
**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 29, 2021

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 29, 2021, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal second quarter ended June 30, 2021 (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 29, 2021, in the Earnings Press Release, the Company announced the approval of a quarterly cash dividend.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
99.1	Press Release of Sonic Automotive, Inc., dated July 29, 2021.
99.2	Earnings Call Presentation Materials.
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 29, 2021

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

Sonic Automotive Reports All-Time Record Quarterly Revenues and Earnings Per Share

*Record Second Quarter Results Driven By Strong Franchised Dealership Performance Across All Business Lines
Fourth Consecutive Quarter of Record EchoPark Revenues and Retail Unit Sales Volume
EchoPark Announces Plans To Achieve 2 Million Vehicle Sales Annually At Maturity*

Board Announces Review of Strategic Alternatives for EchoPark Business

CHARLOTTE, N.C. – July 29, 2021 – 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 and six months ended June 30, 2021.

Key Highlights

- All-time record quarterly revenues of \$3.4 billion, up 58.7% year-over-year
- All-time record quarterly income from continuing operations before taxes of \$151.0 million, up 303.4% year-over-year
- All-time record quarterly earnings from continuing operations of \$114.0 million (\$2.63 per diluted share)
- All-time record quarterly selling, general and administrative (“SG&A”) expenses as a percentage of gross profit of 62.8%
- All-time record quarterly Adjusted EBITDA margin* of 5.7%, up 220 basis points year-over-year
- All-time record quarterly total Finance & Insurance (“F&I”) gross profit per retail unit of \$2,214, up 13.8% year-over-year
- All-time record quarterly EchoPark revenues of \$595.6 million, up 88.9% year-over-year
- All-time record quarterly EchoPark retail sales volume of 21,261, up 61.0% year-over-year

Commentary

David Smith, Sonic’s and EchoPark’s Chief Executive Officer, commented, “During the second quarter, our team continued to execute at a high level, driving record performance in our franchised dealerships and a fourth consecutive quarter of record revenue and retail unit sales volume for our EchoPark business. Given the increasing consumer demand we’ve experienced, our success in maximizing operating efficiency at our franchised dealerships and continued expansion of the EchoPark brand, we believe we can sustain our strong operating performance throughout the balance of 2021 and well into 2022. Longer-term, we’re confident of attaining our goal of more than doubling total revenues to \$25 billion by 2025 while continuing to significantly increase profitability.”

Jeff Dyke, Sonic’s and EchoPark’s President, commented, “We are pleased to report that we are halfway through our nationwide EchoPark distribution network & digital expansion plan for 2021, and expect to achieve 25% population coverage by the end of 2021 and 90% population coverage by 2025. At 10% share of our segment of the market, which we already exceed in our more mature markets, this represents a 2 million vehicle annual sales opportunity at maturity. Complementing this, we are making excellent progress with our new, proprietary digital retail platform and are on track for a fourth quarter 2021 launch. In the meantime, our guest-centric EchoPark buying experience continues to drive market share gains and we anticipate our market penetration and brand recognition will continue to grow rapidly in tandem with our nationwide network.”

Second Quarter Financial Highlights

The financial measures discussed below are results for the second quarter of 2021 with comparisons made to the second quarter of 2020, unless otherwise noted. Certain metrics are also compared to the second quarter of 2019 to exclude the effects of the onset of the COVID-19 pandemic on comparative results.

- All-time record quarterly revenues of \$3.4 billion, up 58.7% year-over-year (up 28.2% compared to the second quarter of 2019), and all-time record quarterly income from continuing operations before taxes of \$151.0 million, up 303.4% (up 310.1% compared to the second quarter of 2019)
- All-time record quarterly earnings from continuing operations of \$114.0 million (\$2.63 per diluted share), compared to second quarter 2020 reported earnings from continuing operations of \$31.0 million (\$0.71 per diluted share) and adjusted earnings from continuing operations* of \$27.8 million (\$0.64 per diluted share)
- All-time record quarterly selling, general and administrative (“SG&A”) expenses as a percentage of gross profit of 62.8%, a 1,210 basis-point decrease from 74.9% in the second quarter of 2020
- All-time record quarterly total Finance & Insurance (“F&I”) gross profit per retail unit of \$2,214, up 13.8%
- Franchised Dealerships Segment operating results include:

- Same store revenues up 54.8%, gross profit up 74.0% (up 24.9% and 39.6%, respectively, compared to the second quarter of 2019)
- Same store new vehicle unit sales volume up 55.3% (up 17.6% compared to the second quarter of 2019); new vehicle gross profit per unit up 71.5%, to \$3,827 (up 85.2% compared to the second quarter of 2019)
- Same store retail used vehicle unit sales volume up 20.5% (up 6.6% compared to the second quarter of 2019); retail used vehicle gross profit per unit up 63.3%, to \$1,844 (up 41.4% compared to the second quarter of 2019)
- Same store parts, service and collision repair gross profit up 42.6% (up 6.9% compared to the second quarter of 2019); customer pay gross profit up 41.7% (up 16.6% compared to the second quarter of 2019); gross margin up 130 basis points, to 50.6% (up 150 basis points compared to the second quarter of 2019)
- Same store F&I gross profit up 56.5% (up 43.0% compared to the second quarter of 2019); all-time record reported Franchised Dealerships Segment F&I gross profit per retail unit of \$2,110, up 14.7% (up 33.5% compared to the second quarter of 2019)
- All-time record Franchised Dealerships Segment SG&A expenses as a percentage of gross profit of 58.1%, a 1,660 basis-point decrease from 74.7% in the second quarter of 2020 (a decrease of 1,900 basis points from 77.1% in the second quarter of 2019)
- EchoPark Segment operating results include:
 - All-time record quarterly EchoPark revenues of \$595.6 million, up 88.9% (up 104.2% compared to the second quarter of 2019)
 - All-time record quarterly EchoPark retail sales volume of 21,261, up 61.0% (up 68.9% compared to the second quarter of 2019)
 - EchoPark market share increase of 90 basis points, to 5.0% of the 1-4-year old vehicle segment in our current markets
 - EchoPark pre-tax loss of \$14.4 million and Adjusted EBITDA* loss of \$9.4 million (including market expansion-related losses of \$6.6 million and \$5.4 million, respectively)
 - EchoPark loss reflects expansion-related losses and the effect of strategic price management to grow top line sales and market share amidst temporary used market pricing inversion

Board Announces Review of Strategic Alternatives for EchoPark

As a result of the success of the EchoPark strategy and our confidence in our runway for continued expansion, Sonic's Board of Directors, working together with financial and legal advisors, has initiated a review process to evaluate potential strategic alternatives for its EchoPark business. The Company is considering a full range of potential alternatives with respect to its EchoPark business. No timetable has been established for the completion of the review, and the review may not result in any transaction. The Company does not intend to disclose further developments with respect to its review process unless and until its Board approves a specific action or otherwise concludes the review.

Lazard and Kirkland & Ellis LLP are acting as financial and legal advisors to the Company, respectively, in connection with the review.

Dividend

Sonic's Board of Directors approved a quarterly cash dividend of \$0.12 per share payable on October 15, 2021 to all stockholders of record on September 15, 2021.

Second Quarter 2021 Earnings Conference Call

Senior management will hold a conference call on Thursday, July 29, 2021 at 11:00 A.M. (Eastern). Investor presentation and earnings press release materials will be accessible beginning the morning of the conference call on the Company's website at ir.sonicautomotive.com.

To access the live webcast, please go to tir.sonicautomotive.com. For telephone access to this conference call, please register in advance using this link: <http://www.directeventreg.com/registration/event/6951789>. After registering, you will receive a confirmation email that includes dial-in numbers and unique conference call and registrant passcodes for entry. Registration remains available through the live call, however, to ensure you are connected for the full call we suggest registering at least 10 minutes before the start of the call.

A conference call replay will be available one hour following the call for 14 days at tir.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.

About EchoPark Automotive

EchoPark Automotive is a rapidly growing operating segment within the Company that specializes in pre-owned vehicle sales, utilizing technology to provide a unique, guest-centric buying experience and deliver superior value to customers. More information about EchoPark Automotive can be found at www.echopark.com.

Forward-Looking Statements

Included herein are forward-looking statements, including statements regarding anticipated future revenue levels, future profitability, pre-owned vehicle sales projections, the opening of additional EchoPark markets, and future population coverage. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risks and uncertainties that could cause actual results or trends to differ materially from management's views, including, without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, anticipated future growth in our EchoPark Segment, the success of our operational strategies, the rate and timing of overall economic expansion or contraction, the effect of the COVID-19 pandemic and related government-imposed restrictions on operations, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 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 adjusted earnings from continuing operations, adjusted earnings per diluted share from continuing operations, Adjusted EBITDA and Adjusted EBITDA margin. As required by SEC rules, the Company has provided reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures in the schedules included in this press release. 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.

*Adjusted earnings from continuing operations, adjusted earnings per diluted share from continuing operations, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. The tables included in this press release reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Company Contacts

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Sonic Automotive, Inc.
Results of Operations (Unaudited)

Results of Operations - Consolidated

	Three Months Ended June 30,		Better / (Worse)	Six Months Ended June 30,		Better / (Worse)
	2021	2020	% Change	2021	2020	% Change
(In thousands, except per share amounts)						
Revenues:						
New vehicles	\$ 1,462,893	\$ 900,003	62.5 %	\$ 2,619,210	\$ 1,859,492	40.9 %
Used vehicles	1,266,696	808,877	56.6 %	2,356,794	1,658,930	42.1 %
Wholesale vehicles	84,807	33,175	155.6 %	159,614	81,718	95.3 %
Total vehicles	2,814,396	1,742,055	61.6 %	5,135,618	3,600,140	42.7 %
Parts, service and collision repair	360,596	259,058	39.2 %	681,509	593,738	14.8 %
Finance, insurance and other, net	177,254	110,773	60.0 %	321,916	226,064	42.4 %
Total revenues	3,352,246	2,111,886	58.7 %	6,139,043	4,419,942	38.9 %
Cost of sales:						
New vehicles	(1,344,467)	(854,617)	(57.3) %	(2,431,319)	(1,768,690)	(37.5) %
Used vehicles	(1,231,943)	(781,506)	(57.6) %	(2,291,171)	(1,599,428)	(43.2) %
Wholesale vehicles	(80,280)	(33,601)	(138.9) %	(154,240)	(82,303)	(87.4) %
Total vehicles	(2,656,690)	(1,669,724)	(59.1) %	(4,876,730)	(3,450,421)	(41.3) %
Parts, service and collision repair	(184,748)	(134,779)	(37.1) %	(350,612)	(311,560)	(12.5) %
Total cost of sales	(2,841,438)	(1,804,503)	(57.5) %	(5,227,342)	(3,761,981)	(39.0) %
Gross profit	510,808	307,383	66.2 %	911,701	657,961	38.6 %
Selling, general and administrative expenses	(320,620)	(230,359)	(39.2) %	(609,976)	(512,515)	(19.0) %
Impairment charges	—	(833)	100.0 %	—	(268,833)	100.0 %
Depreciation and amortization	(24,761)	(22,647)	(9.3) %	(48,448)	(44,944)	(7.8) %
Operating income (loss)	165,427	53,544	209.0 %	253,277	(168,331)	(250.5) %
Other income (expense):						
Interest expense, floor plan	(4,329)	(6,314)	31.4 %	(9,441)	(16,822)	43.9 %
Interest expense, other, net	(10,077)	(9,797)	(2.9) %	(20,363)	(20,762)	1.9 %
Other income (expense), net	—	—	— %	100	100	— %
Total other income (expense)	(14,406)	(16,111)	10.6 %	(29,704)	(37,484)	20.8 %
Income (loss) from continuing operations before taxes	151,021	37,433	303.4 %	223,573	(205,815)	(208.6) %
Provision for income taxes for continuing operations - benefit (expense)	(37,030)	(6,437)	(475.3) %	(55,893)	37,680	248.3 %
Income (loss) from continuing operations	113,991	30,996	267.8 %	167,680	(168,135)	(199.7) %
Discontinued operations:						
Income (loss) from discontinued operations before taxes	(204)	(289)	29.4 %	516	(573)	190.1 %
Provision for income taxes for discontinued operations - benefit (expense)	58	84	(31.0) %	(129)	166	(177.7) %
Income (loss) from discontinued operations	(146)	(205)	28.8 %	387	(407)	195.1 %
Net income (loss)	\$ 113,845	\$ 30,791	269.7 %	\$ 168,067	\$ (168,542)	(199.7) %
Basic earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 2.74	\$ 0.72	280.6 %	\$ 4.03	\$ (3.93)	(202.5) %
Earnings (loss) per share from discontinued operations	—	—	— %	0.01	(0.01)	200.0 %
Earnings (loss) per common share	\$ 2.74	\$ 0.72	280.6 %	\$ 4.04	\$ (3.94)	(202.5) %
Weighted-average common shares outstanding	41,581	42,940	3.2 %	41,561	42,779	2.8 %
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 2.63	\$ 0.71	270.4 %	\$ 3.86	\$ (3.93)	(198.2) %
Earnings (loss) per share from discontinued operations	—	—	— %	0.01	(0.01)	200.0 %
Earnings (loss) per common share	\$ 2.63	\$ 0.71	270.4 %	\$ 3.87	\$ (3.94)	(198.2) %
Weighted-average common shares outstanding	43,424	43,575	0.3 %	43,483	42,779	(1.6) %
Dividends declared per common share	\$ 0.12	\$ 0.10	20.0 %	\$ 0.22	\$ 0.20	10.0 %

