

---

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

---

**FORM 8-K**

---

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

**Date of Report (Date of earliest event reported): July 30, 2020**

---

**SONIC AUTOMOTIVE, INC.**  
(Exact name of registrant as specified in its charter)

---

Delaware  
(State or other jurisdiction  
of incorporation)

1-13395  
(Commission  
File Number)

56-2010790  
(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.)

---

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.

---

**Item 2.02. Results of Operations and Financial Condition.**

On July 30, 2020, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal second quarter ended June 30, 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.

**Item 7.01. Regulation FD Disclosure.**

On July 30, 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 July 30, 2020.</a> |
| 99.2               | <a href="#">Earnings Call Presentation Materials.</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 and 99.2 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.

---

**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.**

July 30, 2020

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

## Sonic Automotive Reports 2<sup>nd</sup> Quarter 2020 EPS Growth

*Accelerated EchoPark Expansion Expected To Generate Over \$10 Billion In Incremental Revenue By 2025*

CHARLOTTE, N.C. – July 30, 2020 - [Sonic Automotive, Inc.](#) (“Sonic” or the “Company”) ([NYSE:SAH](#)), one of the nation’s largest automotive retailers, today reported financial results for the second quarter ended June 30, 2020.

### Second Quarter Highlights

- Earnings per diluted share from continuing operations of \$0.71 for the second quarter of 2020, compared to \$0.62 for the second quarter of 2019 (included in the results for the second quarter of 2020 is a non-recurring tax benefit of \$3.2 million, or \$0.07 per share)
- SG&A expenses as a percentage of gross profit were 74.9% for the second quarter of 2020, compared to 77.2% for the second quarter of 2019, a 230-basis point improvement (total SG&A expenses for the second quarter of 2020 decreased \$64.2 million, or 22%, compared to the second quarter of 2019)
- Total Sonic consolidated second quarter 2020 revenues of \$2.1 billion and gross profit of \$307.4 million
- EchoPark second quarter 2020 revenues of \$315.3 million, up 8% from the second quarter of 2019
- EchoPark second quarter 2020 retail sales volume of 13,207 units, up 5% from the second quarter of 2019
- EchoPark segment income of \$2.6 million, up 52% from the second quarter of 2019
- Same store Franchised Dealerships Segment operating results for the second quarter of 2020, compared to the second quarter of 2019:
  - Revenues down 19%, gross profit down 19%
  - New vehicle unit sales volume down 25%; new vehicle gross profit per unit up 9%, to \$2,218
  - Retail used vehicle unit sales volume down 12%; retail used vehicle gross profit per unit down 14%, to \$1,122
  - Parts, service and collision repair gross profit down 24%; customer pay gross profit down 16%
  - Finance and insurance (“F&I”) gross profit down 8% (all-time record quarterly F&I gross profit per retail unit of \$1,946, up 14%, on a total Sonic consolidated basis)

### Commentary

David Smith, Sonic’s and EchoPark’s Chief Executive Officer, commented, “Our second quarter results reflect not only a dramatic operating improvement since the onset of COVID-19, but also an all-time record monthly profit in June. The record-setting momentum we saw during the month of June has continued throughout July to date.”

Mr. Smith continued, “We continue to offer our guests a transparent, guest-centric vehicle purchase experience, meeting their individual needs by offering an integrated online and on-site sales experience. To enable guests to choose their preferred buying approach, we are proud to announce an historic strategic partnership with Cox Automotive and Darwin Automotive to develop a first of its kind proprietary e-commerce platform and user interface. This digital retailing partnership will accelerate our EchoPark expansion plans and elevate the online retail guest experience on our franchised dealership websites and [EchoPark.com](#) beginning in the fourth quarter of 2020.”

Jeff Dyke, Sonic’s and EchoPark’s President, commented, “I am extremely proud of the way our team has responded to the challenges of the past few months and the positive impact they have had on our business. EchoPark has continued to see a v-shaped recovery in sales volume and improved profitability, surpassing our original pre-pandemic forecasts for the month of June. For the second quarter, EchoPark segment income increased 52%, demonstrating the leverage and profit potential of this model. Based on the significant success of EchoPark, we are accelerating EchoPark’s expansion. We expect EchoPark to sell over half a million vehicles annually by 2025, through a 140-point nationwide distribution network and expanded e-commerce capabilities, generating incremental revenue in excess of \$10 billion annually.”

Heath Byrd, Sonic’s and EchoPark’s Chief Financial Officer, commented, “We continue to manage expenses and capital expenditure levels in the short term to bolster our financial flexibility and address the challenges of COVID-19. These actions have been extremely successful in improving operational efficiencies and enhancing our overall profitability. Longer term, we remain committed to increasing revenues and maximizing profitability through further expansion of EchoPark, strategic growth of our franchised dealerships and more aggressive pursuit of new avenues for sales growth through omni-channel selling, including online, on-site and hybrid channels. In addition, we remain committed to reducing SG&A expenses by \$84 million annualized, on a go-forward basis, as compared to pre-COVID-19 levels.”

## **Financial Position**

As of June 30, 2020, Sonic's total available liquidity increased to \$455.1 million, up from \$311.5 million as of March 31, 2020. Sonic's liquidity as of June 30, 2020 consists of \$115.7 million of cash on hand, \$83.9 million of floor plan deposit balances and \$255.5 million of availability under our credit facilities. From a debt perspective, Sonic has no significant near-term debt maturities.

## **Dividend**

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

## **Outlook**

Sonic expects to provide the next mid-quarter update to its 2020 outlook during the week of September 14<sup>th</sup>. The COVID-19 pandemic could impact both our outlook and future results depending on its continued evolution.

## **Second Quarter 2020 Earnings Conference Call**

Senior management will host a conference call today 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) 519-1243  
International: (914) 800-3816  
Conference ID: 8236339

A conference call replay will be available one hour following the call for 14 days and can be accessed by calling:

Domestic: (855) 859-2056  
International: (404) 537-3406  
Conference ID: 8236339

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 that specializes in pre-owned vehicle sales and provides 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, anticipated future growth in our EchoPark Segment, expected incremental EchoPark revenues, anticipated future EchoPark unit sales volume, expected SG&A expense reductions, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, anticipated liquidity position, expected future capital expenditures, 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, Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and other 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 segment income. 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:**

Danielle DeVoren / Anthony Feldman  
212-896-1272 / 347-487-6194  
[ddevoren@kcsa.com](mailto:ddevoren@kcsa.com) / [afeldman@kcsa.com](mailto:afeldman@kcsa.com)

---

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

**Results of Operations - Consolidated**

|  | Three Months Ended June 30, |              | Better / (Worse)<br>% Change | Six Months Ended June 30, |              | Better / (Worse)<br>% Change |
|--|-----------------------------|--------------|------------------------------|---------------------------|--------------|------------------------------|
|  | 2020                        | 2019         |                              | 2020                      | 2019         |                              |
| (In thousands, except per share amounts)                                   |                             |              |                              |                           |              |                              |
| <b>Revenues:</b>   |                             |              |                              |                           |              |                              |
| New vehicles   | \$ 900,003                  | \$ 1,204,754 | (25.3) %                     | \$ 1,859,492              | \$ 2,271,088 | (18.1) %                     |
| Used vehicles  | 808,877                     | 885,627      | (8.7) %                      | 1,658,930                 | 1,705,992    | (2.8) %                      |
| Wholesale vehicles   | 33,175                      | 50,039       | (33.7) %                     | 81,718                    | 104,810      | (22.0) %                     |
| Total vehicles   | 1,742,055                   | 2,140,420    | (18.6) %                     | 3,600,140                 | 4,081,890    | (11.8) %                     |
| Parts, service and collision repair  | 259,058                     | 355,312      | (27.1) %                     | 593,738                   | 696,742      | (14.8) %                     |
| Finance, insurance and other, net  | 110,773                     | 118,349      | (6.4) %                      | 226,064                   | 224,587      | 0.7 %                        |
| Total revenues   | 2,111,886                   | 2,614,081    | (19.2) %                     | 4,419,942                 | 5,003,219    | (11.7) %                     |
| <b>Cost of Sales:</b>  |                             |              |                              |                           |              |                              |
| New vehicles   | (854,617)                   | (1,148,354)  | 25.6 %                       | (1,768,690)               | (2,160,892)  | 18.2 %                       |
| Used vehicles  | (781,506)                   | (848,898)    | 7.9 %                        | (1,599,428)               | (1,632,256)  | 2.0 %                        |
| Wholesale vehicles   | (33,601)                    | (50,752)     | 33.8 %                       | (82,303)                  | (106,789)    | 22.9 %                       |
| Total vehicles   | (1,669,724)                 | (2,048,004)  | 18.5 %                       | (3,450,421)               | (3,899,937)  | 11.5 %                       |
| Parts, service and collision repair  | (134,779)                   | (184,766)    | 27.1 %                       | (311,560)                 | (362,960)    | 14.2 %                       |
| Total cost of sales  | (1,804,503)                 | (2,232,770)  | 19.2 %                       | (3,761,981)               | (4,262,897)  | 11.8 %                       |
| Gross profit   | 307,383                     | 381,311      | (19.4) %                     | 657,961                   | 740,322      | (11.1) %                     |
| Selling, general and administrative expenses                               | (230,359)                   | (294,532)    | 21.8 %                       | (512,515)                 | (541,626)    | 5.4 %                        |
| Impairment charges   | (833)                       | —            | (100.0) %                    | (268,833)                 | (1,952)      | (13,672.2) %                 |
| Depreciation and amortization  | (22,647)                    | (23,806)     | 4.9 %                        | (44,944)                  | (46,456)     | 3.3 %                        |
| Operating income (loss)  | 53,544                      | 62,973       | (15.0) %                     | (168,331)                 | 150,288      | (212.0) %                    |
| <b>Other income (expense):</b>   |                             |              |                              |                           |              |                              |
| Interest expense, floor plan   | (6,314)                     | (12,518)     | 49.6 %                       | (16,822)                  | (25,744)     | 34.7 %                       |
| Interest expense, other, net   | (9,797)                     | (13,628)     | 28.1 %                       | (20,762)                  | (26,481)     | 21.6 %                       |
| Other income (expense), net  | —                           | (5)          | 100.0 %                      | 100                       | 95           | (5.3) %                      |
| Total other income (expense)   | (16,111)                    | (26,151)     | 38.4 %                       | (37,484)                  | (52,130)     | 28.1 %                       |
| Income (loss) from continuing operations before taxes                      | 37,433                      | 36,822       | 1.7 %                        | (205,815)                 | 98,158       | (309.7) %                    |
| Provision for income taxes for continuing operations - benefit (expense)   | (6,437)                     | (10,071)     | 36.1 %                       | 37,680                    | (29,058)     | 229.7 %                      |
| Income (loss) from continuing operations                                   | 30,996                      | 26,751       | 15.9 %                       | (168,135)                 | 69,100       | (343.3) %                    |
| <b>Discontinued operations:</b>  |                             |              |                              |                           |              |                              |
| Income (loss) from discontinued operations before taxes                    | (289)                       | (213)        | (35.7) %                     | (573)                     | (393)        | (45.8) %                     |
| Provision for income taxes for discontinued operations - benefit (expense) | 84                          | 61           | 37.7 %                       | 166                       | 114          | 45.6 %                       |
| Income (loss) from discontinued operations                                 | (205)                       | (152)        | (34.9) %                     | (407)                     | (279)        | (45.9) %                     |
| Net income (loss)  | \$ 30,791                   | \$ 26,599    | 15.8 %                       | \$ (168,542)              | \$ 68,821    | (344.9) %                    |
| <b>Basic earnings (loss) per common share:</b>                             |                             |              |                              |                           |              |                              |
| Earnings (loss) per share from continuing operations                       | \$ 0.72                     | \$ 0.62      | 16.1 %                       | \$ (3.93)                 | \$ 1.61      | (344.1) %                    |
| Earnings (loss) per share from discontinued operations                     | —                           | —            | — %                          | (0.01)                    | (0.01)       | — %                          |
| Earnings (loss) per common share   | \$ 0.72                     | \$ 0.62      | 16.1 %                       | \$ (3.94)                 | \$ 1.60      | (346.3) %                    |
| Weighted-average common shares outstanding                                 | 42,940                      | 43,066       | 0.3 %                        | 42,779                    | 42,953       | 0.4 %                        |
| <b>Diluted earnings (loss) per common share:</b>                           |                             |              |                              |                           |              |                              |
| Earnings (loss) per share from continuing operations                       | \$ 0.71                     | \$ 0.62      | 14.5 %                       | \$ (3.93)                 | \$ 1.60      | (345.6) %                    |
| Earnings (loss) per share from discontinued operations                     | —                           | (0.01)       | 100.0 %                      | (0.01)                    | —            | (100.0) %                    |
| Earnings (loss) per common share   | \$ 0.71                     | \$ 0.61      | 16.4 %                       | \$ (3.94)                 | \$ 1.60      | (346.3) %                    |
| Weighted-average common shares outstanding                                 | 43,575                      | 43,230       | (0.8) %                      | 42,779                    | 43,060       | 0.7 %                        |
| Dividends declared per common share  | \$ 0.10                     | \$ 0.10      | — %                          | \$ 0.20                   | \$ 0.20      | — %                          |

