
**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): October 28, 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 October 28, 2021, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal third quarter ended September 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 October 28, 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 October 28, 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.

October 28, 2021

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

Sonic Automotive Reports Record Third Quarter Revenues and Earnings Per Share

*Fifth Consecutive Quarter of Record EchoPark Revenues, Up 72% Year-Over-Year
Pending Acquisition of RFJ Auto Expected to Add \$3.2 Billion in Annualized Revenues
Recently Amended Credit Facilities and Senior Notes Issuance Extend Runway for Further Growth*

CHARLOTTE, N.C. – October 28, 2021 – [Sonic Automotive, Inc.](#) (“Sonic Automotive,” “Sonic” or the “Company”) ([NYSE:SAH](#)), one of the nation’s largest automotive retailers, today reported financial results for the third quarter and nine months ended September 30, 2021.

Key Highlights

- Record third quarter revenues of \$3.1 billion, up 20.6% year-over-year
- Record third quarter income from continuing operations before taxes of \$112.2 million, up 39.1% year-over-year
- Record third quarter earnings from continuing operations of \$84.7 million (\$1.96 per diluted share)
- Record third quarter selling, general and administrative (“SG&A”) expenses as a percentage of gross profit of 68.1% (60.1% on a Franchised Dealerships Segment basis, a decrease of 670 basis points year-over-year)
- All-time record quarterly total Finance & Insurance (“F&I”) gross profit per retail unit of \$2,349, up 21.2% year-over-year
- All-time record quarterly EchoPark revenues of \$663.3 million, up 72.3% year-over-year
- Sonic announced a definitive agreement to acquire RFJ Auto Partners, Inc. (“RFJ Auto”), a top-15 U.S. dealer group by total revenues, which is expected to add \$3.2 billion in revenues on an annualized basis
- During the third quarter, Sonic repurchased 0.5 million shares of Class A Common Stock for an aggregate purchase price of \$24.8 million
- In October, the Company amended its credit facilities to increase revolver and floor plan commitments from \$1.8 billion to \$2.95 billion, in addition to completing an upsized offering of \$1.15 billion aggregate principal amount of unsecured senior notes due 2029 and 2031 at a blended rate of 4.73%, with expected use of net proceeds to fund the acquisition of RFJ Auto, the redemption of outstanding notes, and for general corporate purposes, including the repayment of debt

Commentary

David Smith, Chief Executive Officer of Sonic and EchoPark, commented, “I am extremely proud of our team for delivering continued year-over-year growth, in particular against a backdrop of industry-wide inventory headwinds and supply chain disruptions. Our results highlight the operating efficiency of our model, the unwavering dedication of our teammates, and our disciplined focus on driving growth across our franchised dealerships and EchoPark segments. After meeting with much of the RFJ Auto team in recent weeks, we are excited to welcome them into the Sonic family and are grateful for the support of our manufacturer and banking partners for their roles in facilitating this acquisition, which puts us on track to exceed our previously-stated goal of \$25 billion in total revenues by 2025. Together, I’m confident that we will continue to strengthen the guest-centric culture that is essential to our brand and the success of our business.”

“I’d like to echo that sentiment by recognizing our manufacturer partners and the entire RFJ Auto team for creating the opportunity for this acquisition, which will launch us forward into the next phase of our company’s growth plan,” said Jeff Dyke, President of Sonic and EchoPark. “As we continue to expand our EchoPark distribution and digital network, adding six locations in four new states since the second quarter, we are well-positioned to achieve our goals of 25% U.S. population coverage by the end of 2021 and 90% U.S. population coverage by 2025. Further supporting our commitment to EchoPark, we recently announced the appointment of Dino Bernacchi as Chief Marketing Officer and Thien Truong as Chief Revenue Officer for EchoPark. With their extensive expertise and diverse backgrounds, they will be instrumental additions in executing the long-term EchoPark strategy.”

Heath Byrd, Chief Financial Officer of Sonic and EchoPark, added, “We recently announced an amendment to our credit facilities, increasing total capacity to \$2.95 billion, and capitalized on favorable market conditions and an upgraded corporate credit rating by issuing \$1.15 billion of unsecured senior notes. This extends our debt maturities, refinances existing debt at a lower cost of capital and provides funding for the pending acquisition of RFJ Auto. I’d like to thank our lender partners and bondholders for recognizing the strength of our balance sheet and favorable operating outlook, which position us to continue to opportunistically evaluate strategic

acquisitions, allocate capital to our EchoPark expansion plans and return capital to stockholders through our dividend and share repurchase programs.”

Third Quarter Financial Highlights

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

- Record third quarter revenues of \$3.1 billion, up 20.6% year-over-year (up 13.7% compared to the third quarter of 2019), and record third quarter income from continuing operations before taxes of \$112.2 million, up 39.1% year-over-year (up 176.9% compared to the third quarter of 2019)
- Record third quarter earnings from continuing operations of \$84.7 million (\$1.96 per diluted share), compared to third quarter 2020 reported earnings from continuing operations of \$60.0 million (\$1.35 per diluted share) and adjusted earnings from continuing operations* of \$57.7 million (\$1.29 per diluted share)
- Record third quarter SG&A expenses as a percentage of gross profit of 68.1%, a 20 basis point decrease from 68.3% in the third quarter of 2020 (a 100 basis point decrease from adjusted SG&A expenses as a percentage of gross profit* of 69.1% in the third quarter of 2020, which excludes a \$3.2 million gain on disposal of franchises and real estate)
- All-time record quarterly total F&I gross profit per retail unit of \$2,349, up 21.2% year-over-year
- Franchised Dealerships Segment operating results include:
 - Same store revenues up 11.3%, gross profit up 27.2% (up 5.19% and 30.0%, respectively, compared to the third quarter of 2019)
 - Same store new vehicle unit sales volume down 5.1% (down 19.0% compared to the third quarter of 2019); same store new vehicle gross profit per unit up 93.2%, to \$5,051 (up 168.4% compared to the third quarter of 2019)
 - Same store retail used vehicle unit sales volume down 0.3% (down 11.4% compared to the third quarter of 2019); same store retail used vehicle gross profit per unit up 31.9%, to \$1,835 (up 45.8% compared to the third quarter of 2019)
 - Same store parts, service and collision repair gross profit up 9.0% (up 4.5% compared to the third quarter of 2019); same store customer pay gross profit up 21.3% (up 19.9% compared to the third quarter of 2019); same store gross margin down 40 basis points, to 50.2% (up 110 basis points compared to the third quarter of 2019)
 - Same store F&I gross profit up 20.8% (up 19.1% compared to the third quarter of 2019); all-time record reported Franchised Dealerships Segment F&I gross profit per retail unit of \$2,303, up 27.2% (up 39.9% compared to the third quarter of 2019)
 - Record third quarter Franchised Dealerships Segment SG&A expenses as a percentage of gross profit of 60.1%, a 670 basis point decrease from 66.8% in the third quarter of 2020 (a decrease of 1,680 basis points from 76.9% in the third quarter of 2019)
 - Franchised dealerships new vehicle inventory of approximately 2,400 units, or 10 days’ supply, and used vehicle inventory of approximately 8,200 units, or 27 days’ supply
- EchoPark Segment operating results include:
 - All-time record quarterly EchoPark revenues of \$663.3 million, up 72.3% year-over-year (up 112.5% compared to the third quarter of 2019)
 - Record third quarter EchoPark retail used vehicle unit sales volume of 21,255, up 40.5% year-over-year (up 60.9% compared to the third quarter of 2019)
 - EchoPark market share increase of 110 basis points, to 3.7% of the 1-4-year old vehicle segment in our current markets
 - EchoPark pre-tax loss of \$32.9 million and Adjusted EBITDA* loss of \$28.5 million (including market expansion-related losses of \$18.0 million and \$16.8 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
 - EchoPark used vehicle inventory of approximately 9,800 units, or 41 days’ supply

* Please refer to discussion of Non-GAAP Financial Measures below.

Acquisition of RFJ Auto

The Company recently announced that it entered into a definitive agreement to acquire RFJ Auto. With 33 locations in seven states and a portfolio of 16 automotive brands, the transaction will add six incremental states to Sonic's geographic coverage and five additional brands to its portfolio, including the highest volume Chrysler Dodge Jeep RAM dealer in the world in Dave Smith Motors. RFJ Auto generated \$2.8 billion in annual revenues in 2020, making it a top-15 U.S. dealer group by total revenues. This acquisition, which is anticipated to close in December 2021, represents one of the largest transactions in automotive retail history and is expected to propel Sonic Automotive into the top-five largest dealer groups in the U.S. as measured by total revenues. The transaction is expected to add \$3.2 billion in annualized revenues, representing incremental revenues above the Company's previously stated target of \$25 billion in total revenues by 2025.

EchoPark Strategic Alternatives Review

As previously announced, Sonic's Board of Directors, working together with Lazard and Kirkland & Ellis LLP as financial and legal advisors, respectively, is conducting a review 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.

Dividend

Sonic's Board of Directors approved a quarterly cash dividend of \$0.12 per share payable on January 14, 2022 to all stockholders of record on December 15, 2021.

Third Quarter 2021 Earnings Conference Call

Senior management will hold a conference call today at 11:00 A.M. (Eastern).

Investor presentation and earnings press release materials will be accessible beginning prior to the conference call on the Company's website at ir.sonicautomotive.com.

To access the live webcast of the conference call, please go to ir.sonicautomotive.com.

For telephone access to this conference call, please register in advance using this link:

<https://www.incommglobalevents.com/registration/q4inc/8939/sonic-automotive-inc-q3-2021-earnings-conference-call/>

After registering, you will receive a confirmation that includes dial-in numbers and a unique conference call access code and PIN 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 beginning two hours following the call for 14 days at ir.sonicautomotive.com.

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, North Carolina, is on a quest to become the most valuable automotive retailer and service brand in America. Our Company culture thrives on creating, innovating, and providing industry-leading guest experiences, driven by strategic investments in technology, teammates, and ideas that ultimately fulfill ownership dreams, enrich lives, and deliver happiness to our guests and teammates. As one of the largest automotive retailers in America, we are committed to delivering on this goal while pursuing expansive growth and taking progressive measures to be the leader in this category. Our new platforms, programs, and people are set to drive the next generation of automotive experiences. More information about Sonic Automotive can be found at www.sonicautomotive.com and ir.sonicautomotive.com.