Franchised Dealerships Segment - Reported

	Three Months Ended June 30,		Better / (Worse) % Change	Six Months Ended June 30,		Better / (Worse) % Change
	2021	2020		2021	2020	
(In thousands, except unit and per unit data)						
Revenues:						
New vehicles	\$ 1,461,984	\$ 900,003	62.4 %	\$ 2,618,301	\$ 1,859,492	40.8 %
Used vehicles	761,524	535,699	42.2 %	1,423,059	1,102,587	29.1 %
Wholesale vehicles	62,956	28,509	120.8 %	119,160	70,948	68.0 %
Total vehicles	2,286,464	1,464,211	56.2 %	4,160,520	3,033,027	37.2 %
Parts, service and collision repair	346,118	251,998	37.3 %	654,194	576,499	13.5 %
Finance, insurance and other, net	124,060	80,401	54.3 %	221,586	163,429	35.6 %
Total revenues	2,756,642	1,796,610	53.4 %	5,036,300	3,772,955	33.5 %
Gross Profit:						
New vehicles	118,326	45,386	160.7 %	187,790	90,802	106.8 %
Used vehicles	55,220	30,416	81.5 %	87,219	62,730	39.0 %
Wholesale vehicles	1,434	(357)	501.7 %	2,172	(440)	593.6 %
Total vehicles	174,980	75,445	131.9 %	277,181	153,092	81.1 %
Parts, service and collision repair	175,578	124,465	41.1 %	330,844	282,561	17.1 %
Finance, insurance and other, net	124,060	80,401	54.3 %	221,586	163,429	35.6 %
Total gross profit	474,618	280,311	69.3 %	829,611	599,082	38.5 %
Selling, general and administrative expenses	(275,709)	(209,496)	(31.6)%	(525,785)	(465,914)	(12.9)%
Impairment charges	—	(833)	NM	—	(268,833)	NM
Depreciation and amortization	(20,616)	(19,895)	(3.6)%	(40,992)	(39,484)	(3.8)%
Operating income (loss)	178,293	50,087	256.0 %	262,834	(175,149)	250.1 %
Other income (expense):						
Interest expense, floor plan	(3,155)	(5,675)	44.4 %	(7,271)	(15,283)	52.4 %
Interest expense, other, net	(9,721)	(9,556)	(1.7)%	(19,682)	(20,156)	2.4 %
Other income (expense), net	(2)	—	(100.0)%	76	100	(24.0)%
Total other income (expense)	(12,878)	(15,231)	15.4 %	(26,877)	(35,339)	23.9 %
Income (loss) before taxes	165,415	34,856	374.6 %	235,957	(210,488)	(212.1)%
Add: impairment charges	—	833	NM	—	268,833	NM
Segment income (loss)	\$ 165,415	\$ 35,689	363.5 %	\$ 235,957	\$ 58,346	304.4 %
Unit Sales Volume:						
New vehicles	30,488	19,891	53.3 %	54,846	41,615	31.8 %
Used vehicles	28,550	23,973	19.1 %	55,786	50,011	11.5 %
Wholesale vehicles	6,753	4,827	39.9 %	13,585	11,737	15.7 %
Retail new & used vehicles	59,038	43,864	34.6 %	110,632	91,626	20.7 %
Used-to-New Ratio	0.94	1.21	(22.3)%	1.02	1.20	(15.4)%
Gross Profit Per Unit:						
New vehicles	\$ 3,881	\$ 2,282	70.1 %	\$ 3,424	\$ 2,182	56.9 %
Used vehicles	\$ 1,934	\$ 1,269	52.4 %	\$ 1,563	\$ 1,254	24.6 %
Finance, insurance and other, net	\$ 2,110	\$ 1,839	14.7 %	\$ 2,017	\$ 1,798	12.2 %

NM = Not Meaningful

Franchised Dealerships Segment - Same Store

	Three Months Ended June 30,		Better / (Worse) % Change	Six Months Ended June 30,		Better / (Worse) % Change				
	2021	2020		2021	2020					
(In thousands, except unit and per unit data)										
Revenues:										
New vehicles	\$	1,461,984	\$	892,958	63.7 %	\$	2,618,301	\$	1,843,548	42.0 %
Used vehicles		761,524		531,335	43.3 %		1,423,059		1,092,131	30.3 %
Wholesale vehicles		62,956		28,236	123.0 %		119,160		70,339	69.4 %
Total vehicles		2,286,464		1,452,529	57.4 %		4,160,520		3,006,018	38.4 %
Parts, service and collision repair		343,441		247,134	39.0 %		649,631		568,429	14.3 %
Finance, insurance and other, net		116,657		74,522	56.5 %		208,903		152,213	37.2 %
Total revenues		2,746,562		1,774,185	54.8 %		5,019,054		3,726,660	34.7 %
Gross Profit:										
New vehicles		116,692		43,811	166.4 %		185,648		88,926	108.8 %
Used vehicles		52,647		26,759	96.7 %		82,920		58,900	40.8 %
Wholesale vehicles		4,199		(289)	1,552.9 %		4,935		(338)	1,560.1 %
Total vehicles		173,538		70,281	146.9 %		273,503		147,488	85.4 %
Parts, service and collision repair		173,900		121,946	42.6 %		327,583		278,411	17.7 %
Finance, insurance and other, net		116,657		74,522	56.5 %		208,903		152,213	37.2 %
Total gross profit	\$	464,095	\$	266,749	74.0 %	\$	809,989	\$	578,112	40.1 %
Unit Sales Volume:										
New vehicles		30,488		19,631	55.3 %		54,846		41,041	33.6 %
Used vehicles		28,550		23,701	20.5 %		55,786		49,336	13.1 %
Wholesale vehicles		6,753		4,773	41.5 %		13,585		11,611	17.0 %
Retail new & used vehicles		59,038		43,332	36.2 %		110,632		90,377	22.4 %
Used-to-New Ratio		0.94		1.21	(22.4)%		1.02		1.20	(15.4)%
Gross Profit Per Unit:										
New vehicles	\$	3,827	\$	2,232	71.5 %	\$	3,385	\$	2,167	56.2 %
Used vehicles	\$	1,844	\$	1,129	63.3 %	\$	1,486	\$	1,194	24.5 %
Finance, insurance and other, net	\$	1,984	\$	1,726	14.9 %	\$	1,902	\$	1,698	12.0 %

Note: All currently operating franchised dealership stores are included within the same store group as of the first full month following the first anniversary of the store's opening or acquisition.

EchoPark Segment - Reported

	Three Months Ended June 30,		Better / (Worse) % Change	Six Months Ended June 30,		Better / (Worse) % Change
	2021	2020		2021	2020	
(In thousands, except unit and per unit data)						
Revenues:						
New vehicles	\$ 909	\$ —	100.0 %	\$ 909	\$ —	100.0 %
Used vehicles	505,172	273,178	84.9 %	933,735	556,343	67.8 %
Wholesale vehicles	21,851	4,666	368.3 %	40,454	10,770	275.6 %
Total vehicles	527,932	277,844	90.0 %	975,098	567,113	71.9 %
Parts, service and collision repair	14,478	7,060	105.1 %	27,315	17,239	58.4 %
Finance, insurance and other, net	53,194	30,372	75.1 %	100,330	62,635	60.2 %
Total revenues	595,604	315,276	88.9 %	1,102,743	646,987	70.4 %
Gross Profit:						
New vehicles	100	—	100.0 %	100	—	100.0 %
Used vehicles	(20,467)	(3,045)	(572.2)%	(21,596)	(3,228)	(569.0)%
Wholesale vehicles	3,093	(69)	4,582.6 %	3,202	(145)	2,308.3 %
Total vehicles	(17,274)	(3,114)	(454.7)%	(18,294)	(3,373)	442.4 %
Parts, service and collision repair	270	(186)	245.2 %	54	(383)	113.8 %
Finance, insurance and other, net	53,194	30,372	75.1 %	100,330	62,635	60.2 %
Total gross profit	36,190	27,072	33.7 %	82,090	58,879	39.4 %
Selling, general and administrative expenses	(44,911)	(20,863)	(115.3)%	(84,191)	(46,601)	(80.7)%
Impairment charges	—	—	— %	—	—	— %
Depreciation and amortization	(4,145)	(2,752)	(50.6)%	(7,456)	(5,460)	(36.6)%
Operating income (loss)	(12,866)	3,457	(472.2)%	(9,557)	6,818	(240.2)%
Other income (expense):						
Interest expense, floor plan	(1,174)	(639)	(83.7)%	(2,170)	(1,539)	(41.0)%
Interest expense, other, net	(356)	(241)	(47.7)%	(681)	(606)	(12.4)%
Other income (expense), net	2	—	100.0 %	24	—	100.0 %
Total other income (expense)	(1,528)	(880)	(73.6)%	(2,827)	(2,145)	(31.8)%
Income (loss) before taxes	(14,394)	2,577	(658.6)%	(12,384)	4,673	(365.0)%
Add: impairment charges	—	—	NM	—	—	NM
Segment income (loss)	\$ (14,394)	\$ 2,577	(658.6)%	\$ (12,384)	\$ 4,672	(365.1)%
Unit Sales Volume:						
New vehicles	14	—	100.0 %	14	—	100.0 %
Used vehicles	21,261	13,207	61.0 %	40,931	27,193	50.5 %
Wholesale vehicles	2,878	1,454	97.9 %	5,739	3,219	78.3 %

NM = Not Meaningful

EchoPark Segment - Same Market

	Three Months Ended June 30,		Better / (Worse) % Change	Six Months Ended June 30,		Better / (Worse) % Change
	2021	2020		2021	2020	
(In thousands, except unit and per unit data)						
Revenues:						
Used vehicles	\$ 368,857	\$ 273,178	35.0 %	\$ 716,654	\$ 556,353	28.8 %
Wholesale vehicles	14,951	4,666	220.4 %	30,722	10,770	185.3 %
Total vehicles	383,808	277,844	38.1 %	747,376	567,123	31.8 %
Parts, service and collision repair	10,602	7,060	50.2 %	21,248	17,205	23.5 %
Finance, insurance and other, net	39,007	30,259	28.9 %	77,473	62,430	24.1 %
Total revenues	433,417	315,163	37.5 %	846,097	646,758	30.8 %
Gross Profit:						
Used vehicles	(17,118)	(6,545)	(161.5)%	(18,633)	(10,703)	(74.1)%
Wholesale vehicles	2,288	(69)	3,415.9 %	2,410	(145)	1,762.1 %
Total vehicles	(14,830)	(6,614)	(124.2)%	(16,223)	(10,848)	49.5 %
Parts, service and collision repair	(4)	(186)	97.8 %	(27)	(383)	93.0 %
Finance, insurance and other, net	39,007	30,259	28.9 %	77,473	62,430	24.1 %
Total gross profit	\$ 24,173	\$ 23,459	3.0 %	\$ 61,223	\$ 51,199	19.6 %
Unit Sales Volume:						
Used vehicles	15,382	13,207	16.5 %	31,189	27,193	14.7 %
Wholesale vehicles	1,847	1,454	27.0 %	4,151	3,219	29.0 %
Gross Profit Per Unit:						
Total used vehicle and F&I	\$ 1,423	\$ 1,796	(20.8)%	\$ 1,887	\$ 1,902	(0.8)%

Note: All currently operating EchoPark stores in a local geographic market are included within the same market group as of the first full month following the first anniversary of the market's opening.