Franchised Dealerships Segment - Reported

|   | Three Months Ended June 30, |              | Better / (Worse)<br>% Change | Six Months Ended June 30, |              | Better / (Worse)<br>% Change |
|---|-----------------------------|--------------|------------------------------|---------------------------|--------------|------------------------------|
|   | 2020                        | 2019         |                              | 2020                      | 2019         |                              |
| (In thousands, except unit and per unit data) |                             |              |                              |                           |              |                              |
| <b>Revenues:</b>                              |                             |              |                              |                           |              |                              |
| New vehicles                                  | \$ 900,003                  | \$ 1,204,754 | (25.3)%                      | \$ 1,859,492              | \$ 2,271,088 | (18.1)%                      |
| Used vehicles                                 | 535,699                     | 637,090      | (15.9)%                      | 1,102,587                 | 1,241,039    | (11.2)%                      |
| Wholesale vehicles                            | 28,509                      | 43,720       | (34.8)%                      | 70,948                    | 96,253       | (26.3)%                      |
| Total vehicles                                | 1,464,211                   | 1,885,564    | (22.3)%                      | 3,033,027                 | 3,608,380    | (15.9)%                      |
| Parts, service and collision repair           | 251,998                     | 347,337      | (27.4)%                      | 576,499                   | 683,563      | (15.7)%                      |
| Finance, insurance and other, net             | 80,401                      | 89,507       | (10.2)%                      | 163,429                   | 170,028      | (3.9)%                       |
| Total revenues                                | 1,796,610                   | 2,322,408    | (22.6)%                      | 3,772,955                 | 4,461,971    | (15.4)%                      |
| <b>Gross Profit:</b>                          |                             |              |                              |                           |              |                              |
| New vehicles                                  | 45,386                      | 56,400       | (19.5)%                      | 90,802                    | 110,196      | (17.6)%                      |
| Used vehicles                                 | 30,416                      | 37,454       | (18.8)%                      | 62,730                    | 74,191       | (15.4)%                      |
| Wholesale vehicles                            | (357)                       | (670)        | 46.7%                        | (440)                     | (1,874)      | 76.5%                        |
| Total vehicles                                | 75,445                      | 93,184       | (19.0)%                      | 153,092                   | 182,513      | (16.1)%                      |
| Parts, service and collision repair           | 124,466                     | 170,707      | (27.1)%                      | 282,562                   | 334,154      | (15.4)%                      |
| Finance, insurance and other, net             | 80,401                      | 89,507       | (10.2)%                      | 163,429                   | 170,028      | (3.9)%                       |
| Total gross profit                            | 280,312                     | 353,398      | (20.7)%                      | 599,083                   | 686,695      | (12.8)%                      |
| Selling, general and administrative expenses  | (209,496)                   | (272,331)    | 23.1%                        | (465,914)                 | (499,330)    | 6.7%                         |
| Impairment charges                            | (833)                       | —            | (100.0)%                     | (268,833)                 | (26)         | NM                           |
| Depreciation and amortization                 | (19,895)                    | (21,144)     | 5.9%                         | (39,484)                  | (41,381)     | 4.6%                         |
| Operating income (loss)                       | 50,088                      | 59,923       | (16.4)%                      | (175,148)                 | 145,958      | (220.0)%                     |
| <b>Other income (expense):</b>                |                             |              |                              |                           |              |                              |
| Interest expense, floor plan                  | (5,675)                     | (11,597)     | 51.1%                        | (15,283)                  | (24,102)     | 36.6%                        |
| Interest expense, other, net                  | (9,557)                     | (13,192)     | 27.6%                        | (20,156)                  | (25,606)     | 21.3%                        |
| Other income (expense), net                   | —                           | (5)          | 100.0%                       | 100                       | 34           | 194.1%                       |
| Total other income (expense)                  | (15,232)                    | (24,794)     | 38.6%                        | (35,339)                  | (49,674)     | 28.9%                        |
| Income (loss) before taxes                    | 34,856                      | 35,129       | (0.8)%                       | (210,487)                 | 96,284       | (318.6)%                     |
| Add: impairment charges                       | 833                         | —            | (100.0)%                     | 268,833                   | 26           | NM                           |
| Segment income (loss)                         | \$ 35,689                   | \$ 35,129    | (1.6)%                       | \$ 58,346                 | \$ 96,310    | (39.4)%                      |
| <b>Unit Sales Volume:</b>                     |                             |              |                              |                           |              |                              |
| New vehicles                                  | 19,891                      | 28,196       | (29.5)%                      | 41,615                    | 53,393       | (22.1)%                      |
| Used vehicles                                 | 23,973                      | 28,871       | (17.0)%                      | 50,011                    | 56,283       | (11.1)%                      |
| Wholesale vehicles                            | 4,827                       | 6,960        | (30.6)%                      | 11,737                    | 15,108       | (22.3)%                      |
| Retail new & used vehicles                    | 43,864                      | 57,067       | (23.1)%                      | 91,626                    | 109,676      | (16.5)%                      |
| Used:New Ratio                                | 1.21                        | 1.02         | 17.7%                        | 1.20                      | 1.05         | 14.0%                        |
| <b>Gross Profit Per Unit:</b>                 |                             |              |                              |                           |              |                              |
| New vehicles                                  | \$ 2,282                    | \$ 2,000     | 14.1%                        | \$ 2,182                  | \$ 2,064     | 5.7%                         |
| Used vehicles                                 | \$ 1,269                    | \$ 1,297     | (2.2)%                       | \$ 1,254                  | \$ 1,318     | (4.9)%                       |
| Finance, insurance and other, net             | \$ 1,839                    | \$ 1,581     | 16.3%                        | \$ 1,798                  | \$ 1,561     | 15.2%                        |

NM = Not Meaningful



Franchised Dealerships Segment - Same Store

|   | Three Months Ended June 30, |              | Better / (Worse)<br>% Change | Six Months Ended June 30, |              | Better / (Worse)<br>% Change |
|---|-----------------------------|--------------|------------------------------|---------------------------|--------------|------------------------------|
|   | 2020                        | 2019         |                              | 2020                      | 2019         |                              |
| (In thousands, except unit and per unit data) |                             |              |                              |                           |              |                              |
| <b>Revenues:</b>                              |                             |              |                              |                           |              |                              |
| New vehicles                                  | \$ 899,655                  | \$ 1,150,601 | (21.8) %                     | \$ 1,857,489              | \$ 2,155,333 | (13.8) %                     |
| Used vehicles                                 | 535,252                     | 609,567      | (12.2) %                     | 1,099,852                 | 1,183,279    | (7.1) %                      |
| Wholesale vehicles                            | 28,407                      | 41,795       | (32.0) %                     | 70,720                    | 91,383       | (22.6) %                     |
| Total vehicles                                | 1,463,314                   | 1,801,963    | (18.8) %                     | 3,028,061                 | 3,429,995    | (11.7) %                     |
| Parts, service and collision repair           | 252,330                     | 334,300      | (24.5) %                     | 576,297                   | 653,890      | (11.9) %                     |
| Finance, insurance and other, net             | 75,558                      | 82,399       | (8.3) %                      | 154,149                   | 155,819      | (1.1) %                      |
| Total revenues                                | \$ 1,791,202                | \$ 2,218,662 | (19.3) %                     | \$ 3,758,507              | \$ 4,239,704 | (11.3) %                     |
| <b>Gross Profit:</b>                          |                             |              |                              |                           |              |                              |
| New vehicles                                  | \$ 44,111                   | \$ 53,834    | (18.1) %                     | \$ 89,519                 | \$ 105,455   | (15.1) %                     |
| Used vehicles                                 | 26,874                      | 35,182       | (23.6) %                     | 59,153                    | 67,640       | (12.5) %                     |
| Wholesale vehicles                            | (317)                       | (421)        | 24.7 %                       | (375)                     | (1,421)      | 73.6 %                       |
| Total vehicles                                | 70,668                      | 88,595       | (20.2) %                     | 148,297                   | 171,674      | (13.6) %                     |
| Parts, service and collision repair           | 124,019                     | 164,061      | (24.4) %                     | 281,803                   | 318,774      | (11.6) %                     |
| Finance, insurance and other, net             | 75,558                      | 82,399       | (8.3) %                      | 154,149                   | 155,819      | (1.1) %                      |
| Total gross profit                            | \$ 270,245                  | \$ 335,055   | (19.3) %                     | \$ 584,249                | \$ 646,267   | (9.6) %                      |
| <b>Unit Sales Volume:</b>                     |                             |              |                              |                           |              |                              |
| New vehicles                                  | 19,884                      | 26,359       | (24.6) %                     | 41,575                    | 49,450       | (15.9) %                     |
| Used vehicles                                 | 23,949                      | 27,110       | (11.7) %                     | 49,871                    | 52,601       | (5.2) %                      |
| Wholesale vehicles                            | 4,811                       | 6,362        | (24.4) %                     | 11,703                    | 13,807       | (15.2) %                     |
| Retail new & used vehicles                    | 43,833                      | 53,469       | (18.0) %                     | 91,446                    | 102,051      | (10.4) %                     |
| Used:New Ratio                                | 1.20                        | 1.03         | 17.1 %                       | 1.20                      | 1.06         | 12.8 %                       |
| <b>Gross Profit Per Unit:</b>                 |                             |              |                              |                           |              |                              |
| New vehicles                                  | \$ 2,218                    | \$ 2,042     | 8.6 %                        | \$ 2,153                  | \$ 2,133     | 0.9 %                        |
| Used vehicles                                 | \$ 1,122                    | \$ 1,298     | (13.6) %                     | \$ 1,186                  | \$ 1,286     | (7.8) %                      |
| Finance, insurance and other, net             | \$ 1,730                    | \$ 1,554     | 11.3 %                       | \$ 1,699                  | \$ 1,538     | 10.5 %                       |

*EchoPark Segment - Reported*

|   | Three Months Ended June 30, |            | Better / (Worse)<br>% Change | Six Months Ended June 30, |            | Better / (Worse)<br>% Change |
|---|-----------------------------|------------|------------------------------|---------------------------|------------|------------------------------|
|   | 2020                        | 2019       |                              | 2020                      | 2019       |                              |
| (In thousands, except unit and per unit data) |                             |            |                              |                           |            |                              |
| <b>Revenues:</b>                              |                             |            |                              |                           |            |                              |
| Used vehicles                                 | \$ 273,178                  | \$ 248,537 | 9.9 %                        | \$ 556,343                | \$ 464,953 | 19.7 %                       |
| Wholesale vehicles                            | 4,666                       | 6,319      | (26.2)%                      | 10,770                    | 8,557      | 25.9 %                       |
| Total vehicles                                | 277,844                     | 254,856    | 9.0 %                        | 567,113                   | 473,510    | 19.8 %                       |
| Parts, service and collision repair           | 7,060                       | 7,975      | (11.5)%                      | 17,239                    | 13,179     | 30.8 %                       |
| Finance, insurance and other, net             | 30,372                      | 28,842     | 5.3 %                        | 62,635                    | 54,559     | 14.8 %                       |
| Total revenues                                | 315,276                     | 291,673    | 8.1 %                        | 646,987                   | 541,248    | 19.5 %                       |
| <b>Gross Profit:</b>                          |                             |            |                              |                           |            |                              |
| Used vehicles                                 | (3,045)                     | (725)      | (320.0)%                     | (3,228)                   | (455)      | (609.5)%                     |
| Wholesale vehicles                            | (70)                        | (42)       | (60.5)%                      | (146)                     | (105)      | (38.1)%                      |
| Total vehicles                                | (3,115)                     | (767)      | 306.1 %                      | (3,374)                   | (560)      | 502.5 %                      |
| Parts, service and collision repair           | (186)                       | (162)      | (14.8)%                      | (383)                     | (372)      | (3.0)%                       |
| Finance, insurance and other, net             | 30,372                      | 28,842     | 5.3 %                        | 62,635                    | 54,559     | 14.8 %                       |
| Total gross profit                            | 27,071                      | 27,913     | (3.0)%                       | 58,878                    | 53,627     | 9.8 %                        |
| Selling, general and administrative expenses  | (20,863)                    | (22,201)   | 6.0 %                        | (46,601)                  | (42,296)   | (10.2)%                      |
| Impairment charges                            | —                           | —          | — %                          | —                         | (1,926)    | 100.0 %                      |
| Depreciation and amortization                 | (2,752)                     | (2,662)    | (3.4)%                       | (5,460)                   | (5,075)    | (7.6)%                       |
| <b>Operating income (loss)</b>                | 3,456                       | 3,050      | 13.3 %                       | 6,817                     | 4,330      | 57.4 %                       |
| <b>Other income (expense):</b>                |                             |            |                              |                           |            |                              |
| Interest expense, floor plan                  | (639)                       | (921)      | 30.6 %                       | (1,539)                   | (1,642)    | 6.3 %                        |
| Interest expense, other, net                  | (240)                       | (436)      | 45.0 %                       | (606)                     | (875)      | 30.7 %                       |
| Other income (expense), net                   | —                           | —          | — %                          | —                         | 61         | (100.0)%                     |
| Total other income (expense)                  | (879)                       | (1,357)    | 35.2 %                       | (2,145)                   | (2,456)    | 12.7 %                       |
| <b>Income (loss) before taxes</b>             | 2,577                       | 1,693      | 52.2 %                       | 4,672                     | 1,874      | 149.3 %                      |
| Add: impairment charges                       | —                           | —          | — %                          | —                         | (1,926)    | 100.0 %                      |
| <b>Segment income (loss)</b>                  | \$ 2,577                    | \$ 1,693   | 52.2 %                       | \$ 4,672                  | \$ 3,800   | 22.9 %                       |
| <b>Unit Sales Volume:</b>                     |                             |            |                              |                           |            |                              |
| Used vehicles                                 | 13,207                      | 12,587     | 4.9 %                        | 27,193                    | 23,638     | 15.0 %                       |
| Wholesale vehicles                            | 1,454                       | 1,686      | 4.8 %                        | 3,219                     | 2,185      | 47.3 %                       |
| <b>Gross Profit Per Unit:</b>                 |                             |            |                              |                           |            |                              |
| Total used vehicle and F&I                    | \$ 2,069                    | \$ 2,234   | (7.4)%                       | \$ 2,185                  | \$ 2,289   | (4.5)%                       |

*EchoPark Segment - Same Store*

|   | Three Months Ended June 30, |            | Better / (Worse)<br>% Change | Six Months Ended June 30, |            | Better / (Worse)<br>% Change |
|---|-----------------------------|------------|------------------------------|---------------------------|------------|------------------------------|
|   | 2020                        | 2019       |                              | 2020                      | 2019       |                              |
| (In thousands, except unit and per unit data) |                             |            |                              |                           |            |                              |
| <b>Revenues:</b>                              |                             |            |                              |                           |            |                              |
| Used vehicles                                 | \$ 243,043                  | \$ 248,536 | (2.2) %                      | \$ 508,343                | \$ 464,953 | 9.3 %                        |
| Wholesale vehicles                            | 4,349                       | 6,320      | (31.2) %                     | 10,223                    | 8,556      | 19.5 %                       |
| Total vehicles                                | 247,392                     | 254,856    | (2.9) %                      | 518,566                   | 473,509    | 9.5 %                        |
| Parts, service and collision repair           | 6,277                       | 7,974      | (21.3) %                     | 15,852                    | 13,179     | 20.3 %                       |
| Finance, insurance and other, net             | 27,049                      | 28,605     | (5.4) %                      | 57,273                    | 54,252     | 5.6 %                        |
| Total revenues                                | \$ 280,718                  | \$ 291,435 | (3.7) %                      | \$ 591,691                | \$ 540,940 | 9.4 %                        |
| <b>Gross Profit:</b>                          |                             |            |                              |                           |            |                              |
| Used vehicles                                 | \$ (3,988)                  | \$ (2,464) | (61.9) %                     | \$ (5,832)                | \$ (2,721) | (114.3)%                     |
| Wholesale vehicles                            | (69)                        | (42)       | (64.3) %                     | (139)                     | (105)      | (32.4)%                      |
| Total vehicles                                | (4,057)                     | (2,506)    | 61.9 %                       | (5,971)                   | (2,826)    | 111.3 %                      |
| Parts, service and collision repair           | (141)                       | (141)      | — %                          | (299)                     | (351)      | 14.8 %                       |
| Finance, insurance and other, net             | 27,049                      | 28,605     | (5.4) %                      | 57,273                    | 54,252     | 5.6 %                        |
| Total gross profit                            | \$ 22,851                   | \$ 25,958  | (12.0) %                     | \$ 51,003                 | \$ 51,075  | (0.1)%                       |
| <b>Unit Sales Volume:</b>                     |                             |            |                              |                           |            |                              |
| Used vehicles                                 | 11,716                      | 12,587     | (6.9) %                      | 24,783                    | 23,638     | 4.8 %                        |
| Wholesale vehicles                            | 1,319                       | 1,686      | (21.8) %                     | 2,995                     | 2,185      | 37.1 %                       |
| <b>Gross Profit Per Unit:</b>                 |                             |            |                              |                           |            |                              |
| Total used vehicle and F&I                    | \$ 1,968                    | \$ 2,077   | (5.2) %                      | \$ 2,076                  | \$ 2,180   | (4.8)%                       |

