
FY 2020E Expected To Be \$72.0 Million Net Of Mortgage Proceeds Upon Project Completion

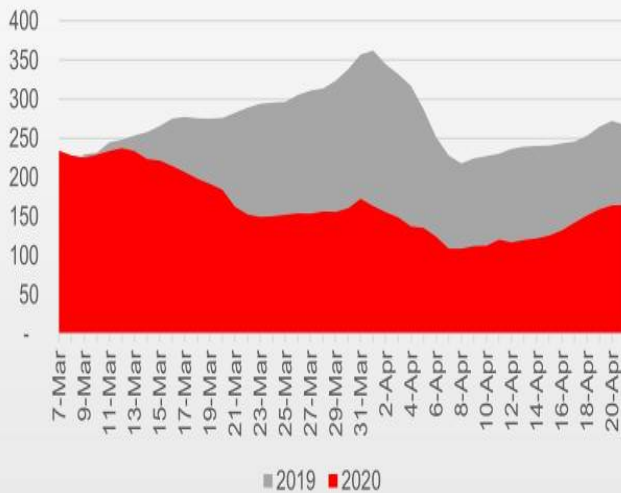


# COVID-19 IMPACT ACTIONS TAKEN 2020 OUTLOOK

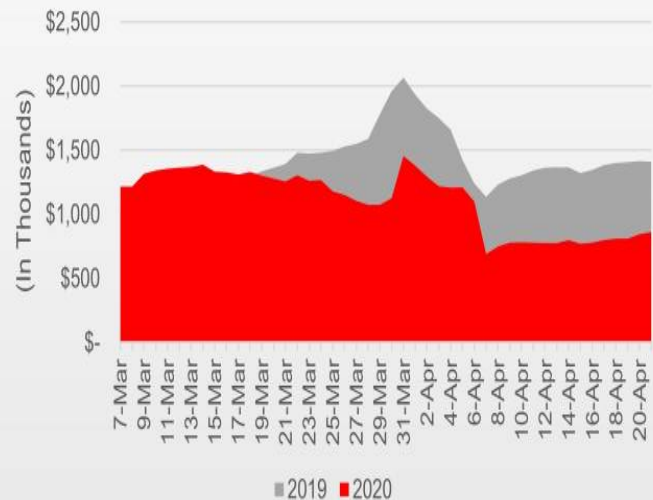


# → COVID-19 Impact Since Inception of Stay Home Orders

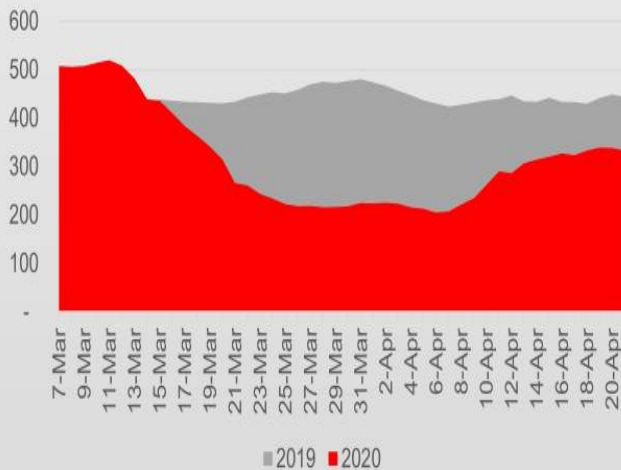
Rolling 7-Day Average New Vehicle Unit Sales Volume



Rolling 7-Day Average Fixed Operations Gross Profit (Less Internal)



Rolling 7-Day Average Retail Used Vehicle Unit Sales Volume



- **New Vehicle Units Bottomed Out And Beginning to Climb**
- **Used Vehicle Units Returning Faster Than New Vehicles**
- **Fixed Operations Gross Profit Bottomed Out And Beginning to Climb**

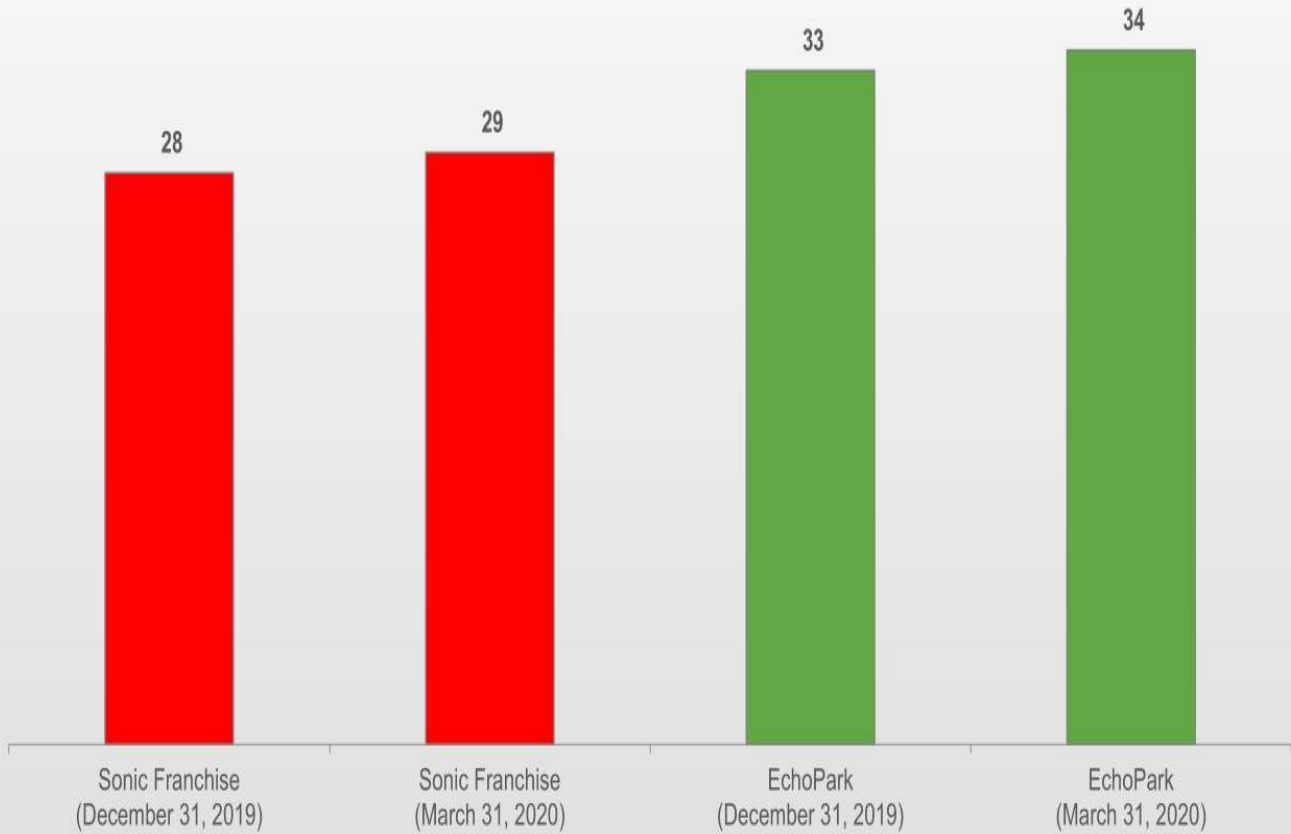


## → COVID-19 Actions Taken

1. Ensure Guest and Teammate Safety
2. Ensure Sonic's Status As An Essential Business
3. Strengthen Liquidity
  - Taking Advantage of All Deferral Opportunities (Tax, Floor Plan Interest, Mortgages and Leases)
  - Daily Modeling Based on Actual Operations
  - Optimizing Floor Plan Capacity
  - Evaluating Additional Liquidity Via Unencumbered Property
4. Implementation of Expense Reductions
  - 33% Reduction in Headcount Via Terminations and Furlough
  - Reduction of Advertising and Other Operating Expenses
  - Total Anticipated Monthly Savings of \$14M
5. Implementation of New Marketing/Operations
  - No-Contact Delivery on Site
  - Home Delivery on Purchases = 15% of Total Sales Thru April 22<sup>nd</sup>
  - Pickup and Delivery for Service = 7% of Total Sales Thru April 22<sup>nd</sup>
  - Company Wide Rollout of CarCash = 30% of Total Appraisals and Growing
  - Acceleration of Robotic Process Automation for Marketing
  - Permanent Infrastructure for Remote Workers
6. Maintain Inventory Management Discipline

## → Inventory Management Expertise

Used Vehicle Inventory Days' Supply



Strength of Day Supply Management, Pricing Engine and Buying Engine Supports Recovery

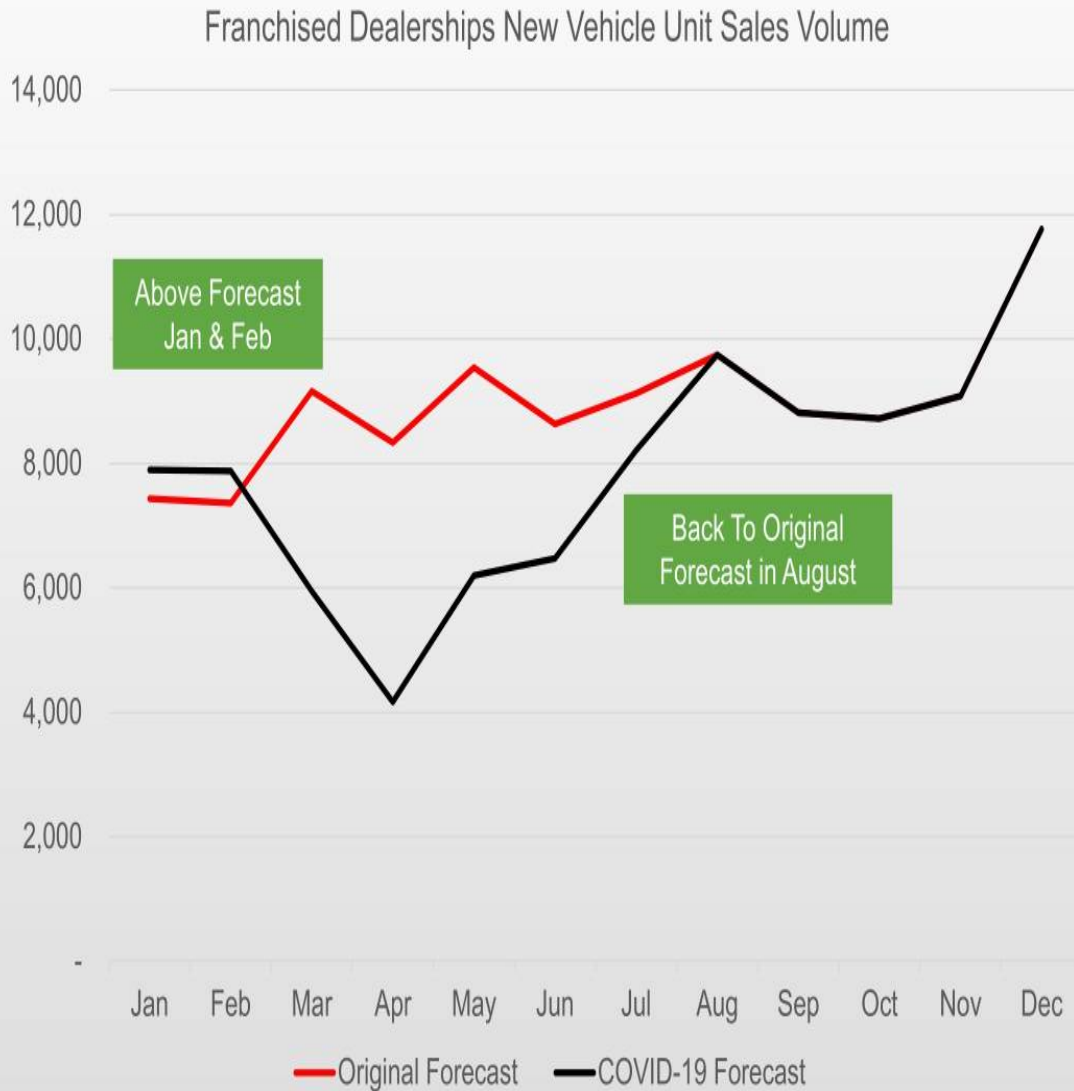


## → Outlook – J.D. Power



Source Data: COVID-19: J.D. Power Auto Industry Impact Report April 22, 2020

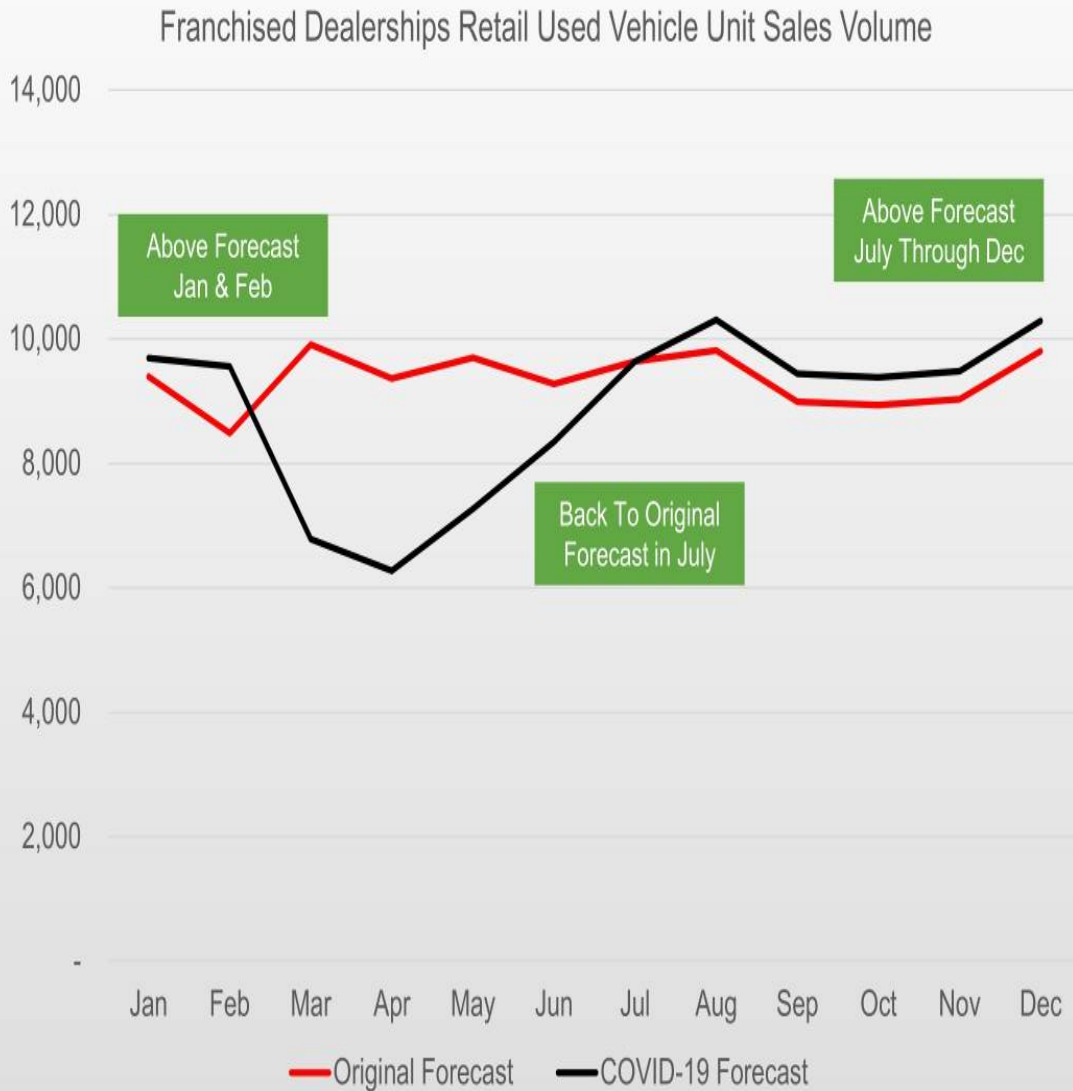
## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