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

	Three Months Ended June 30,		Better / (Worse)	
	2021	2020	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 213,842	\$ 140,266	\$ (73,576)	(52.5)%
Advertising	15,345	8,087	(7,258)	(89.7)%
Rent	13,665	13,223	(442)	(3.3)%
Other	77,768	68,783	(8,985)	(13.1)%
Total SG&A expenses	<u>\$ 320,620</u>	<u>\$ 230,359</u>	<u>\$ (90,261)</u>	<u>(39.2)%</u>

Reported:				
SG&A expenses as a % of gross profit:				
Compensation	41.9 %	45.6 %	370 bps	
Advertising	3.0 %	2.6 %	(40) bps	
Rent	2.7 %	4.3 %	160 bps	
Other	15.2 %	22.4 %	720 bps	
Total SG&A expenses as a % of gross profit	<u>62.8 %</u>	<u>74.9 %</u>	<u>1,210 bps</u>	

	Six Months Ended June 30,		Better / (Worse)	
	2021	2020	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 402,333	\$ 314,688	\$ (87,645)	(27.9)%
Advertising	27,515	22,222	(5,293)	(23.8)%
Rent	27,409	27,088	(321)	(1.2)%
Other	152,719	148,517	(4,202)	(2.8)%
Total SG&A expenses	<u>\$ 609,976</u>	<u>\$ 512,515</u>	<u>\$ (97,461)</u>	<u>(19.0)%</u>

Reported:				
SG&A expenses as a % of gross profit:				
Compensation	44.1 %	47.8 %	370 bps	
Advertising	3.0 %	3.4 %	40 bps	
Rent	3.0 %	4.1 %	110 bps	
Other	16.8 %	22.6 %	580 bps	
Total SG&A expenses as a % of gross profit	<u>66.9 %</u>	<u>77.9 %</u>	<u>1,100 bps</u>	

Earnings Per Share from Continuing Operations - Non-GAAP Reconciliation

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	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	43,424	\$ 113,991	\$ 2.63	43,575	\$ 30,996	\$ 0.71
Pre-tax items of interest:						
Non-recurring tax items		\$ —			\$ (3,175)	
Adjusted diluted earnings (loss) and shares from continuing operations	43,424	<u>\$ 113,991</u>	<u>\$ 2.63</u>	43,575	<u>\$ 27,821</u>	<u>\$ 0.64</u>

	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	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 ⁽¹⁾	43,483	\$ 167,680	\$ 3.86	42,779	\$ (168,135)	\$ (3.93)
Pre-tax items of interest:						
Impairment charges		\$ —			\$ 268,000	
Total pre-tax items of interest		\$ —			\$ 268,000	
Tax effect of above items		—			(51,295)	
Non-recurring tax items		—			(3,175)	
Adjusted diluted earnings (loss) and shares from continuing operations	43,483	<u>\$ 167,680</u>	<u>\$ 3.86</u>	42,779	<u>\$ 45,395</u>	<u>\$ 1.06</u>

(1) Basic weighted-average shares used for six months ended June 30, 2020 due to net loss on GAAP basis.

Adjusted EBITDA - Non-GAAP Reconciliation

	Three Months Ended June 30, 2021				Three Months Ended June 30, 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net income (loss)				\$ 113,845				\$ 30,791
Provision for income taxes				36,972				6,353
Income (loss) before taxes	\$ 165,415	\$ (14,394)	\$ (204)	\$ 150,817	\$ 34,856	\$ 2,577	\$ (289)	\$ 37,144
Non-floor plan interest	8,895	348	—	9,243	8,938	234	—	9,172
Depreciation and amortization	21,444	4,152	—	25,596	20,514	2,758	—	23,272
Stock-based compensation expense	3,989	—	—	3,989	2,971	—	—	2,971
Asset impairment charges	—	—	—	—	833	—	—	833
Long-term compensation charges	—	500	—	500	—	—	—	—
Loss (gain) on franchise and real estate disposals	(400)	(23)	—	(423)	1,117	—	—	1,117
Adjusted EBITDA	\$ 199,343	\$ (9,417)	\$ (204)	\$ 189,722	\$ 69,229	\$ 5,569	\$ (289)	\$ 74,509

	Six Months Ended June 30, 2021				Six Months Ended June 30, 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net income (loss)				\$ 168,067				\$ (168,542)
Provision for income taxes				56,022				(37,846)
Income (loss) before taxes	\$ 235,957	\$ (12,384)	\$ 516	\$ 224,089	\$ (210,487)	\$ 4,672	\$ (573)	\$ (206,388)
Non-floor plan interest	18,022	682	—	18,704	18,981	599	—	19,580
Depreciation & amortization	42,650	7,456	—	50,106	40,658	5,466	—	46,124
Stock-based compensation expense	7,474	—	—	7,474	5,398	—	—	5,398
Asset impairment charges	—	—	—	—	268,833	—	—	268,833
Long-term compensation charges	—	1,000	—	1,000	—	—	—	—
Loss (gain) on franchise disposals	(421)	(9)	—	(430)	1,117	—	—	1,117
Adjusted EBITDA	\$ 303,682	\$ (3,255)	\$ 516	\$ 300,943	\$ 124,500	\$ 10,737	\$ (573)	\$ 134,664

Sonic Automotive – Investor Presentation July 2021



EchoPark
AUTOMOTIVE

Updated July 29, 2021

→ 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, our anticipated future new vehicle unit sales volume, revenues and profitability, our anticipated future used vehicle unit sales volume, revenues and profitability, our anticipated future parts, service and collision repair (“Fixed Operations”) gross profit, our anticipated expense reductions, long-term annual revenue and profitability targets, anticipated future growth capital expenditures, profitability and pricing expectations in our EchoPark Segment, anticipated openings of new EchoPark stores, anticipated future population coverage, 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, 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 Retail Business With
Strategic Growth Levers Across
Multiple Business Lines with a
Diversified Brand Portfolio



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

116

Locations

14

Collision Centers

20+

Automotive Brands

16

States

\$9.8 Billion

Total Revenues

\$1.4 Billion

Gross Profit

93K

New Vehicles Sold

159K

Used Vehicles Sold

Note: Revenue, Gross Profit, New & Used Vehicles Sold are for FY 2020



→ Investment Highlights



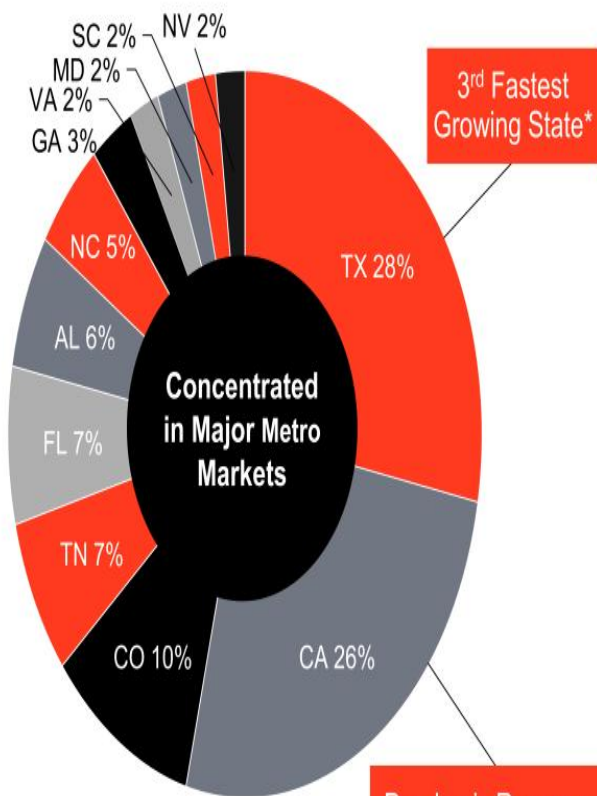
Note: Total revenue projection is estimate of future results. Actual results may differ. See "Forward-Looking Statements."



→ 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 2020

* Based On 2020 U.S. Census Bureau Data

Pandemic Recovery Has Lagged Other Markets – Near-Term Potential Upside



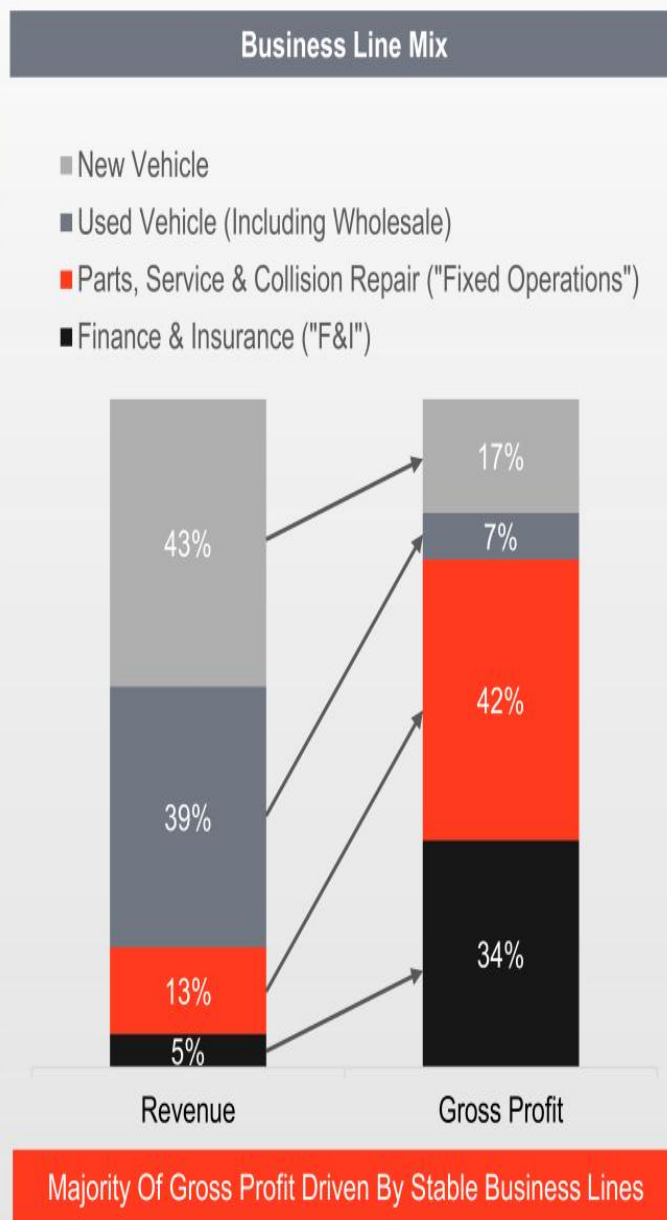
→ Revenue Composition – Diversified Revenue Streams

Brand Distribution			
Brand	% of Revenue	Franchise Brand	% of Revenue
Luxury	55%	BMW	22%
		Mercedes	11%
		Audi	6%
		Lexus	4%
		Land Rover	4%
		Porsche	3%
		Cadillac	2%
		MINI	1%
Import	20%	Other Luxury (1)	2%
		Honda	11%
		Toyota	7%
		Hyundai	1%
		Volkswagen	1%
Domestic	10%	Nissan	<1%
		Non-Franchise	15%
		Ford	5%
EchoPark	15%	General Motors (2)	5%

(1) Includes Volvo, Jaguar, Acura and Infiniti

(2) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for FY 2020



Note: Percentages are Percent of Total for FY 2020



→ EchoPark Automotive – A Unique Growth Story



The New Car Alternative™

Price. Quality. Experience.