*Selling, General and Administrative ("SG&A") Expenses - Consolidated*

|                     | Three Months Ended June 30, |                   | Better / (Worse) |          |
|---------------------|-----------------------------|-------------------|------------------|----------|
|                     | 2020                        | 2019              | Change           | % Change |
| (In thousands)      |                             |                   |                  |          |
| <b>Reported:</b>    |                             |                   |                  |          |
| Compensation        | \$ 140,266                  | \$ 181,197        | \$ 40,931        | 22.6 %   |
| Advertising         | 8,087                       | 15,402            | 7,315            | 47.5 %   |
| Rent                | 13,223                      | 13,336            | 113              | 0.8 %    |
| Other               | 68,783                      | 84,597            | 15,814           | 18.7 %   |
| Total SG&A expenses | <u>\$ 230,359</u>           | <u>\$ 294,532</u> | <u>\$ 64,173</u> | 21.8 %   |

|  |               |               |                |  |
|--|---------------|---------------|----------------|--|
| <b>Reported:</b>                           |               |               |                |  |
| SG&A expenses as a % of gross profit:      |               |               |                |  |
| Compensation                               | 45.6 %        | 47.5 %        | 190 bps        |  |
| Advertising                                | 2.6 %         | 4.0 %         | 140 bps        |  |
| Rent                                       | 4.3 %         | 3.5 %         | (80) bps       |  |
| Other                                      | 22.4 %        | 22.2 %        | (20) bps       |  |
| Total SG&A expenses as a % of gross profit | <u>74.9 %</u> | <u>77.2 %</u> | <u>230 bps</u> |  |

|                     | Six Months Ended June 30, |                   | Better / (Worse) |          |
|---------------------|---------------------------|-------------------|------------------|----------|
|                     | 2020                      | 2019              | Change           | % Change |
| (In thousands)      |                           |                   |                  |          |
| <b>Reported:</b>    |                           |                   |                  |          |
| Compensation        | \$ 314,688                | \$ 365,381        | \$ 50,693        | 13.9 %   |
| Advertising         | 22,222                    | 30,453            | 8,231            | 27.0 %   |
| Rent                | 27,088                    | 28,586            | 1,498            | 5.2 %    |
| Other               | 148,517                   | 117,206           | (31,311)         | (26.7)%  |
| Total SG&A expenses | <u>\$ 512,515</u>         | <u>\$ 541,626</u> | <u>\$ 29,111</u> | 5.4 %    |

|  |               |               |                  |  |
|--|---------------|---------------|------------------|--|
| <b>Reported:</b>                           |               |               |                  |  |
| SG&A expenses as a % of gross profit:      |               |               |                  |  |
| Compensation                               | 47.8 %        | 49.4 %        | 160 bps          |  |
| Advertising                                | 3.4 %         | 4.1 %         | 70 bps           |  |
| Rent                                       | 4.1 %         | 3.9 %         | (20) bps         |  |
| Other                                      | 22.6 %        | 15.8 %        | (680) bps        |  |
| Total SG&A expenses as a % of gross profit | <u>77.9 %</u> | <u>73.2 %</u> | <u>(470) bps</u> |  |

# Sonic Automotive – Investor Presentation July 2020



Updated July 30, 2020

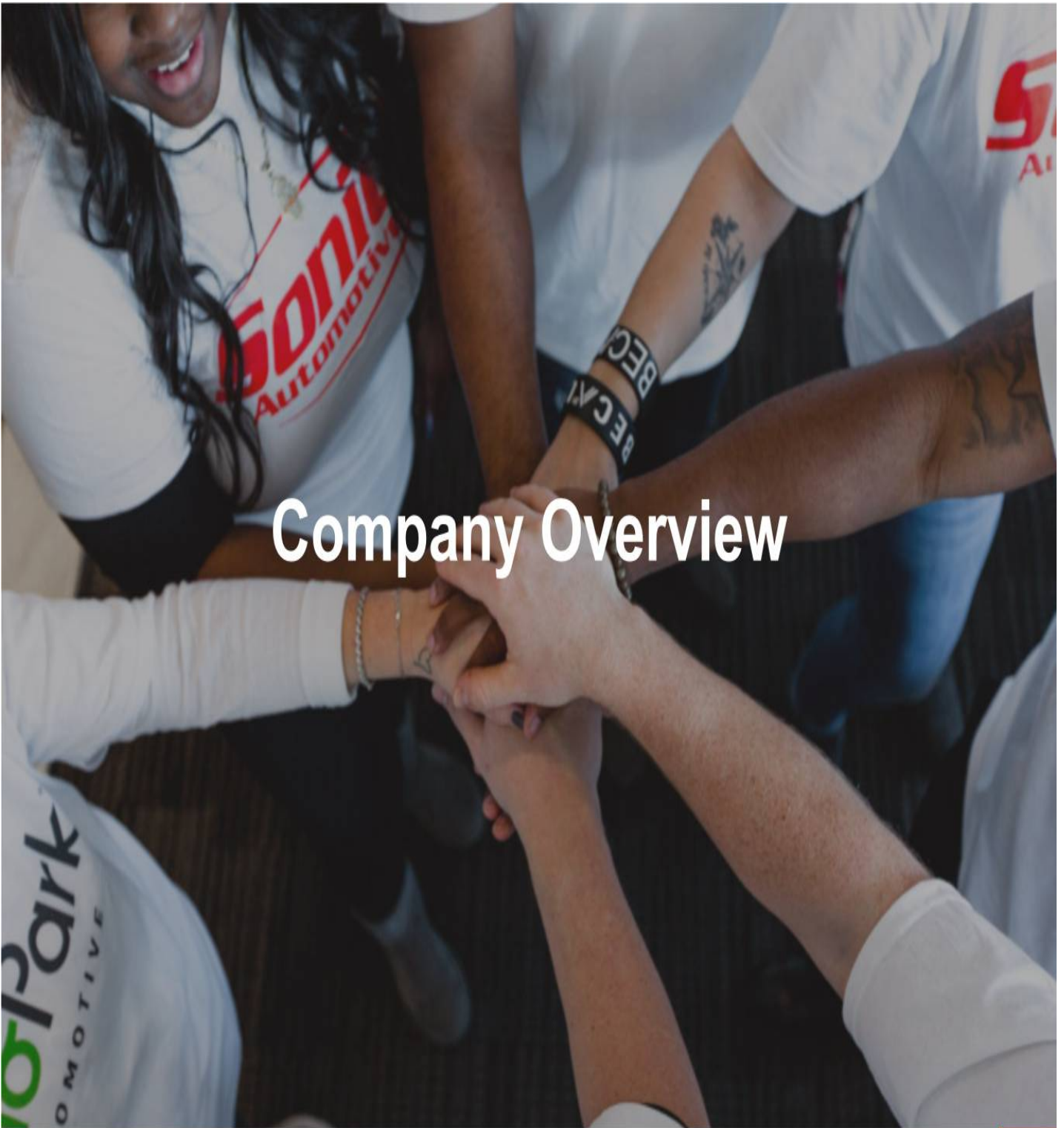
## → Forward-Looking Statements

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 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, the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and other 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



AUTOMOTIVE

Our High Growth 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

**95**

Dealerships

**15**

Collision Centers

**20+**

Automotive Brands

**12**

States

**\$10.5B**

Revenue

**\$1.5B**

Gross Profit

**114K**

New Vehicles Sold

**162K**

Used Vehicles Sold

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





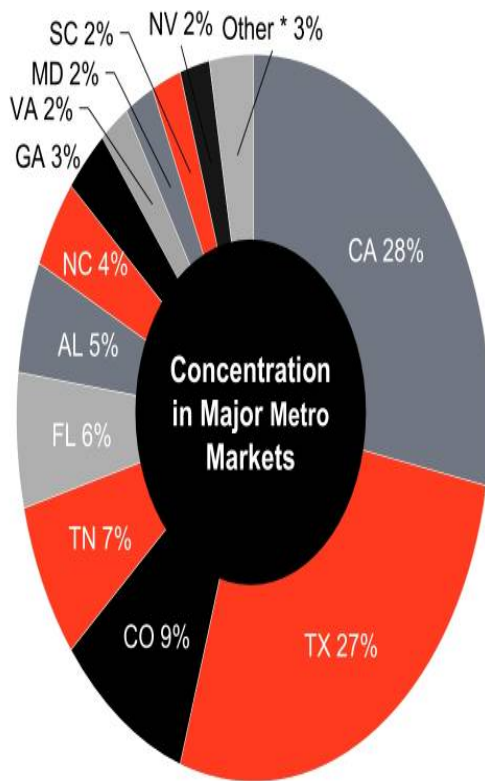
## → Investment Highlights



## → 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 – Diversified Revenue Streams

### Brand Distribution

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

(1) Includes Volvo, Jaguar, Acura and Infiniti

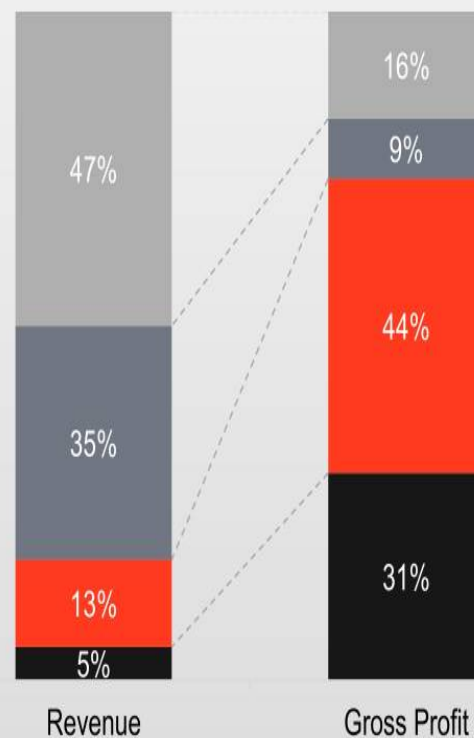
(2) Includes Nissan, Subaru and Kia

(3) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for 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



## → EchoPark Automotive – A Unique Growth Story



The New Car Alternative™  
Price. Quality. Convenience.

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

**10% 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 Plan For 140+ Point  
Distribution Network By 2025



## → EchoPark – High Volume Model 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.



## → Complementary Relationship Between Segments



- Thrives When New Vehicle Industry Is Healthy, Particularly Where Luxury Brands Are Strong
- Diverse Revenue Streams - Some Recession-Resistant
- Profitable Through 2008 Economic Downturn - Relatively Low Fixed Costs And Multiple Operational Levers
- Further Growth Opportunities:
  - ✓ Parts and Service Business
  - ✓ Used Vehicles
  - ✓ F&I Penetration

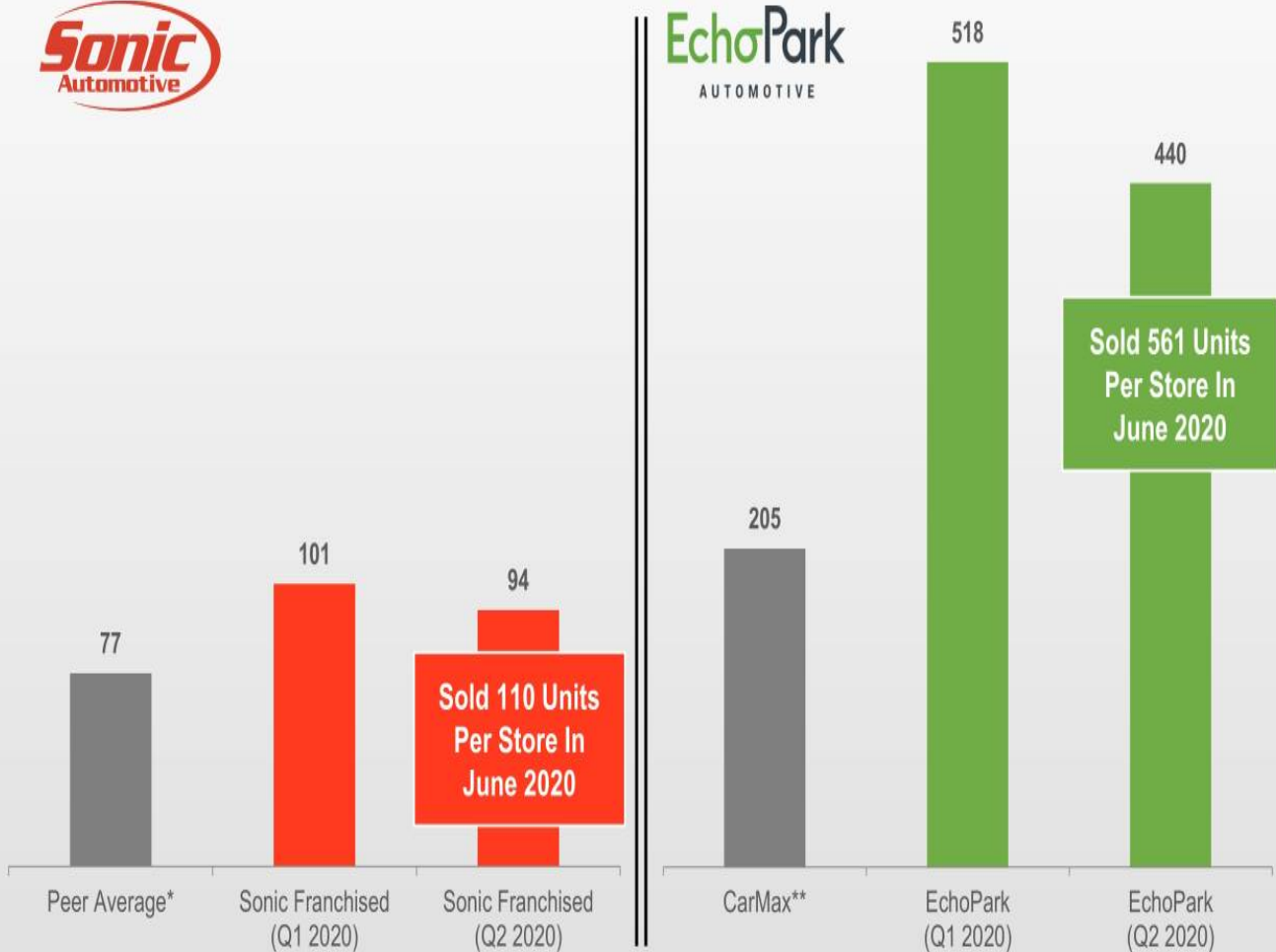


- Strong Secular Growth Phase Due To:
  - ✓ Focus On Recession-Resistant Pre-Owned Vehicle Market
  - ✓ Below-Market Price Strategy
  - ✓ Simplified, Easy Purchase Experience
- If Pre-Owned Vehicle Valuations Decline, EchoPark Should:
  - ✓ Benefit From Rapid Inventory Turns, Creating An Even Greater Pricing Advantage Over Competitors To Drive Additional Volume



# → Industry-Leading Used Vehicle Volume Throughput

Retail Used Vehicle Unit Sales Per Store Per Month



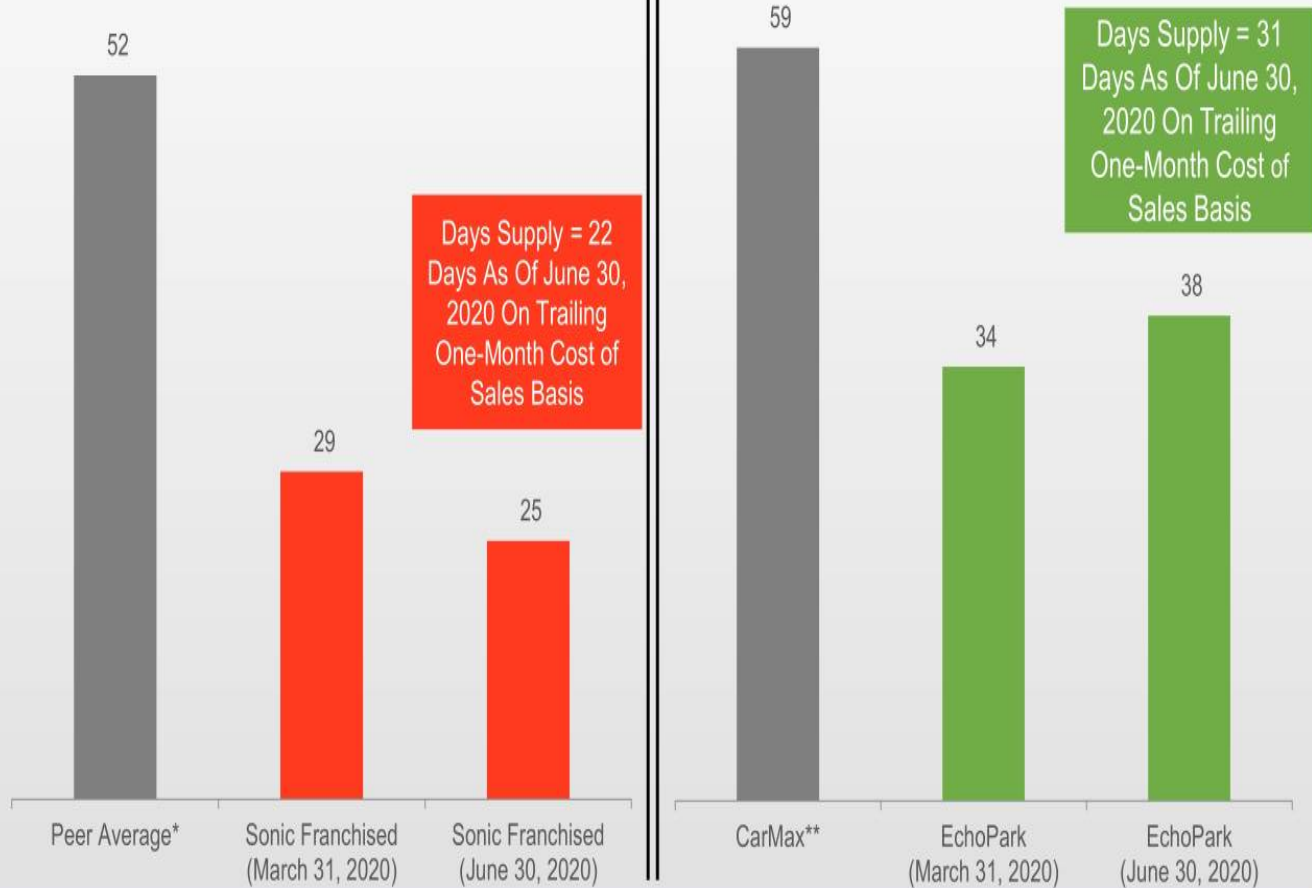
Utilize Highly Efficient Inventory Sourcing, Pricing And Selling Processes To Maximize Throughput