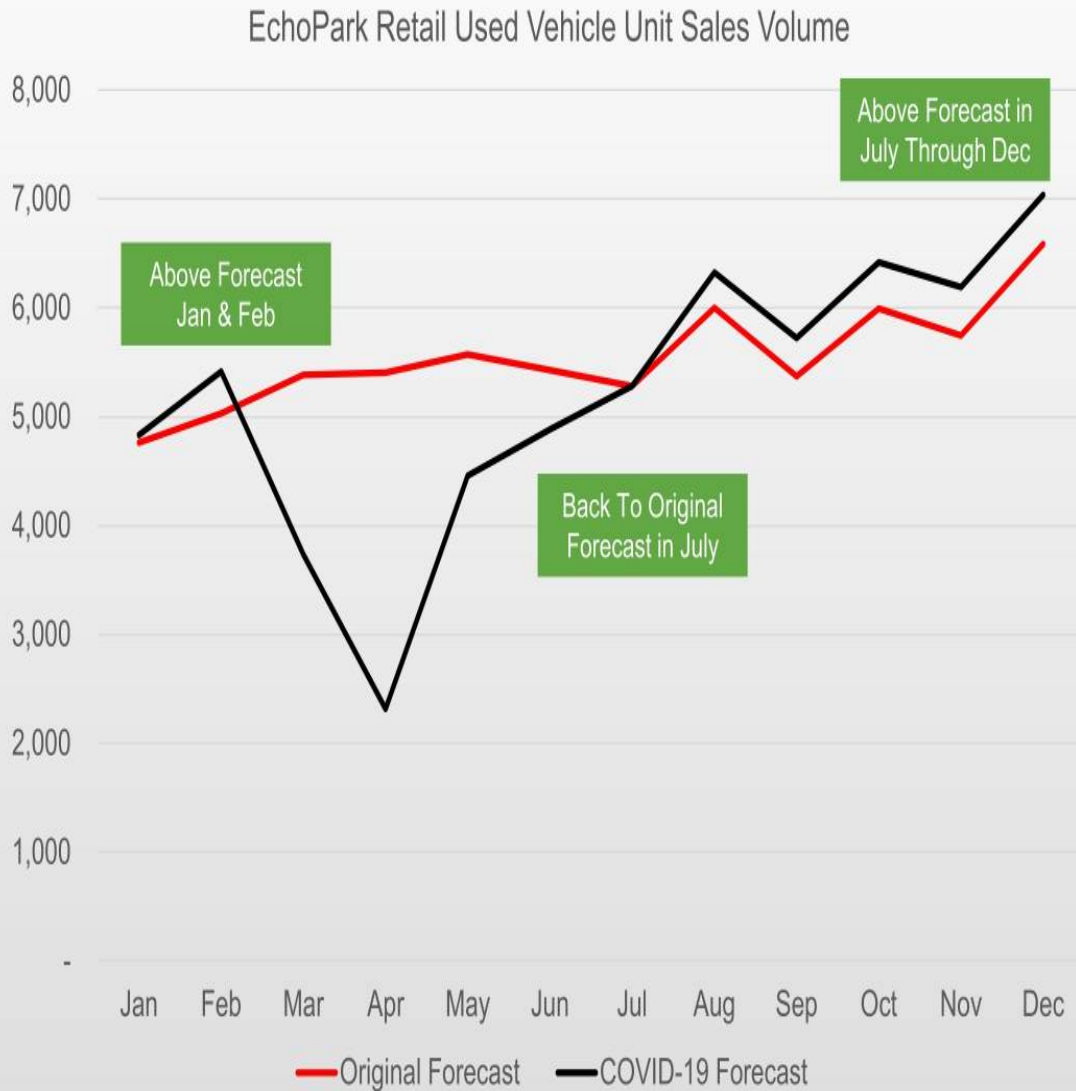
## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast





## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



# APPENDIX



## → Items Of Interest – Q1

(In millions)	Q1 2020	Q1 2019	Income Statement Line Item
Gain on franchise disposals	\$ -	\$ 46.7	SG&A expenses
Executive transition costs	-	(6.3)	SG&A expenses <sup>(1)</sup>
Impairment charges	(268.0)	(1.9)	Impairment charges <sup>(2)</sup>
Subtotal: Pre-tax items of interest	\$ (268.0)	\$ 38.5	
Tax effect of above items	51.3	(12.9)	
Tax-effected items of interest	<u>\$ (216.7)</u>	<u>\$ 25.6</u>	

Note: Amounts In Table Relate To Franchised Dealerships Segment Unless Otherwise Noted

(1) \$6.0 million of Q1 2019 amount is not deductible for tax purposes.

(2) \$1.9 million Q1 2019 amount is related to the EchoPark Segment. \$91.1 million of Q1 2020 amount is not deductible for tax purposes.

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term



## → Non-GAAP Reconciliation – Segment Income & Adjusted Earnings

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	\$ 1,976.3	\$ 2,139.6	\$ 331.7	\$ 249.6	\$ 2,308.1	\$ 2,389.1
Gross profit	\$ 318.8	\$ 333.3	\$ 31.8	\$ 25.7	\$ 350.6	\$ 359.0
SG&A expenses	\$ 256.4	\$ 227.0	\$ 25.7	\$ 20.1	\$ 282.2	\$ 247.1
Adjusted segment income	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Segment income	\$ 22.7	\$ 61.2	\$ 2.1	\$ 2.1	\$ 24.8	\$ 63.3
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
Adjusted earnings (loss) from continuing operations before taxes	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
New vehicle unit sales volume	21,724	25,197	-	-	21,724	25,197
Retail used vehicle unit sales volume	26,038	27,412	13,986	11,051	40,024	38,463

Note: Segment Income (Loss) Defined As Earnings (Loss) From Continuing Operations Before Taxes And Impairment Charges

## → Non-GAAP Reconciliation – SG&A Expenses

(In millions)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Gross profit	\$ 318.8	\$ 333.3	\$ 31.8	\$ 25.7	\$ 350.6	\$ 359.0
SG&A expenses	\$ 256.4	\$ 227.0	\$ 25.7	\$ 20.1	\$ 282.2	\$ 247.1
Items of interest:						
Gain on franchise disposals	\$ -	\$ 46.7	\$ -	\$ -	\$ -	\$ 46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Adjusted SG&A expenses	\$ 256.4	\$ 267.4	\$ 25.7	\$ 20.1	\$ 282.2	\$ 287.5
SG&A expenses as % of gross profit	80.4%	68.1%	80.8%	78.2%	80.5%	68.8%
Adjusted SG&A expenses as % of gross profit	80.4%	80.2%	80.8%	78.2%	80.5%	80.1%



## → Non-GAAP Reconciliation – Earnings Per Share

	Q1 2020			Q1 2019		
	Weighted-Average Shares	Amount	Per Share Amount	Weighted-Average Shares	Amount	Per Share Amount
<i>(In thousands, except per share amounts)</i>						
Diluted earnings (loss) and shares from continuing operations <sup>(1)</sup>	42,615	\$ (199,131)	\$ (4.67)	42,888	\$ 42,349	\$ 0.99
Pre-tax items of interest:						
Gain on franchise disposals		\$ -			\$ (46,680)	
Executive transition costs		-			6,264	
Impairment charges		268,000			1,926	
Total pre-tax items of interest		\$ 268,000			\$ (38,490)	
Tax effect of above items		(51,295)			12,902	
Adjusted diluted earnings (loss) and shares from continuing operations	43,432	\$ 17,574	\$ 0.40	42,888	\$ 16,761	\$ 0.39

(1) Basic Weighted-Average Shares Used For Q1 2020 Due To Net Loss On GAAP Basis



## → Non-GAAP Reconciliation – Adjusted EBITDA

(In thousands)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	LTM* Q1 2020
Net Income (Loss)	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 51,650	\$ 144,137	\$ (97,419)
Provision For Income Taxes	46,907	47,648	43,386	62,346	55,962	59,899	13,198	22,645	54,954	(8,181)
Income (Loss) Before Taxes	\$ 123,161	\$ 136,749	\$ 125,004	\$ 159,563	\$ 142,273	\$ 153,092	\$ 106,181	\$ 74,295	\$ 199,091	\$(105,600)
Non-Floor Plan Interest	63,576	58,453	55,356	52,269	49,524	48,034	50,531	52,049	50,475	48,621
Depreciation and Amortization	51,164	52,616	58,139	62,161	72,130	81,034	92,127	96,652	95,646	95,262
Stock-Based Compensation Expense	3,698	5,160	7,208	7,675	9,814	11,165	11,119	11,853	10,797	10,408
Loss (Gain) On Exit Of Leased Dealerships	4,384	4,286	2,915	302	1,848	1,386	2,157	1,709	(170)	-
Impairment Charges	1,151	950	9,872	6,594	17,955	8,063	9,394	29,514	20,768	286,816
Loss (Gain) On Debt Extinguishment	1,107	19,713	28,238	-	-	(6)	14,607	-	6,690	6,690
Long-Term Compensation Charges	-	-	-	-	-	-	-	32,522	-	-
Loss (Gain) on Franchise Disposals	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)	(39,307)	(74,812)	(28,063)
Adjusted EBITDA	<u>\$ 248,627</u>	<u>\$ 267,584</u>	<u>\$ 287,189</u>	<u>\$ 277,285</u>	<u>\$ 290,796</u>	<u>\$ 302,816</u>	<u>\$ 276,136</u>	<u>\$ 259,287</u>	<u>\$ 308,485</u>	<u>\$ 314,134</u>
Long-Term Debt (Including Current Portion)	\$ 533,577	\$ 615,395	\$ 734,022	\$ 758,530	\$ 814,581	\$ 882,678	\$ 1,024,703	\$ 945,083	\$ 706,886	\$ 911,642
Cash and Equivalents	(1,913)	(3,371)	(3,016)	(4,182)	(3,625)	(3,108)	(6,352)	(5,854)	(29,103)	(181,780)
Floor Plan Deposit Balance	-	(60,000)	(65,000)	(57,500)	(74,000)	(10,000)	(3,000)	-	-	(100,000)
Net Debt	<u>\$ 531,664</u>	<u>\$ 552,024</u>	<u>\$ 666,006</u>	<u>\$ 696,848</u>	<u>\$ 736,956</u>	<u>\$ 869,570</u>	<u>\$ 1,015,351</u>	<u>\$ 939,229</u>	<u>\$ 677,783</u>	<u>\$ 629,862</u>
Net Debt To Adjusted EBITDA Ratio	2.14	2.06	2.32	2.51	2.53	2.87	3.68	3.62	2.20	2.01

\* LTM Q1 2020 Is For The Twelve Month Period Ended March 31, 2020



## → Non-GAAP Reconciliation – Adjusted EBITDA

	Q1 2020				Q1 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ (199,333)				\$ 42,221
Provision For Income Taxes				(44,200)				18,935
Income (Loss) Before Taxes	\$ (245,344)	\$ 2,096	\$ (285)	\$ (243,533)	\$ 61,156	\$ 180	\$ (180)	\$ 61,156
Non-Floor Plan Interest	10,043	365	-	10,408	11,829	433	-	12,262
Depreciation And Amortization	20,144	2,708	-	22,852	20,824	2,418	-	23,242
Stock-Based Compensation Expense	2,427	-	-	2,427	2,814	-	-	2,814
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(170)	-	-	(170)
Impairment Charges	268,000	-	-	268,000	26	1,926	-	1,952
Gain On Franchise Disposals	-	-	-	-	(46,750)	-	-	(46,750)
Adjusted EBITDA	\$ 55,270	\$ 5,169	\$ (285)	\$ 60,154	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506