About EchoPark Automotive

EchoPark Automotive is one of the fastest growing and most comprehensive retailers of nearly new pre-owned vehicles in America today. Our rapid growth plan is expected to bring our unique business model to 90% of the U.S. population by 2025, utilizing one of the most innovative technology-enabled sales strategies in our industry. Our approach provides a personalized and proven guest-centric buying process that consistently delivers award winning guest experiences and superior value to car buyers nationwide, with savings of up to \$3,000 versus the competition. We believe EchoPark is on pace to become the #1 retailer in the nearly new pre-owned vehicle market by 2025, and is already making its mark by earning the 2021 Consumer Satisfaction Award from DealerRater, expanding its Owner Experience Centers, developing an all-new digital ecommerce platform and focusing on growing its brand nationwide. EchoPark's mission is in its name: Every Car deserves a Happy Owner. This drives the car buying experience for guests and differentiates EchoPark from the competition. 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 acquisitions, expected future revenue from acquisitions, future revenue levels, future profitability, 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 closing and integration of the RFJ Auto acquisition, 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 SG&A expenses as a percentage of gross profit, and Adjusted EBITDA. 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.

Company Contacts

Investor Inquiries:

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Sonic Automotive, Inc.
Results of Operations (Unaudited)

Results of Operations - Consolidated

	Three Months Ended September 30,		Better / (Worse) % Change	Nine Months Ended September 30,		Better / (Worse) % Change
	2021	2020		2021	2020	
(In thousands, except per share amounts)						
Revenues:						
New vehicles	\$ 1,146,922	\$ 1,098,302	4.4 %	\$ 3,766,133	\$ 2,957,794	27.3 %
Used vehicles	1,309,492	946,028	38.4 %	3,666,286	2,604,957	40.7 %
Wholesale vehicles	97,087	56,502	71.8 %	256,701	138,221	85.7 %
Total vehicles	2,553,501	2,100,832	21.5 %	7,689,120	5,700,972	34.9 %
Parts, service and collision repair	355,227	320,929	10.7 %	1,036,736	914,667	13.3 %
Finance, insurance and other, net	164,084	126,784	29.4 %	486,000	352,848	37.7 %
Total revenues	3,072,812	2,548,545	20.6 %	9,211,856	6,968,487	32.2 %
Cost of sales:						
New vehicles	(1,031,476)	(1,035,624)	0.4 %	(3,462,795)	(2,804,314)	(23.5) %
Used vehicles	(1,289,772)	(917,993)	(40.5) %	(3,580,944)	(2,517,421)	(42.2) %
Wholesale vehicles	(95,832)	(53,958)	(77.6) %	(250,072)	(136,260)	(83.5) %
Total vehicles	(2,417,080)	(2,007,575)	(20.4) %	(7,293,811)	(5,457,995)	(33.6) %
Parts, service and collision repair	(183,713)	(164,403)	(11.7) %	(534,325)	(475,964)	(12.3) %
Total cost of sales	(2,600,793)	(2,171,978)	(19.7) %	(7,828,136)	(5,933,959)	(31.9) %
Gross profit	472,019	376,567	25.3 %	1,383,720	1,034,528	33.8 %
Selling, general and administrative expenses	(321,373)	(257,174)	(25.0) %	(931,349)	(769,688)	(21.0) %
Impairment charges	—	(26)	100.0 %	—	(268,859)	100.0 %
Depreciation and amortization	(25,239)	(22,934)	(10.1) %	(73,687)	(67,879)	(8.6) %
Operating income (loss)	125,407	96,433	30.0 %	378,684	(71,898)	626.7 %
Other income (expense):						
Interest expense, floor plan	(3,340)	(4,999)	33.2 %	(12,781)	(21,821)	41.4 %
Interest expense, other, net	(9,817)	(10,762)	8.8 %	(30,180)	(31,523)	4.3 %
Other income (expense), net	—	1	(100.0) %	100	100	— %
Total other income (expense)	(13,157)	(15,760)	16.5 %	(42,861)	(53,244)	19.5 %
Income (loss) from continuing operations before taxes	112,250	80,673	39.1 %	335,823	(125,142)	368.4 %
Provision for income taxes for continuing operations - benefit (expense)	(27,559)	(20,685)	(33.2) %	(83,452)	16,995	(591.0) %
Income (loss) from continuing operations	84,691	59,988	41.2 %	252,371	(108,147)	333.4 %
Discontinued operations:						
Income (loss) from discontinued operations before taxes	(275)	(234)	(17.5) %	241	(808)	129.8 %
Provision for income taxes for discontinued operations - benefit (expense)	69	64	7.8 %	(60)	231	(126.0) %
Income (loss) from discontinued operations	(206)	(170)	(21.2) %	181	(577)	131.4 %
Net income (loss)	\$ 84,485	\$ 59,818	41.2 %	\$ 252,552	\$ (108,724)	332.3 %
Basic earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 2.04	\$ 1.41	44.7 %	\$ 6.07	\$ (2.53)	339.9 %
Earnings (loss) per share from discontinued operations	(0.01)	—	(100.0) %	0.01	(0.02)	150.0 %
Earnings (loss) per common share	\$ 2.03	\$ 1.41	44.0 %	\$ 6.08	\$ (2.55)	338.4 %
Weighted-average common shares outstanding	41,561	42,510	2.2 %	41,561	42,687	2.6 %
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 1.96	\$ 1.35	45.2 %	\$ 5.81	\$ (2.53)	329.6 %
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	— %	0.01	(0.02)	150.0 %
Earnings (loss) per common share	\$ 1.95	\$ 1.34	45.5 %	\$ 5.82	\$ (2.55)	328.2 %
Weighted-average common shares outstanding	43,285	44,577	2.9 %	43,416	42,687	(1.7) %
Dividends declared per common share	\$ 0.12	\$ 0.10	20.0 %	\$ 0.34	\$ 0.30	13.3 %

Franchised Dealerships Segment - Reported

	Three Months Ended September 30,		Better / (Worse)	Nine Months Ended September 30,		Better / (Worse)
	2021	2020	% Change	2021	2020	% Change
(In thousands, except unit and per unit data)						
Revenues:						
New vehicles	\$ 1,143,416	\$ 1,098,302	4.1 %	\$ 3,761,718	\$ 2,957,794	27.2 %
Used vehicles	750,263	615,565	21.9 %	2,173,322	1,718,151	26.5 %
Wholesale vehicles	64,052	48,526	32.0 %	183,212	119,474	53.3 %
Total vehicles	1,957,731	1,762,393	11.1 %	6,118,252	4,795,419	27.6 %
Parts, service and collision repair	339,930	310,035	9.6 %	994,125	886,534	12.1 %
Finance, insurance and other, net	111,808	91,035	22.8 %	333,394	254,465	31.0 %
Total revenues	2,409,469	2,163,463	11.4 %	7,445,771	5,936,418	25.4 %
Gross Profit:						
New vehicles	115,204	62,678	83.8 %	302,994	153,480	97.4 %
Used vehicles	50,104	34,385	45.7 %	137,321	97,114	41.4 %
Wholesale vehicles	(1,986)	2,556	(177.7)%	186	2,116	(91.2)%
Total vehicles	163,322	99,619	63.9 %	440,501	252,710	74.3 %
Parts, service and collision repair	171,064	156,711	9.2 %	501,908	439,272	14.3 %
Finance, insurance and other, net	111,808	91,035	22.8 %	333,394	254,465	31.0 %
Total gross profit	446,194	347,365	28.5 %	1,275,803	946,447	34.8 %
Selling, general and administrative expenses	(268,337)	(231,882)	(15.7)%	(794,123)	(697,796)	(13.8)%
Impairment charges	—	(26)	NM	—	(268,859)	NM
Depreciation and amortization	(21,266)	(20,170)	(5.4)%	(62,258)	(59,654)	(4.4)%
Operating income (loss)	156,591	95,287	64.3 %	419,422	(79,862)	625.2 %
Other income (expense):						
Interest expense, floor plan	(1,973)	(4,234)	53.4 %	(9,243)	(19,517)	52.6 %
Interest expense, other, net	(9,477)	(10,615)	10.7 %	(29,158)	(30,771)	5.2 %
Other income (expense), net	(4)	(4)	— %	73	96	(24.0)%
Total other income (expense)	(11,454)	(14,853)	22.9 %	(38,328)	(50,192)	23.6 %
Income (loss) before taxes	145,137	80,434	80.4 %	381,094	(130,054)	393.0 %
Add: impairment charges	—	26	NM	—	268,859	NM
Segment income (loss)	\$ 145,137	\$ 80,460	80.4 %	\$ 381,094	\$ 138,805	174.6 %
Unit Sales Volume:						
New vehicles	22,791	24,100	(5.4)%	77,637	65,715	18.1 %
Used vehicles	26,274	26,363	(0.3)%	82,060	76,374	7.4 %
Wholesale vehicles	6,119	6,679	(8.4)%	19,704	18,416	7.0 %
Retail new & used vehicles	48,554	50,297	(3.5)%	158,400	141,188	12.2 %
Used-to-New Ratio	1.15	1.09	5.4 %	1.06	1.16	(9.1)%
Gross Profit Per Unit:						
New vehicles	\$ 5,055	\$ 2,601	94.3 %	\$ 3,903	\$ 2,336	67.1 %
Used vehicles	\$ 1,907	\$ 1,304	46.2 %	\$ 1,673	\$ 1,272	31.5 %
Finance, insurance and other, net	\$ 2,303	\$ 1,810	27.2 %	\$ 2,105	\$ 1,802	16.8 %