\* Peer Average Is Store Count As Of And Unit Sales For The Quarter Ended March 31, 2020 (Q2 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 May 31, 2020  
 Note: Data Source – Company Filings, Company Websites



# → Inventory Management Expertise

Used Vehicle Inventory Days' Supply



Low Inventory Days' Supply Reduces Risk Of Fluctuations In Used Vehicle Valuations And Allows Us To Take Advantage Of Lower Wholesale Prices To Reduce Inventory Acquisition Cost –  
Data Analytics Tools Enable Accuracy, Consistency And Scalability Of Used Inventory Sourcing And Pricing

\* Peer Average Includes ABG, AN, GPI, LAD And PAG As Of March 31, 2020 (June 30, 2020 Data Not Available As Of Date Of This Report)

\*\* CarMax Data Is As Of May 31, 2020

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





## → 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 3 Additional Retail Hub Locations And 3 Delivery & Buy Centers By The End Of 2020

Accelerated Growth Plan For 140+ Point Distribution Network Delivering Over 500,000 Incremental Unit Sales Annually By 2025

### 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

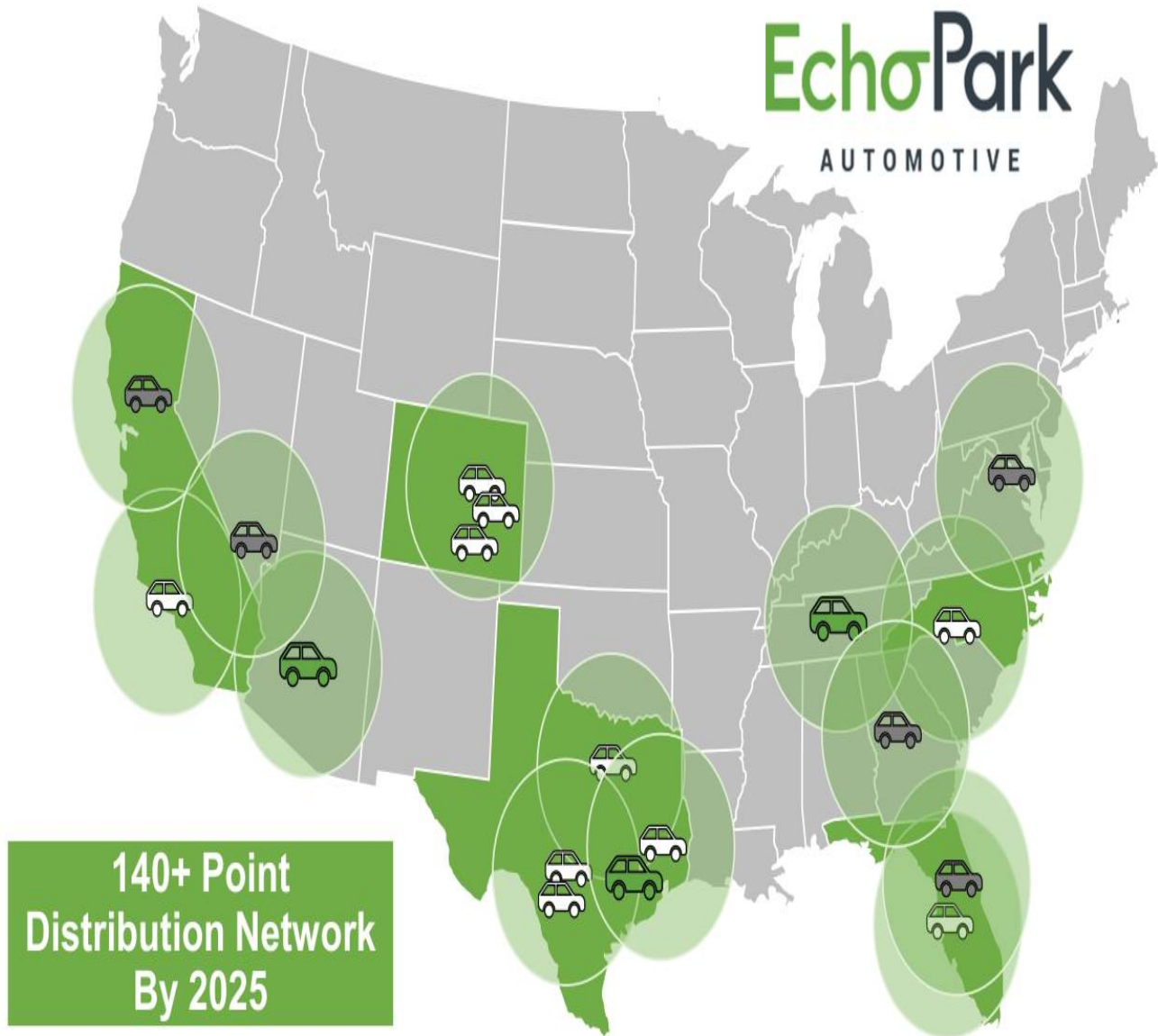




# EchoPark Accelerated Expansion Plan



## → EchoPark – Developing Nationwide Distribution Network



 Existing Retail Hub

 Planned Retail Hub In 2020

 Planned Retail Hub In 2021

 Delivery & Buy Center Coverage Area



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

| (Modeled Metrics Assume 100% Maturity)                | Delivery &<br>Buy Center | Medium<br>Retail Hub | Large<br>Retail Hub |
|---|--------------------------|----------------------|---------------------|
| Average Monthly Retail Unit Volume                    | 300                      | 750                  | 1,500               |
| Average Vehicle Selling Price                         | \$ 20,500                | \$ 20,500            | \$ 20,500           |
| Total Annual Revenues                                 | \$ 82,000,000            | \$ 210,000,000       | \$ 420,000,000      |
| Total Combined Gross Profit Per Unit Retailed ("GPU") | \$ 1,700                 | \$ 2,150             | \$ 2,150            |
| Target SG&A Expenses as % of Gross Profit             | 65%                      | 60%                  | 60%                 |
| <b>Average Monthly Pre-Tax Profit</b>                 | <b>\$ 175,000</b>        | <b>\$ 600,000</b>    | <b>\$ 1,200,000</b> |
| Average Compensation Per Employee (with Fringe)       | \$ 68,000                | \$ 78,000            | \$ 78,000           |
| Total Headcount                                       | 7                        | 105                  | 170                 |
| Sales Experience Guide ("EG") Headcount               | N/A                      | 25                   | 50                  |
| Average Retail Unit Sales Per EG Per Month            | N/A                      | 30.0                 | 30.0                |
| Target Inventory Days' Supply                         | N/A                      | 30 Days              | 30 Days             |
| Working Capital Investment                            | \$ -                     | \$ 15,000,000        | \$ 31,000,000       |
| Vehicle Floor Plan Financing                          | \$ -                     | \$ (15,000,000)      | \$ (31,000,000)     |
| Capital Expenditures (Varies By Market)               | \$1-\$2 Million          | \$7-\$12 Million     | \$20-\$25 Million   |
| Total Capital Investment                              | \$1-\$2 Million          | \$7-\$12 Million     | \$20-\$25 Million   |

**Pre-Tax Return On Investment**

**55%+**

**35% - 50%**

**28% - 33%**

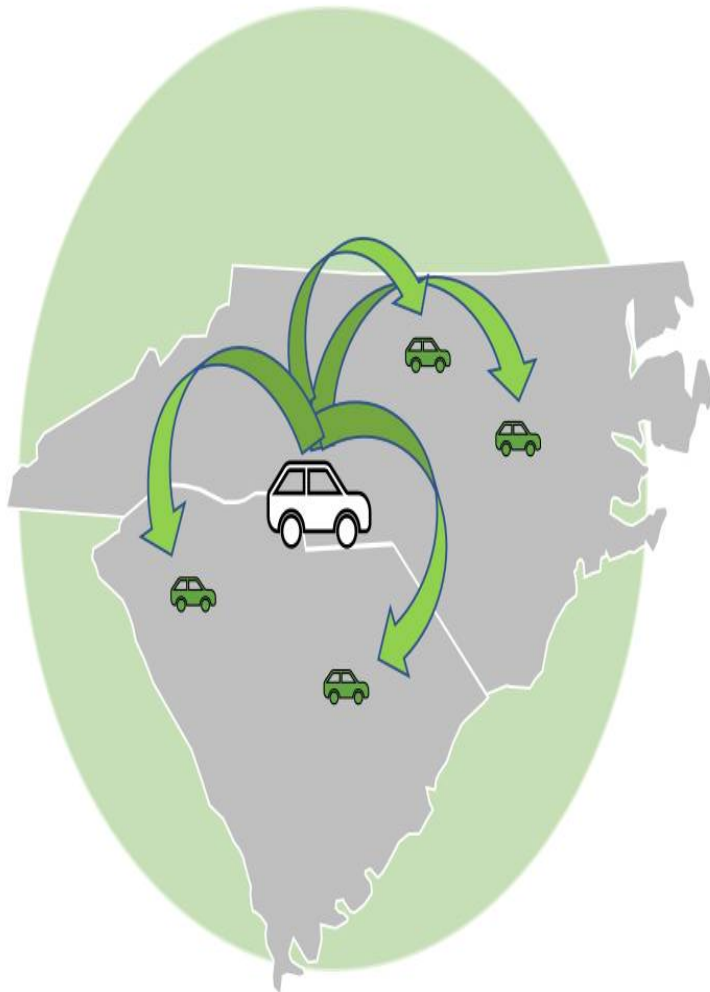
Note: Estimate average pre-tax losses of \$2 million per new medium or large retail hub opening including hiring, training and other pre-opening expenses, plus operating losses incurred prior to targeted breakeven. Pre-tax losses for new delivery & buy center locations are expected to be approximately \$0.2 million per location.


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



EchoPark  
AUTOMOTIVE

## → EchoPark – Delivery & Buy Center Rollout



 Existing Charlotte Store

 New Market With Delivery & Buy Center

### Delivery & Buy Center Model

- Tremendous Operating Leverage Utilizing Existing Physical Store For Inventory Reconditioning
- Advertise Inventory In Surrounding Markets
- Complete E-Commerce Sales Into New Markets
- Inspect & Buy Vehicles From Guests After Appraisal With Car Cash App
- Arrange Next-To-Last-Mile Transit To EchoPark Delivery & Buy Center
- Guest Picks Up Vehicle At EchoPark Delivery & Buy Center Near Their Home

### Strategic Advantages


- Quick Entry Into New Markets With Minimal Capital Expenditures Or Overhead Costs
- Same Guest-Centric Purchase Experience And Convenience
- Efficient Blend Of Brick And Mortar And E-Commerce Distribution Network

### 2020 Delivery & Buy Center Openings

- Greenville, SC (Opened July 2020)
- Columbia, SC
- Austin, TX




## → EchoPark – Delivery & Buy Center Rollout




 **EchoPark Automotive**  
Jul 27

Congratulations to the first customer at our new Delivery Center in Greenville, South Carolina! Martha was able to purchase her vehicle completely online, then pick up locally in Greenville.

To learn more, visit  
<https://www.echopark.com/locations/greenville.htm>.

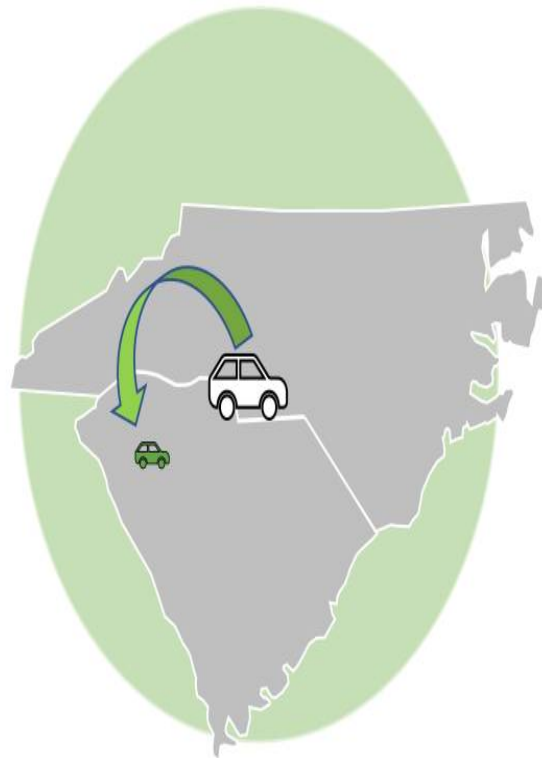
[Show Less](#)



 Like  Comment  Share

**EchoPark**  
AUTOMOTIVE

**Greenville, SC Opened July 24**



# → EchoPark – 5-Year Accelerated Growth Forecast

## Total Revenues (In Billions)



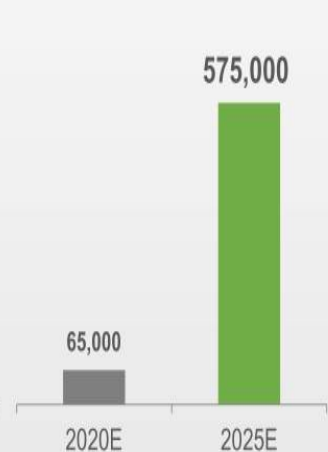
## Pre-Tax Profit (In Millions)



## EBITDA (In Millions)



## Retail Unit Sales Volume



### Rate Of Expansion

- Expect to Open 25 Locations Per Year From 2021-2025
  - 20 Delivery & Buy Centers
  - 5 Medium Or Large Retail Hubs
- See 4-Wall Model On Prior Slide

### Total Addressable Market

- ~20 Million 0-4 Year Old Vehicle Transactions Annually
- Existing 10 Stores Generate >300,000 Unique Leads On An Annualized Basis
- Rapid Expansion To Meet Current Demand And Considerable Upside Opportunity

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





# EchoPark Accelerated Expansion Plan Enablers





## → EchoPark – Brand Promise

# EchoPark

AUTOMOTIVE

Price. Quality. Convenience.