	Q4 2019				Q4 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 46,307				\$ 21,821
Provision For Income Taxes				14,703				9,150
Income (Loss) Before Taxes	\$ 75,466	\$ (14,518)	\$ 62	\$ 61,010	\$ 37,388	\$ (6,196)	\$ (221)	\$ 30,971
Non-Floor Plan Interest	12,335	435	-	12,770	12,902	423	89	13,414
Depreciation And Amortization	20,972	2,765	-	23,737	21,086	2,211	-	23,297
Stock-Based Compensation Expense	2,690	-	-	2,690	1,264	-	-	1,264
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(1,080)	3	89	(988)
Impairment Charges	1,075	16,617	-	17,692	14,053	1,500	-	15,553
Loss On Debt Extinguishment	6,690	-	-	6,690	-	-	-	-
Gain On Franchise Disposals	(29,242)	-	-	(29,242)	(158)	-	-	(158)
Adjusted EBITDA	\$ 89,986	\$ 5,299	\$ 62	\$ 95,347	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353



## → Non-GAAP Reconciliation – Adjusted EBITDA

	Q3 2019				Q3 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 29,010				\$ 15,118
Provision For Income Taxes				11,307				7,262
Income (Loss) Before Taxes	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380
Non-Floor Plan Interest	12,011	402	-	12,413	12,279	423	98	12,800
Depreciation And Amortization	21,561	2,703	-	24,264	22,140	1,999	-	24,139
Stock-Based Compensation Expense	2,681	-	-	2,681	4,578	-	-	4,578
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	24	4	103	131
Impairment Charges	-	1,124	-	1,124	-	-	-	-
Gain On Franchise Disposals	823	-	-	823	88	-	-	88
Adjusted EBITDA	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116

	Q2 2019				Q2 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 26,599				\$ 16,905
Provision For Income Taxes				10,009				8,142
Income (Loss) Before Taxes	\$ 35,129	\$ 1,693	\$ (213)	\$ 36,608	\$ 53,176	\$ (27,832)	\$ (297)	\$ 25,047
Non-Floor Plan Interest	12,599	431	-	13,030	12,349	406	106	12,861
Depreciation And Amortization	21,736	2,668	-	24,404	22,801	1,919	-	24,720
Stock-Based Compensation Expense	2,612	-	-	2,612	3,049	-	-	3,049
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(2,618)	6	106	(2,506)
Impairment Charges	-	-	-	-	10,317	-	-	10,317
Long-Term Compensation Charges	-	-	-	-	-	23,333	-	23,333
Gain On Franchise Disposals	356	-	-	356	(38,047)	-	-	(38,047)
Adjusted EBITDA	\$ 72,432	\$ 4,792	\$ (213)	\$ 77,010	\$ 61,027	\$ (2,168)	\$ (85)	\$ 58,774



## → Non-GAAP Reconciliation – Adjusted EBITDA

	Q1 2019				Q1 2018			
	Franchised		Discontinued Operations	Total	Franchised		Discontinued Operations	Total
	Dealerships Segment	EchoPark Segment			Dealerships Segment	EchoPark Segment		
	(In thousands)							
Net Income (Loss)	\$ 42,221				\$ (2,194)			
Provision For Income Taxes	18,935				(1,910)			
Income (Loss) Before Taxes	\$ 61,156	\$ 180	\$ (180)	\$ 61,156	\$ 10,830	\$ (14,686)	\$ (248)	\$ (4,104)
Non-Floor Plan Interest	11,829	433	-	12,262	12,469	389	115	12,973
Depreciation And Amortization	20,824	2,418	-	23,242	22,830	1,666	-	24,496
Stock-Based Compensation Expense	2,814	-	-	2,814	2,962	-	-	2,962
Loss (Gain) On Exit Of Leased Dealerships	(170)	-	-	(170)	4,955	7	109	5,071
Impairment Charges	26	1,926	-	1,952	3,561	82	-	3,643
Long-Term Compensation Charges	-	-	-	-	-	9,189	-	9,189
Gain On Franchise Disposals	(46,750)	-	-	(46,750)	(1,190)	-	-	(1,190)
Adjusted EBITDA	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506	\$ 56,417	\$ (3,353)	\$ (24)	\$ 53,040
	Q4 2018				Q4 2017			
	Franchised		Discontinued Operations	Total	Franchised		Discontinued Operations	Total
	Dealerships Segment	EchoPark Segment			Dealerships Segment	EchoPark Segment		
	(In thousands)							
Net Income (Loss)	\$ 21,821				\$ 61,952			
Provision For Income Taxes	9,150				(8,399)			
Income (Loss) Before Taxes	\$ 37,388	\$ (6,196)	\$ (221)	\$ 30,971	\$ 57,822	\$ (3,976)	\$ (293)	\$ 53,553
Non-Floor Plan Interest	12,902	423	89	13,414	12,449	276	123	12,848
Depreciation And Amortization	21,086	2,211	-	23,297	22,639	1,314	-	23,953
Stock-Based Compensation Expense	1,264	-	-	1,264	2,217	-	-	2,217
Loss (Gain) On Exit Of Leased Dealerships	(1,080)	3	89	(988)	23	-	118	141
Impairment Charges	14,053	1,500	-	15,553	6,079	-	-	6,079
Long-Term Compensation Charges	-	-	-	-	-	1,271	-	1,271
Gain On Franchise Disposals	(158)	-	-	(158)	(1,507)	-	(6)	(1,513)
Adjusted EBITDA	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353	\$ 99,722	\$ (1,115)	\$ (58)	\$ 98,549

## → Non-GAAP Reconciliation – Adjusted EBITDA

	Q3 2018				Q3 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 15,118				\$ 19,440
Provision For Income Taxes				7,262				13,935
Income (Loss) Before Taxes	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380	\$ 38,228	\$ (4,372)	\$ (481)	\$ 33,375
Non-Floor Plan Interest	12,279	423	98	12,800	12,126	253	132	12,511
Depreciation And Amortization	22,140	1,999	-	24,139	22,179	1,317	-	23,496
Stock-Based Compensation Expense	4,578	-	-	4,578	3,179	-	-	3,179
Loss (Gain) On Exit Of Leased Dealerships	24	4	103	131	(173)	-	362	189
Impairment Charges	-	-	-	-	200	-	-	200
Gain On Franchise Disposals	88	-	-	88	(8,490)	-	-	(8,490)
Adjusted EBITDA	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116	\$ 67,249	\$ (2,802)	\$ 13	\$ 64,460



**Sonic**  
Automotive

**EchoPark**  
AUTOMOTIVE



EchoPark  
AUTOMOTIVE



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# Sonic Automotive 2020 Annual Meeting Of Stockholders



April 29, 2020

## → 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 "may," "will," "should," "could," "believe," "expect," "estimate," "anticipate," "intend," "plan," "foresee" and other similar words or phrases. 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, the effects of COVID-19 on operations, anticipated future new vehicle unit sales volume, anticipated future used vehicle unit sales volume, anticipated future parts, service and collision repair ("Fixed Operations") gross profit, anticipated expense reductions, long-term annual revenue targets, anticipated future growth and profitability in our EchoPark Segment, anticipated openings of new EchoPark stores, anticipated future performance and growth of our Franchised Dealerships Segment, anticipated liquidity positions, anticipated 2020 industry new vehicle sales volume, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, 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 expansion or contraction, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and the Company's other periodic reports and information filed with the Securities and Exchange Commission (the "SEC").

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 SEC.



## → Agenda

1. Welcome and Call to Order
2. Introduction of Meeting Chairperson David Smith - CEO
3. Report of a Quorum Mr. Peter Friz of CT Hagberg  
LLC - Inspector of Elections
4. Issues Before the Stockholders Stephen K. Coss - Secretary
  - Election of Directors
  - Ratification of the Appointment of KPMG LLP as Sonic's Independent Public Accounting Firm
  - Advisory Vote on Executive Compensation
  - Approval of Amendment and Restatement of Sonic's 2012 Formula Restricted Stock and Deferral Plan for Non-Employee Directors
5. Report On Operations/Financial Results for FY 2019 Heath R. Byrd – EVP/CFO
6. Report of the Inspector of Elections Mr. Peter Friz of CT Hagberg  
LLC - Inspector of Elections
7. Adjournment Stephen K. Coss - Secretary
8. Q&A Management Team



## → Your Executive Management Team



**O. Bruton Smith**

Executive Chairman,  
Director



**David Bruton Smith**

Chief Executive Officer,  
Director



**Jeff Dyke**

President, Director



**Heath R. Byrd**

Executive Vice President,  
Chief Financial Officer



## → Other Participating Executives



**Steve Coss**

Senior VP & General Counsel



**Angela Broadway**

VP – Human Resources



**Rachel Richards**

Chief Marketing Officer



**Maren McGrane**

VP – Culture and Strategic Initiatives



**C.G. Saffer**

VP & Chief Accounting Officer



**Karen McKemie**

VP – Guest Experience Center



**Danny Wieland**

Director – Financial Reporting & IR





# Report of A Quorum



## → Issues Before Stockholders

- Election of Directors
- Ratification of the Appointment of KPMG LLP as Sonic's Independent Public Accounting Firm
- Advisory Vote on Executive Compensation
- Approval of Amendment and Restatement of Sonic's 2012 Formula Restricted Stock and Deferral Plan for Non-Employee Directors





# Report of Operations and Financial Results for 2019 Fiscal Year



## → FY 2019 – Consolidated All-Time Records

- ❖ Total Revenue – **\$10.454 Billion**
- ❖ Used Retail Volume – **162,149 Units**
- ❖ F&I Gross – **\$477.0 Million**
- ❖ F&I Gross PUR – **\$1,743 Per Unit**
- ❖ Total Gross Profit – **\$1.521 Billion**
- ❖ Net Income – **\$144.1 Million**
- ❖ Adjusted EBITDA<sup>(1)</sup> – **\$308.5 Million**
- ❖ GAAP Continuing Ops EPS – **\$3.31 per Share**
- ❖ Adjusted Continuing Ops EPS – **\$2.65 per Share**

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure)



## → FY 2019 – Consolidated – GAAP

(amounts in millions, except per share data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenue	\$10,454	\$503	5.1%
Gross Profit	\$1,521	\$75	5.2%
SG&A	\$1,099	\$46	4.0%
SG&A as % of Gross	72.3%		690 bps
Depreciation	\$93	\$0	0.5%
Operating Profit	\$308	\$130	73.2%
Interest & Other	(\$108)	(\$6)	(5.6%)
Continuing Ops:			
Profit (after tax)	\$145	\$92	175.9%
Diluted EPS	\$ 3.31	\$ 2.09	171.3%

2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019  
That Generated \$656 Million of Revenue in FY 2018

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts



EchoPark  
AUTOMOTIVE



## → FY 2019 – Consolidated – Adjusted

(amounts in millions, except per share data)	FY 2019 <sup>(1)</sup>	B/(W) than FY 2018 <sup>(1)</sup>	
		\$	%
Revenue	\$10,454	\$503	5.1%
Gross Profit	\$1,521	\$75	5.2%
SG&A	\$1,169	(\$26)	(2.3%)
SG&A as % of Gross	76.9%		210 bps
Depreciation	\$93	\$0	0.5%
Operating Profit	\$258	\$48	22.9%
Interest & Other	(\$101)	\$1	1.4%
Continuing Ops:			
Profit (after tax)	\$116	\$39	50.5%
Diluted EPS	\$ 2.65	\$ 0.86	48.0%

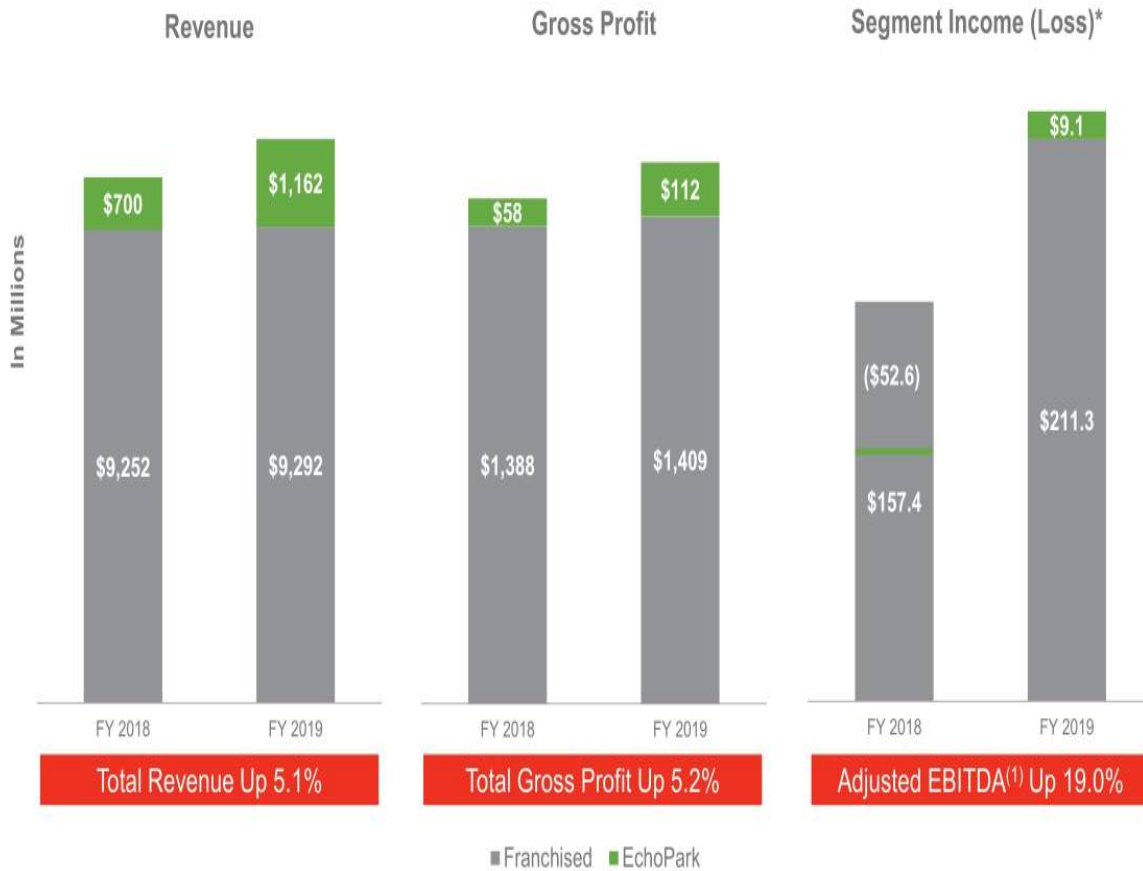
2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019 That Generated \$656 Million of Revenue in FY 2018