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

Priced Up to
**\$3,000 Below
Market**
With Simplified, Easy
Purchase Experience

Unique, High Return
Business Model

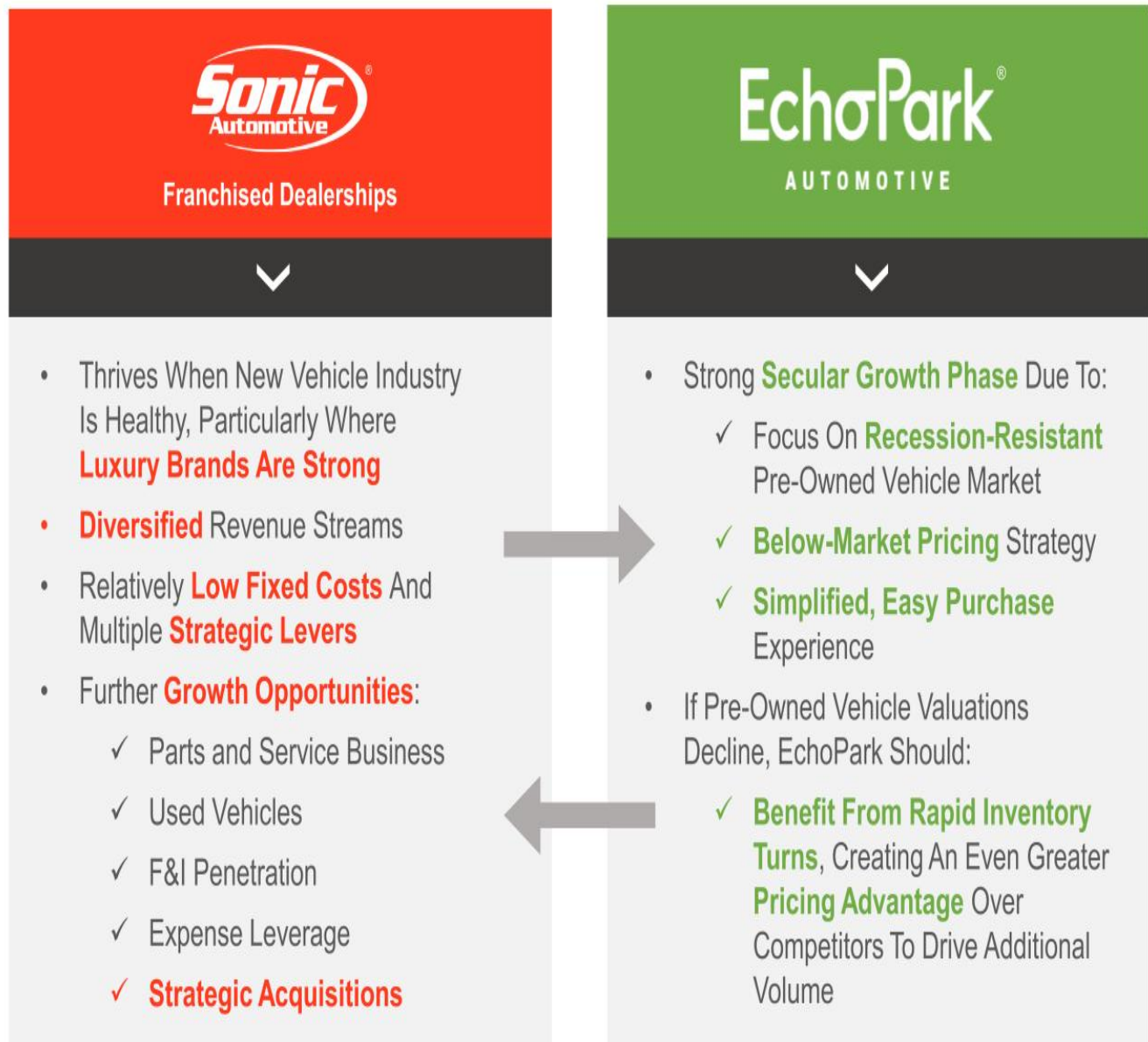
1 to 4-Year-Old
Vehicles - Nearly New With
Remaining OEM Warranty

Wide Reach –
30% of Guests
Travel More Than 30 Minutes
To Shop Our Inventory

Growing Nationwide Distribution Network
Expected To Reach 90% Of Population By 2025



→ Complementary Relationship Between Segments

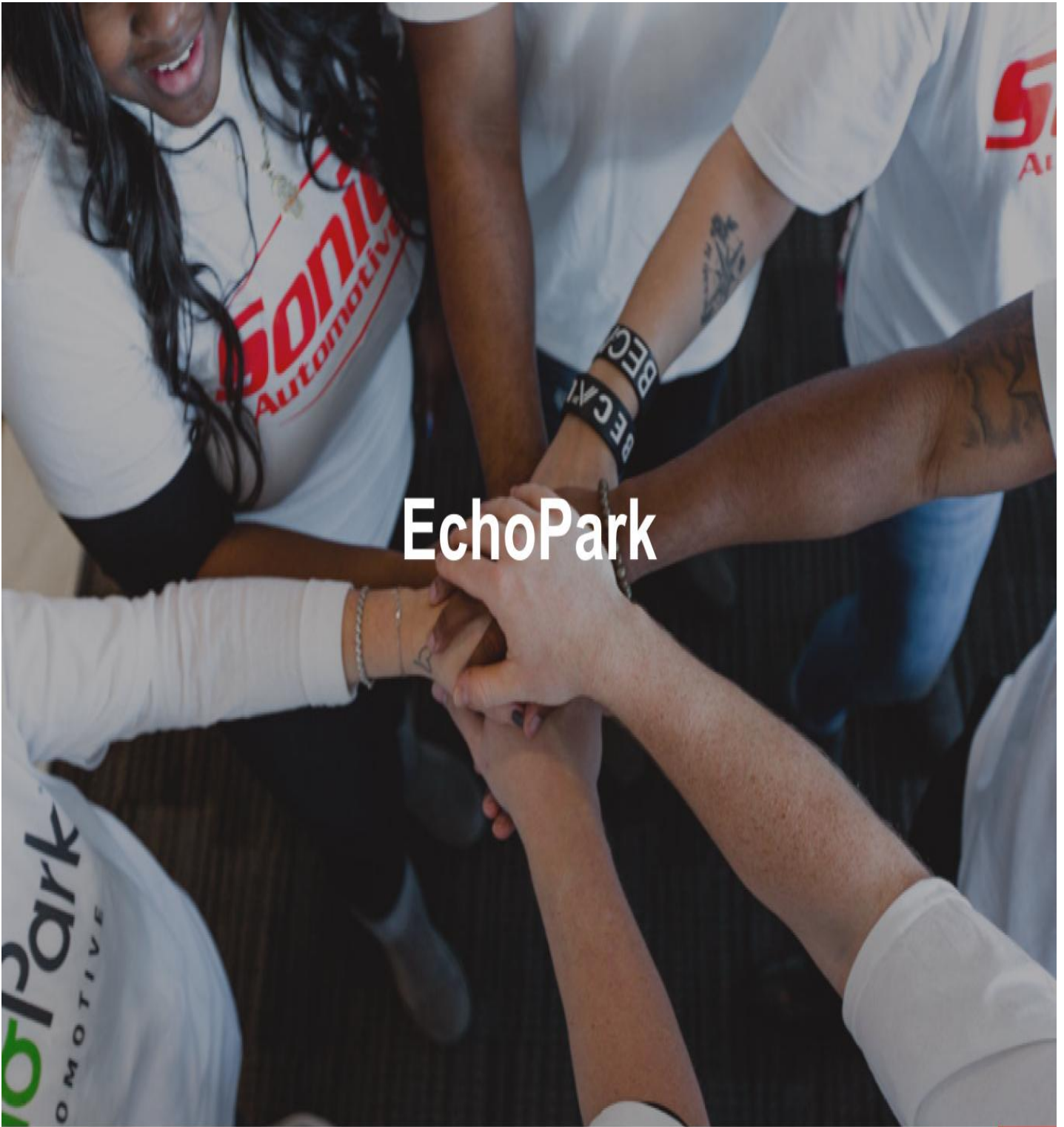


→ Strategic Direction

Franchised Dealerships	Strategic Drivers	EchoPark
<ul style="list-style-type: none"> Continued Growth Opportunity In Parts & Service, F&I Per Unit Ongoing Profitability Enhancement Through SG&A Expense Control, Inventory Management Pursue Strategic Acquisition Opportunities As Market Evolves Utilize Existing Infrastructure To Support Omni-Channel Distribution Network 	<ul style="list-style-type: none"> Invest In Proprietary Digital Retail Platform To <u>Accelerate Growth</u> Focus On Guest Experience To Drive <u>Market Share Gains</u> Strict Capital Allocation Strategy <u>Prioritizes Highest Return</u> on Investment <u>Return Of Capital To Shareholders</u> Via Dividend And Share Repurchase Program 	<ul style="list-style-type: none"> Early-Stage Strong Secular Growth Phase Projected To Add 25 New Locations Annually In 2021-2025 Expect 25% Population Coverage By End Of 2021, 90% Coverage By 2025 Profitability Inflection Point Expected In 2022 Nationwide Distribution Network Expected To Deliver 575,000 Unit Sales And \$14 Billion In Revenues Annually By 2025 2 Million Vehicle Addressable Market Opportunity

Note: Profitability and revenue projection are estimates of future results. Actual results may differ. See "Forward-Looking Statements."





→ EchoPark – Brand Promise



Price. Quality. Experience.