NM = Not Meaningful

Franchised Dealerships Segment - Same Store

	Three Months Ended September 30,		Better / (Worse)	Nine Months Ended September 30,		Better / (Worse)
	2021	2020	% Change	2021	2020	% Change
(In thousands, except unit and per unit data)						
Revenues:						
New vehicles	\$ 1,137,465	\$ 1,091,592	4.2 %	\$ 3,755,766	\$ 2,935,140	28.0 %
Used vehicles	745,754	612,363	21.8 %	2,168,814	1,704,494	27.2 %
Wholesale vehicles	63,886	48,290	32.3 %	183,047	118,629	54.3 %
Total vehicles	1,947,105	1,752,245	11.1 %	6,107,627	4,758,263	28.4 %
Parts, service and collision repair	338,141	307,614	9.9 %	992,291	874,636	13.5 %
Finance, insurance and other, net	103,746	85,911	20.8 %	312,649	238,125	31.3 %
Total revenues	2,388,992	2,145,770	11.3 %	7,412,567	5,871,024	26.3 %
Gross Profit:						
New vehicles	114,308	62,360	83.3 %	301,616	152,487	97.8 %
Used vehicles	47,860	36,411	31.4 %	137,158	101,259	35.5 %
Wholesale vehicles	770	2,686	(71.3)%	5,705	2,348	143.0 %
Total vehicles	162,938	101,457	60.6 %	444,479	256,094	73.6 %
Parts, service and collision repair	169,700	155,682	9.0 %	499,714	433,629	15.2 %
Finance, insurance and other, net	103,746	85,911	20.8 %	312,649	238,125	31.3 %
Total gross profit	\$ 436,384	\$ 343,050	27.2 %	\$ 1,256,842	\$ 927,848	35.5 %
Unit Sales Volume:						
New vehicles	22,631	23,852	(5.1)%	77,477	64,893	19.4 %
Used vehicles	26,084	26,168	(0.3)%	81,870	75,504	8.4 %
Wholesale vehicles	6,095	6,630	(8.1)%	19,680	18,241	7.9 %
Retail new & used vehicles	48,204	49,854	(3.3)%	158,050	139,496	13.3 %
Used-to-New Ratio	1.15	1.10	5.1 %	1.06	1.16	(9.2)%
Gross Profit Per Unit:						
New vehicles	\$ 5,051	\$ 2,614	93.2 %	\$ 3,893	\$ 2,350	65.7 %
Used vehicles	\$ 1,835	\$ 1,391	31.9 %	\$ 1,675	\$ 1,341	24.9 %
Finance, insurance and other, net	\$ 2,152	\$ 1,723	24.9 %	\$ 1,978	\$ 1,707	15.9 %

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 September 30,		Better / (Worse)	Nine Months Ended September 30,		Better / (Worse)
	2021	2020	% Change	2021	2020	% Change
(In thousands, except unit and per unit data)						
Revenues:						
New vehicles	\$ 3,506	\$ —	100.0 %	\$ 4,415	\$ —	100.0 %
Used vehicles	559,229	330,463	69.2 %	1,492,964	886,806	68.4 %
Wholesale vehicles	33,035	7,976	314.2 %	73,489	18,747	292.0 %
Total vehicles	595,770	338,439	76.0 %	1,570,868	905,553	73.5 %
Parts, service and collision repair	15,297	10,894	40.4 %	42,611	28,133	51.5 %
Finance, insurance and other, net	52,276	35,749	46.2 %	152,606	98,383	55.1 %
Total revenues	663,343	385,082	72.3 %	1,766,085	1,032,069	71.1 %
Gross Profit:						
New vehicles	243	—	100.0 %	343	—	100.0 %
Used vehicles	(30,384)	(6,350)	(378.5)%	(51,979)	(9,578)	(442.7)%
Wholesale vehicles	3,241	(12)	NM	6,443	(155)	NM
Total vehicles	(26,900)	(6,362)	(322.8)%	(45,193)	(9,733)	(364.3)%
Parts, service and collision repair	449	(185)	342.7 %	504	(569)	188.4 %
Finance, insurance and other, net	52,276	35,749	46.2 %	152,606	98,383	55.1 %
Total gross profit	25,825	29,202	(11.6)%	107,917	88,081	22.5 %
Selling, general and administrative expenses	(53,036)	(25,292)	(109.7)%	(137,226)	(71,892)	(90.9)%
Impairment charges	—	—	— %	—	—	— %
Depreciation and amortization	(3,973)	(2,764)	(43.7)%	(11,429)	(8,225)	(39.0)%
Operating income (loss)	(31,184)	1,146	(2,821.1)%	(40,738)	7,964	(611.5)%
Other income (expense):						
Interest expense, floor plan	(1,367)	(765)	(78.7)%	(3,538)	(2,304)	(53.6)%
Interest expense, other, net	(340)	(147)	(131.3)%	(1,022)	(752)	(35.9)%
Other income (expense), net	4	5	(20.0)%	27	4	575.0 %
Total other income (expense)	(1,703)	(907)	(87.8)%	(4,533)	(3,052)	(48.5)%
Income (loss) before taxes	(32,887)	239	NM	(45,271)	4,912	NM
Add: impairment charges	—	—	NM	—	—	NM
Segment income (loss)	\$ (32,887)	\$ 239	NM	\$ (45,271)	\$ 4,912	NM
Unit Sales Volume:						
New vehicles	55	—	100.0 %	69	—	100.0 %
Used vehicles	21,255	15,127	40.5 %	62,186	42,320	46.9 %
Wholesale vehicles	3,492	1,955	78.6 %	9,231	5,174	78.4 %
Gross Profit Per Unit:						
Total used vehicle and F&I	\$ 1,030	\$ 1,943	(47.0)%	\$ 1,618	\$ 2,098	(22.9)%

NM = Not Meaningful

EchoPark Segment - Same Market

	Three Months Ended September 30,		Better / (Worse)	Nine Months Ended September 30,		Better / (Worse)
	2021	2020	% Change	2021	2020	% Change
(In thousands, except unit and per unit data)						
Revenues:						
Used vehicles	\$ 400,050	\$ 330,520	21.0 %	\$ 1,139,032	\$ 886,873	28.4 %
Wholesale vehicles	24,186	7,977	203.2 %	55,275	18,747	194.8 %
Total vehicles	424,236	338,497	25.3 %	1,194,307	905,620	31.9 %
Parts, service and collision repair	11,866	10,858	9.3 %	33,714	28,064	20.1 %
Finance, insurance and other, net	37,045	35,669	3.9 %	116,003	98,099	18.3 %
Total revenues	473,147	385,024	22.9 %	1,344,024	1,031,783	30.3 %
Gross Profit:						
Used vehicles	(20,015)	(12,115)	(65.2)%	(38,344)	(22,818)	(68.0)%
Wholesale vehicles	2,328	(13)	NM	4,768	(157)	NM
Total vehicles	(17,687)	(12,128)	(45.8)%	(33,576)	(22,975)	(46.1)%
Parts, service and collision repair	593	(168)	453.0 %	947	(553)	271.2 %
Finance, insurance and other, net	37,045	35,669	3.9 %	116,003	98,099	18.3 %
Total gross profit	\$ 19,951	\$ 23,373	(14.6)%	\$ 83,374	\$ 74,571	11.8 %
Unit Sales Volume:						
Used vehicles	14,828	15,127	(2.0)%	46,864	42,320	10.7 %
Wholesale vehicles	2,226	1,955	13.9 %	6,386	5,174	23.4 %
Gross Profit Per Unit:						
Total used vehicle and F&I	\$ 1,149	\$ 1,557	(26.2)%	\$ 1,657	\$ 1,779	(6.9)%

NM = Not Meaningful

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 September 30,		Better / (Worse)	
	2021	2020	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 206,205	\$ 169,097	\$ (37,108)	(21.9)%
Advertising	16,715	9,455	(7,260)	(76.8)%
Rent	13,781	13,846	65	0.5 %
Other	84,672	64,776	(19,896)	(30.7)%
Total SG&A expenses	<u>\$ 321,373</u>	<u>\$ 257,174</u>	<u>\$ (64,199)</u>	<u>(25.0)%</u>
Items of interest:				
Gain (loss) on franchise disposals	\$ —	\$ 3,150		
Total SG&A adjustments	<u>\$ —</u>	<u>\$ 3,150</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 321,373</u>	<u>\$ 260,324</u>	<u>\$ (61,049)</u>	<u>(23.5)%</u>
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	43.7 %	44.9 %	120 bps	
Advertising	3.5 %	2.5 %	(100) bps	
Rent	2.9 %	3.7 %	80 bps	
Other	18.0 %	17.2 %	(80) bps	
Total SG&A expenses as a % of gross profit	<u>68.1 %</u>	<u>68.3 %</u>	<u>20 bps</u>	
Items of interest:				
Gain (loss) on franchise disposals	— %	0.8 %		
Total effect of adjustments	<u>— %</u>	<u>0.8 %</u>		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	<u>68.1 %</u>	<u>69.1 %</u>	100 bps	

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

	Nine Months Ended September 30,		Better / (Worse)	
	2021	2020	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 608,539	\$ 483,784	\$ (124,755)	(25.8)%
Advertising	44,229	31,677	(12,552)	(39.6)%
Rent	41,190	40,934	(256)	(0.6)%
Other	237,391	213,293	(24,098)	(11.3)%
Total SG&A expenses	<u>\$ 931,349</u>	<u>\$ 769,688</u>	<u>\$ (161,661)</u>	(21.0)%
Items of interest:				
Gain (loss) on franchise disposals	\$ —	\$ 3,150		
Total SG&A adjustments	<u>\$ —</u>	<u>\$ 3,150</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 931,349</u>	<u>\$ 772,838</u>	<u>\$ (158,511)</u>	(20.5)%
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	44.0 %	46.8 %	280 bps	
Advertising	3.2 %	3.1 %	(10) bps	
Rent	3.0 %	4.0 %	100 bps	
Other	17.1 %	20.5 %	340 bps	
Total SG&A expenses as a % of gross profit	<u>67.3 %</u>	<u>74.4 %</u>	<u>710 bps</u>	
Items of interest:				
Gain (loss) on franchise disposals	— %	0.3 %		
Total effect of adjustments	<u>— %</u>	<u>0.3 %</u>		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	<u>67.3 %</u>	<u>74.7 %</u>	740 bps	

Earnings Per Share from Continuing Operations - Non-GAAP Reconciliation

	Three Months Ended September 30, 2021			Three Months Ended September 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	43,285	\$ 84,691	\$ 1.96	44,577	\$ 59,988	\$ 1.35
Pre-tax items of interest:						
(Gain) loss on franchise disposals		\$ —			\$ (3,150)	
Total pre-tax items of interest		\$ —			\$ (3,150)	
Tax effect of above items		—			827	
Adjusted diluted earnings (loss) and shares from continuing operations	43,285	<u>\$ 84,691</u>	<u>\$ 1.96</u>	44,577	<u>\$ 57,665</u>	<u>\$ 1.29</u>