(1) Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted Amounts (Non-GAAP Measures)



EchoPark  
AUTOMOTIVE

## → FY 2019 – Consolidated Continuing Operations



On A GAAP Basis\*, FY 2019 Earnings Per Diluted Share From Continuing Operations of \$3.31, Up 171% Compared To FY 2018

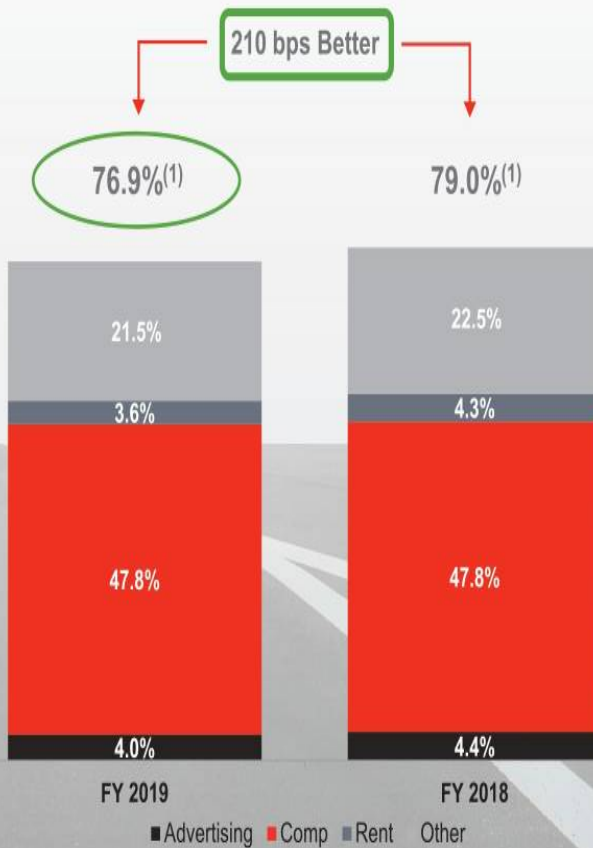
\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

(1) Refer To Appendix For Calculation And Reconciliation Of Adjusted EBITDA (A Non-GAAP Measure)



# → FY 2019 – Consolidated Adjusted SG&A Expenses to Gross Profit

On A GAAP Basis\*, SG&A Expenses To Gross Profit Were 72.3% For FY 2019, Compared To 79.2% For FY 2018



\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

(1) Refer To Appendix For Calculation And Reconciliation Of Adjusted SG&A Expenses (A Non-GAAP Measure)



## → FY 2019 – Franchised Dealerships Segment

(In millions, except unit and per unit data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenues	\$9,292.3	\$40.9	0.4%
Gross profit	\$1,408.6	\$20.5	1.5%
SG&A expenses	\$1,011.8	\$34.7	3.3%
SG&A expenses as % of gross profit	71.8%		360 bps
Segment income (loss)	\$211.4	\$53.9	34.2%
New vehicle unit sales volume	114,131	(8,586)	(7.0%)
Retail used vehicle unit sales volume	112,629	2,461	2.2%
New vehicle gross profit per unit	\$2,042	\$74	3.8%
Retail used vehicle gross profit per unit	\$1,310	(\$37)	(2.7%)
F&I gross profit per unit retailed	\$1,620	\$128	8.6%

2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019 That Generated \$656 Million of Revenue in FY 2018

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts



## → FY 2019 – EchoPark Segment

(In millions, except unit and per unit data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenues	\$1,162.0	\$461.8	66.0%
Gross profit	\$112.4	\$54.4	93.7%
SG&A expenses	\$87.6	\$11.2	11.4%
SG&A expenses as % of gross profit	77.9%		9,250 bps
Segment income (loss)	\$9.1	\$61.7	117.4%
Retail used vehicle unit sales volume	49,520	20,083	68.2%
Total combined gross profit per unit retailed	\$2,296	\$416	22.1%

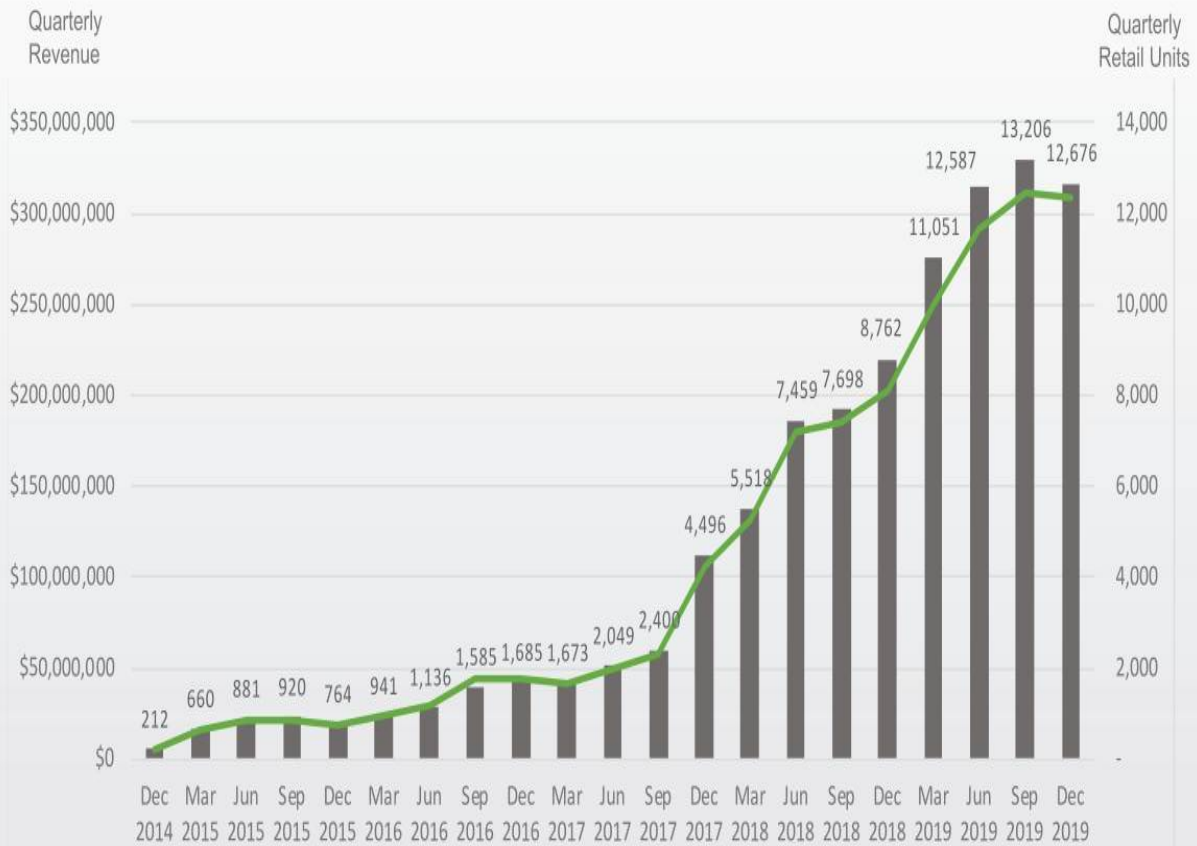
We Opened Our Ninth EchoPark Store In Long Beach, California In December 2019  
And Opened Our Tenth EchoPark Store In Tampa, Florida In April 2020

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts



EchoPark  
AUTOMOTIVE

## → EchoPark Retail Unit Sales Volume Growth



FY 2019 Revenues Of \$1.2B,  
49,520 Retail Unit Sales



## → EchoPark Segment – Adjusted EBITDA Trend



Current Inventory And Pricing Strategy Began In Q2 2018  
 Q3 2018 And Q4 2018 Pressured By New Store Openings And Relocations

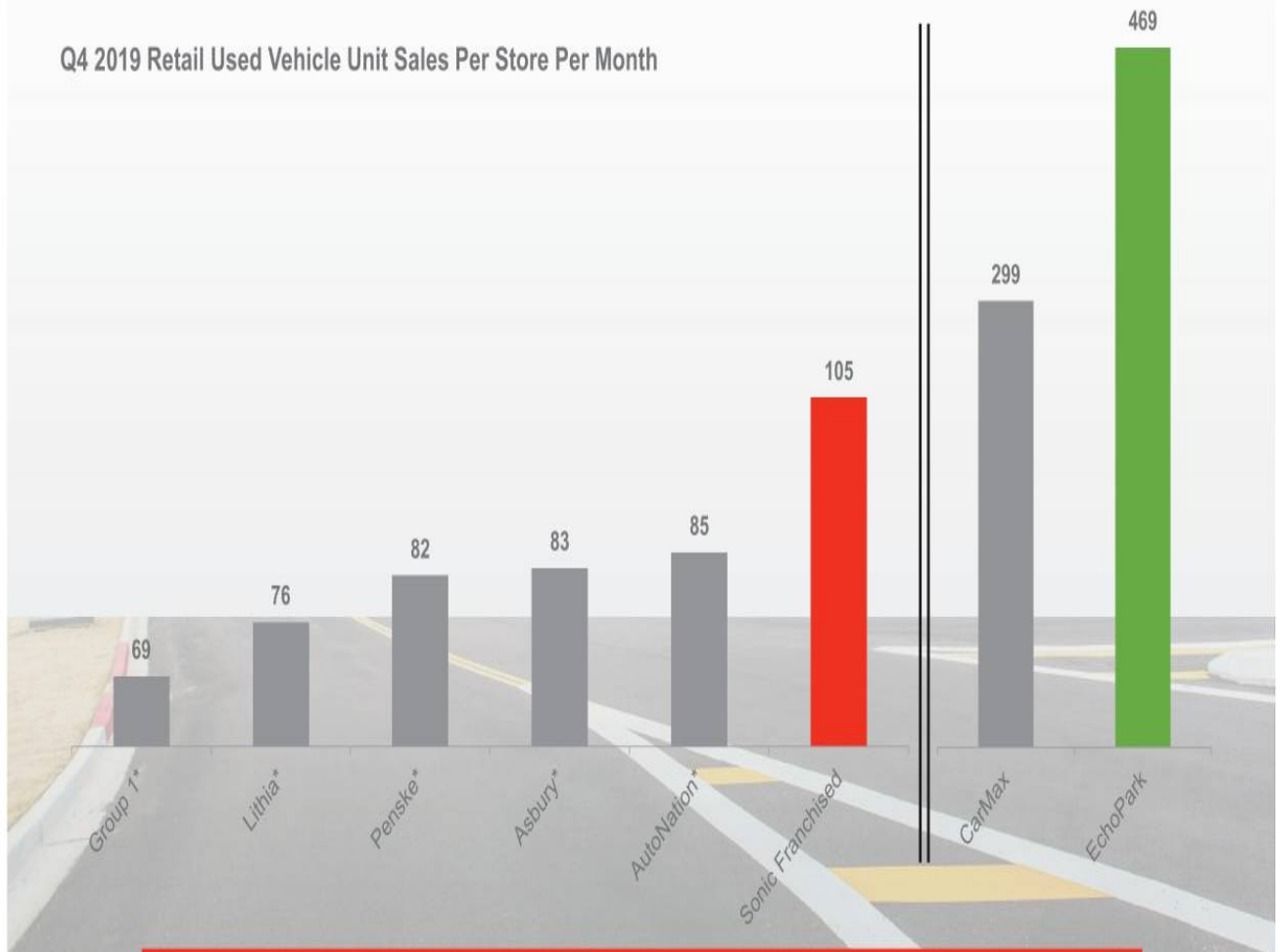
(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure)



EchoPark  
 AUTOMOTIVE

## → Industry-Leading Used Vehicle Volume Throughput

Q4 2019 Retail Used Vehicle Unit Sales Per Store Per Month



Utilize Highly Efficient Inventory Sourcing, Pricing And Selling Processes To Maximize Throughput

\* Peer Average Is 79 Units Per Store Per Month Based On Store Counts As Of December 31, 2019

Note: Peer Data Source – Company Filings, Company Websites

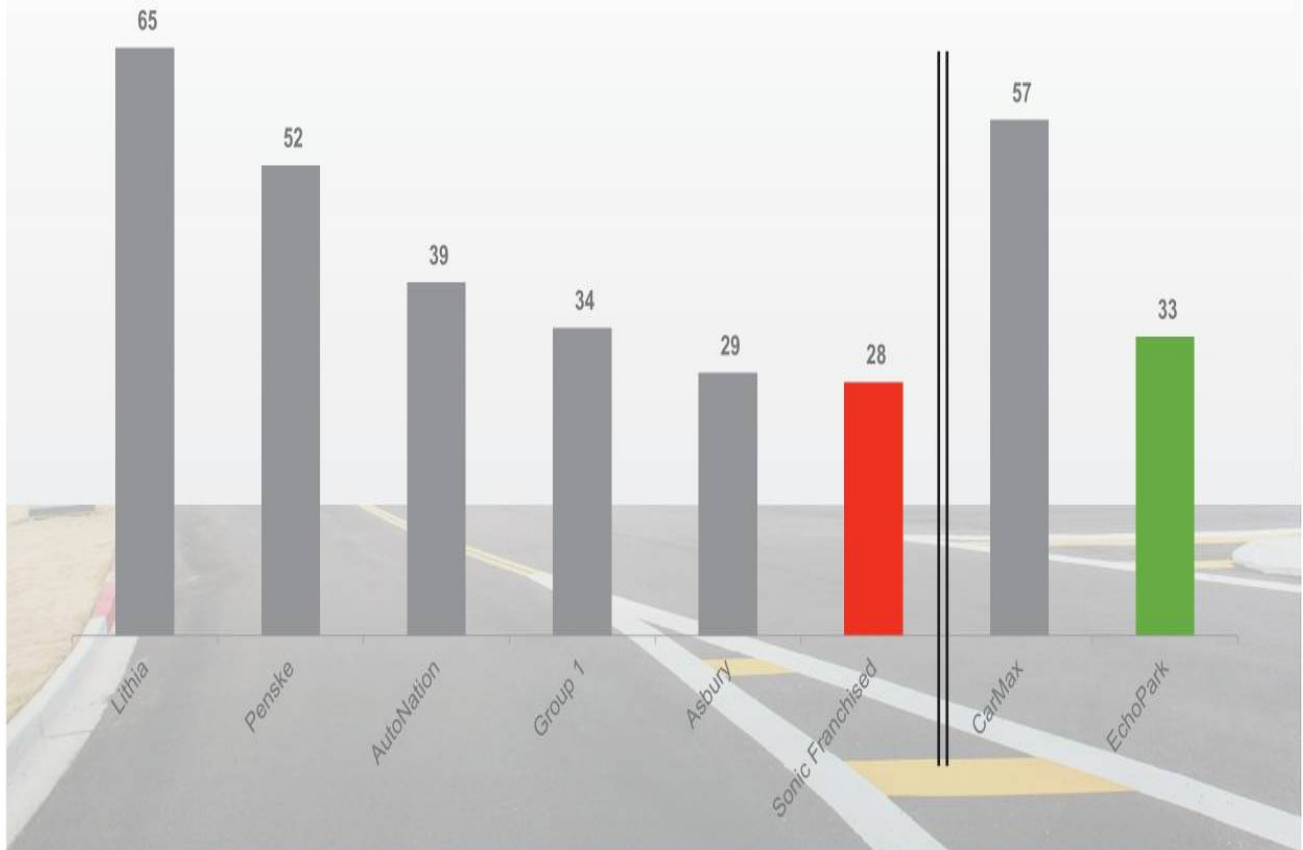
Note: CarMax Data is for the Quarter Ended November 30, 2019