Up To **40%** Below
New Vehicle Price



Up To **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



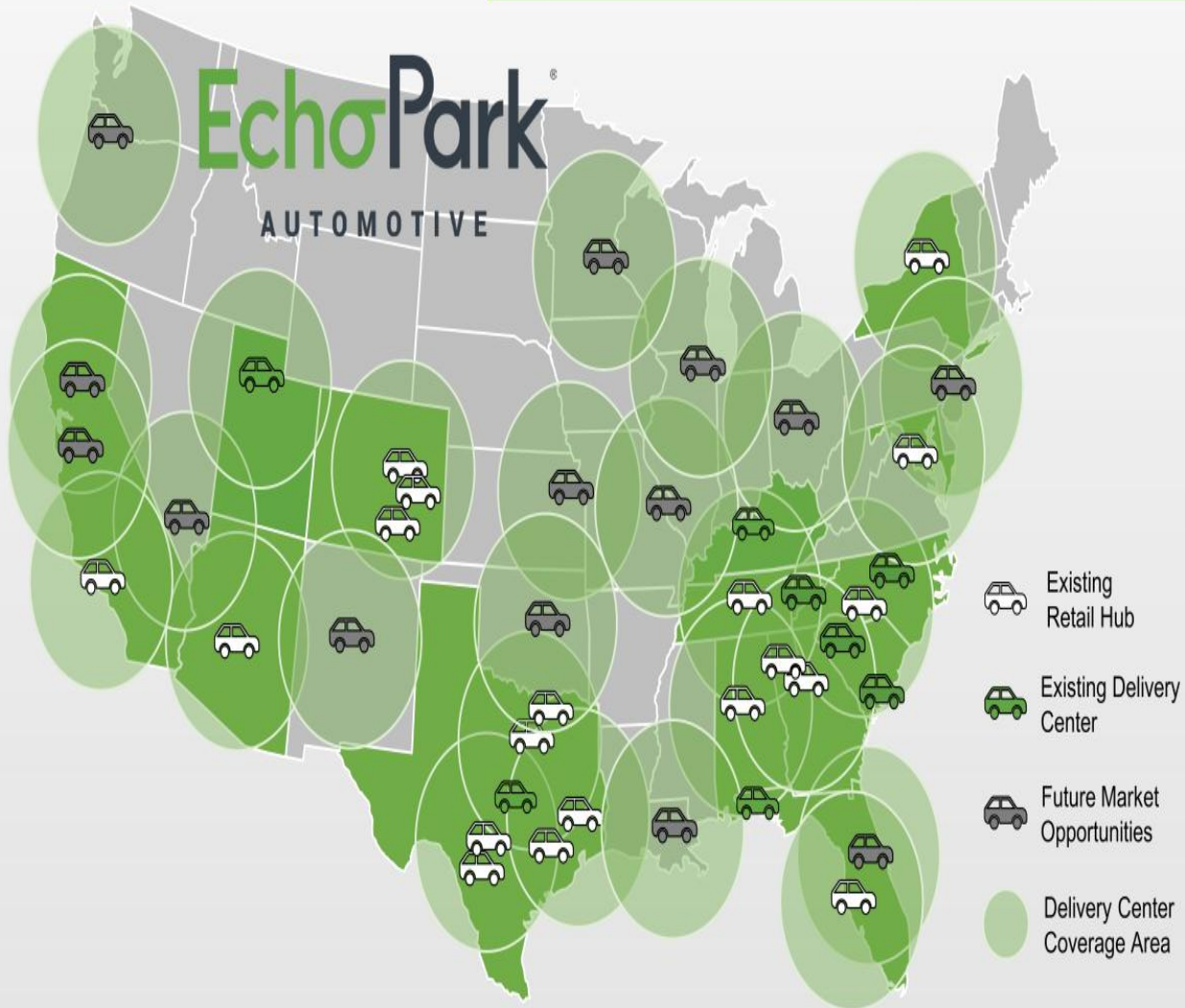
Complete Purchase
In Under An Hour

The Full Omni-Channel Option



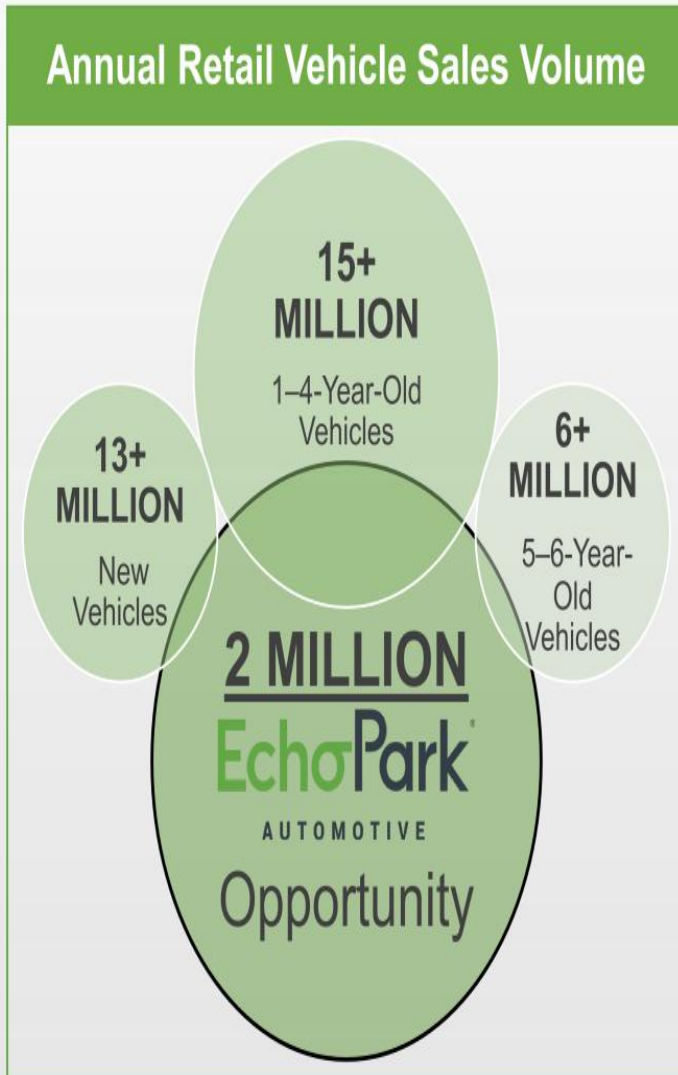
→ EchoPark – Developing Nationwide Distribution Network

25% Population Coverage By End Of 2021
90% Population Coverage By 2025



Note: Future locations and population coverage are based on projections. Actual results may differ. See "Forward-Looking Statements."

→ EchoPark – Addressable Market Opportunity



EchoPark®

AUTOMOTIVE

Target
90% Population Coverage

By 2025 With Growing
Nationwide Distribution
Network

Target
10% Market Share

Already Achieving This
Share* In Multiple Markets

Priced Up To
40% Below New

Attract Prospective
New Car Buyers

Priced Up to
\$3,000 Below Used

Compete On Price Vs. 5-6-
Year-Old Vehicles,
Consumer Can Buy Newer
Vehicle At Same Price

* Share Of Vehicles That Fit Model In Existing
EchoPark Markets

5% Q2 2021 Average Market Share* – Up 90 Basis Points From Q2 2020



EchoPark
AUTOMOTIVE

→ EchoPark – 5-Year Growth Forecast

Total Revenues (In Billions)



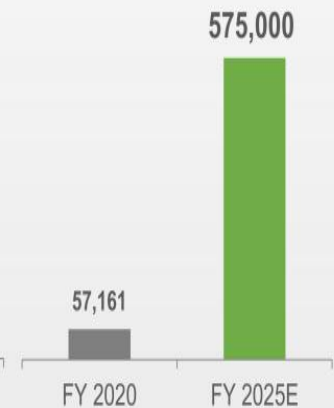
Pre-Tax Profit (Loss)
(In Millions)



EBITDA
(In Millions)



Retail Unit Sales Volume



Growth Drivers

- Expect to Open ~25 Markets Per Year From 2021-2025
 - ~20 Delivery Centers, ~5 Medium Or Large Retail Hubs
 - See 4-Wall Model On Next Slide
- Existing Markets Generate ~400,000 Unique Leads On An Annualized Basis
- Expect To Cover 25% Of U.S. Population By 2021, 90% By 2025
- Population Coverage, Market Density Growth And Continued Market Share Gains Drive Long-Term Opportunities

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

→ EchoPark – Modeled 4-Wall Economics At Maturity

(Modeled Metrics Assume 100% Maturity)	Delivery Center	Medium Retail Hub	Large 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	\$ 205,000,000	\$ 410,000,000
Total Combined Gross Profit Per Unit Retailled ("GPU")	\$ 1,700	\$ 2,150	\$ 2,150
Target SG&A Expenses as % of Gross Profit	65%	60%	60%
Annual Pre-Tax Profit	\$ 2,100,000	\$ 7,200,000	\$ 14,400,000
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	30
Target Inventory Days' Supply	N/A	30 Days	30 Days
Working Capital Investment	\$ -	\$ 15,000,000	\$ 31,000,000
Inventory Floor Plan Financing	\$ -	\$ (15,000,000)	\$ (31,000,000)
Capital Expenditures, Including Land (Varies By Market)	\$1-\$2 Million	\$7-\$12 Million	\$20-\$25 Million
Estimated Months to Breakeven	3-6 Months	6-9 Months	6-9 Months
Estimated Years to Maturity	2 Years	4 Years	5 Years

Expected Pre-Tax Return On Investment

55%+

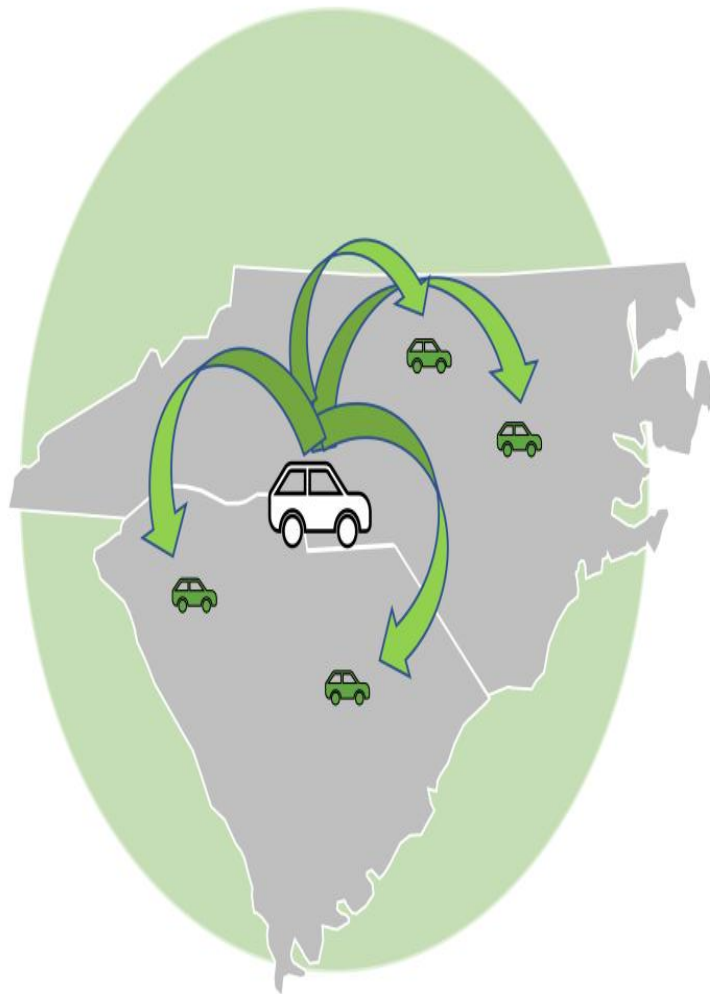
35% - 50%

28% - 33%

Note: Estimated average pre-tax losses of \$1.5 to \$2.0 million per new medium or large retail hub opening (~40% incurred in 3 months prior to opening, ~60% incurred post-opening prior to targeted breakeven). Pre-tax losses for new Delivery Center locations are expected to be approximately \$0.2 million per location prior to targeted breakeven. Note: Amounts are estimates of future results used for comparative modeling purposes. Actual store results may differ. See "Forward-Looking Statements."



→ EchoPark – Delivery Center Model



Existing Retail Hub



Example Delivery Center Market
Coverage Opportunity

Delivery Center Model

- Utilize Nearby Retail Hub For Inventory Storage And Reconditioning (Asset Light Expansion)
- Advertise Inventory Online In Surrounding Markets
- Drive Incremental eCommerce Sales In New Markets
- Inspect & Buy Vehicles From Guests After Online Appraisal
- Arrange Vehicle Transport To Delivery Center
- Guest Picks Up Vehicle At EchoPark Delivery Center Near Their Home (i.e. Next-To-Last-Mile Delivery)

Strategic Advantages

- Quick Entry Into New Markets With Minimal Capital Expenditures Or Overhead Costs
- Same Guest-Centric Purchase Experience And Convenience
- Blend Of Brick And Mortar And eCommerce Distribution Network Creates Operating Leverage

Delivery Center Markets

- Expect To Open ~20 Delivery Centers Annually From 2021-2025
- Target Adjacent Secondary Markets Or Large Markets Where Traditional Dealership Real Estate Is Unavailable Or Cost Prohibitive



→ EchoPark – High Volume Model Drives Superior Returns

Ultra-Low Pricing



Attractive F&I



High Volume Throughput

Below-Market Pricing
Drives High Customer Lead
Volume

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

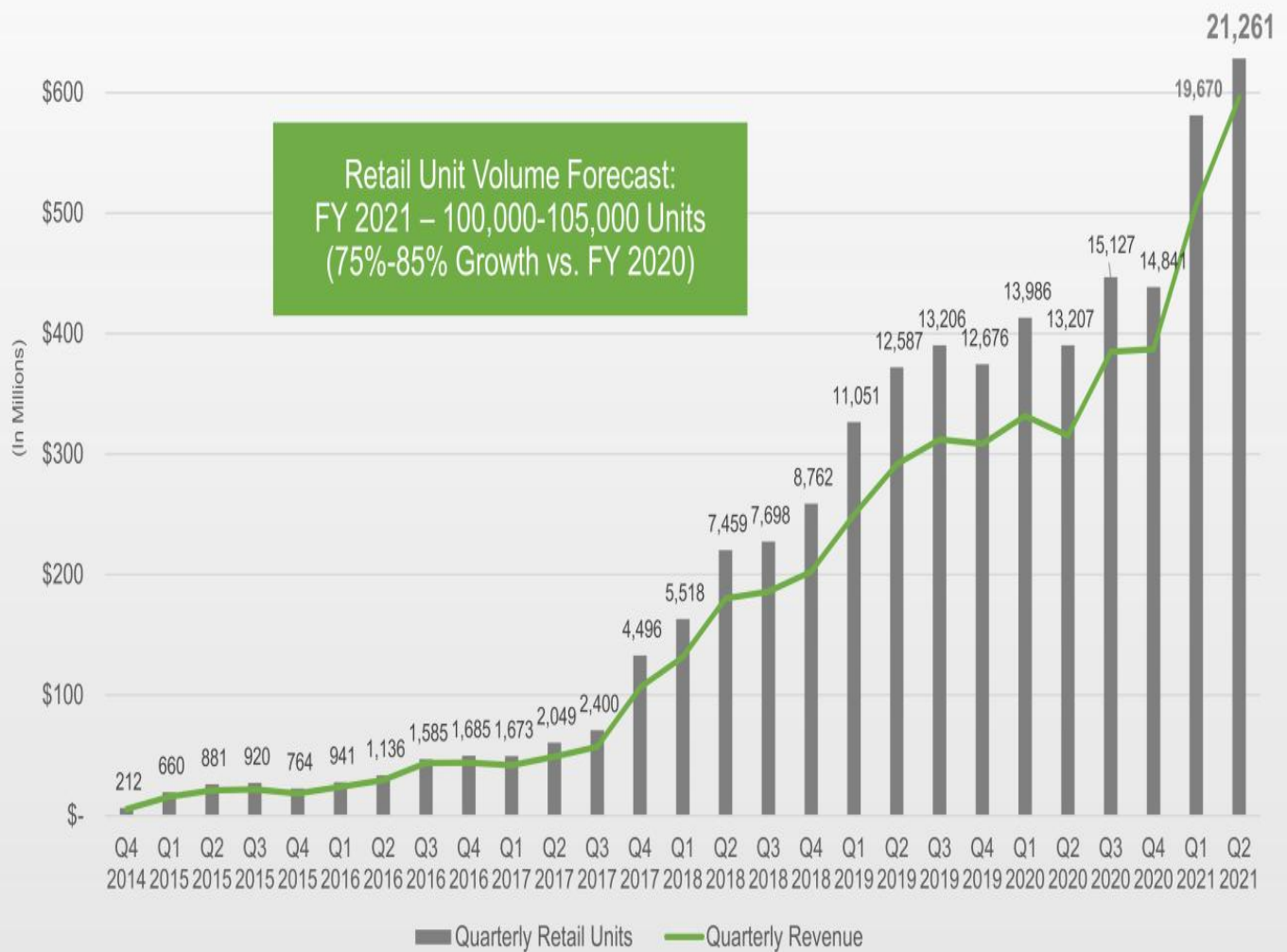
5X Volume Throughput Per
Retail Hub vs. Sonic
Franchised Stores