	Nine Months Ended September 30, 2021			Nine Months Ended September 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⁾	43,416	\$ 252,371	\$ 5.81	42,687	\$ (108,147)	\$ (2.53)
Pre-tax items of interest:						
(Gain) loss on franchise disposals		\$ —			\$ (3,150)	
Impairment charges		—			268,000	
Total pre-tax items of interest		\$ —			\$ 264,850	
Tax effect of above items		—			(53,643)	
Adjusted diluted earnings (loss) and shares from continuing operations	43,416	<u>\$ 252,371</u>	<u>\$ 5.81</u>	43,864	<u>\$ 103,060</u>	<u>\$ 2.35</u>

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

Adjusted EBITDA - Non-GAAP Reconciliation

	Three Months Ended September 30, 2021				Three Months Ended September 30, 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net income (loss)				\$ 84,485				\$ 59,818
Provision for income taxes				27,490				20,620
Income (loss) before taxes	\$ 145,138	\$ (32,888)	\$ (275)	\$ 111,975	\$ 80,434	\$ 239	\$ (235)	\$ 80,438
Non-floor plan interest	8,799	333	—	9,132	9,781	147	—	9,928
Depreciation and amortization	21,943	3,980	—	25,923	21,004	2,763	—	23,767
Stock-based compensation expense	3,681	—	—	3,681	3,153	—	—	3,153
Asset impairment charges	—	—	—	—	26	—	—	26
Long-term compensation charges	—	500	—	500	—	—	—	—
Loss (gain) on franchise and real estate disposals	(12)	(423)	—	(435)	(3,388)	—	—	(3,388)
Adjusted EBITDA	\$ 179,549	\$ (28,498)	\$ (275)	\$ 150,776	\$ 111,010	\$ 3,149	\$ (235)	\$ 113,924

	Nine Months Ended September 30, 2021				Nine Months Ended September 30, 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
(In thousands)								
Net income (loss)				\$ 252,552				\$ (108,724)
Provision for income taxes				83,512				(17,226)
Income (loss) before taxes	\$ 381,094	\$ (45,271)	\$ 241	\$ 336,064	\$ (130,054)	\$ 4,912	\$ (808)	\$ (125,950)
Non-floor plan interest	26,821	1,015	—	27,836	28,762	746	—	29,508
Depreciation & amortization	64,593	11,436	—	76,029	61,662	8,229	—	69,891
Stock-based compensation expense	11,155	—	—	11,155	8,551	—	—	8,551
Asset impairment charges	—	—	—	—	268,859	—	—	268,859
Long-term compensation charges	—	1,500	—	1,500	—	—	—	—
Loss (gain) on franchise and real estate disposals	(433)	(432)	—	(865)	(2,271)	—	—	(2,271)
Adjusted EBITDA	\$ 483,230	\$ (31,752)	\$ 241	\$ 451,719	\$ 235,509	\$ 13,887	\$ (808)	\$ 248,588

Sonic Automotive – Investor Presentation October 2021



EchoPark
AUTOMOTIVE

Updated October 28, 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 EchoPark population coverage, anticipated future EchoPark revenue and unit sales volume, 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, anticipated future acquisition synergies, the closing and integration of the RFJ Auto acquisition, 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

119

Locations

14

Collision Centers

25+

Automotive Brands

17

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



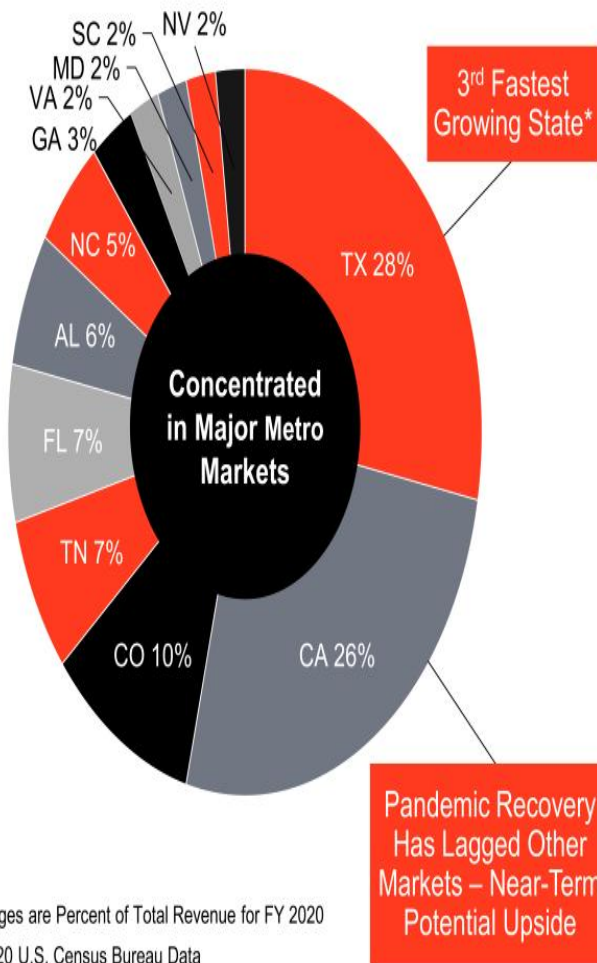
Note: Total revenue projection is estimate of future results. Actual results may differ. See "Forward-Looking Statements."
* Excludes \$3.2 billion in annualized revenues from acquisition of RFJ Auto Partners expected to close in December 2021.



→ Revenue Composition

BY GEOGRAPHY

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



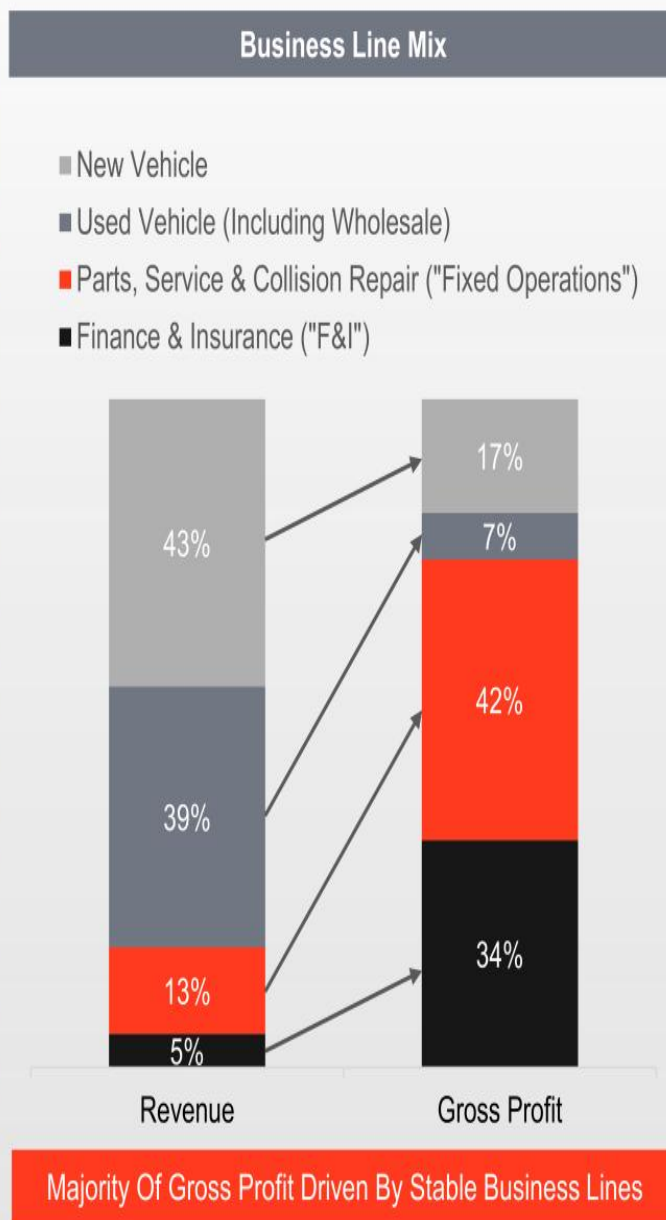
→ Revenue Composition – Diversified Revenue Streams

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 – Larger & More
Stable Than New Vehicle
Market

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

Unique, High Return
Business Model

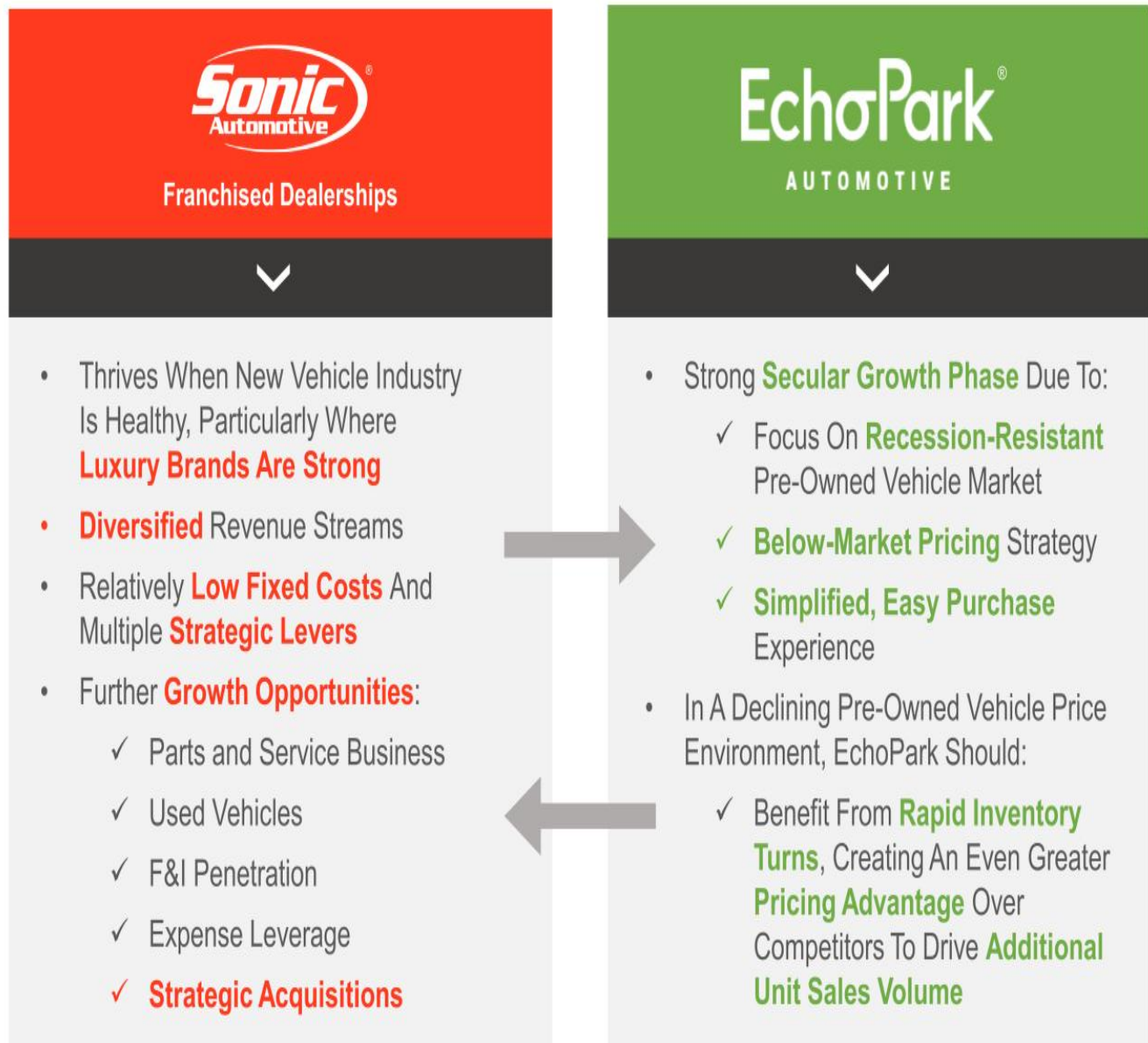
High Quality
1 to 4-Year-Old
Vehicles – Nearly New With
Remaining Warranty