## → Inventory Management Expertise

Q4 2019 Used Vehicle Inventory Days' Supply



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

Note: Peer Data Source: Company Filings, Calculated Based on Trailing Quarter Cost of Sales If Not Explicitly Disclosed  
Note: CarMax Data is for the Quarter Ended November 30, 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 car dealership website interface with several vehicle listings and two prominent analytics overlays. The listings include:

- 2019 Ford ESCAPE F (Vehicle ID: 1FMCU0DDXKUB20874)
- 2018 Ford ESCAPE F (Vehicle ID: 1FMCU0DDXKUB20874)
- 2017 Ford EXPLORE F (Vehicle ID: 1FMSK7D81HGB59861)
- 2017 Ford EXPLORE F (Vehicle ID: 1FMSK7D84KGA87335)
- 2016 Ford ESCAPE F (Vehicle ID: 1FMCU0G97JUC18965)

The analytics overlays provide detailed information for two vehicles:

- 2019 Ford Escape (Green Overlay):**
  - Vehicle Rating: 5.0 / 5.0
  - Market: San Antonio (Optimal Market)
  - Buy Count | Max Bid Amt:
 

Market	Buy Count   Max Bid Amt
Dallas	09   \$14,286
Houston	01   \$15,389
San Antonio	04   \$14,955
Colorado	06   \$14,414
Long Beach	03   \$15,621
Charlotte	08   \$14,837
  - Buy Count Across All Markets: 31
  - Last Updated: Jan 28 2020 12:36PM
- 2017 Ford Explorer (Red Overlay):**
  - Vehicle Rating: 2.0 / 5.0
  - Decision Matrix:
 

Yes	Yes
1-4 Years Old?	Under 50,000 Miles?
No	Yes
Accident Free?	Pricing 20% < Than New?
Yes	No
Eligible For Service Plan?	Equipped w/New Tech Pkg?
  - Last Updated: Jan 28 2020 12:09PM



## → Strong Balance Sheet and Liquidity

		12/31/2019	12/31/2018
		(In Millions)	
Cash and cash equivalents	\$	\$29.1	\$5.9
Availability under the 2016 Revolving Credit Facility		230.7	223.9
Availability under our used vehicle floor plan facilities		17.1	2.0
Availability under the 2019 Mortgage Facility		3.1	-
Total available liquidity resources	\$	\$280.0	\$231.8

	Covenant Requirement*	12/31/2019	12/31/2018
Liquidity Ratio	$\geq 1.05$	1.11	1.10
Fixed Charge Coverage Ratio	$\geq 1.20$	1.60	1.43
Total Lease Adjusted Leverage Ratio	$\leq 5.75$	3.21	5.25
Net Debt To Adjusted EBITDA Ratio <sup>(1)</sup>		2.20	3.62

All Covenant Ratios Improved

Total 2019 Debt Reduction Of \$238M

\* As Defined In The 2016 Revolving Credit Facility and 2019 Mortgage Facility

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure) and Net Debt To Adjusted EBITDA Ratio (A Non-GAAP Measure)





# Financial Results for Q1 2020



## → Consolidated – Q1 2020 Continuing Operations – GAAP

(In millions, except per share data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	(\$35.1)	(14.2%)
SG&A expenses as % of gross profit	80.5%		(1,170) bps
Earnings from continuing operations before taxes	(\$243.2)	(\$304.6)	(496.6%)
Continuing Ops:			
Net income	(\$199.1)	(\$241.5)	(570.2%)
Diluted earnings per share	(\$4.67)	(\$5.66)	(571.7%)

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term

Note: Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts



## → Consolidated – Q1 2020 Continuing Operations - Adjusted

(In millions, except per share data)	Q1 2020 <sup>(1)</sup>	B/(W) than Q1 2019 <sup>(1)</sup>	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	\$5.4	1.9%
SG&A expenses as % of gross profit	80.5%		(40) bps
Earnings from continuing operations before taxes	\$24.8	\$1.9	8.3% ←
Continuing Ops:			
Net income	\$17.6	\$0.8	4.8%
Diluted earnings per share	\$0.40	\$0.01	2.6% ←

Revenues Were Lower Due To The Effect Of Franchise Disposals In FY 2019 And Impact Of COVID-19 In Q1 2020

Strategic Emphasis On Expense Discipline And Debt Reduction In FY 2019 Drove Profit And EPS Growth In Lower Revenue Environment

(1) Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted SG&A Expenses, Adjusted SG&A Expenses As % Of Gross Profit, Adjusted Earnings From Continuing Operations Before Taxes, Adjusted Net Income, And Adjusted Diluted Earnings Per Share (Non-GAAP Measures)



## → Consolidated – Q1 2020 Performance Build By Month – Continuing Operations

B/(W) than Comparable Period in 2019

(In millions, except unit and per unit data)

	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 45	6.9%	\$ (152)	(36.8%)	\$ (107)	(10.0%)
Retail used vehicle revenues	122	24.1%	(93)	(29.7%)	30	3.6%
Wholesale used vehicle revenues	-	(3.0%)	(5)	(30.8%)	(6)	(11.4%)
Fixed Operations revenues	8	3.7%	(15)	(12.9%)	(7)	(2.0%)
F&I revenues	16	25.0%	(7)	(17.2%)	9	8.5%
Total revenues	\$ 191	12.9%	\$ (272)	(30.2%)	\$ (81)	(3.4%)
New vehicle gross profit	\$ -	0.9%	\$ (9)	(39.4%)	\$ (8)	(15.6%)
<i>New vehicle unit sales volume</i>	314	2.0%	(3,787)	(38.9%)	(3,473)	(13.8%)
<i>New vehicle GPU</i>	\$ (22)	(1.1%)	\$ (17)	(0.7%)	\$ (44)	(2.1%)
Retail used vehicle gross profit	\$ 2	8.1%	\$ (7)	(45.7%)	\$ (5)	(13.2%)
<i>Retail used vehicle unit sales volume</i>	5,639	23.6%	(4,078)	(27.9%)	1,561	4.1%
<i>Retail used vehicle GPU</i>	\$ (117)	(12.5%)	\$ (247)	(24.6%)	\$ (159)	(16.5%)
Wholesale used vehicle gross profit	\$ 1	(69.3%)	\$ -	100.9%	\$ 1	87.6%
Fixed Operations gross profit	\$ 3	2.9%	\$ (8)	(15.0%)	\$ (5)	(3.3%)
<i>Customer Pay gross profit</i>	\$ 3	6.9%	\$ (3)	(12.3%)	\$ -	0.4%
F&I gross profit	\$ 16	25.0%	\$ (7)	(17.2%)	\$ 9	8.5%
<i>F&amp;I GPU</i>	\$ 153	9.3%	\$ 384	22.4%	\$ 209	12.5%
Total gross profit	\$ 22	10.0%	\$ (31)	(22.9%)	\$ (8)	(2.3%)

## → Consolidated – Q1 2020 Performance Build By Month – Same Store

B/(W) than Comparable Period in 2019

(In millions, except unit and per unit data)

	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 83	13.5%	\$ (130)	(33.2%)	\$ (47)	(4.7%)
Retail used vehicle revenues	127	25.8%	(88)	(29.0%)	39	4.9%
Wholesale used vehicle revenues	-	2.2%	(4)	(28.4%)	(5)	(7.1%)
Fixed Operations revenues	18	8.3%	(9)	(7.6%)	9	2.8%
F&I revenues	17	27.8%	(7)	(18.4%)	10	9.7%
Total revenues	\$ 245	17.3%	\$ (238)	(27.6%)	\$ 6	0.3%
New vehicle gross profit	\$ 1	3.5%	\$ (7)	(34.8%)	\$ (6)	(12.1%)
<i>New vehicle unit sales volume</i>	1,603	11.3%	(3,012)	(33.6%)	(1,409)	(6.1%)
<i>New vehicle GPU</i>	\$ (151)	(7.0%)	\$ (41)	(1.7%)	\$ (144)	(6.4%)
Retail used vehicle gross profit	\$ 3	14.1%	\$ (5)	(36.1%)	\$ (2)	(5.9%)
<i>Retail used vehicle unit sales volume</i>	6,100	26.9%	(3,687)	(26.4%)	2,413	6.6%
<i>Retail used vehicle GPU</i>	\$ (86)	(10.0%)	\$ (122)	(13.2%)	\$ (103)	(11.7%)
Wholesale used vehicle gross profit	\$ 1	(63.4%)	\$ -	196.1%	\$ 1	85.8%
Fixed Operations gross profit	\$ 8	8.1%	\$ (5)	(9.3%)	\$ 3	2.1%
<i>Customer Pay gross profit</i>	\$ 5	11.6%	\$ (2)	(6.6%)	\$ 4	5.3%
F&I gross profit	\$ 17	27.8%	\$ (7)	(18.4%)	\$ 10	9.7%
<i>F&amp;I GPU</i>	\$ 106	6.4%	\$ 261	15.3%	\$ 141	8.4%
Total gross profit	\$ 30	14.0%	\$ (24)	(18.9%)	\$ 6	1.7%

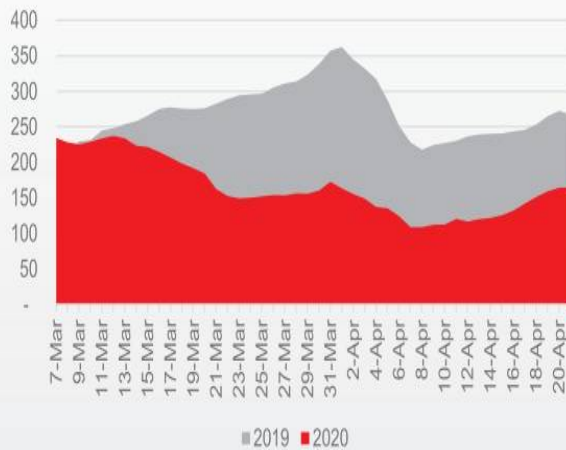


# COVID-19 Impact Actions Taken 2020 Outlook

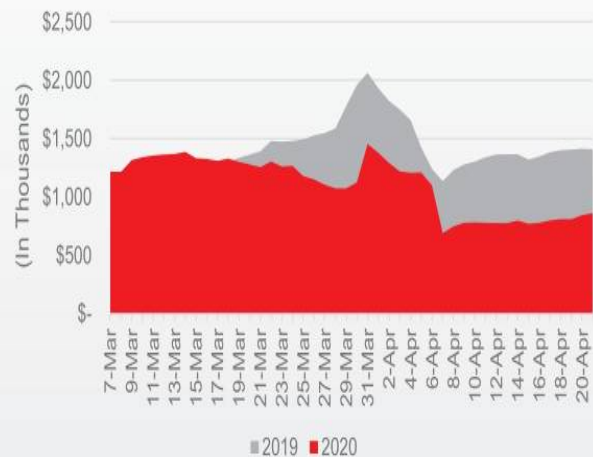


## → COVID-19 Impact Since Inception of Stay Home Orders

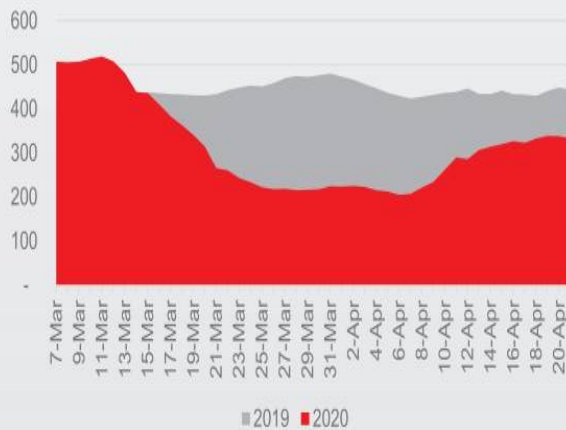
Rolling 7-Day Average New Vehicle Unit Sales Volume



Rolling 7-Day Average Fixed Operations Gross Profit (Less Internal)



Rolling 7-Day Average Retail Used Vehicle Unit Sales Volume



- **New Vehicle Units Bottomed Out And Beginning to Climb**
- **Used Vehicle Units Returning Faster Than New Vehicles**
- **Fixed Operations Gross Profit Bottomed Out And Beginning to Climb**