Up To 40% Below  
New Vehicle Price



10% Below Used  
Vehicle Market Price



High Quality, Low  
Mileage Vehicle With  
Existing Warranty



Transparent  
Guest-Centric  
Experience



New Car Feel  
Without The New  
Car Price



Zero Reported  
Accidents On  
CARFAX



Buy & Sell  
Your Way –  
On-Site Or Online



Complete Purchase  
In Under An Hour

The Full Omni-Channel Option



EchoPark  
AUTOMOTIVE

# → EchoPark – Full Omni-Channel Infrastructure

## Buy & Sell Your Way



**ON-SITE**



**ONLINE**

Customer Facing Technology

Proprietary EchoPark E-Commerce User Interface Developed By Cox Automotive

|                            |                         |
|----------------------------|-------------------------|
| Appraise/Sell Your Old Car | Buy Your Nearly New Car |
|----------------------------|-------------------------|

Darwin Automotive – Bridging Online And On-Site Experience

People



Guest Experience Managers



Centralized Appraisals, Inventory Sourcing, Pricing



Centralized Call Support



Centralized F&I



Centralized Marketing

Proprietary Technology

Utilize SIMS, Python Analytics, Robotic Process Automation, Hyper-Intelligence Technology




22

## → Buy & Sell Your Way



### Buy & Sell Your Way

- Our Blend Of Brick And Mortar And E-Commerce Strategies Allows Guests To Choose Their Preferred Buying Approach
- A Flexible, Guest-Centric Experience with Options
- Car Cash App Appraisal Technology Puts The Right Price On Trade-In Vehicle



### Buy On-Site

- Complete A Traditional Vehicle Purchase Experience With A Modern, Technology-Enabled Approach
- Can Be Completed In Under An Hour



### Begin Online, Finish On-Site

- Research Online, Utilize Web Chat, Text, Phone, Zoom To Reduce In-Person Process
- Pick Up And Finalize Deal At A Dealership Or Delivery & Buy Center



### Buy Online

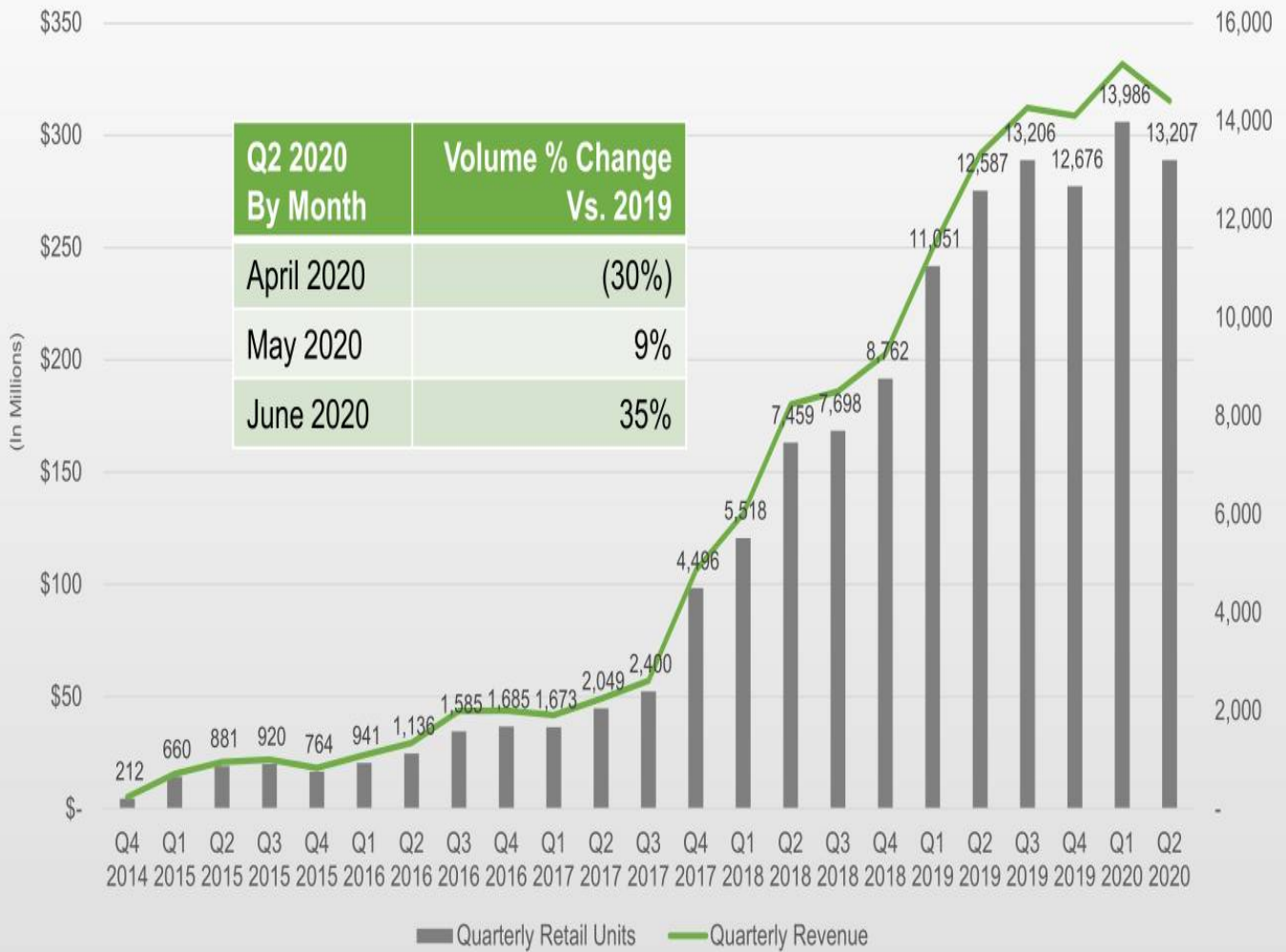
- Complete An E-Commerce Transaction In Minutes
- Select Insurance Products And Arrange Financing
- Pick Up Vehicle At The Store Or Curbside At Our Delivery & Buy Center

Represents 15% Of Q2 2020 Vehicle  
Sales Transactions

# EchoPark Segment Historical Data



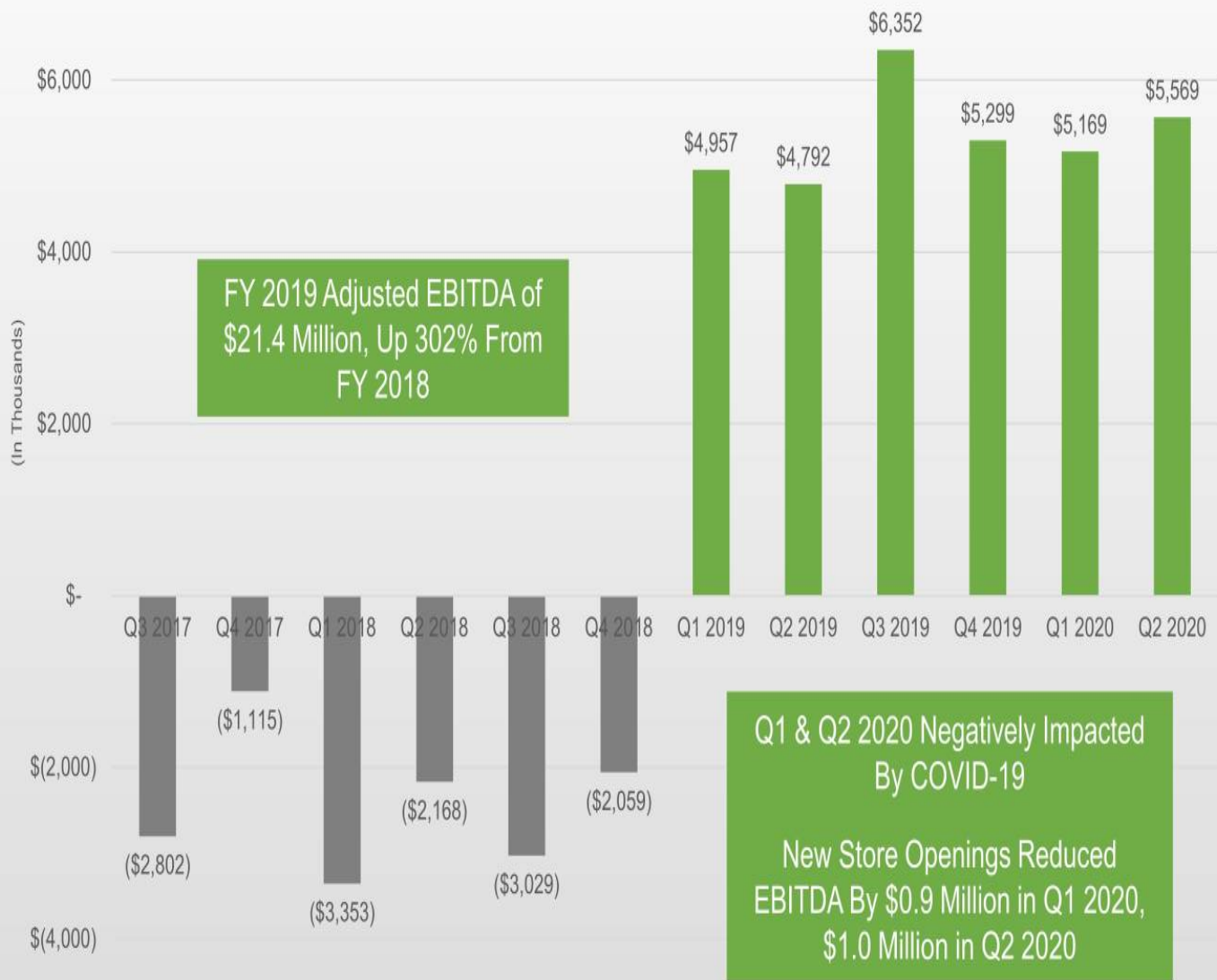
## → EchoPark – Historical Growth Path



Post-COVID-19, We Expect To Return To High Rate Of Revenue And Unit Sales Volume Growth From Maturity Of Existing Markets And New Market Openings