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

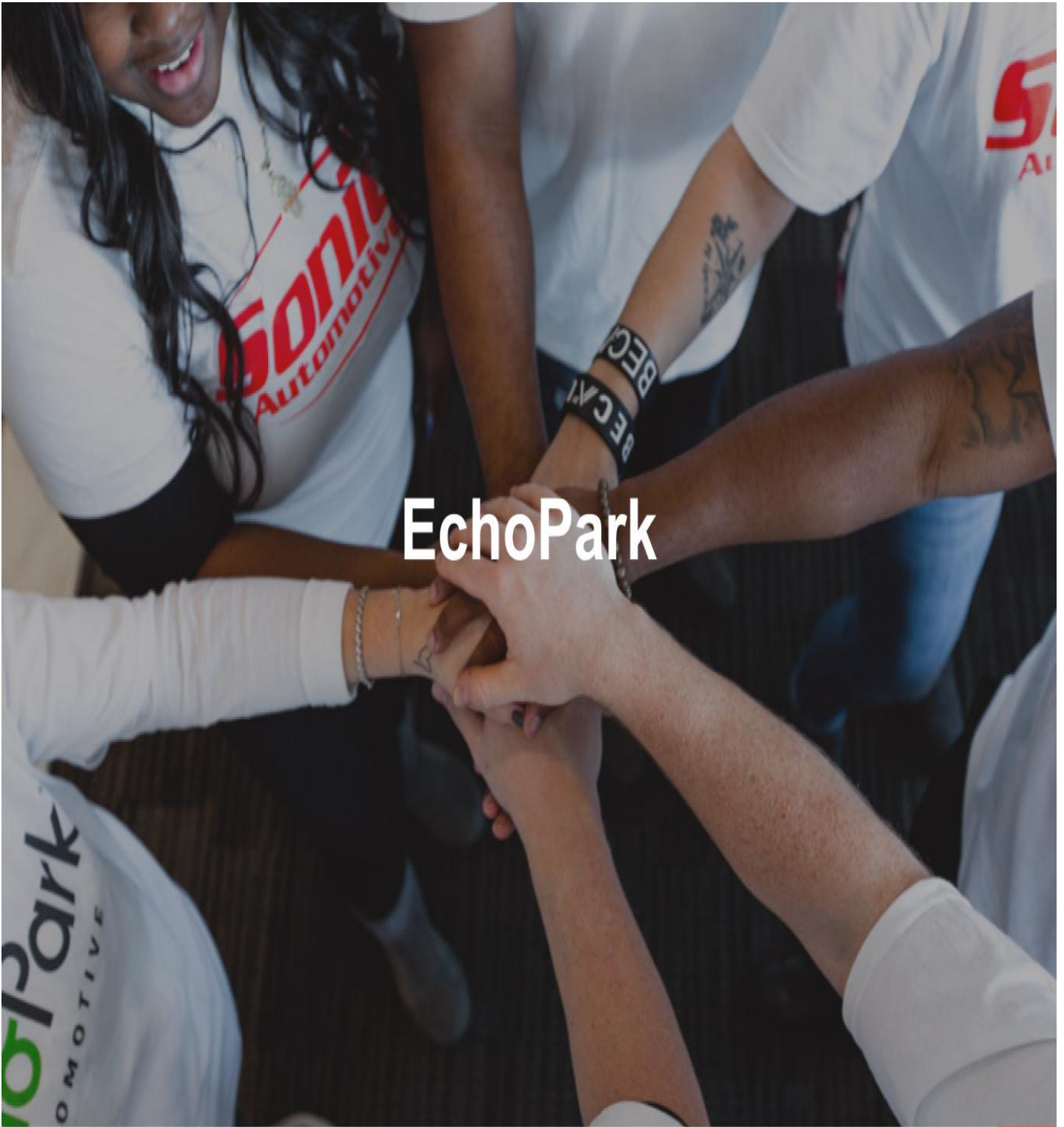


→ Strategic Direction

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 Omnichannel 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> Balanced Capital Allocation Strategy <u>Prioritizes Highest Return on Investment</u> <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 Expect 25% Population Coverage By End Of 2021, 90% Coverage By 2025 Quarterly Profitability Inflection Expected In Late 2022 Nationwide Distribution Network Expected To Deliver 575,000 Unit Sales And \$14 Billion In Revenues Annually By 2025 Addressable Market Opportunity Of 2 Million Vehicles

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 **\$3,000** Below
Used Vehicle Market
Price