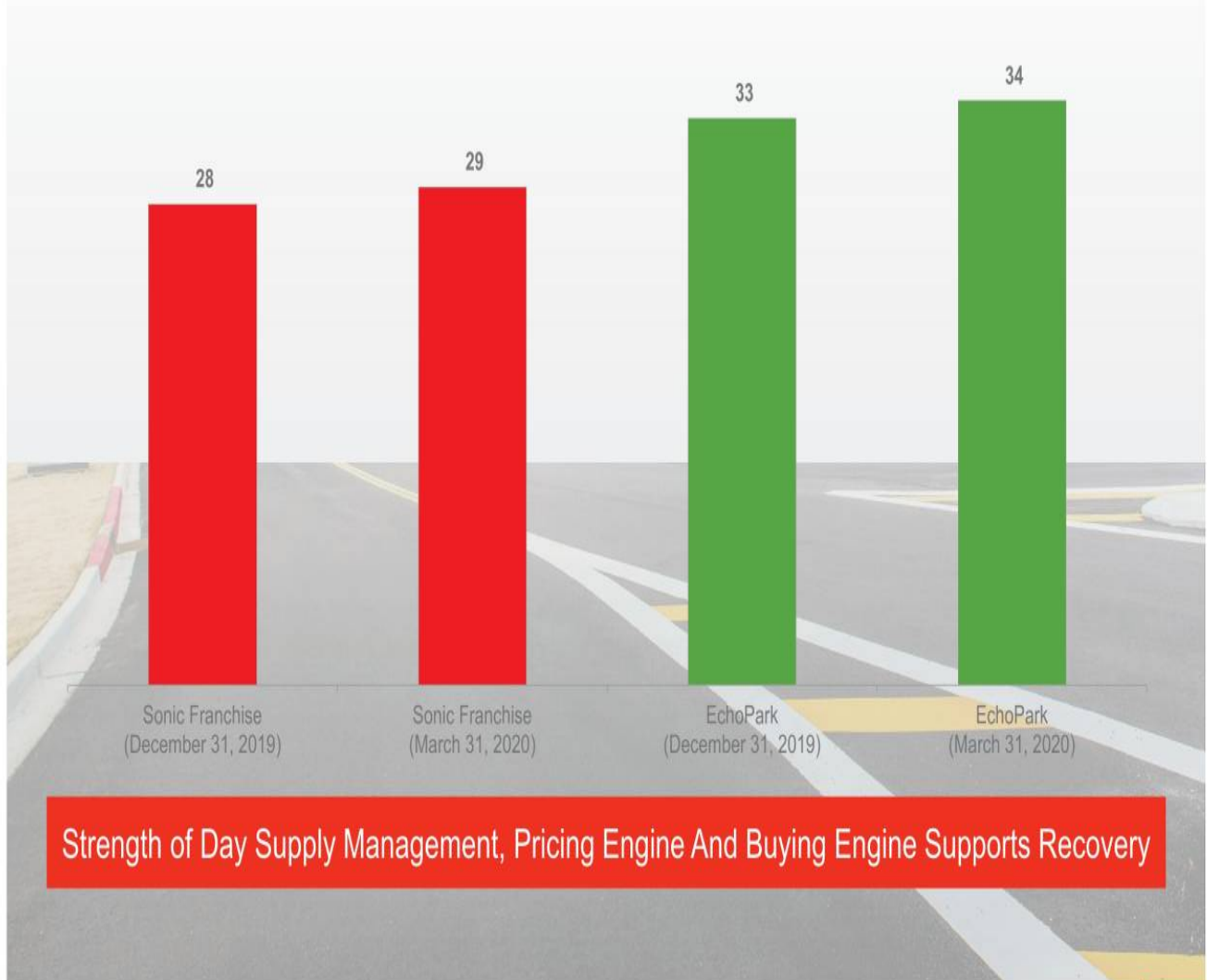
## → COVID-19 Actions Taken

1. Ensure Guest and Teammate Safety
2. Ensure Sonic's Status As An Essential Business
3. Strengthen Liquidity
  - Taking Advantage of All Deferral Opportunities (Tax, Floorplan Interest, Mortgages and Leases)
  - Daily Modeling Based on Actual Operations
  - Optimizing Floorplan Capacity
  - Evaluating Additional Liquidity Via Unencumbered Property
4. Implementation of Expense Reductions
  - 33% Reduction in Headcount Via Terminations and Furlough
  - Reduction of Advertising and Other Operating Expenses
  - Total Anticipated Monthly Savings of \$14M
5. Implementation of New Marketing/Operations
  - No-Contact Delivery on Site
  - Home Delivery on Purchases = 15% of Total Sales Thru April 22<sup>nd</sup>
  - Pickup and Delivery for Service = 7% of Total Sales Thru April 22<sup>nd</sup>
  - Company Wide Rollout of CarCash = 30% of Total Appraisals and Growing
  - Acceleration of Robotic Process Automation for Marketing
  - Permanent Infrastructure for Remote Workers
6. Maintain Inventory Management Discipline



## → Inventory Management Expertise

Used Vehicle Inventory Days' Supply

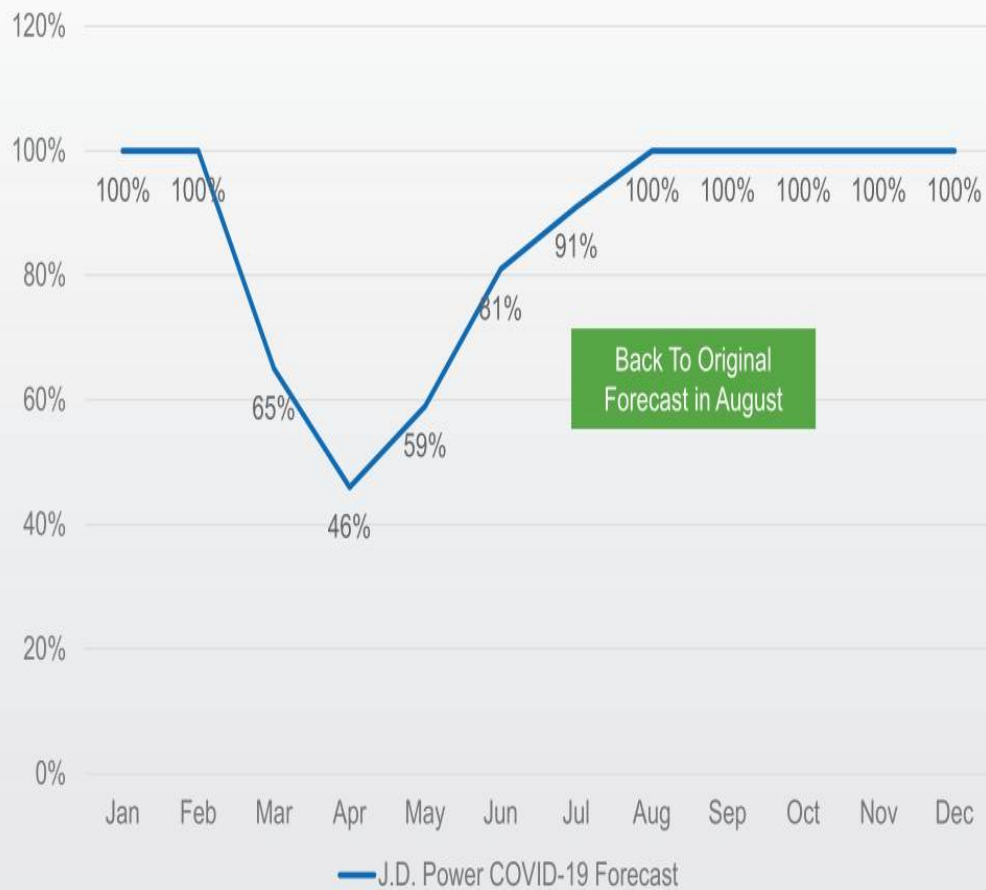


Strength of Day Supply Management, Pricing Engine And Buying Engine Supports Recovery



## → Outlook – J.D. Power

J.D. Power New Vehicle Sales  
% of Original Forecast



Source Data: COVID-19: J.D. Power Auto Industry Impact Report April 22, 2020



## → Outlook – Sonic Automotive

Franchised Dealerships New Vehicle Unit Sales Volume



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



## → Outlook – Sonic Automotive

Franchised Dealerships Retail Used Vehicle Unit Sales Volume

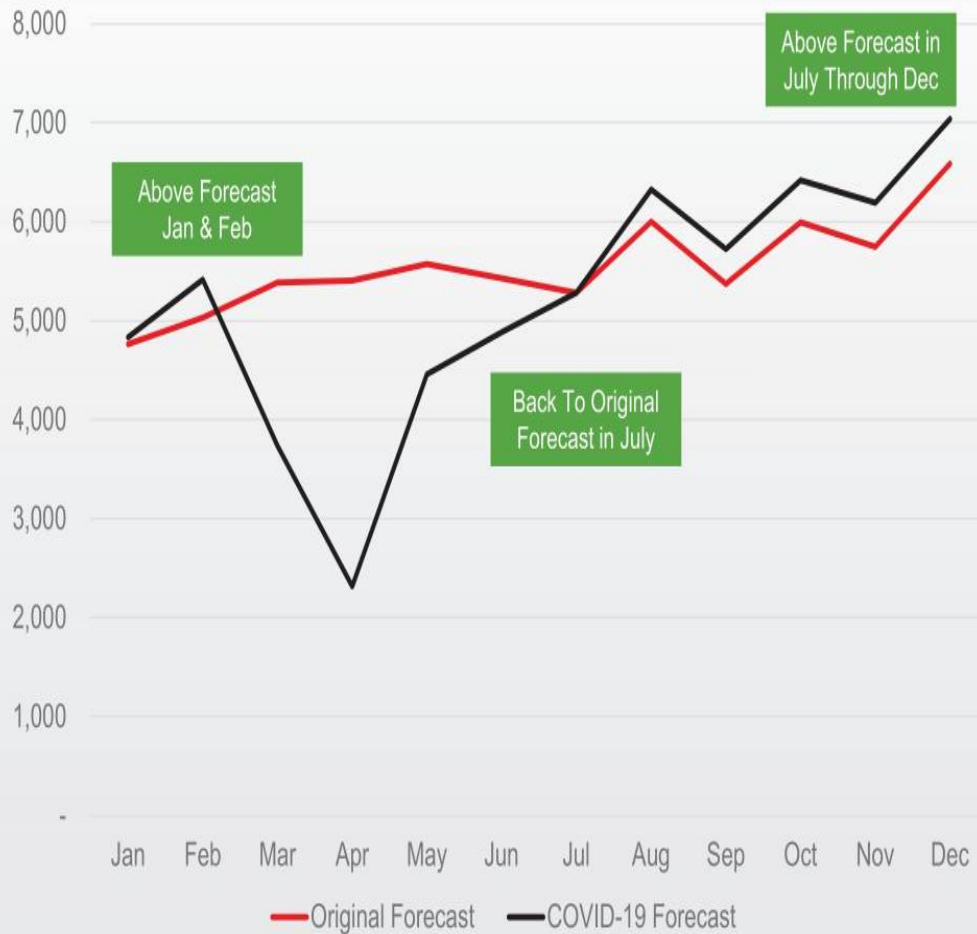


Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



## → Outlook – Sonic Automotive

EchoPark Retail Used Vehicle Unit Sales Volume



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast





## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast





# Report of the Inspector of Elections



# Adjournment



# Q&A



# Appendices





# Appendix – Company Overview



April 29, 2020

## → Sonic Automotive: Who We Are



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



Our Core Franchised Dealerships Segment is a Full-Service Automotive Retailer, Selling New and Used Vehicles, Arranging F&I Product Sales, and Providing Parts, Service and Collision Repair



Our Growing EchoPark Segment Offers a Unique Approach to Pre-Owned Vehicle and F&I Sales

Below-Market Pricing with a No Hagggle Purchase Experience Drives Industry-Leading Used Vehicle Volume Throughput

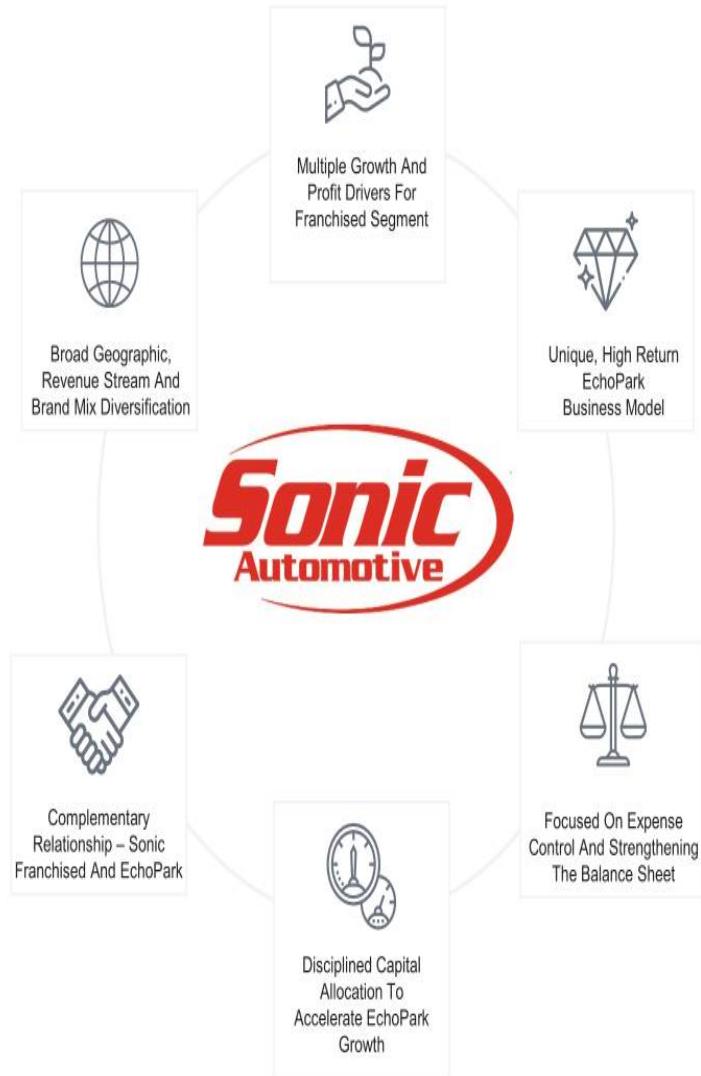
### QUICK FACTS

<b>95</b> Dealerships	<b>15</b> Collision Centers
<b>20+</b> Automotive Brands	<b>12</b> States
<b>\$10.5B</b> Revenue	<b>\$1.5B</b> Gross Profit
<b>114K</b> New Vehicles Sold	<b>162K</b> Used Vehicles Sold