Gross Profit Per Unit ("GPU")	Franchised Used	EchoPark	Better (Worse)
Front-End Used Vehicle GPU	\$1,300	\$(100)	
F&I GPU	\$1,600	\$2,250	
Parts and Service Reconditioning GPU	\$500	-	
Total Used-Related GPU	\$3,400	\$2,150	(\$1,250)
Volume Differential Factor	x1	X5	
Pro Forma Comparative Used-Related Gross Profit	\$3,400	\$10,750	\$7,350

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



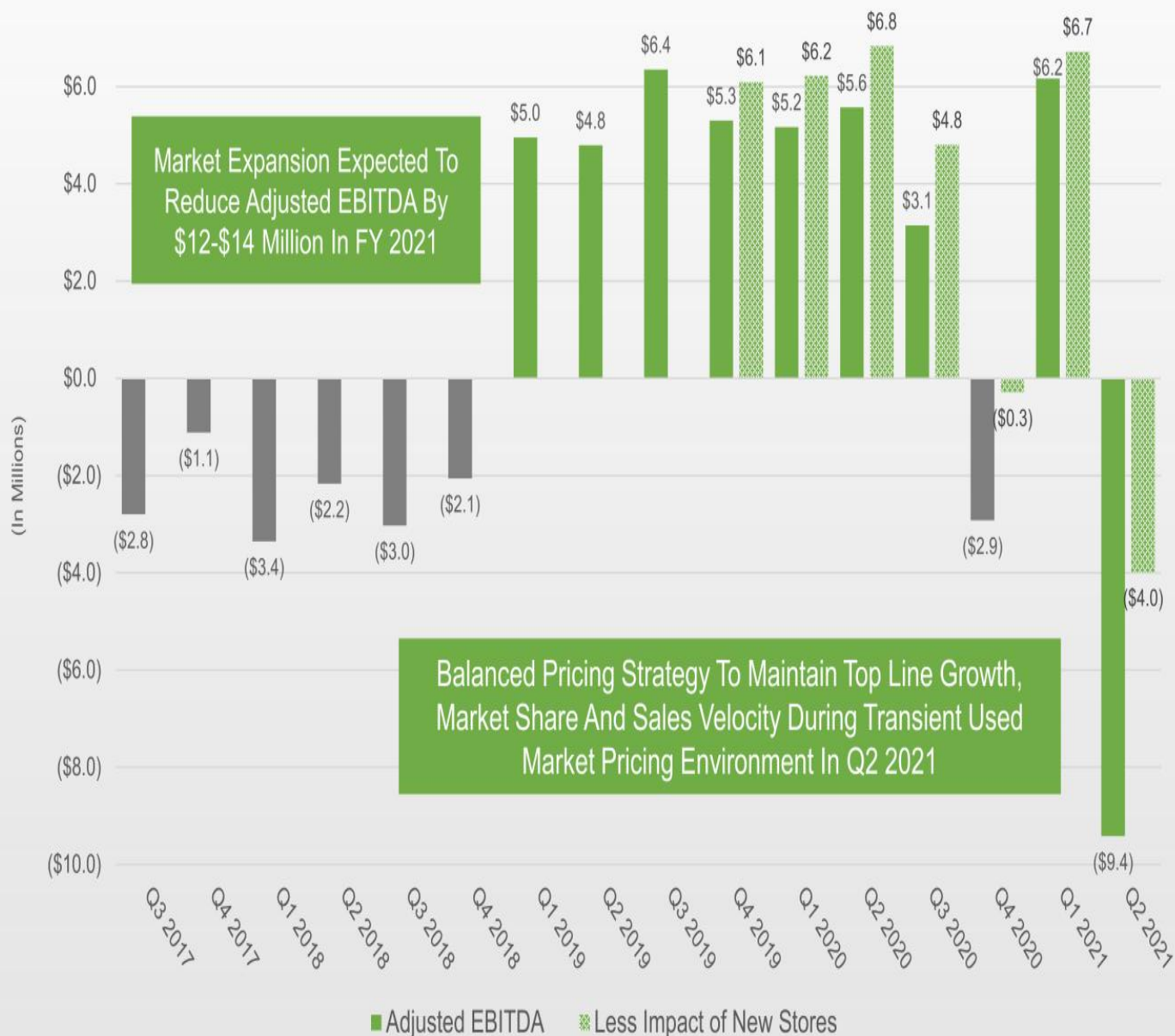
→ EchoPark – Growth Path



8.1% Sequential Unit Growth In Q2 2021, 61.0% Growth vs. Q2 2020



→ EchoPark – Adjusted EBITDA Trend



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

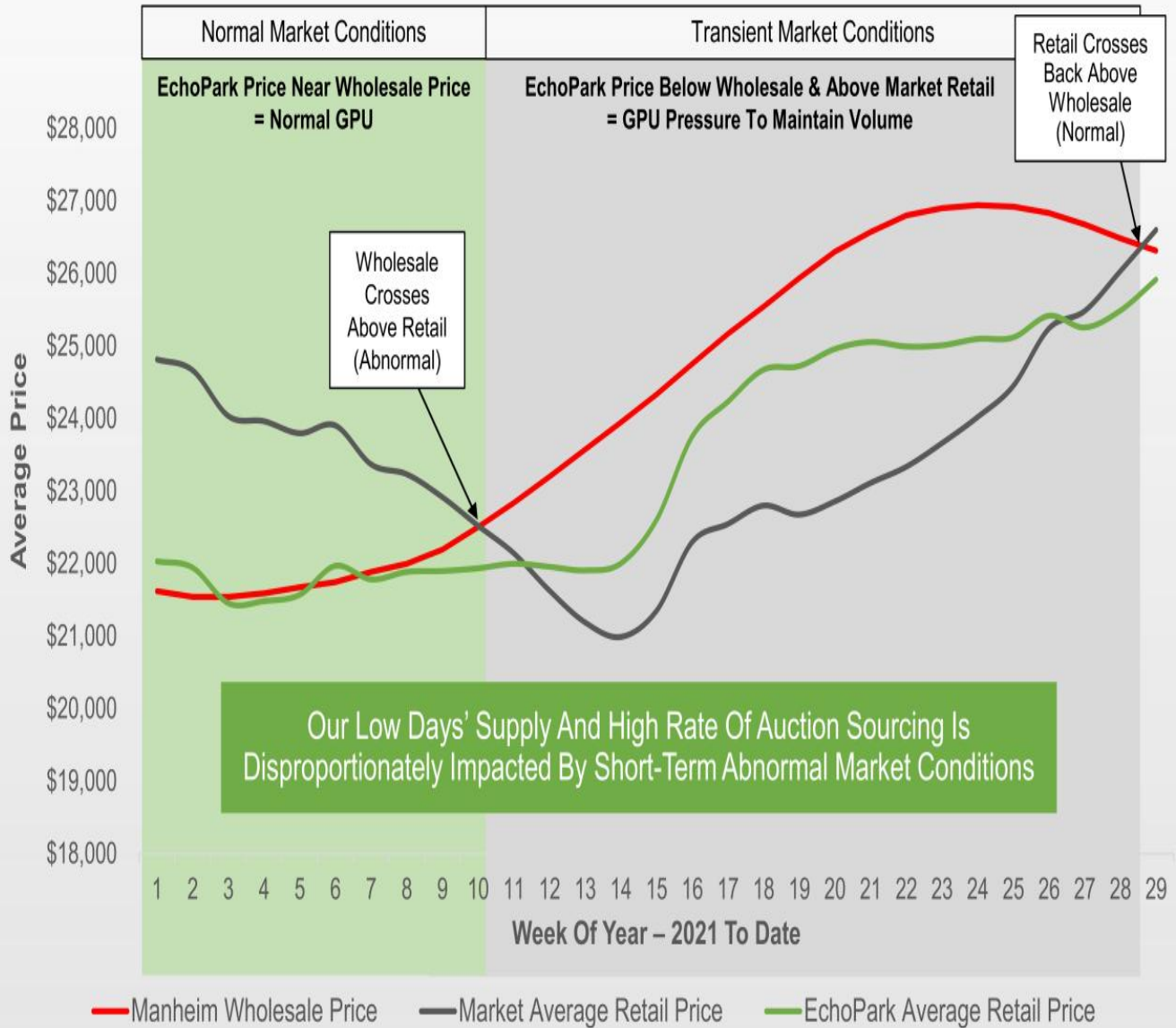


→ EchoPark – Market Pricing Impact

2021 Used Vehicle Market Wholesale Vs. Retail Pricing

- Q1 2021 – Normal Market Conditions (See Next Slide)
 - Wholesale Price Lower Than Market Retail
 - EchoPark Priced At Discount To Market Retail
- Q2 2021 – Abnormal Inverted Wholesale Market Conditions (See Next Slide)
 - Wholesale Price Higher Than Market Retail
 - EchoPark Priced At Premium To Market Retail To Mitigate Losses
- Q3 2021 – Market Beginning To Return To Normal Conditions In Late July
 - Wholesale Price Lower Than Market Retail
 - EchoPark Resumes Normal Discount To Market Retail
- Q4 2021 – Expect Normal Market Conditions
 - Wholesale Price Lower Than Market Retail
 - EchoPark Priced At Normal Discount To Market Retail