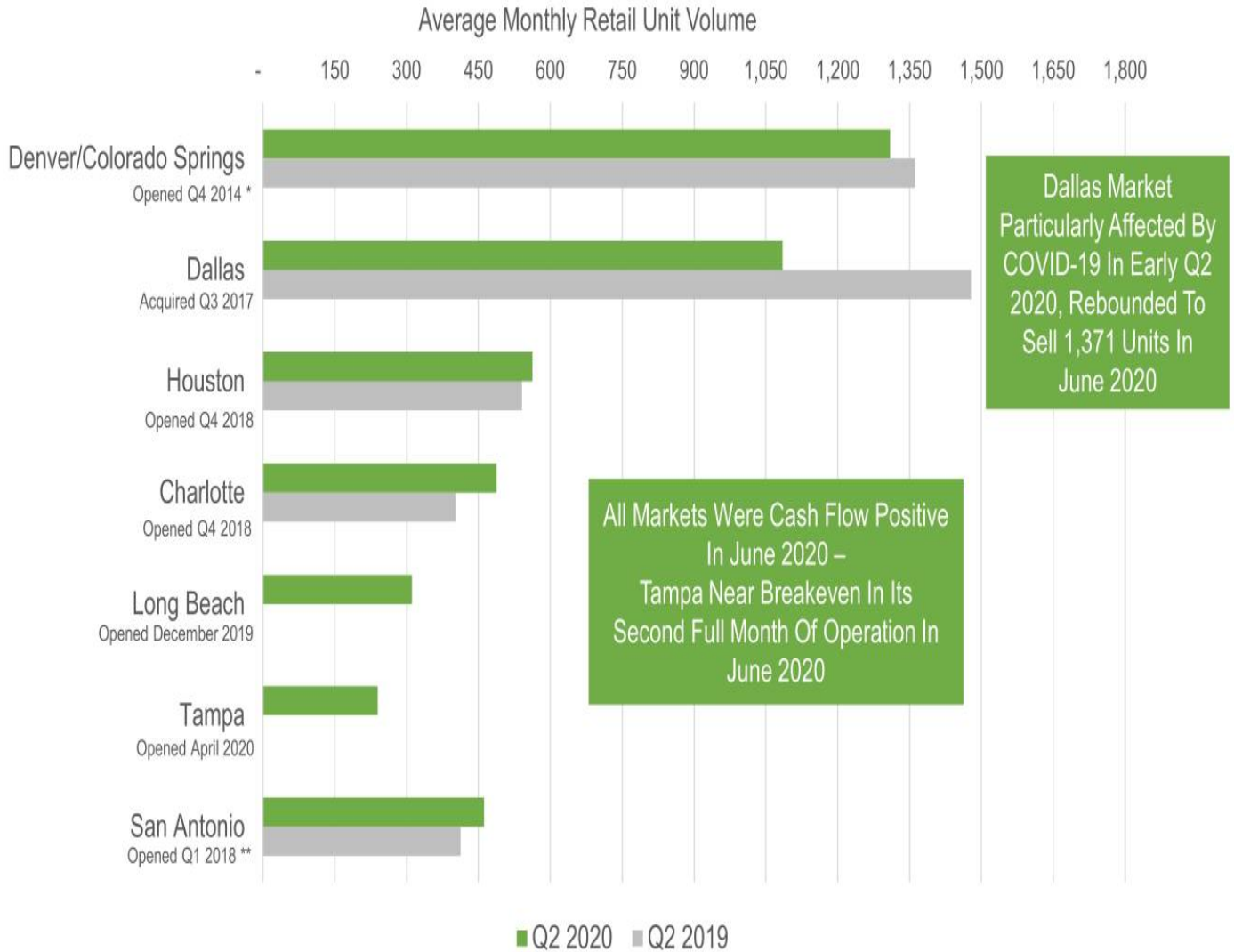
## → EchoPark – Adjusted EBITDA Trend



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



## → 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





# Franchised Dealerships Segment





## → Franchised Dealerships



**85** Franchised Dealerships



**20+** Brands, Luxury Weighted

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



**15** Collision Repair Centers

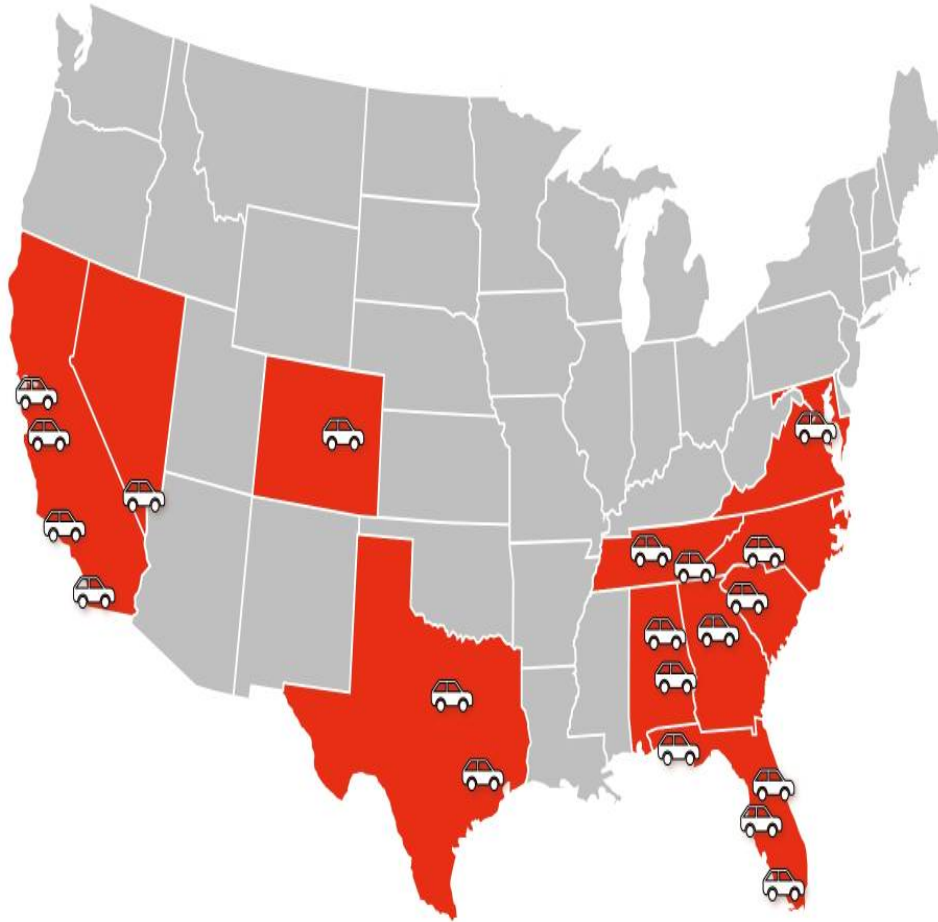


**20** Major Metropolitan Markets

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



## → Franchised Dealerships – Geographic Footprint



Headquartered in  
Charlotte, NC



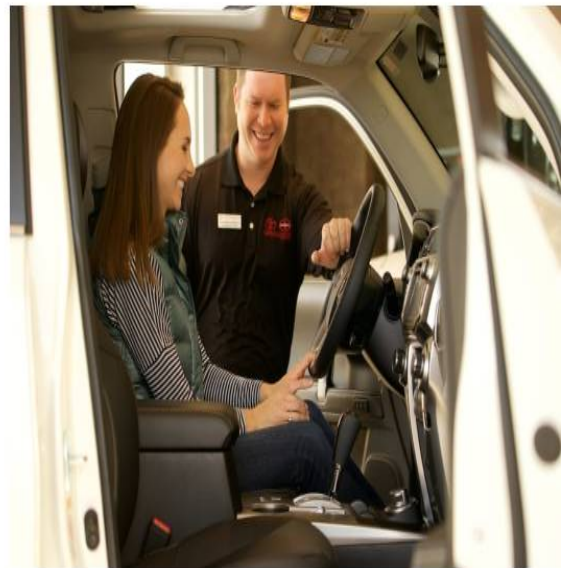
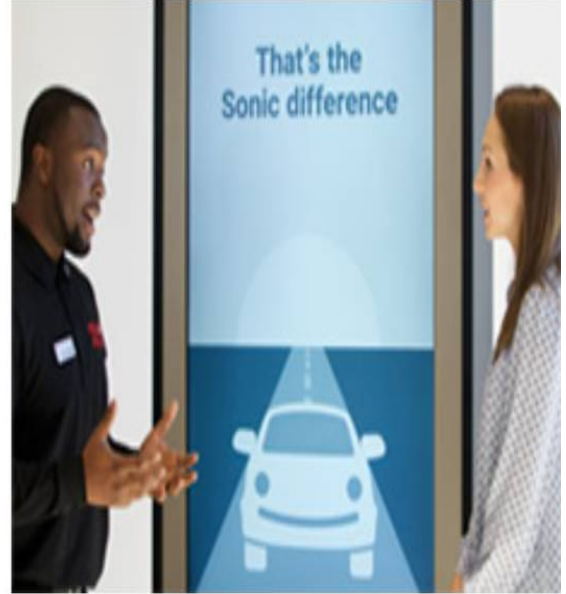
85 Stores, 20+ Brands,  
15 Collision Repair Centers



Platforms in Major  
Metro Markets



## → Franchised Dealerships – Strategic Levers



# Updated 2020 Outlook



## → YTD 2020 By Month Versus Prior Year

|  | % Change Better (Worse) From Comparable Prior Year Period |          |       |        |       |       |                     |
|--|---|----------|-------|--------|-------|-------|---------------------|
|  | January   | February | March | April  | May   | June  | July <sup>(1)</sup> |
| Franchised dealerships segment same store:               |   |          |       |        |       |       |                     |
| New vehicle unit sales volume                            | 12%   | 11%      | (34%) | (40%)  | (20%) | (15%) | (18%)               |
| Used vehicle unit sales volume                           | 18%   | 24%      | (30%) | (32%)  | (8%)  | 5%    | (3%)                |
| Parts, service and collision repair gross profit         | 7%  | 12%      | (8%)  | (43%)  | (27%) | (2%)  | (5%)                |
| EchoPark segment same store:                             |   |          |       |        |       |       |                     |
| Used vehicle unit sales volume                           | 35%   | 50%      | (19%) | (36%)  | (3%)  | 18%   | 6%                  |
| EchoPark segment all stores:                             |   |          |       |        |       |       |                     |
| Used vehicle unit sales volume                           | 45%   | 60%      | (14%) | (30%)  | 9%    | 35%   | 22%                 |
| Consolidated Sonic:                                      |   |          |       |        |       |       |                     |
| Total revenues   | 11%   | 14%      | (30%) | (39%)  | (17%) | (3%)  | (10%)               |
| Total gross profit                                       | 6%  | 14%      | (23%) | (47%)  | (19%) | 7%    | (2%)                |
| SG&A expenses <sup>(2)</sup>                             | (1%)  | (5%)     | 12%   | 32%    | 23%   | 11%   | 14%                 |
| Pre-tax income <sup>(2)</sup>                            | 1736%   | 3752%    | (82%) | (241%) | 20%   | 146%  | 141%                |
|  | January   | February | March | April  | May   | June  | July <sup>(1)</sup> |
| SG&A expenses as % of gross profit - 2020                | 80.9%   | 79.1%    | 81.6% | 100.6% | 74.1% | 63.2% | 69.3%               |
| SG&A expenses <sup>(2)</sup> as % of gross profit - 2019 | 85.3%   | 85.4%    | 71.4% | 78.5%  | 77.8% | 75.5% | 78.8%               |

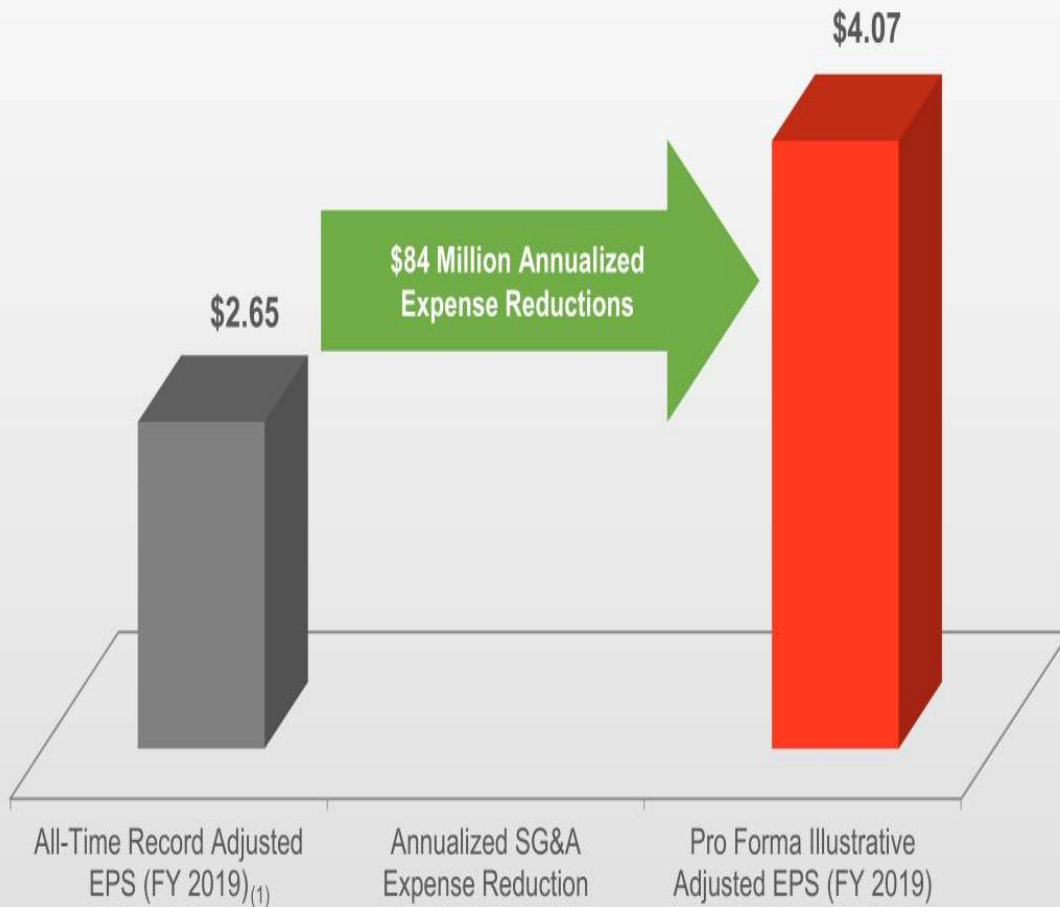
Last Month Of Quarter Historically Stronger Than First Two Months

(1) July 2020 Are Forecast Amounts

(2) 2019 Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted SG&A Expenses, Adjusted Pre-tax Income, And Adjusted SG&A Expenses As % Of Gross Profit (Non-GAAP Measures)



## → Illustrative Impact Of SG&A Expense Reductions

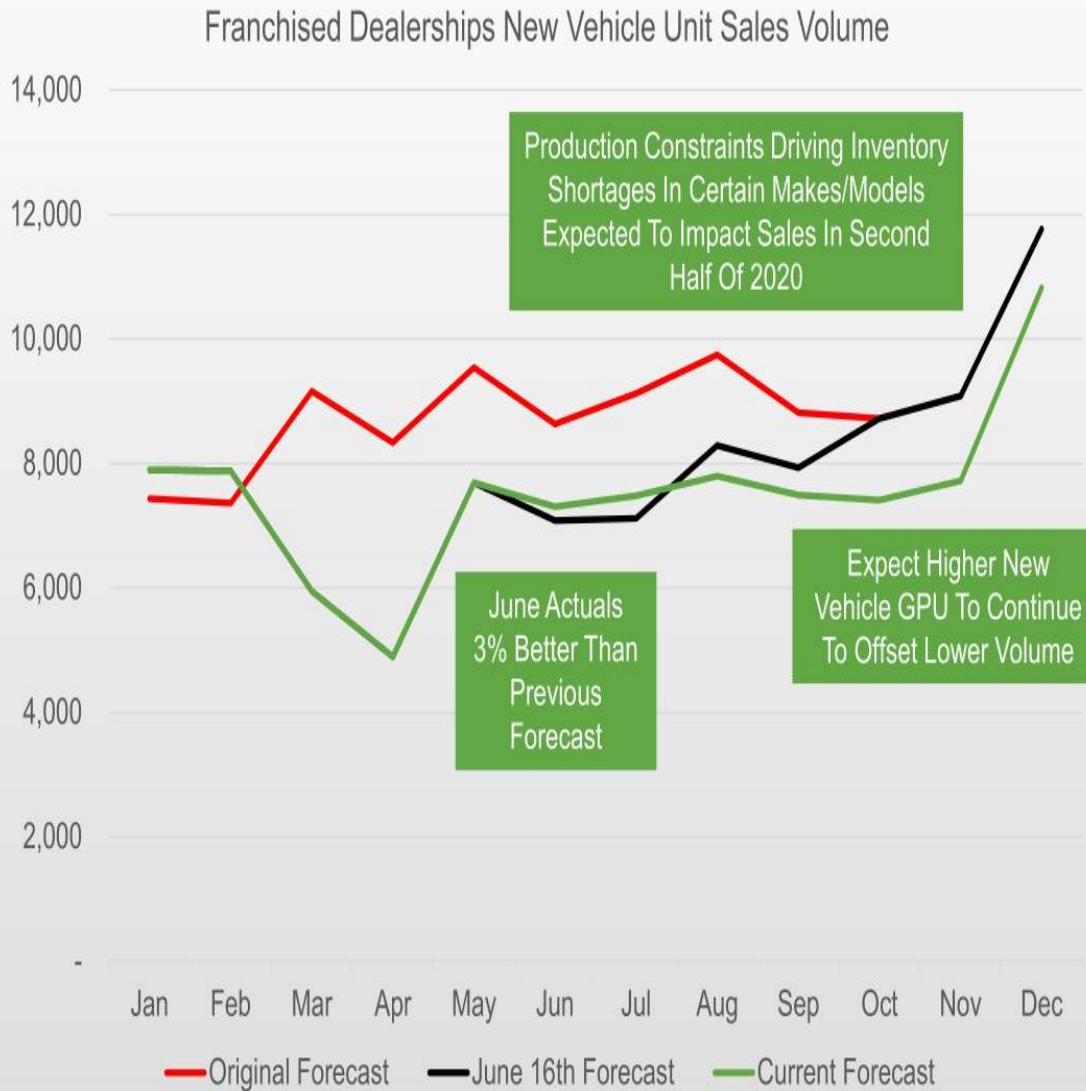


7% Reduction In SG&A Expenses Modeled To Increase EPS By 54%

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

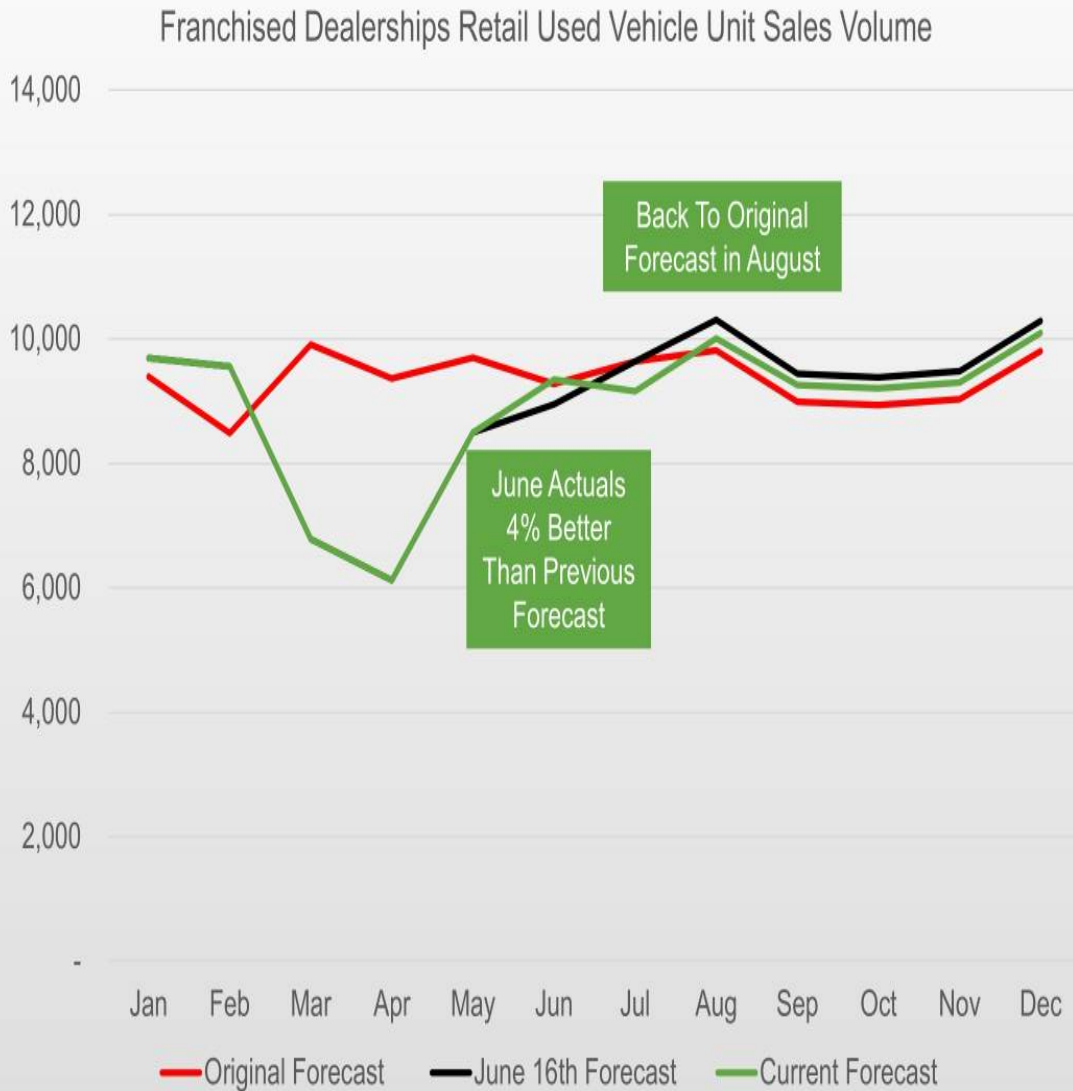
Note: Amounts Are Estimates Of Future Results Used For Comparative Modeling Purposes – Actual Results May Differ