Note: Revenue, Gross Profit, New and Used Vehicles Sold are for FY 2019



## → Investment Highlights

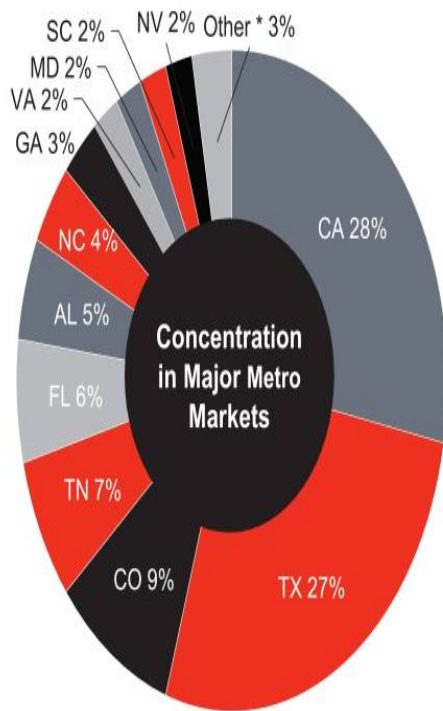




## → Revenue Composition

### 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 2019

\* Consists of Disposed Stores and Holding Companies



## → 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%
Import	24%	Other Luxury (1)	2%
		Honda	13%
		Toyota	8%
		Hyundai	1%
		Volkswagen	1%
EchoPark	11%	Other Import (2)	1%
		Non-Franchise	11%
Domestic	8%	Ford	4%
		General Motors (3)	4%

(1) Includes Volvo, Jaguar, Acura and Infiniti

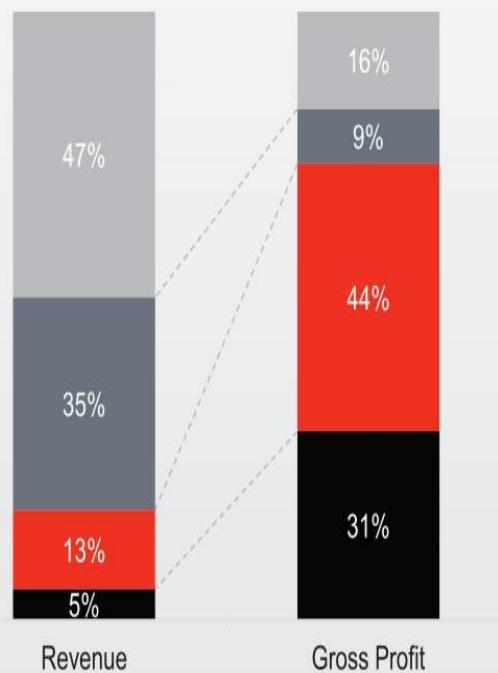
(2) Includes Nissan, Subaru and Kia

(3) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for FY 2019

### Business Line Mix

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



Note: Percentages are Percent of Total for FY 2019



## → Franchised Dealerships



**86** Franchised Dealerships



**20+** Brands, Luxury Weighted

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

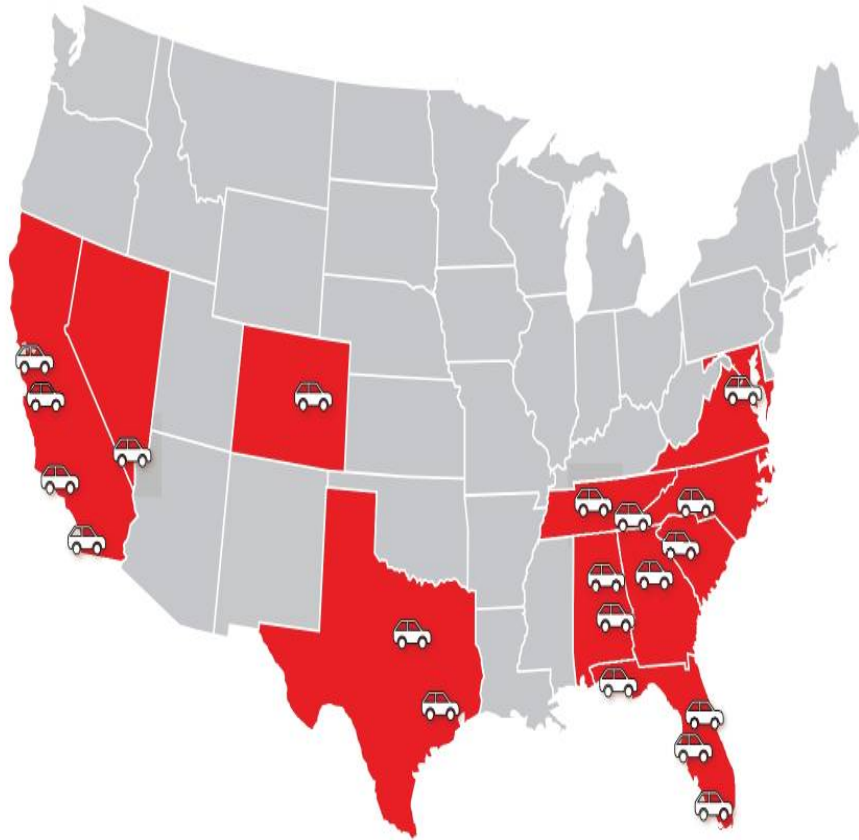


**Sonic**  
Automotive



EchoPark  
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## → Franchised Dealerships – Geographic Footprint



Headquartered in  
Charlotte, NC



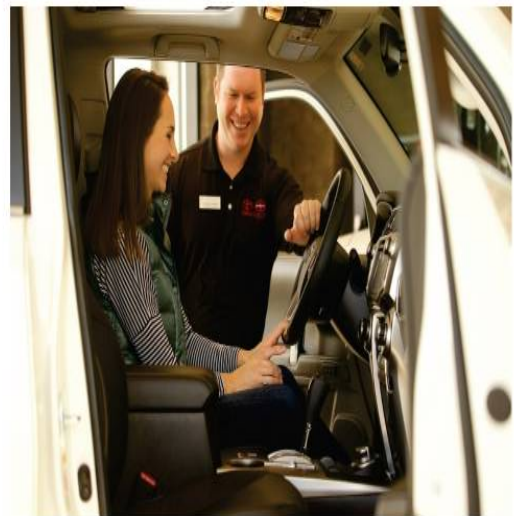
86 Stores, 20+ Brands,  
15 Collision Repair Centers



Platforms in Major  
Metro Markets



## → Franchised Dealerships – Strategic Levers



## → EchoPark Automotive



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

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

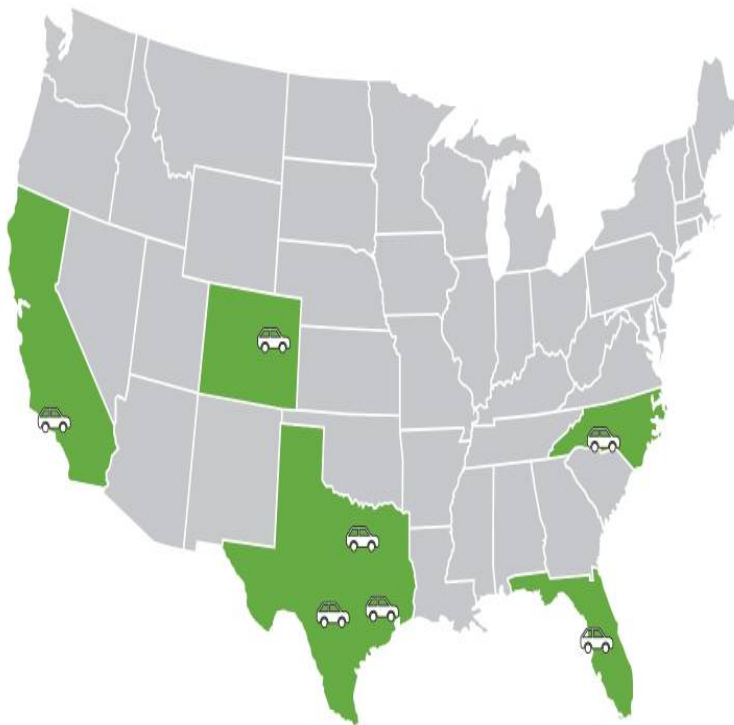
Expansion Goal of 25+ Locations Through 2024



## → EchoPark – Geographic Footprint

# EchoPark

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10 Existing Stores in Seven Physical Markets

Two Additional Locations Opening in 2020

### Texas

- Grand Prairie (Dallas) – Pre-Owned Business 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

### Florida

- Tampa – Opened April 2020

### TBD

- Two Additional Locations By End of 2020
- 25+ Locations Through 2024



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## → Complementary Relationship Between Segments





## → Strategic Direction

### Franchised Dealerships

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 Expense Control, Inventory Management

### EchoPark

Early Stage Strong Secular Growth Phase

Profitability Improving As Older Stores Continue To Mature

Expect 2 New Locations By The End Of 2020 (Bringing Total to 12) - Goal Of 25+ Locations Through 2024

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

Continue To Monitor Franchised Dealership Acquisition Opportunities As Market Evolves



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Appendix –  
Non-GAAP Reconciliations

**Sonic**  
Automotive

**EchoPark**  
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April 29, 2020

## → Items of Interest – Full Year

(In millions)	FY 2019	FY 2018	Income Statement Line Item
Gain on franchise disposals	\$ 76.0	\$ 38.9	SG&A expenses
Executive transition costs	(6.3)	(1.6)	SG&A expenses
Legal and storm damage charges	-	(5.7)	SG&A expenses
Long-term compensation charges	-	(32.5)	SG&A expenses (1)
Lease exit adjustments	-	(1.4)	SG&A expenses
Impairment charges	(19.6)	(29.5)	Impairment charges (2)
Loss on extinguishment of debt	(7.2)	-	Other expense
Subtotal: Pre-tax items of interest	<u>\$ 42.9</u>	<u>\$ (31.8)</u>	
Tax effect of above items	(14.2)	7.3	
Tax-effected items of interest	<u>\$ 28.7</u>	<u>\$ (24.5)</u>	

Note: Amounts In Table Relate To Franchised Dealerships Segment Unless Otherwise Noted

(1) \$32.5 Million In FY 2019 Relates To EchoPark Segment

(2) \$18.5 Million In FY 2019 and \$1.6 Million In FY 2018 Attributed To EchoPark Segment Related to Building And Land Held For Sale At Former EchoPark Locations



## → Items Of Interest – Q1

(In millions)	Q1 2020	Q1 2019	Income Statement Line Item
Gain on franchise disposals	\$ -	\$ 46.7	SG&A expenses
Executive transition costs	-	(6.3)	SG&A expenses <sup>(1)</sup>
Impairment charges	<u>(268.0)</u>	<u>(1.9)</u>	Impairment charges <sup>(2)</sup>
Subtotal: Pre-tax items of interest	\$ (268.0)	\$ 38.5	
Tax effect of above items	<u>51.3</u>	<u>(12.9)</u>	
Tax-effected items of interest	<u>\$ (216.7)</u>	<u>\$ 25.6</u>	

Note: Amounts In Table Relate To Franchised Dealerships Segment Unless Otherwise Noted

(1) \$6.0 million of Q1 2019 amount is not deductible for tax purposes.

(2) \$1.9 million Q1 2019 amount is related to the EchoPark Segment. \$91.1 million of Q1 2020 amount is not deductible for tax purposes.