→ EchoPark vs. Market Pricing Weekly Trend 2021





Franchised Dealerships



→ Franchised Dealerships

Stable Business With Organic And Acquisition
Growth Opportunities



86 Franchised
Dealerships



20+ Brands, Luxury
Weighted

Diversified Revenue Streams

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

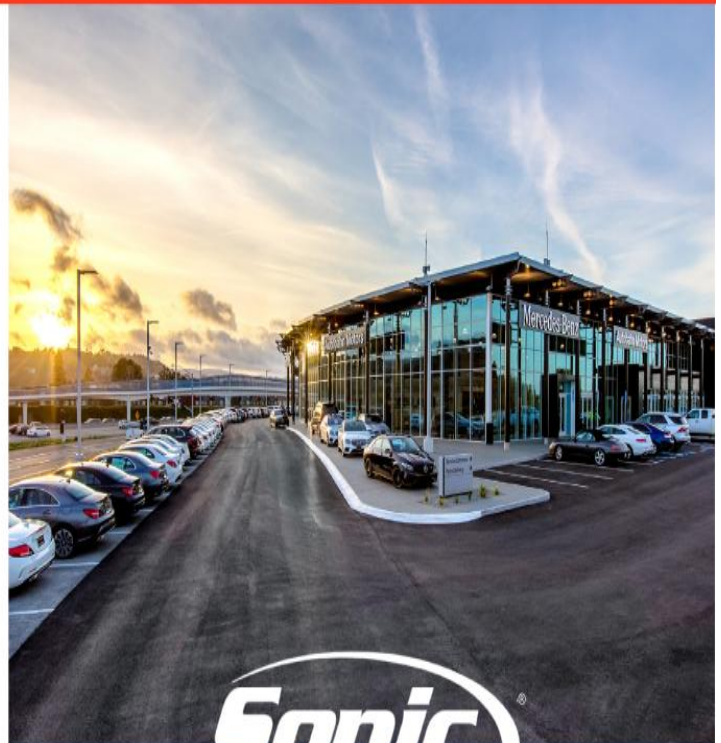


14 Collision
Repair Centers

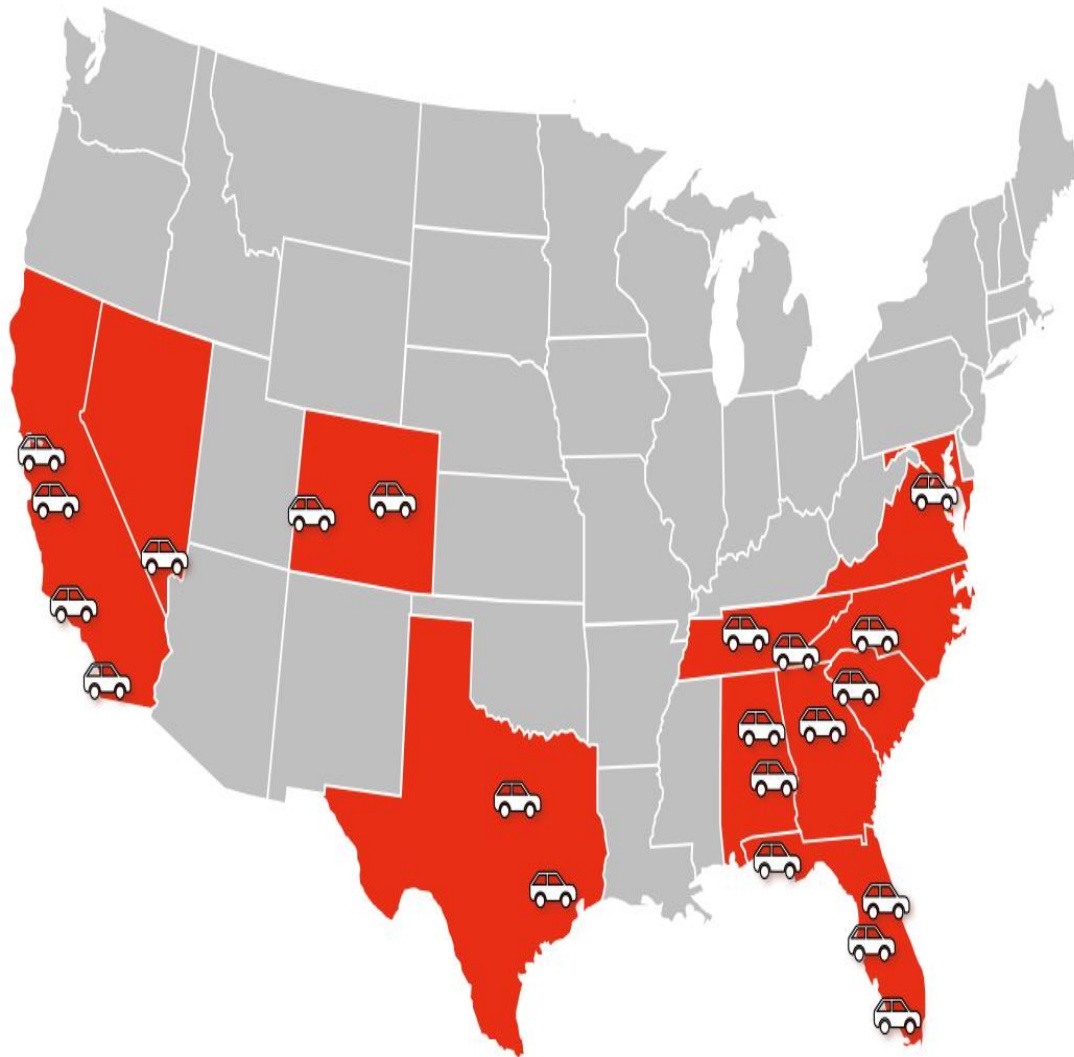


20 Major
Metropolitan
Markets

Resilient And Flexible Business Model Through
Economic Cycles



→ Franchised Dealerships – Geographic Footprint



86 Stores, 20+ Brands,
14 Collision Repair Centers



Platforms Concentrated
In Major Metro Markets



→ Franchised Dealerships – Strategic Levers





Omni-Channel Strategy



→ Full Omni-Channel Infrastructure



→ Buy & Sell Your Way



Buy & Sell Your Way

- Our Blend Of Brick And Mortar And eCommerce Strategies Allows Guests To **Choose Their Preferred Buying Approach**
- A **Flexible, Guest-Centric** Experience With Options
- Will Be **Seamless To The Guest**, Regardless of Which Path They Choose



Buy On-Site

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



Start Online, Finish On-Site Or Buy Completely Online

- Research Online, Utilize Chat, Text, Phone, Zoom To **Reduce In-Person Process**
- Review And Select Insurance Products And Financing Options
- Includes Online Trade-In Appraisal And **Firm Purchase Offer**
- Complete A Full eCommerce Transaction **In Minutes**
- **Conveniently** Test Drive And Finalize Purchase At Franchised Dealership, EchoPark Retail Hub Or EchoPark Delivery Center

Represents ~10% Of Q2 2021 Vehicle
Sales Transactions



Q2 2021 Financial Snapshot



→ Q2 2021 – Consolidated Continuing Operations

(In millions, except per share data)	Q2 2021	% Better / (Worse) than	
		Q2 2020	Q2 2019
Revenues	\$3,352.2	58.7%	28.2%
Gross profit	\$510.8	66.2%	34.0%
SG&A expenses	\$320.6	(39.2%)	(8.9%)
SG&A expenses as % of gross profit	62.8%	1,210 bps	1,440 bps
Earnings from continuing operations before taxes	\$151.0	303.4%	310.1%
Continuing Ops:			
Net income	\$114.0	267.8%	326.1%
Diluted earnings per share	\$2.63	270.4%	324.2%

Excluding The Effect Of A \$3.2 Million Non-Recurring Income Tax Benefit In Q2 2020,
Adjusted Q2 2021 Diluted EPS From Continuing Operations Increased 310.9%

Refer to Appendix for Calculation of Adjusted Results and Reconciliation of Non-GAAP Measures



→ Q2 2021 – Franchised Dealerships Segment

(In millions, except unit and per unit data)	Q2 2021	% Better / (Worse) than	
		Q2 2020	Q2 2019
Revenues	\$2,756.6	53.4%	18.7%
Gross profit	\$474.6	69.3%	34.3%
SG&A expenses	\$275.7	(31.6%)	(1.2%)
SG&A expenses as % of gross profit	58.1%	1,660 bps	1,900 bps
Segment income (loss)	\$165.4	363.5%	370.9%
New vehicle unit sales volume	30,488	53.3%	8.1%
Retail used vehicle unit sales volume	28,550	19.1%	(1.1%)
New vehicle gross profit per unit	\$3,881	70.1%	94.0%
Retail used vehicle gross profit per unit	\$1,934	52.4%	49.1%
F&I gross profit per unit retailed	\$2,110	14.7%	33.5%

Excluding The Effect Of Disposals In 2019, Same Store Q2 2021 New Unit Volume Increased 17.6%
And Retail Used Unit Volume Increased 6.6% Compared to Q2 2019

Refer to Appendix for Reconciliation Of Segment Income (Loss)



→ Q2 2021 – EchoPark Segment

All-Time
Record
Quarterly
Revenue

All-Time
Record
Quarterly
Volume

(In millions, except unit and per unit data)	% Better / (Worse) than		
	Q2 2021	Q2 2020	Q2 2019
Revenues	\$595.6	88.9%	104.2%
Gross profit	\$36.2	33.7%	29.6%
SG&A expenses	\$44.9	(115.3%)	(102.3%)
SG&A expenses as % of gross profit	124.1%	(4,700) bps	(4,460) bps
Segment income (loss)	(\$14.4)	(658.6%)	(950.2%)
Retail used vehicle unit sales volume	21,261	61.0%	68.9%
Total combined gross profit per unit retailed	\$1,539	(25.6%)	(31.1%)

Q2 2021 Segment Income (Loss) Includes Market Expansion-Related Loss of \$6.6 Million

Balanced Pricing Strategy To Maintain Top Line Growth, Market Share And Sales Velocity During Transient Used Market Conditions (\$19.3M Negative Impact On Gross Profit In Q2 2021)

Refer to Appendix for Reconciliation Of Segment Income (Loss)



→ Strong Balance Sheet And Liquidity

	June 30,2021	December 31,2020
	(In Millions)	
Cash and cash equivalents	\$ 239.6	\$ 170.3
Availability under the 2021 Revolving Credit Facility ⁽¹⁾	224.3	214.7
Availability under the 2019 Mortgage Facility	16.7	11.2
Availability under the 2020 Line Of Credit Facility	54.1	57.0
Floor plan deposit balance	75.0	73.2
Total available liquidity resources	\$ 609.7	\$ 526.4

	Covenant Requirement*	June 30,2021	December 31,2020
Liquidity ratio	≥ 1.05	1.19	1.18
Fixed charge coverage ratio	≥ 1.20	2.21	2.07
Total lease adjusted leverage ratio	≤ 5.75	1.34	2.79
Net debt to Adjusted EBITDA ratio⁽²⁾		0.69	1.29

* As Defined In The 2021 Revolving Credit Facility and 2019 Mortgage Facility

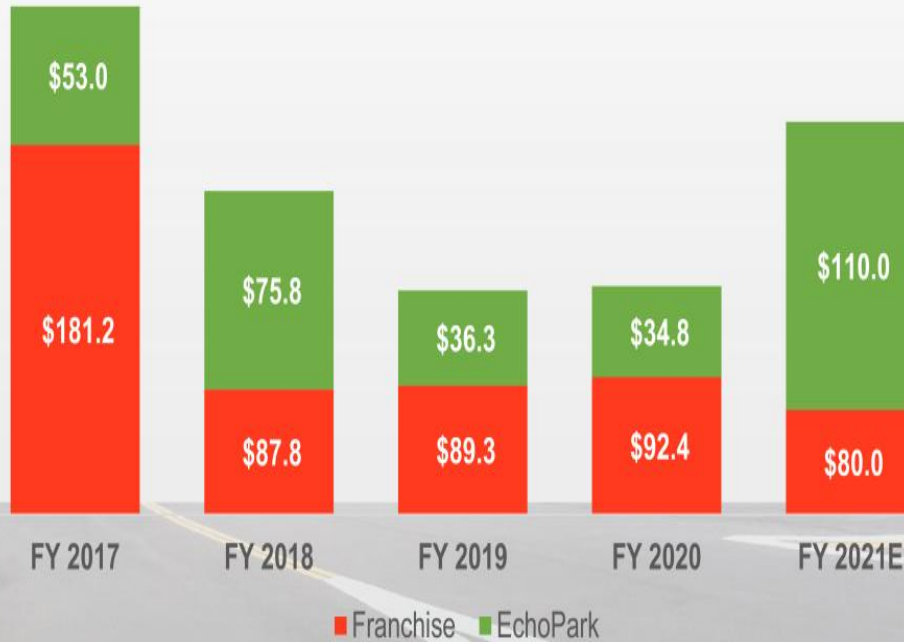
(1) Balance As Of December 31, 2020 Was Under The 2016 Revolving Credit Facility

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



→ Capital Expenditure Discipline

Gross Capital Expenditures (In Millions)



Strict Capital Allocation Strategy Prioritizes Highest Return On Investment

Actual YTD Q2 2021 Capital Expenditures Of \$105.2 Million

FY 2021E Includes Plans For 25 New EchoPark Locations In 2021 And Real Estate For 2022 Openings