## → Outlook – Franchised New Vehicles



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

## → Outlook – Franchised Used Vehicles

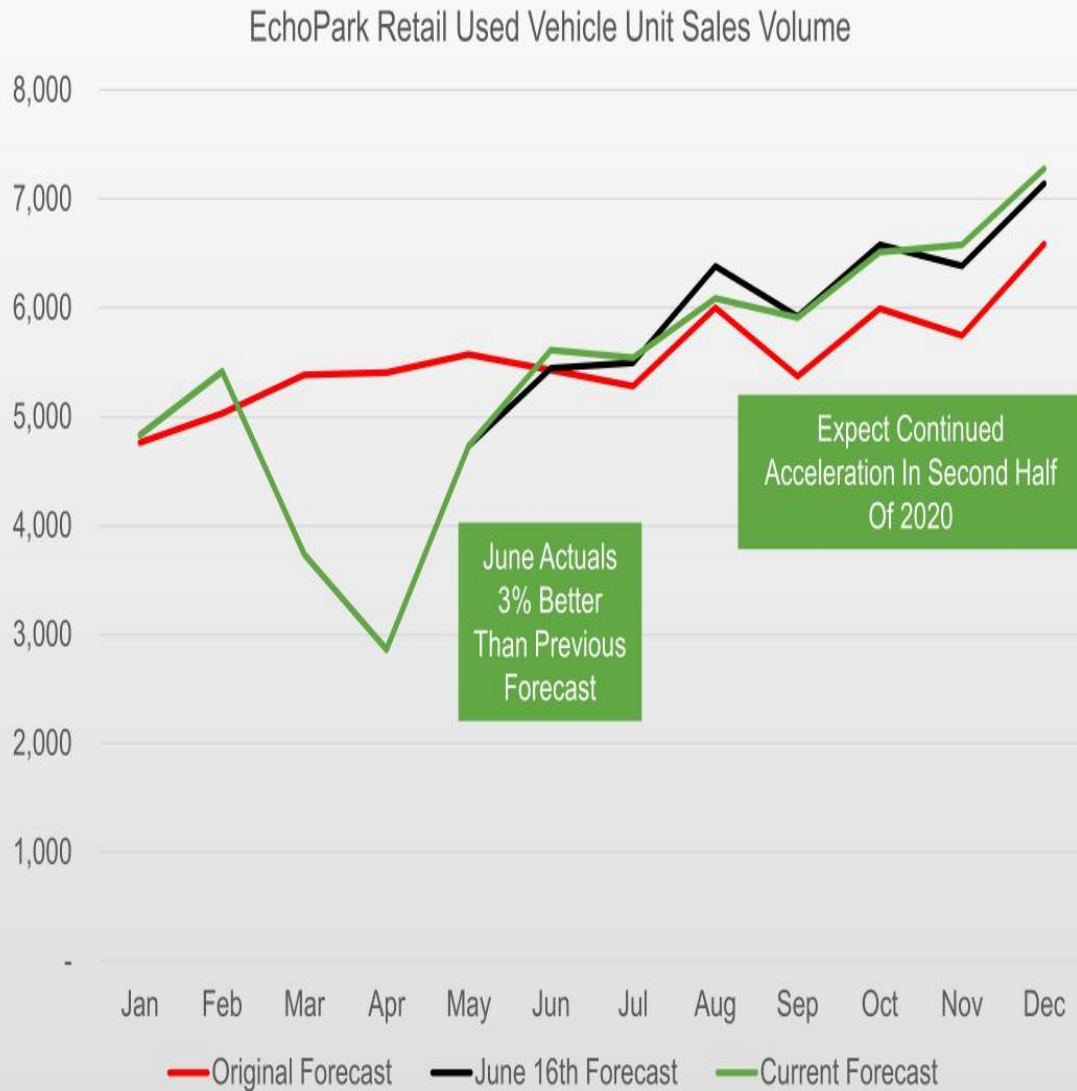


Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast





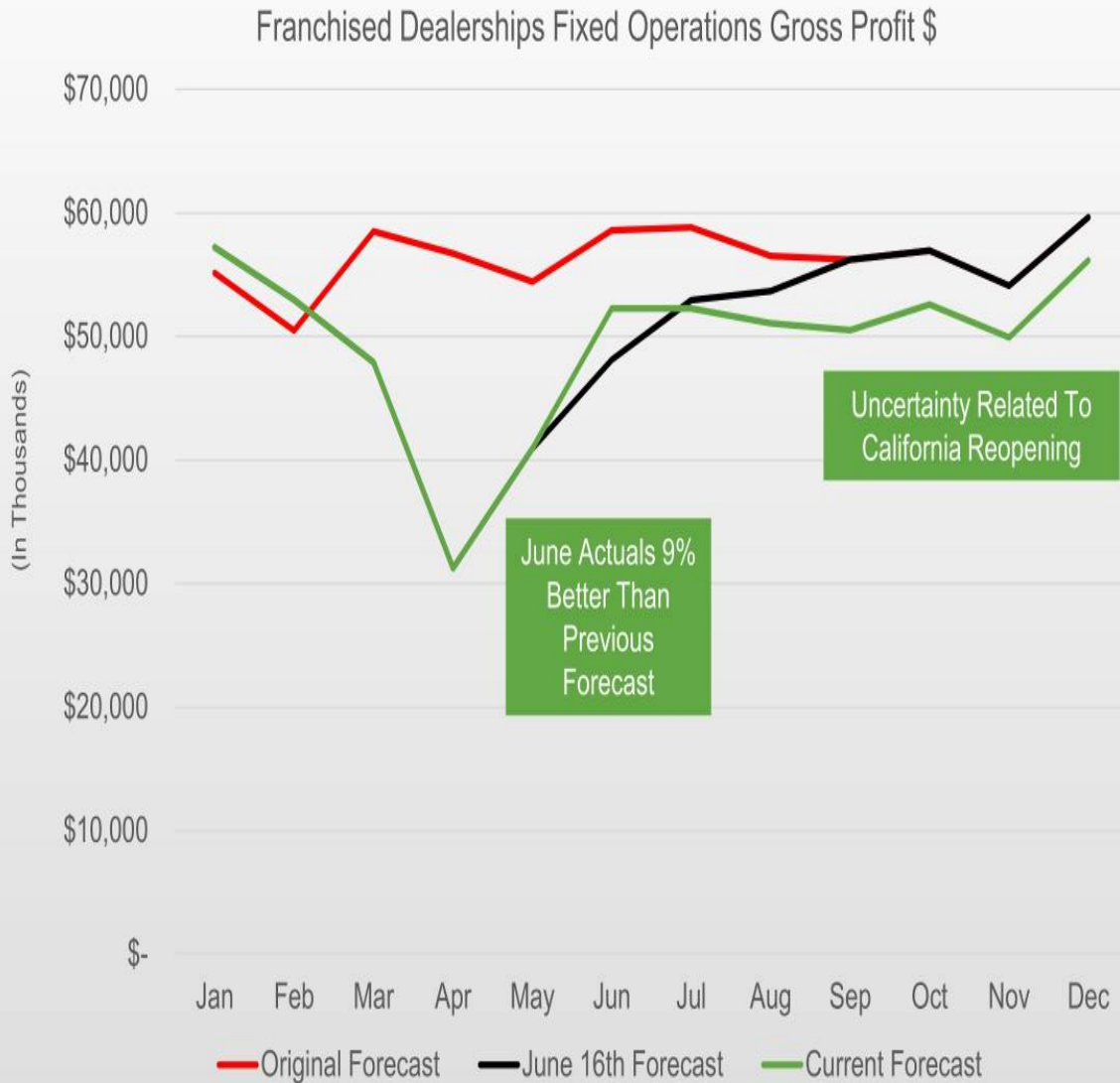
## → Outlook – EchoPark Used Vehicles



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



## → Outlook – Franchised Fixed Operations



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

# Q2 2020 Financial Snapshot



## → Q2 2020 – Consolidated Continuing Operations

| (In millions, except per share data)             | Q2 2020   | B/(W) than Q2 2019 |         |
|--|-----------|--------------------|---------|
|  |           | \$                 | %       |
| Revenues   | \$2,111.9 | (\$502.2)          | (19.2%) |
| Gross profit                                     | \$307.4   | (\$73.9)           | (19.4%) |
| SG&A expenses                                    | \$230.4   | \$64.2             | 21.8%   |
| SG&A expenses as % of gross profit               | 74.9%     |                    | 230 bps |
| Earnings from continuing operations before taxes | \$37.4    | \$0.6              | 1.7%    |
| Continuing Ops:                                  |           |                    |         |
| Net income <sup>(1)</sup>                        | \$31.0    | \$4.2              | 15.9% ← |
| Diluted earnings per share <sup>(1)</sup>        | \$0.71    | \$0.09             | 14.5% ← |

Revenues & Gross Profit Lower Due To The Effect Of Franchise Disposals In 2019 (\$100 Million Of Revenue In Q2 2019) And Impact Of COVID-19 In Q2 2020

Expense Reductions In Q2 2020 Drove Profit And EPS Growth

(1) Q2 2020 Includes \$3.2 Million, Or \$0.07 Per Share, Benefit From Non-Recurring Tax Item



## → Q2 2020 – Consolidated SG&A Expenses As % Of Gross Profit

Expect To Reduce SG&A Expenses By Approximately \$84 Million Annualized On Go-Forward Basis, Compared To Pre-COVID-19 Levels



## → Strong Balance Sheet And Liquidity

|  | June 30, 2020   | December 31, 2019 |
|--|-----------------|-------------------|
|  | (In Millions)   |                   |
| Cash and cash equivalents  | \$ 115.7        | \$ 29.1           |
| Availability under the 2016 Revolving Credit Facility                    | 183.4           | 230.7             |
| Availability under our used vehicle floor plan facilities <sup>(1)</sup> | -               | 17.1              |
| Availability under the 2019 Mortgage Facility                            | 3.1             | 3.1               |
| Availability under the 2020 Line Of Credit Facility                      | 69.0            | -                 |
| Floor plan deposit balance   | 83.9            | -                 |
| <b>Total available liquidity resources</b>                               | <b>\$ 455.1</b> | <b>\$ 280.0</b>   |

|  | Covenant Requirement* | June 30, 2020 | December 31, 2019 |
|--|-----------------------|---------------|-------------------|
| Liquidity ratio  | $\geq 1.05$           | 1.13          | 1.11              |
| Fixed charge coverage ratio                            | $\geq 1.20$           | 2.10          | 1.60              |
| Total lease adjusted leverage ratio                    | $\leq 5.75$           | 3.23          | 3.21              |
| <b>Net debt to Adjusted EBITDA ratio<sup>(2)</sup></b> |                       | <b>1.76</b>   | <b>2.20</b>       |

Strategic Management Actions Have Increased Available Liquidity During The COVID-19 Pandemic

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

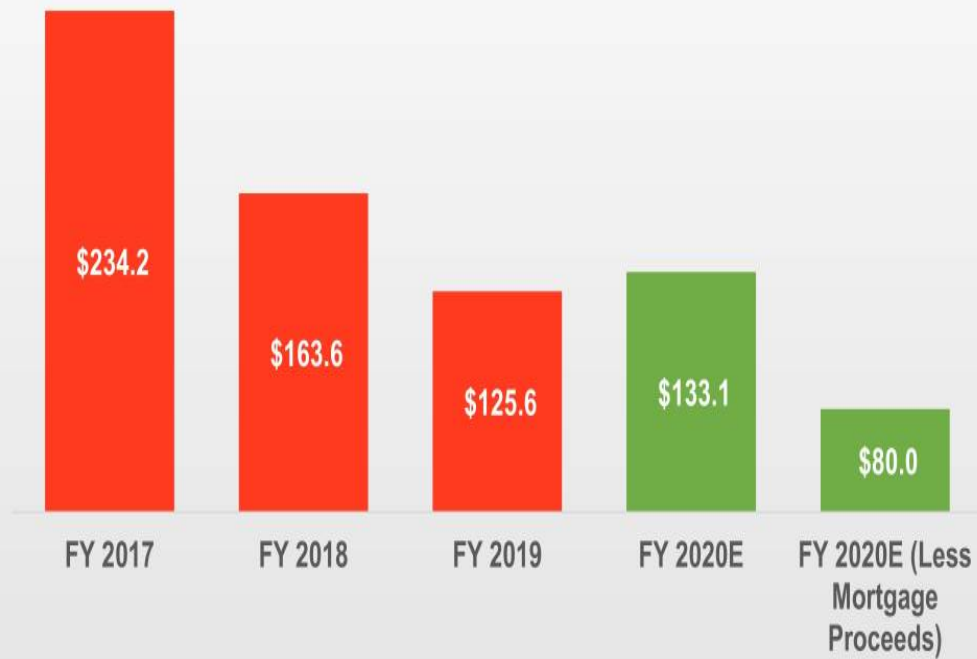
(1) During Q2 2020 Sonic Converted Its Used Vehicle Floor Plan Facilities From A Borrowing Base To A VIN-Specific Floor Plan Line. The June 30, 2020 Availability Under This Line Was \$98.8 Million.