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term

## → Non-GAAP Reconciliation – Segment Income & Adjusted Earnings – Full Year

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenues	\$ 9,292.3	\$ 9,251.5	\$ 1,162.0	\$ 700.2	\$ 10,454.3	\$ 9,951.6
Gross profit	\$ 1,408.6	\$ 1,388.1	\$ 112.4	\$ 58.0	\$ 1,521.0	\$ 1,446.1
SG&A expenses	\$ 1,011.8	\$ 1,046.5	\$ 87.6	\$ 98.9	\$ 1,099.4	\$ 1,145.3
Segment income	\$ 211.3	\$ 157.4	\$ 9.1	\$ (52.6)	\$ 220.4	\$ 104.8
Impairment charges	(1.1)	(27.9)	(19.7)	(1.6)	(20.8)	(29.5)
Earnings (loss) from continuing operations before taxes	\$ 210.2	\$ 129.5	\$ (10.6)	\$ (54.2)	\$ 199.6	\$ 75.3
Adjusted earnings (loss) from continuing operations before taxes	\$ 148.8	\$ 127.2	\$ 7.9	\$ (20.1)	\$ 156.7	\$ 107.1
Gain on franchise disposals	76.0	38.9	-	-	76.0	38.9
Executive transition costs	(6.3)	(1.6)	-	-	(6.3)	(1.6)
Legal and storm damage charges	-	(5.7)	-	-	-	(5.7)
Long-term compensation expense	-	-	-	(32.5)	-	(32.5)
Lease exit adjustments	-	(1.4)	-	-	-	(1.4)
Impairment charges	(1.1)	(27.9)	(18.5)	(1.6)	(19.6)	(29.5)
Loss on extinguishment of debt	(7.2)	-	-	-	(7.2)	-
Earnings (loss) from continuing operations before taxes	\$ 210.2	\$ 129.5	\$ (10.6)	\$ (54.2)	\$ 199.6	\$ 75.3
New vehicle unit sales volume	114,131	122,717	-	-	114,131	122,717
Retail used vehicle unit sales volume	112,629	110,168	49,520	29,437	162,149	139,605

Note: Segment Income (Loss) Defined As Earnings (Loss) From Continuing Operations Before Taxes And Impairment Charges



## → Non-GAAP Reconciliation – Segment Income & Adjusted Earnings – Q1

	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
(In millions, except unit data)						
Revenues	\$ 1,976.3	\$ 2,139.6	\$ 331.7	\$ 249.6	\$ 2,308.1	\$ 2,389.1
Gross profit	\$ 318.8	\$ 333.3	\$ 31.8	\$ 25.7	\$ 350.6	\$ 359.0
SG&A expenses	\$ 256.4	\$ 227.0	\$ 25.7	\$ 20.1	\$ 282.2	\$ 247.1
Adjusted segment income	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Segment income	\$ 22.7	\$ 61.2	\$ 2.1	\$ 2.1	\$ 24.8	\$ 63.3
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
Adjusted earnings (loss) from continuing operations before taxes	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
New vehicle unit sales volume	21,724	25,197	-	-	21,724	25,197
Retail used vehicle unit sales volume	26,038	27,412	13,986	11,051	40,024	38,463

Note: Segment Income (Loss) Defined As Earnings (Loss) From Continuing Operations Before Taxes And Impairment Charges



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## → Non-GAAP Reconciliations – SG&A Expenses

(In millions)	Consolidated	
	FY 2019	FY 2018
Gross profit	\$ 1,521.0	\$ 1,446.1
SG&A expenses	\$ 1,099.4	\$ 1,145.3
Items of interest:		
Gain on franchise disposals	\$ 76.0	\$ 38.9
Executive transition costs	(6.3)	(1.6)
Legal and storm damage charges	-	(5.7)
Long-term compensation charges	-	(32.5)
Lease exit adjustments	-	(1.4)
SG&A expenses (excluding items of interest)	\$ 1,169.1	\$ 1,143.0
SG&A expenses as % of gross profit	72.3%	79.2%
SG&A expenses (excluding items of interest) as % of gross profit	76.9%	79.0%

## → Non-GAAP Reconciliations – Earnings Per Share

	FY 2019			FY 2018		
	Weighted-Average Shares	Amount	Per Share Amount	Weighted-Average Shares	Amount	Per Share Amount
(In thousands, except per share amounts)						
Diluted earnings (loss) and shares from continuing operations	43,710	\$ 144,537	\$ 3.31	42,950	\$ 52,390	\$ 1.22
Pre-tax items of interest:						
Gain on franchise disposals		\$ (75,983)			\$ (38,893)	
Executive transition costs		6,264			1,581	
Legal and storm damage charges		-			5,749	
Long-term compensation charges		-			32,522	
Lease exit adjustments		-			1,435	
Impairment charges		19,618			29,512	
Loss on extinguishment of debt		7,157			-	
Total pre-tax items of interest		\$ (42,944)			\$ 31,906	
Tax effect of above items		14,193			(8,694)	
Non-recurring tax items		-			1,313	
Adjusted diluted earnings (loss) and shares from continuing operations	43,710	\$ 115,786	\$ 2.65	42,950	\$ 76,915	\$ 1.79



## → Non-GAAP Reconciliation – Adjusted EBITDA

(In thousands)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Net Income (Loss)	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 51,650	\$ 144,137
Provision For Income Taxes	46,907	47,648	43,386	62,346	55,962	59,899	13,198	22,645	54,954
Income (Loss) Before Taxes	\$ 123,161	\$ 136,749	\$ 125,004	\$ 159,563	\$ 142,273	\$ 153,092	\$ 106,181	\$ 74,295	\$ 199,091
Non-Floor Plan Interest	63,576	58,453	55,356	52,269	49,524	48,034	50,531	52,049	50,475
Depreciation and Amortization	51,164	52,616	58,139	62,161	72,130	81,034	92,127	96,652	95,646
Stock-Based Compensation Expense	3,698	5,160	7,208	7,675	9,814	11,165	11,119	11,853	10,797
Loss (Gain) On Exit Of Leased Dealerships	4,384	4,286	2,915	302	1,848	1,386	2,157	1,709	(170)
Impairment Charges	1,151	950	9,872	6,594	17,955	8,063	9,394	29,514	20,768
Loss (Gain) On Debt Extinguishment	1,107	19,713	28,238	-	-	(6)	14,607	-	6,690
Long-Term Compensation Charges	-	-	-	-	-	-	-	32,522	-
Loss (Gain) on Franchise Disposals	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)	(39,307)	(74,812)
Adjusted EBITDA	<u>\$ 248,627</u>	<u>\$ 267,584</u>	<u>\$ 287,189</u>	<u>\$ 277,285</u>	<u>\$ 290,796</u>	<u>\$ 302,816</u>	<u>\$ 276,136</u>	<u>\$ 259,287</u>	<u>\$ 308,485</u>
Long-Term Debt (Including Current Portion)	\$ 533,577	\$ 615,395	\$ 734,022	\$ 758,530	\$ 814,581	\$ 882,678	\$ 1,024,703	\$ 945,083	\$ 706,886
Cash and Equivalents	(1,913)	(3,371)	(3,016)	(4,182)	(3,625)	(3,108)	(6,352)	(5,854)	(29,103)
Floor Plan Deposit Balance	-	(60,000)	(65,000)	(57,500)	(74,000)	(10,000)	(3,000)	-	-
Net Debt	<u>\$ 531,664</u>	<u>\$ 552,024</u>	<u>\$ 666,006</u>	<u>\$ 696,848</u>	<u>\$ 736,956</u>	<u>\$ 869,570</u>	<u>\$ 1,015,351</u>	<u>\$ 939,229</u>	<u>\$ 677,783</u>
Net Debt To Adjusted EBITDA Ratio	2.14	2.06	2.32	2.51	2.53	2.87	3.68	3.62	2.20



## → Non-GAAP Reconciliations – Adjusted EBITDA

	FY 2019				FY 2018			
	Franchised		Discontinued Operations	Total	Franchised		Discontinued Operations	Total
	Dealerships Segment	EchoPark Segment			Dealerships Segment	EchoPark Segment		
	(In thousands)							
Net Income (Loss)				\$ 144,137				\$ 51,650
Provision For Income Taxes				54,954				22,645
Income (Loss) Before Taxes	\$ 210,167	\$ (10,522)	\$ (554)	\$ 199,091	\$ 129,481	\$ (54,169)	\$ (1,017)	\$ 74,295
Non-Floor Plan Interest	48,774	1,701	-	50,475	50,000	1,641	408	52,049
Depreciation And Amortization	85,093	10,553	-	95,646	88,857	7,795	-	96,652
Stock-Based Compensation Expense	10,797	-	-	10,797	11,853	-	-	11,853
Loss (Gain) On Exit Of Leased Dealerships	(170)	-	-	(170)	1,281	20	408	1,709
Impairment Charges	1,101	19,667	-	20,768	27,931	1,583	-	29,514
Loss On Debt Extinguishment	6,690	-	-	6,690	-	-	-	-
Long-Term Compensation Charges	-	-	-	-	-	32,522	-	32,522
Gain On Franchise Disposals	(74,812)	-	-	(74,812)	(39,307)	-	-	(39,307)
Adjusted EBITDA	\$ 287,640	\$ 21,399	\$ (554)	\$ 308,485	\$ 270,096	\$ (10,608)	\$ (201)	\$ 259,287

	Q4 2019				Q4 2018			
	Franchised		Discontinued Operations	Total	Franchised		Discontinued Operations	Total
	Dealerships Segment	EchoPark Segment			Dealerships Segment	EchoPark Segment		
	(In thousands)							
Net Income (Loss)				\$ 46,307				\$ 21,821
Provision For Income Taxes				14,703				9,150
Income (Loss) Before Taxes	\$ 75,466	\$ (14,518)	\$ 62	\$ 61,010	\$ 37,388	\$ (6,196)	\$ (221)	\$ 30,971
Non-Floor Plan Interest	12,335	435	-	12,770	12,902	423	89	13,414
Depreciation And Amortization	20,972	2,765	-	23,737	21,086	2,211	-	23,297
Stock-Based Compensation Expense	2,690	-	-	2,690	1,264	-	-	1,264
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(1,080)	3	89	(988)
Impairment Charges	1,075	16,617	-	17,692	14,053	1,500	-	15,553
Loss On Debt Extinguishment	6,690	-	-	6,690	-	-	-	-
Gain On Franchise Disposals	(29,242)	-	-	(29,242)	(158)	-	-	(158)
Adjusted EBITDA	\$ 89,986	\$ 5,299	\$ 62	\$ 95,347	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353

## → Non-GAAP Reconciliations – Adjusted EBITDA

	Q3 2019				Q3 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 29,010				\$ 15,118
Provision For Income Taxes				11,307				7,262
Income (Loss) Before Taxes	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380
Non-Floor Plan Interest	12,011	402	-	12,413	12,279	423	98	12,800
Depreciation And Amortization	21,561	2,703	-	24,264	22,140	1,999	-	24,139
Stock-Based Compensation Expense	2,681	-	-	2,681	4,578	-	-	4,578
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	24	4	103	131
Impairment Charges	-	1,124	-	1,124	-	-	-	-
Gain On Franchise Disposals	823	-	-	823	88	-	-	88
Adjusted EBITDA	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116

	Q2 2019				Q2 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 26,599				\$ 16,905
Provision For Income Taxes				10,009				8,142
Income (Loss) Before Taxes	\$ 35,129	\$ 1,693	\$ (213)	\$ 36,608	\$ 53,176	\$ (27,832)	\$ (297)	\$ 25,047
Non-Floor Plan Interest	12,599	431	-	13,030	12,349	406	106	12,861
Depreciation And Amortization	21,736	2,668	-	24,404	22,801	1,919	-	24,720
Stock-Based Compensation Expense	2,612	-	-	2,612	3,049	-	-	3,049
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(2,618)	6	106	(2,506)
Impairment Charges	-	-	-	-	10,317	-	-	10,317
Long-Term Compensation Charges	-	-	-	-	-	23,333	-	23,333
Gain On Franchise Disposals	356	-	-	356	(38,047)	-	-	(38,047)
Adjusted EBITDA	\$ 72,432	\$ 4,792	\$ (213)	\$ 77,010	\$ 61,027	\$ (2,168)	\$ (85)	\$ 58,774

## → Non-GAAP Reconciliations – Adjusted EBITDA

	Q1 2019				Q1 2018			
	Franchised		Discontinued	Total	Franchised		Discontinued	Total
	Dealerships	EchoPark			Dealerships	EchoPark		
	Segment	Segment	Operations		Segment	Segment	Operations	
	(In thousands)							
Net Income (Loss)				\$ 42,221				\$ (2,194)
Provision For Income Taxes				18,935				(1,910)
Income (Loss) Before Taxes	\$ 61,156	\$ 180	\$ (180)	\$ 61,156	\$ 10,830	\$ (14,686)	\$ (248)	\$ (4,104)
Non-Floor Plan Interest	11,829	433	-	12,262	12,469	389	115	12,973
Depreciation And Amortization	20,824	2,418	-	23,242	22,830	1,666	-	24,496
Stock-Based Compensation Expense	2,814	-	-	2,814	2,962	-	-	2,962
Loss (Gain) On Exit Of Leased Dealerships	(170)	-	-	(170)	4,955	7	109	5,071
Impairment Charges	26	1,926	-	1,952	3,561	82	-	3,643
Long-Term Compensation Charges	-	-	-	-	-	9,189	-	9,189
Gain On Franchise Disposals	(46,750)	-	-	(46,750)	(1,190)	-	-	(1,190)
Adjusted EBITDA	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506	\$ 56,417	\$ (3,353)	\$ (24)	\$ 53,040
	Q4 2018				Q4 2017			
	Franchised		Discontinued	Total	Franchised		Discontinued	Total
	Dealerships	EchoPark			Dealerships	EchoPark		
	Segment	Segment	Operations		Segment	Segment	Operations	
	(In thousands)							
Net Income (Loss)				\$ 21,821				\$ 61,952
Provision For Income Taxes				9,150				(8,399)
Income (Loss) Before Taxes	\$ 37,388	\$ (6,196)	\$ (221)	\$ 30,971	\$ 57,822	\$ (3,976)	\$ (293)	\$ 53,553
Non-Floor Plan Interest	12,902	423	89	13,414	12,449	276	123	12,848
Depreciation And Amortization	21,086	2,211	-	23,297	22,639	1,314	-	23,953
Stock-Based Compensation Expense	1,264	-	-	1,264	2,217	-	-	2,217
Loss (Gain) On Exit Of Leased Dealerships	(1,080)	3	89	(988)	23	-	118	141
Impairment Charges	14,053	1,500	-	15,553	6,079	-	-	6,079
Long-Term Compensation Charges	-	-	-	-	-	1,271	-	1,271
Gain On Franchise Disposals	(158)	-	-	(158)	(1,507)	-	(6)	(1,513)
Adjusted EBITDA	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353	\$ 99,722	\$ (1,115)	\$ (58)	\$ 98,549



## → Non-GAAP Reconciliations – Adjusted EBITDA

	Q3 2018				Q3 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 15,118				\$ 19,440
Provision For Income Taxes				7,262				13,935
Income (Loss) Before Taxes	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380	\$ 38,228	\$ (4,372)	\$ (481)	\$ 33,375
Non-Floor Plan Interest	12,279	423	98	12,800	12,126	253	132	12,511
Depreciation And Amortization	22,140	1,999	-	24,139	22,179	1,317	-	23,496
Stock-Based Compensation Expense	4,578	-	-	4,578	3,179	-	-	3,179
Loss (Gain) On Exit Of Leased Dealerships	24	4	103	131	(173)	-	362	189
Impairment Charges	-	-	-	-	200	-	-	200
Gain On Franchise Disposals	88	-	-	88	(8,490)	-	-	(8,490)
Adjusted EBITDA	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116	\$ 67,249	\$ (2,802)	\$ 13	\$ 64,460





EchoPark  
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