High Quality, Low
Mileage Vehicles



Transparent
Guest-Centric
Experience



New Car Feel
Without The New
Car Price



Free CARFAX
Report With
Every Vehicle



Buy & Sell
Your Way –
On-Site Or Online



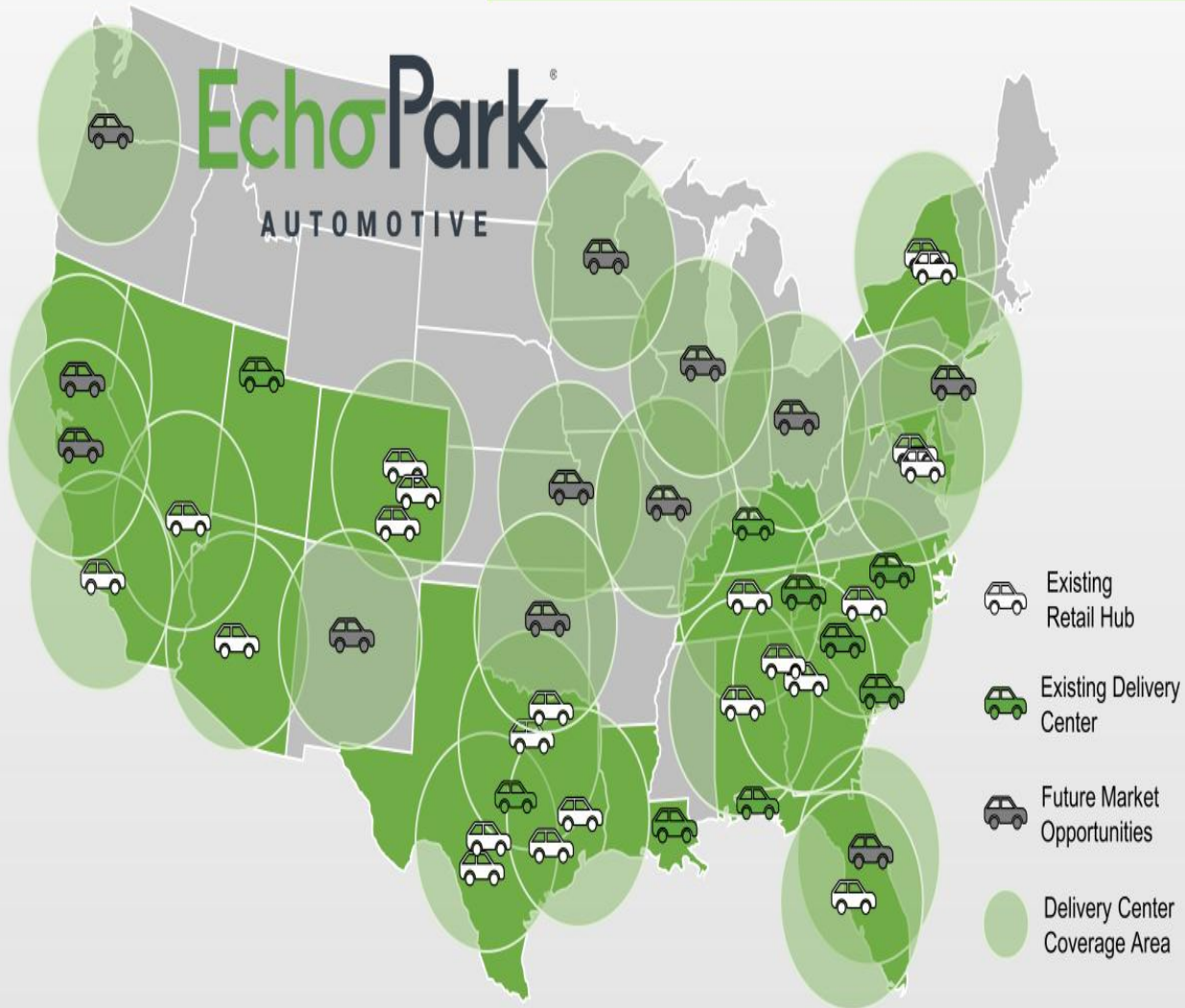
Complete Purchase
In Under An Hour

Low Cost Omnichannel Model



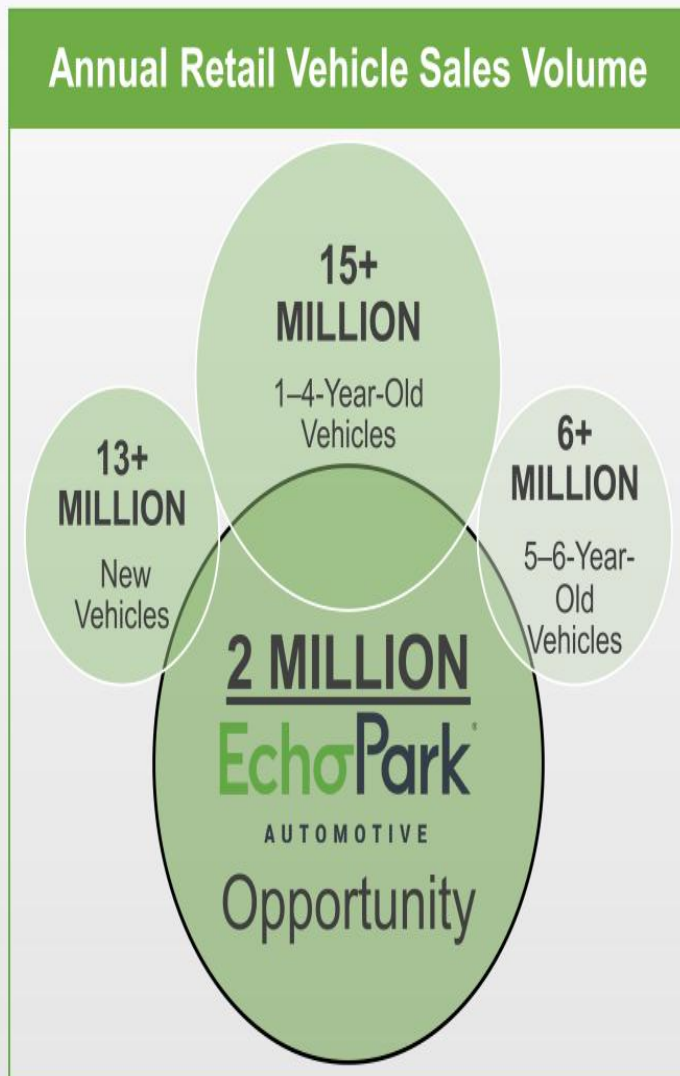
→ EchoPark – Developing Nationwide Distribution Network

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



Note: Future locations and U.S. 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

Converts Prospective
New Car Buyers

Priced Up to
\$3,000 Below Used

Competes On Price vs.
5 to 6-Year-Old Vehicles,
Consumer Can Buy Newer
Vehicle For Same Price

* Share Of Vehicles That Fit Model In Existing
EchoPark Markets

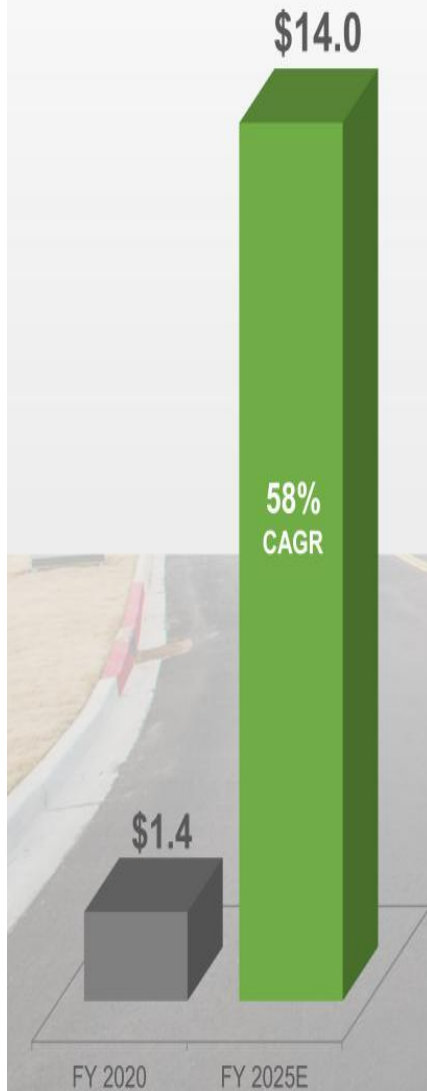
4% Q3 2021 Average Market Share* – Up 110 Basis Points From Q3 2020



EchoPark
AUTOMOTIVE

→ EchoPark – 5-Year Growth Forecast

Total Revenues (In Billions)



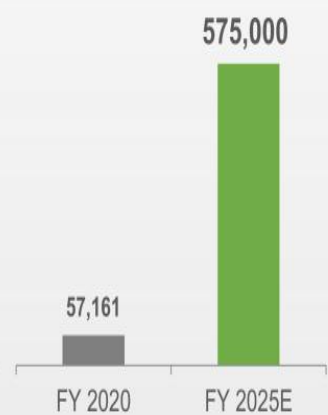
Pre-Tax Profit (Loss)
(In Millions)



EBITDA
(In Millions)



Retail Unit Sales Volume



Growth Drivers

- Expect to Open ~25 Locations 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 End Of 2021, 90% By 2025
- Population Coverage, Market Density Growth And Continued Market Share Gains Drive Long-Term Opportunity To Achieve 2 Million Retail Unit Sales Annually

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%

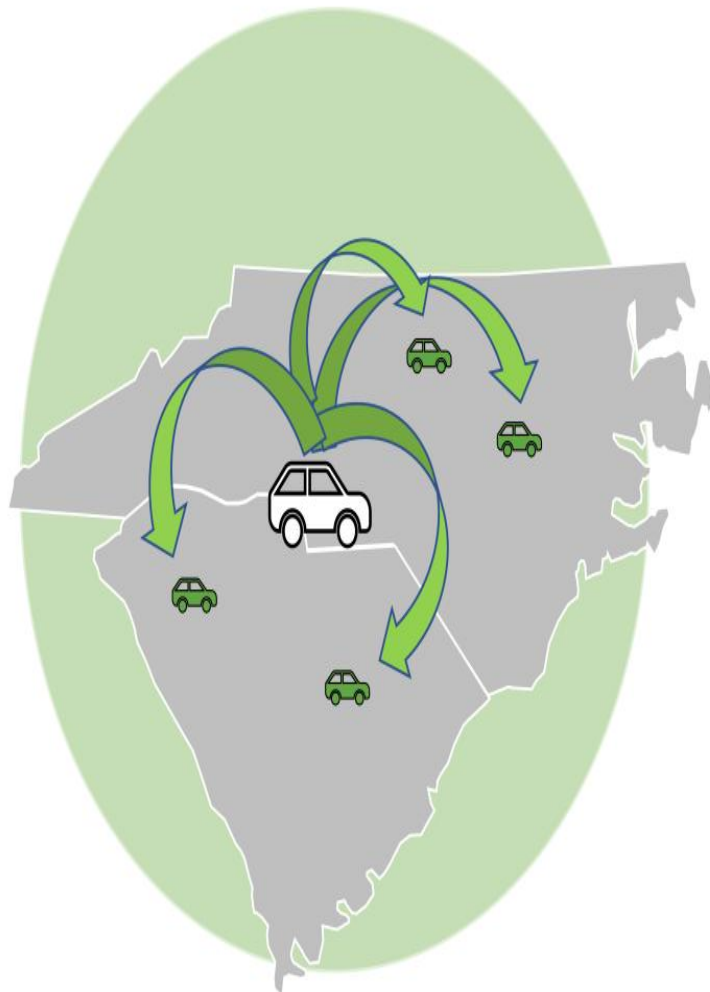
28% - 33%

Note: Estimated average pre-tax losses of \$1.5 to \$2.0 million per new medium or large retail hub opening in normal used vehicle pricing environment (Approximately ~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 And Firm Purchase Offer
- Arrange Vehicle Transport To Delivery Center
- Guest Picks Up Vehicle At EchoPark Delivery Center Nearest Their Home (i.e. Next-To-Last-Mile Delivery)

Strategic Advantages

- Accelerates 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 3 To 4 Delivery Centers Per Retail Hub
- 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. Industry Average

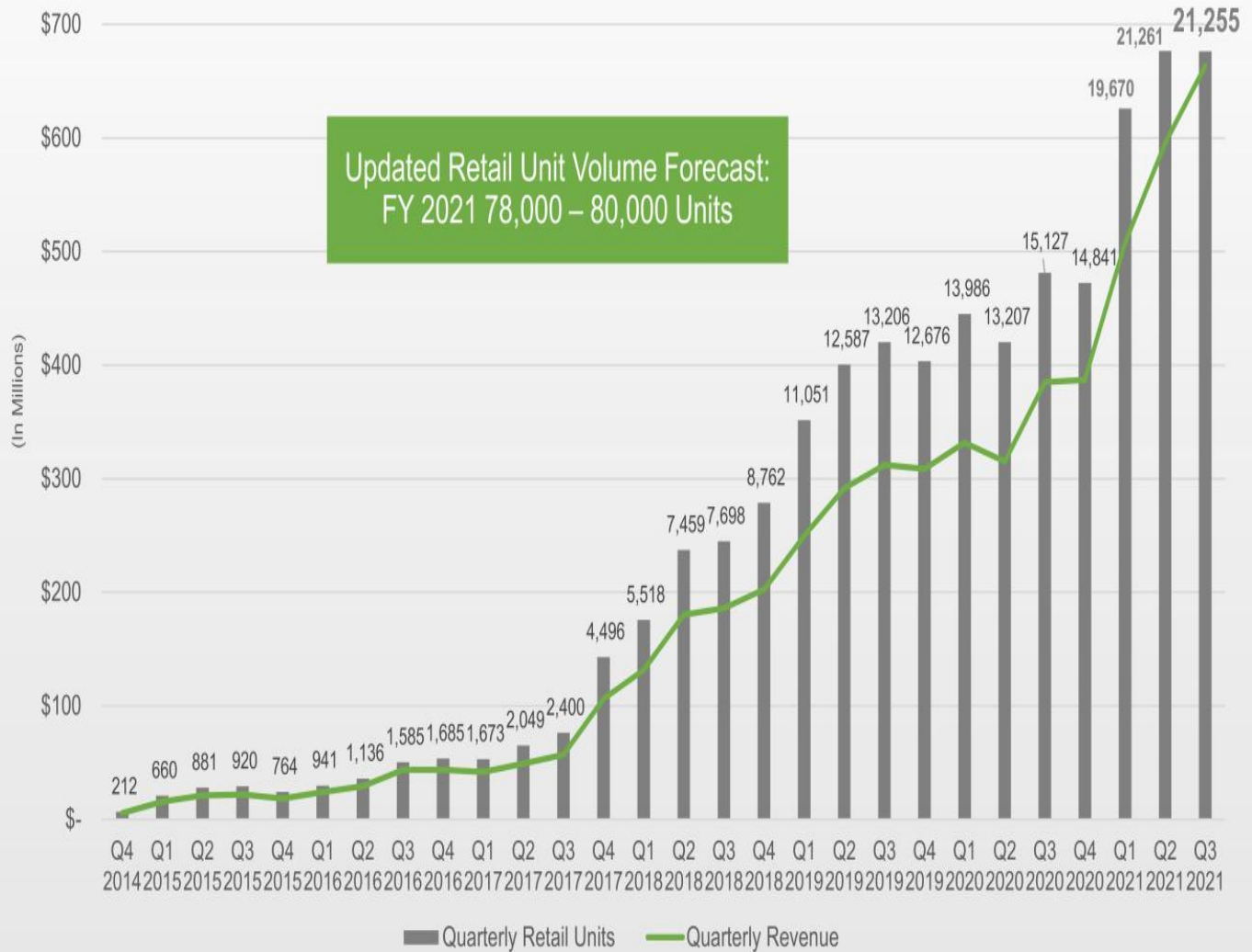
5X Volume Throughput Per
Retail Hub vs. Sonic
Franchised Stores