(2) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA and Net Debt To Adjusted EBITDA Ratio (Non-GAAP Measures)



## → Capital Expenditure Discipline

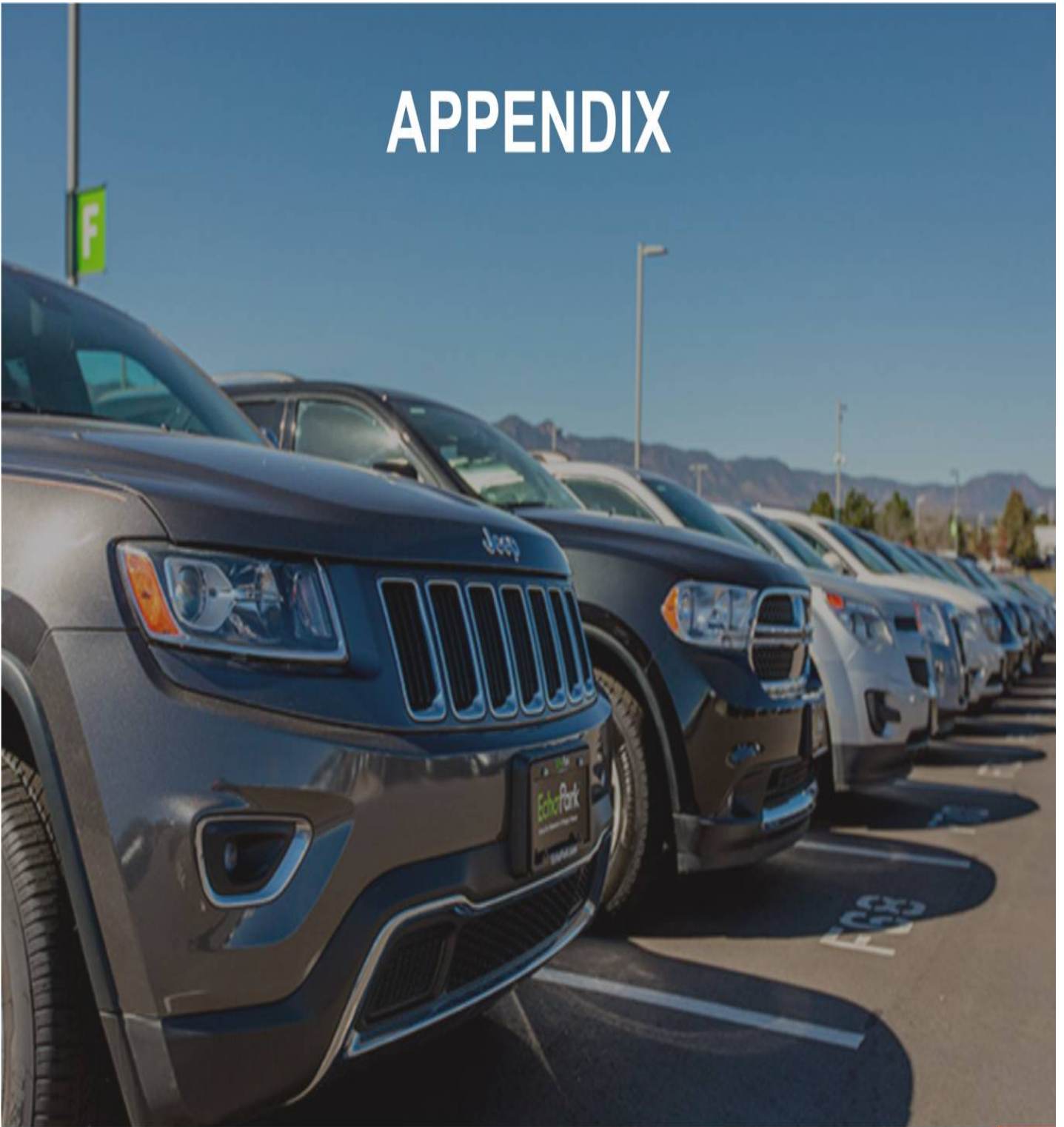
Gross Capital Expenditures (In Millions)



Strict Capital Allocation Strategy Prioritizes Highest Return On Investment

Actual YTD Q2 2020 Gross Capital Expenditures Of \$61.7 Million, \$27.5 Million Net Of Mortgage Proceeds

# APPENDIX





## → Non-GAAP Reconciliation – Segment Income

| (In millions, except unit data)                         | Franchised Dealerships<br>Segment |            | EchoPark<br>Segment |          | Consolidated |            |
|---|-----------------------------------|------------|---------------------|----------|--------------|------------|
|   | Q2 2020                           | Q2 2019    | Q2 2020             | Q2 2019  | Q2 2020      | Q2 2019    |
| Revenues  | \$ 1,796.6                        | \$ 2,322.4 | \$ 315.3            | \$ 291.7 | \$ 2,111.9   | \$ 2,614.1 |
| Gross profit  | \$ 280.3                          | \$ 353.4   | \$ 27.1             | \$ 27.9  | \$ 307.4     | \$ 381.3   |
| SG&A expenses   | \$ 209.5                          | \$ 272.3   | \$ 20.9             | \$ 22.2  | \$ 230.4     | \$ 294.5   |
| Segment income  | \$ 35.7                           | \$ 35.1    | \$ 2.6              | \$ 1.7   | \$ 38.3      | \$ 36.8    |
| Impairment charges                                      | (0.8)                             | -          | -                   | -        | (0.8)        | -          |
| Earnings (loss) from continuing operations before taxes | \$ 34.9                           | \$ 35.1    | \$ 2.6              | \$ 1.7   | \$ 37.5      | \$ 36.8    |
| Adjusted net income (loss) from continuing operations   |                                   |            |                     |          | \$ 27.8      | \$ 26.8    |
| Non-recurring tax benefit                               |                                   |            |                     |          | 3.2          | -          |
| Net income (loss) from continuing operations            |                                   |            |                     |          | \$ 31.0      | \$ 26.8    |
| New vehicle unit sales volume                           | 19,891                            | 28,196     | -                   | -        | 19,891       | 28,196     |
| Retail used vehicle unit sales volume                   | 23,973                            | 28,871     | 13,207              | 12,587   | 37,180       | 41,458     |

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

## → Non-GAAP Reconciliation – Earnings Per Share

|  | Q2 2020                 |                  |                  | Q2 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          | 43,575                  | \$ 30,996        | \$ 0.71          | 43,230                  | \$ 26,751        | \$ 0.62          |
| Items of interest:   |                         |                  |                  |                         |                  |                  |
| Non-recurring tax benefit  |                         | (3,175)          |                  |                         | -                |                  |
| Adjusted diluted earnings (loss) and shares from continuing operations | 43,575                  | <u>\$ 27,821</u> | \$ 0.64          | 43,230                  | <u>\$ 26,751</u> | \$ 0.62          |

|  | FY 2019                 |                    |                  |
|--|-------------------------|--------------------|------------------|
|  | 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          |
| Pre-tax items of interest:   |                         |                    |                  |
| Gain on franchise disposals  |                         | \$ (75,983)        |                  |
| Executive transition costs   |                         | 6,264              |                  |
| Impairment charges   |                         | 19,618             |                  |
| Loss on extinguishment of debt   |                         | 7,157              |                  |
| Total pre-tax items of interest  |                         | <u>\$ (42,944)</u> |                  |
| Tax effect of above items  |                         | 14,193             |                  |
| Non-recurring tax items  |                         | -                  |                  |
| Adjusted diluted earnings (loss) and shares from continuing operations | 43,710                  | <u>\$ 115,786</u>  | \$ 2.65          |

## → Non-GAAP Reconciliations – Adjusted Earnings

| (In millions)   | <u>FY 2019</u>    |
|---|-------------------|
| Gross profit  | \$ 1,521.0        |
| SG&A expenses   | \$ 1,099.4        |
| Items of interest:  |                   |
| Gain on franchise disposals   | \$ 76.0           |
| Executive transition costs  | (6.3)             |
| Legal and storm damage charges  | -                 |
| Long-term compensation charges  | -                 |
| Lease exit adjustments  | -                 |
| Adjusted SG&A expenses (excluding items of interest)                      | <u>\$ 1,169.1</u> |
| SG&A expenses as % of gross profit  | 72.3%             |
| Adjusted SG&A expenses (excluding items of interest) as % of gross profit | 76.9%             |

| (In millions)                       | <u>FY 2019</u>   |
|-------------------------------------|------------------|
| GAAP pre-tax income                 | \$ 199.6         |
| Gain on franchise disposals         | \$ (76.0)        |
| Executive transition costs          | 6.3              |
| Impairment charges                  | 19.6             |
| Loss on extinguishment of debt      | 7.2              |
| Subtotal: Pre-tax items of interest | <u>\$ (42.9)</u> |
| Adjusted pre-tax income             | <u>\$ 156.7</u>  |

## → Non-GAAP Reconciliations – Adjusted Earnings

| (In millions)   | 2019     |          |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|----------|----------|
|   | January  | February | March    | April    | May      | June     | July     |
| Gross profit  | \$ 116.3 | \$ 108.0 | \$ 134.7 | \$ 123.9 | \$ 129.1 | \$ 128.3 | \$ 126.9 |
| SG&A expenses   | \$ 53.6  | \$ 92.2  | \$ 101.3 | \$ 97.7  | \$ 100.4 | \$ 96.4  | \$ 100.0 |
| Items of interest:  |          |          |          |          |          |          |          |
| Gain on franchise disposals   | \$ 45.6  | \$ -     | \$ 1.1   | \$ (0.4) | \$ -     | \$ 0.4   | \$ -     |
| Executive transition costs  | -        | -        | (6.3)    | -        | -        | -        | -        |
| Adjusted SG&A expenses (excluding items of interest)                      | \$ 99.2  | \$ 92.2  | \$ 96.1  | \$ 97.3  | \$ 100.4 | \$ 96.8  | \$ 100.0 |
| SG&A expenses as % of gross profit  | 46.1%    | 85.4%    | 75.2%    | 78.9%    | 77.8%    | 75.2%    | 78.8%    |
| Adjusted SG&A expenses (excluding items of interest) as % of gross profit | 85.3%    | 85.4%    | 71.4%    | 78.5%    | 77.8%    | 75.5%    | 78.8%    |

| (In millions)   | 2019      |          |          |        |         |          |         |
|---|-----------|----------|----------|--------|---------|----------|---------|
|   | January   | February | March    | April  | May     | June     | July    |
| GAAP pre-tax income                                   | \$ 46.1   | \$ 0.3   | \$ 14.9  | \$ 8.7 | \$ 12.1 | \$ 16.0  | \$ 10.6 |
| Gain on franchise disposals                           | \$ (45.6) | \$ -     | \$ (1.1) | \$ 1.0 | \$ -    | \$ (1.0) | \$ -    |
| Executive transition costs                            | -         | -        | 6.3      | -      | -       | -        | -       |
| Impairment charges                                    | -         | -        | 1.9      | -      | -       | -        | -       |
| Subtotal: Pre-tax items of interest                   | \$ (45.6) | \$ -     | \$ 7.1   | \$ 1.0 | \$ -    | \$ (1.0) | \$ -    |
| Adjusted pre-tax income (excluding items of interest) | \$ 0.5    | \$ 0.3   | \$ 22.0  | \$ 9.8 | \$ 12.1 | \$ 15.0  | \$ 10.6 |

## → Non-GAAP Reconciliation – Adjusted EBITDA

| (In thousands)                             | FY 2015           | FY 2016           | FY 2017             | FY 2018           | FY 2019           | LTM*<br>Q2 2020   |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| Net Income (Loss)                          | \$ 86,311         | \$ 93,193         | \$ 92,983           | \$ 51,650         | \$ 144,137        | \$ (93,226)       |
| Provision For Income Taxes                 | 55,962            | 59,899            | 13,198              | 22,645            | 54,954            | (11,836)          |
| Income (Loss) Before Taxes                 | \$ 142,273        | \$ 153,092        | \$ 106,181          | \$ 74,295         | \$ 199,091        | \$(105,062)       |
| Non-Floor Plan Interest                    | 49,524            | 48,034            | 50,531              | 52,049            | 50,475            | 44,763            |
| Depreciation and Amortization              | 72,130            | 81,034            | 92,127              | 96,652            | 95,646            | 94,129            |
| Stock-Based Compensation Expense           | 9,814             | 11,165            | 11,119              | 11,853            | 10,797            | 10,768            |
| Loss (Gain) On Exit Of Leased Dealerships  | 1,848             | 1,386             | 2,157               | 1,709             | (170)             | -                 |
| Impairment Charges                         | 17,955            | 8,063             | 9,394               | 29,514            | 20,768            | 287,649           |
| Loss (Gain) On Debt Extinguishment         | -                 | (6)               | 14,607              | -                 | 6,690             | 6,690             |
| Long-Term Compensation Charges             | -                 | -                 | -                   | 32,522            | -                 | -                 |
| Loss (Gain) on Franchise Disposals         | (2,748)           | 48                | (9,980)             | (39,307)          | (74,812)          | (27,302)          |
| Adjusted EBITDA                            | <u>\$ 290,796</u> | <u>\$ 302,816</u> | <u>\$ 276,136</u>   | <u>\$ 259,287</u> | <u>\$ 308,485</u> | <u>\$ 311,635</u> |
| Long-Term Debt (Including Current Portion) | \$ 814,581        | \$ 882,678        | \$ 1,024,703        | \$ 945,083        | \$ 706,886        | \$ 749,531        |
| Cash and Equivalents                       | (3,625)           | (3,108)           | (6,352)             | (5,854)           | (29,103)          | (115,724)         |
| Floor Plan Deposit Balance                 | (74,000)          | (10,000)          | (3,000)             | -                 | -                 | (83,949)          |
| Net Debt                                   | <u>\$ 736,956</u> | <u>\$ 869,570</u> | <u>\$ 1,015,351</u> | <u>\$ 939,229</u> | <u>\$ 677,783</u> | <u>\$ 549,858</u> |
| Net Debt To Adjusted EBITDA Ratio          | 2.53              | 2.87              | 3.68                | 3.62              | 2.20              | 1.76              |

\* LTM Q2 2020 Is For The Twelve Month Period Ended June 30, 2020. Balance Sheet Amounts For LTM Q2 2020 Are As Of June 30, 2020.



## → Non-GAAP Reconciliation – Adjusted EBITDA

|                                  | Q2 2020                        |                  |                         |           | Q2 2019                        |                  |                         |           |
|----------------------------------|--------------------------------|------------------|-------------------------|-----------|--------------------------------|------------------|-------------------------|-----------|
|                                  | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total     | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total     |
|                                  | (In thousands)                 |                  |                         |           | (In thousands)                 |                  |                         |           |
| Net Income (Loss)                |                                |                  |                         | \$ 30,791 |                                |                  |                         | \$ 26,599 |
| Provision For Income Taxes       |                                |                  |                         | 6,353     |                                |                  |                         | 10,009    |
| Income (Loss) Before Taxes       | \$ 34,856                      | \$ 2,577         | \$ (289)                | \$ 37,144 | \$ 35,129                      | \$ 1,693         | \$ (213)                | \$ 36,608 |
| Non-Floor Plan Interest          | 8,938                          | 234              | -                       | 9,172     | 12,599                         | 431              | -                       | 13,030    |
| Depreciation And Amortization    | 20,514                         | 2,758            | -                       | 23,272    | 21,736                         | 2,668            | -                       | 24,404    |
| Stock-Based Compensation Expense | 2,971                          | -                | -                       | 2,971     | 2,612                          | -                | -                       | 2,612     |
| Impairment Charges               | 833                            | -                | -                       | 833       | -                              | -                | -                       | -         |
| Gain On Franchise Disposals      | 1,117                          | -                | -                       | 1,117     | 356                            | -                | -                       | 356       |
| Adjusted EBITDA                  | \$ 69,229                      | \$ 5,569         | \$ (289)                | \$ 74,509 | \$ 72,432                      | \$ 4,792         | \$ (213)                | \$ 77,010 |



## → 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             |                     | Discontinued<br>Operations | Total     | Franchised             |                     | Discontinued<br>Operations | Total     |
|   | Dealerships<br>Segment | EchoPark<br>Segment |                            |           | Dealerships<br>Segment | EchoPark<br>Segment |                            |           |
|   | (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             |                     | Discontinued<br>Operations | Total     | Franchised             |                     | Discontinued<br>Operations | Total     |
|   | Dealerships<br>Segment | EchoPark<br>Segment |                            |           | Dealerships<br>Segment | EchoPark<br>Segment |                            |           |
|   | (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<br>Operations | Total     | Franchised             |                     | Discontinued<br>Operations | Total      |
|   | Dealerships<br>Segment | EchoPark<br>Segment |                            |           | Dealerships<br>Segment | EchoPark<br>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<br>Operations | Total     | Franchised             |                     | Discontinued<br>Operations | Total      |
|   | Dealerships<br>Segment | EchoPark<br>Segment |                            |           | Dealerships<br>Segment | EchoPark<br>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



**Investor Relations Contact:**

Sonic Automotive Inc. (NYSE: SAH)

Danny Wieland, Director of Financial Reporting

[ir@sonicautomotive.com](mailto:ir@sonicautomotive.com)

(704) 927-3462

KCSA Strategic Communications

David Hanover / Scott Eckstein

[sonic@kcsa.com](mailto:sonic@kcsa.com)

(212) 896-1220