Appendix



→ Non-GAAP Reconciliation – Segment Income

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Revenues	\$ 2,756.6	\$ 1,796.6	\$ 595.6	\$ 315.3	\$ 3,352.2	\$ 2,111.9
Gross profit	\$ 474.6	\$ 280.3	\$ 36.2	\$ 27.1	\$ 510.8	\$ 307.4
SG&A expenses	\$ 275.7	\$ 209.5	\$ 44.9	\$ 20.9	\$ 320.6	\$ 230.4
Segment income	\$ 165.4	\$ 35.7	\$ (14.4)	\$ 2.6	\$ 151.0	\$ 38.3
Impairment charges	-	(0.8)	-	-	-	(0.8)
Earnings (loss) from continuing operations before taxes	\$ 165.4	\$ 34.9	\$ (14.4)	\$ 2.6	\$ 151.0	\$ 37.5
Adjusted net income (loss) from continuing operations					\$ 114.0	\$ 27.8
Impairment charges (before taxes)					-	-
Tax effect of items of interest and non-recurring tax items					-	3.2
Net income (loss) from continuing operations					\$ 114.0	\$ 31.0
New vehicle unit sales volume	30,488	19,891	14	-	30,502	19,891
Retail used vehicle unit sales volume	28,550	23,973	21,261	13,207	49,811	37,180

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



→ Non-GAAP Reconciliation – Earnings Per Share

	Q2 2021			Q2 2020		
	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	43,424	\$ 113,991	\$ 2.63	43,575	\$ 30,996	\$ 0.71
Non-recurring tax items		<u>-</u>			<u>(3,175)</u>	
Adjusted diluted earnings (loss) and shares from continuing operations	43,424	<u>\$ 113,991</u>	\$ 2.63	43,575	<u>\$ 27,821</u>	\$ 0.64

→ Non-GAAP Reconciliation – Adjusted EBITDA

					LTM
(In thousands)	FY 2017	FY 2018	FY 2019	FY 2020	Q2 2021
Net Income (Loss)	\$ 92,983	\$ 51,650	\$ 144,137	\$ (49,349)	\$ 285,223
Provision For Income Taxes	13,198	22,645	54,954	12,983	109,487
Income (Loss) Before Taxes	\$ 106,181	\$ 74,295	\$ 199,091	\$ (36,366)	\$ 394,710
Non-Floor Plan Interest	50,531	52,049	50,475	38,672	37,797
Depreciation and Amortization	92,127	96,652	95,646	93,922	97,902
Stock-Based Compensation Expense	11,119	11,853	10,797	11,704	13,778
Loss (Gain) On Exit Of Leased Dealerships	2,157	1,709	(170)	-	-
Impairment Charges	9,394	29,514	20,768	270,017	1,184
Loss (Gain) On Debt Extinguishment	14,607	-	6,690	-	-
Long-Term Compensation Charges	-	32,522	-	-	-
Loss (Gain) on Franchise and Real Estate Disposals	(9,980)	(39,307)	(74,812)	(8,247)	(9,791)
Adjusted EBITDA	<u>\$ 276,136</u>	<u>\$ 259,287</u>	<u>\$ 308,485</u>	<u>\$ 369,702</u>	<u>\$ 535,580</u>
Long-Term Debt (Including Current Portion)	\$ 1,024,703	\$ 945,083	\$ 706,886	\$ 720,066	\$ 686,393
Cash and Equivalents	(6,352)	(5,854)	(29,103)	(170,313)	(239,617)
Floor Plan Deposit Balance	(3,000)	-	-	(73,180)	(75,000)
Net Debt	<u>\$ 1,015,351</u>	<u>\$ 939,229</u>	<u>\$ 677,783</u>	<u>\$ 476,573</u>	<u>\$ 371,776</u>
Net Debt To Adjusted EBITDA Ratio	3.68	3.62	2.20	1.29	0.69

Note – Balance Sheet Amounts Are As Of December 31 for the FY Then Ended. LTM Q2 2021 Amounts Are For The Twelve-Month Period Ended June 30, 2021.
Balance Sheet Amounts For LTM Q2 2021 Are As Of June 30, 2021.

→ Non-GAAP Reconciliation – Adjusted EBITDA

	Q2 2021				Q2 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ 113,845				\$ 30,791
Provision For Income Taxes				36,972				6,353
Income (Loss) Before Taxes	\$ 165,415	\$ (14,394)	\$ (204)	\$ 150,817	\$ 34,856	\$ 2,577	\$ (289)	\$ 37,144
Non-Floor Plan Interest	8,895	348	-	9,243	8,938	234	-	9,172
Depreciation And Amortization	21,444	4,152	-	25,596	20,514	2,758	-	23,272
Stock-Based Compensation Expense	3,989	-	-	3,989	2,971	-	-	2,971
Impairment Charges	-	-	-	-	833	-	-	833
Long-Term Compensation Charges	-	500	-	500	-	-	-	-
Gain On Franchise And Real Estate Disposals	(400)	(23)	-	(423)	1,117	-	-	1,117
Adjusted EBITDA	\$ 199,343	\$ (9,417)	\$ (204)	\$ 189,722	\$ 69,229	\$ 5,569	\$ (289)	\$ 74,509



→ Non-GAAP Reconciliation – Adjusted EBITDA

	Q1 2021				Q1 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net Income (Loss)				\$ 54,222				\$ (199,333)
Provision For Income Taxes				19,051				(44,200)
Income (Loss) Before Taxes	\$ 70,543	\$ 2,010	\$ 720	\$ 73,273	\$ (245,344)	\$ 2,096	\$ (285)	\$ (243,533)
Non-Floor Plan Interest	9,127	334	-	9,461	10,043	365	-	10,408
Depreciation And Amortization	21,206	3,304	-	24,510	20,144	2,708	-	22,852
Stock-Based Compensation Expense	3,485	-	-	3,485	2,427	-	-	2,427
Impairment Charges	-	-	-	-	268,000	-	-	268,000
Long-Term Compensation Charges	-	500	-	500	-	-	-	-
Gain On Franchise And Real Estate Disposals	(21)	14	-	(7)	-	-	-	-
Adjusted EBITDA	\$ 104,340	\$ 6,162	\$ 720	\$ 111,222	\$ 55,270	\$ 5,169	\$ (285)	\$ 60,154

	Q4 2020				Q4 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net Income (Loss)				\$ 59,376				\$ 46,307
Provision For Income Taxes				30,208				14,703
Income (Loss) Before Taxes	\$ 90,611	\$ (833)	\$ (194)	\$ 89,584	\$ 75,466	\$ (14,518)	\$ 62	\$ 61,010
Non-Floor Plan Interest	8,963	201	-	9,164	12,335	435	-	12,770
Depreciation And Amortization	21,167	2,863	-	24,030	20,972	2,765	-	23,737
Stock-Based Compensation Expense	3,152	-	-	3,152	2,690	-	-	2,690
Impairment Charges	1,158	-	-	1,158	1,075	16,617	-	17,692
Loss On Debt Extinguishment	-	-	-	-	6,690	-	-	6,690
Gain On Franchise And Real Estate Disposals	(821)	(5,152)	-	(5,973)	(29,242)	-	-	(29,242)
Adjusted EBITDA	\$ 124,230	\$ (2,921)	\$ (194)	\$ 121,115	\$ 89,986	\$ 5,299	\$ 62	\$ 95,347

→ Non-GAAP Reconciliation – Adjusted EBITDA

	Q3 2020				Q3 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 59,818				\$ 29,010
Provision For Income Taxes				20,620				11,307
Income (Loss) Before Taxes	\$ 80,434	\$ 239	\$ (235)	\$ 80,438	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317
Non-Floor Plan Interest	9,781	147	-	9,928	12,011	402	-	12,413
Depreciation And Amortization	21,004	2,763	-	23,767	21,561	2,703	-	24,264
Stock-Based Compensation Expense	3,153	-	-	3,153	2,681	-	-	2,681
Impairment Charges	26	-	-	26	-	1,124	-	1,124
Gain On Franchise Disposals	(3,388)	-	-	(3,388)	823	-	-	823
Adjusted EBITDA	\$ 111,010	\$ 3,149	\$ (235)	\$ 113,924	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622

	Q2 2020				Q2 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(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 Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 29,010				\$ 15,118
Provision For Income Taxes				11,307				7,262
Income (Loss) Before Taxes	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380
Non-Floor Plan Interest	12,011	402	-	12,413	12,279	423	98	12,800
Depreciation And Amortization	21,561	2,703	-	24,264	22,140	1,999	-	24,139
Stock-Based Compensation Expense	2,681	-	-	2,681	4,578	-	-	4,578
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	24	4	103	131
Impairment Charges	-	1,124	-	1,124	-	-	-	-
Gain On Franchise Disposals	823	-	-	823	88	-	-	88
Adjusted EBITDA	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116

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

→ Non-GAAP Reconciliation – Adjusted EBITDA

	Q1 2019				Q1 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(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

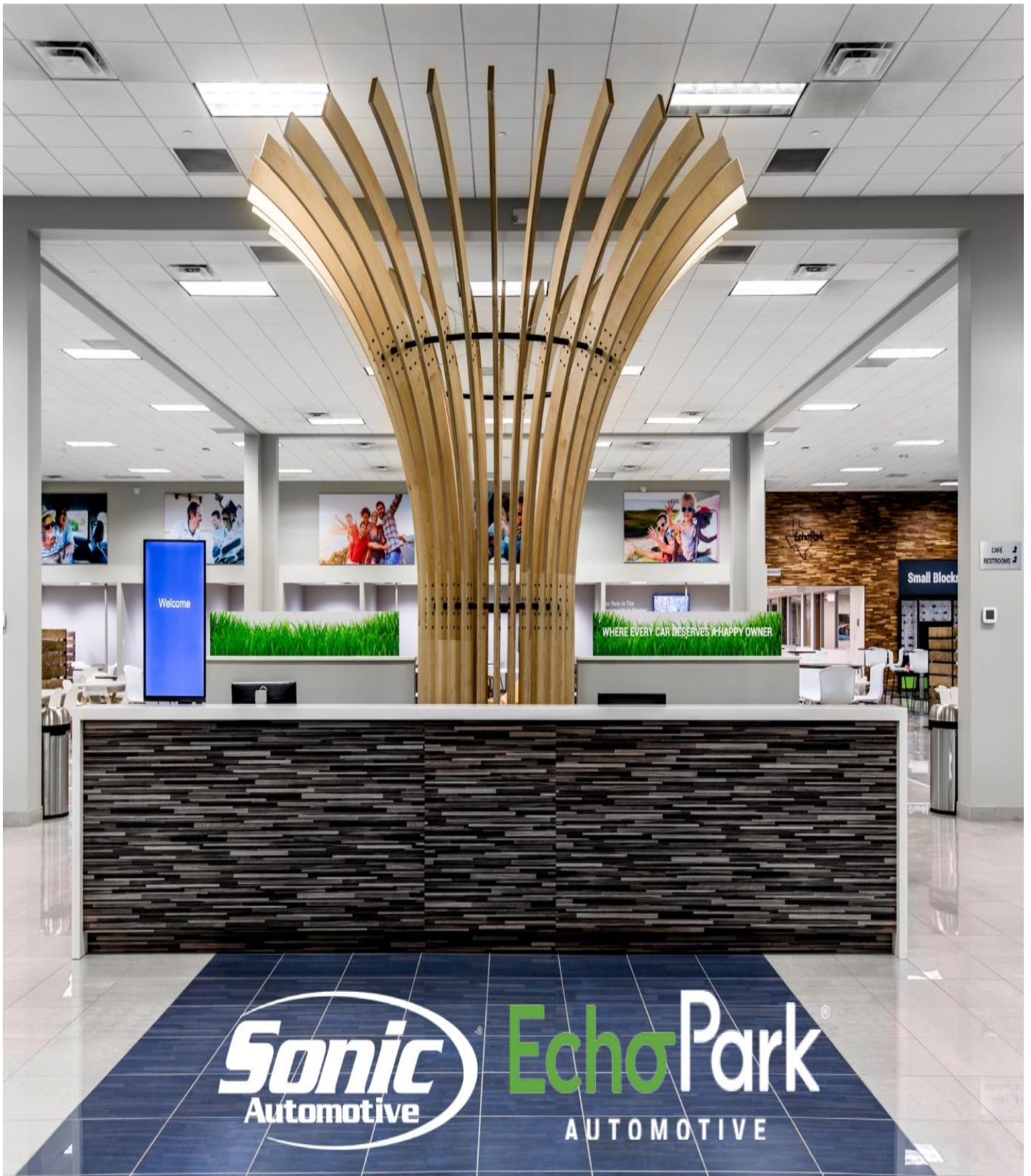
	Q4 2018				Q4 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net Income (Loss)				\$ 21,821				\$ 61,952
Provision For Income Taxes				9,150				(8,399)
Income (Loss) 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







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