Gross Profit Per Unit ("GPU")	Franchised Used	EchoPark	Better (Worse)
Front-End Used Vehicle GPU	\$1,300	\$(100)	
F&I GPU	\$1,800	\$2,250	
Parts and Service Reconditioning GPU	\$500	-	
Total Used-Related GPU	\$3,600	\$2,150	(\$1,450)
Volume Differential Factor	x1	X5	
Pro Forma Comparative Used-Related Gross Profit	\$3,600	\$10,750	\$7,150

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



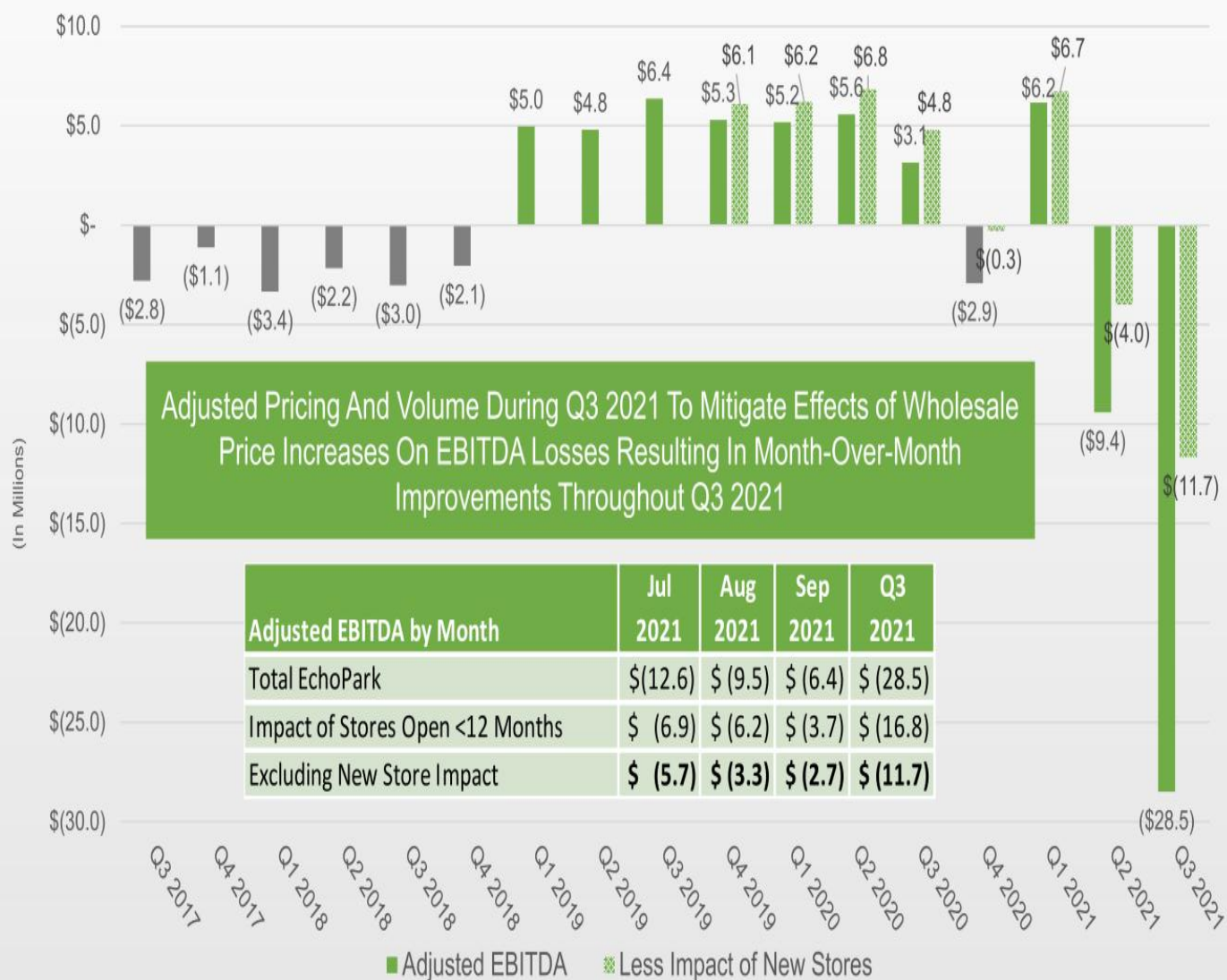
→ EchoPark – Growth Path



Price Adjustments To Address Ongoing Challenges In Wholesale Price Environment Reduced Unit Volume Targets For FY 2021



EchoPark – Adjusted EBITDA Trend



Newly Opened Store Losses and Future Store Pre-Opening Costs Expected To Reduce Adjusted EBITDA By \$12-\$14 Million Annually, Before Impact Of Used Vehicle Market Price Conditions On GPU

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





Franchised Dealerships



→ Franchised Dealerships

Stable Business With Organic And Acquisition
Growth Opportunities



88 Franchised
Dealerships



25+ Brands, Luxury
Weighted

Diversified Revenue Streams

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

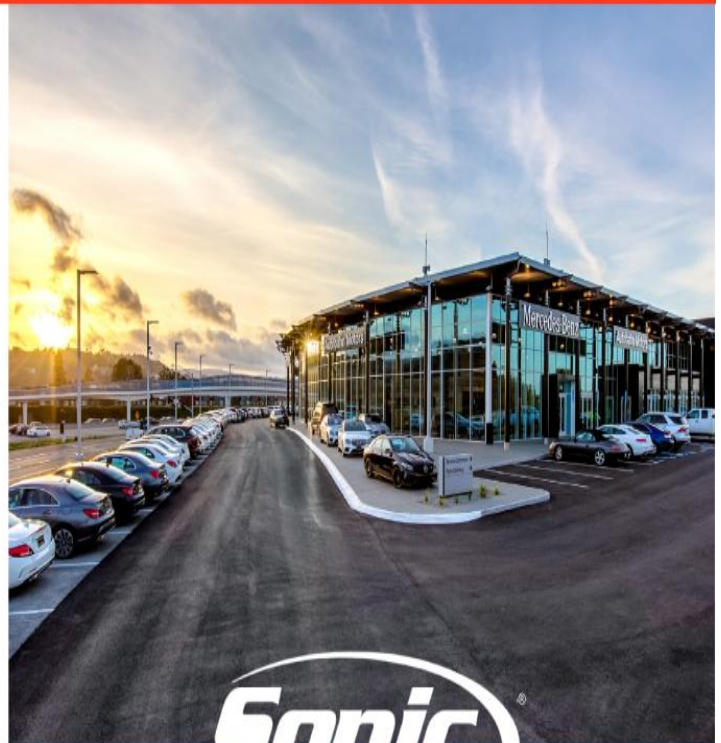


14 Collision
Repair Centers

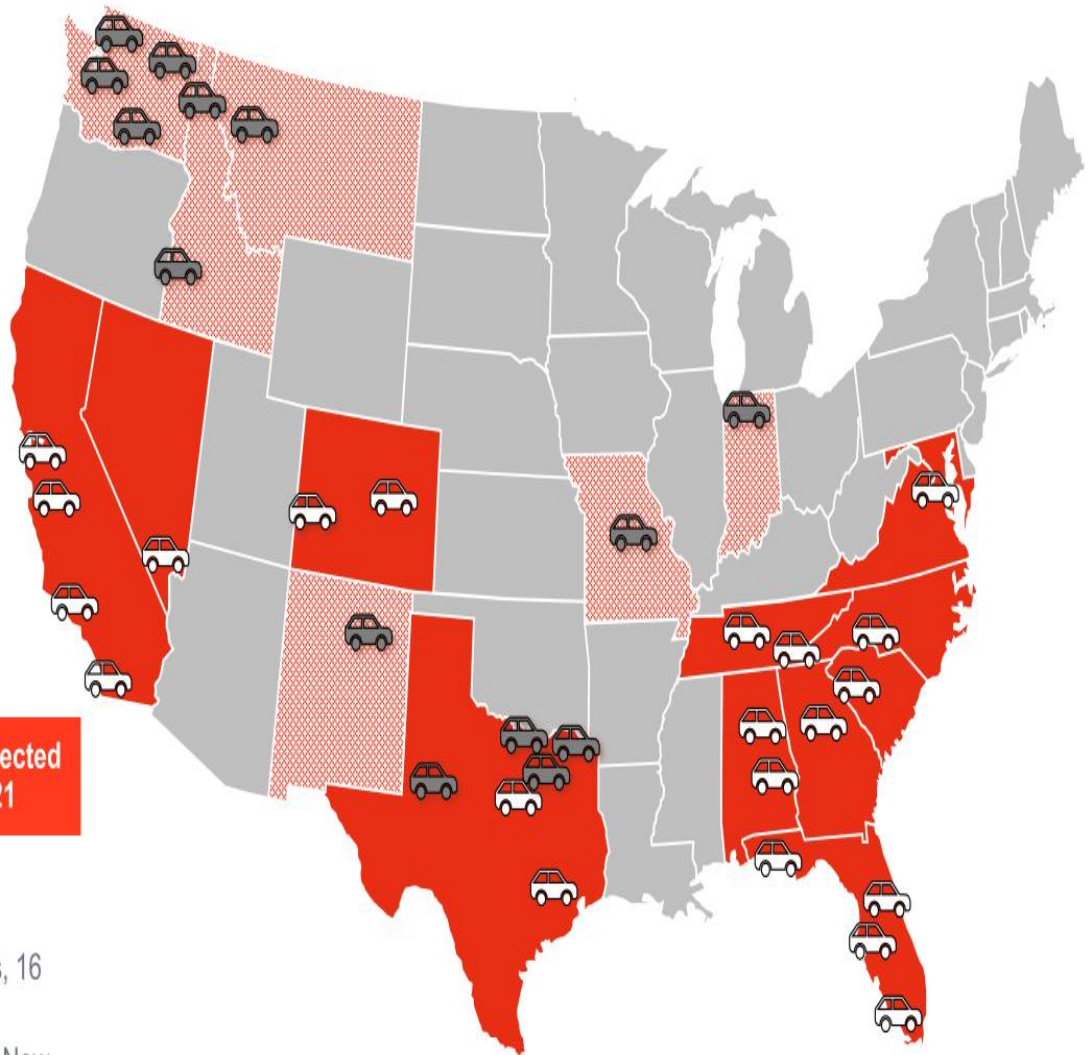


20 Major
Metropolitan
Markets

Resilient And Flexible Business Model Through
Economic Cycles



→ Franchised Dealerships – Geographic Footprint



RFJ Auto Acquisition Expected To Close In December 2021

- Expect \$3.2 Billion In Annualized Revenues
- 33 Locations In 7 States, 16 New Vehicle Brands
- Adds Six New States, 5 New Brands To Portfolio



RFJ Auto Markets



121 Stores, 25+ Brands,
16 Collision Repair Centers



Diversified Geographic
Market Platform

Note: Store, Brand and Collision Center Counts Include RFJ Auto Acquisition



→ Franchised Dealerships – Strategic Levers

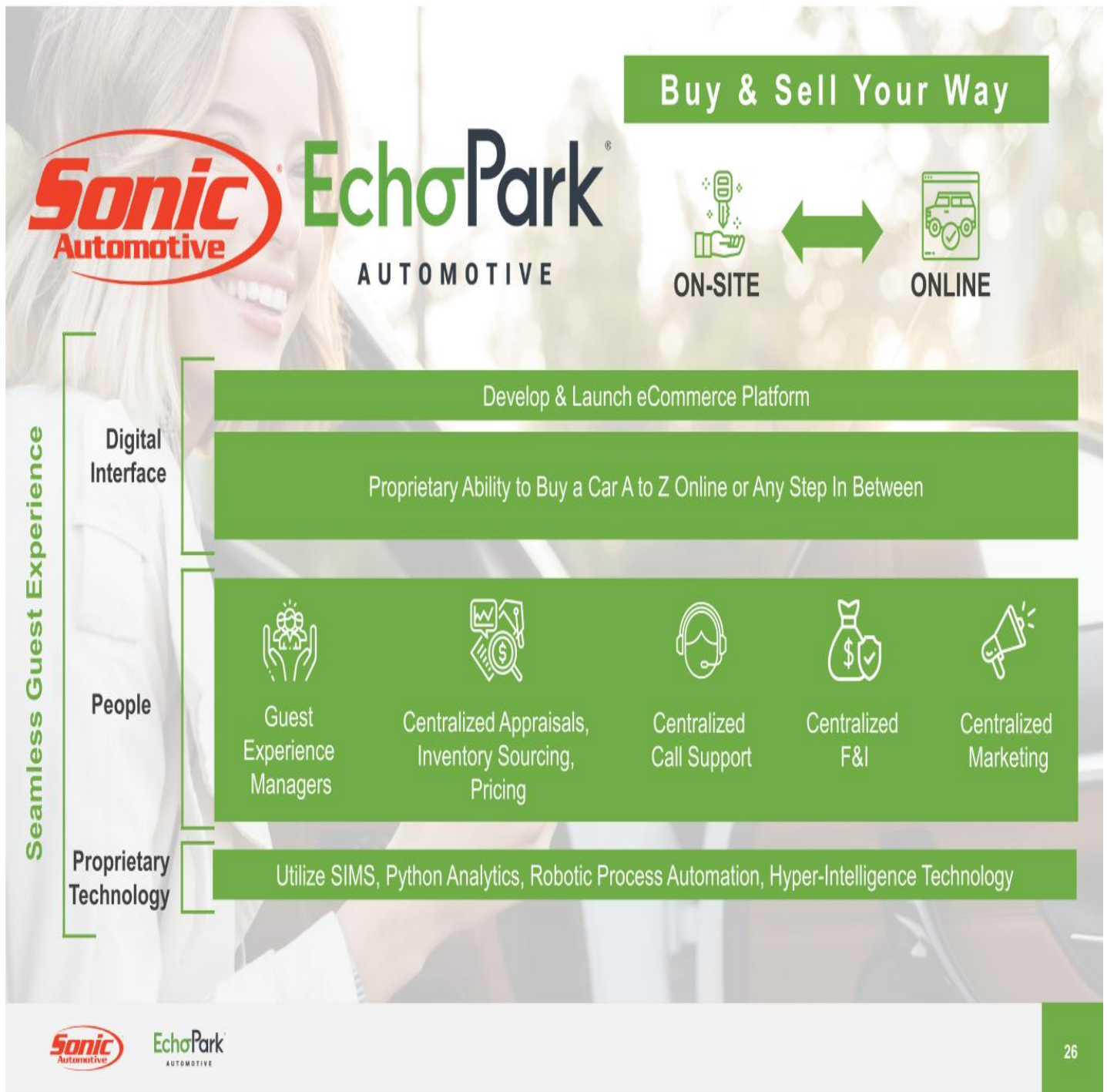




Omnichannel Strategy



→ Full Omnichannel 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 Q3 2021 Vehicle
Sales Transactions



Q3 2021 Financial Snapshot



→ Q3 2021 – Consolidated Continuing Operations

(In millions, except per share data)	Q3 2021	B/(W) than Q3 2020	
		\$	%
Revenues	\$3,072.8	\$524.3	20.6%
Gross profit	\$472.0	\$95.5	25.3%
SG&A expenses	\$321.4	(\$61.0)	(23.5%)
SG&A expenses as % of gross profit	68.1%		100 bps
Earnings from continuing operations before taxes	\$112.2	\$34.7	44.8%
Continuing Ops:			
Net income	\$84.7	\$27.0	46.9%
Diluted earnings per share	\$1.96	\$0.61	45.2%

Excluding The Effect Of A \$3.2 Million Gain On Disposal Of Franchises In Q3 2020,
Q3 2021 Diluted EPS From Continuing Operations Increased 51.9%

Refer to Appendix for Reconciliation of Non-GAAP Financial Measures



→ Q3 2021 – Franchised Dealerships Segment

(In millions, except unit and per unit data)	Q3 2021	B/(W) than Q3 2020	
		\$	%
Revenues	\$2,409.5	\$246.0	11.4%
Gross profit	\$446.2	\$98.8	28.5%
SG&A expenses	\$268.3	(\$36.5)	(15.7%)
SG&A expenses as % of gross profit	60.1%		670 bps
Segment income (loss)	\$145.1	\$64.7	80.4%
New vehicle unit sales volume	22,791	(1,309)	(5.4%)
Retail used vehicle unit sales volume	26,274	(89)	(0.3%)
New vehicle gross profit per unit	\$5,055	\$2,454	94.4%
Retail used vehicle gross profit per unit	\$1,907	\$603	46.2%
F&I gross profit per unit retailed	\$2,303	\$493	27.2%

Excluding The Effect Of A \$3.2 Million Gain On Disposal Of Franchises In Q3 2020,
Q3 2021 SG&A Expenses As % Of Gross Profit Decreased 760 Basis Points

Refer to Appendix for Reconciliation Of Segment Income (Loss) And Non-GAAP Financial Measures



→ Q3 2021 – EchoPark Segment

All-Time
Record
Quarterly
Revenue

(In millions, except unit and per unit data)	Q3 2021	B/(W) than Q3 2020	
		\$	%
Revenues	\$663.3	\$278.3	72.3%
Gross profit	\$25.8	(\$3.4)	(11.6%)
SG&A expenses	\$53.0	(\$27.7)	(109.7%)
SG&A expenses as % of gross profit	205.4%		NM
Segment income (loss)	(\$32.9)	(\$33.1)	NM
Retail used vehicle unit sales volume	21,255	6,128	40.5%
Total combined gross profit per unit retailed	\$1,030	(\$914)	(47.0%)

**Q3 2021 Segment Income (Loss) Includes Market Expansion-Related
Losses of \$18.0 Million**

**Adjusted Pricing Strategy To Mitigate GPU Compression Amid Ongoing Challenges In Wholesale
Market Pricing, Resulting In Lower Unit Sales Volume**

Refer to Appendix for Reconciliation Of Segment Income (Loss)



→ Strong Balance Sheet And Liquidity

	September 30, 2021	December 31, 2020
	(In Millions)	
Cash and cash equivalents	\$ 220.1	\$ 170.3
Availability under the 2021 Revolving Credit Facility ⁽¹⁾	224.0	214.7
Availability under the 2019 Mortgage Facility	19.5	11.2
Availability under the 2020 Line Of Credit Facility ⁽²⁾	54.1	57.0
Floor plan deposit balance	100.0	73.2
Total available liquidity resources	\$ 617.7	\$ 526.4

	Covenant Requirement*	September 30, 2021	December 31, 2020
Liquidity ratio	≥ 1.05	1.19	1.18
Fixed charge coverage ratio	≥ 1.20	2.58	2.07
Total lease adjusted leverage ratio	≤ 5.75	1.28	2.78
Net debt to Adjusted EBITDA ratio ⁽³⁾		0.65	1.29

In October 2021, Sonic Amended Its 2021 Credit Facilities To Increase Total Revolver And Floor Plan Capacity To \$2.95 Billion

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

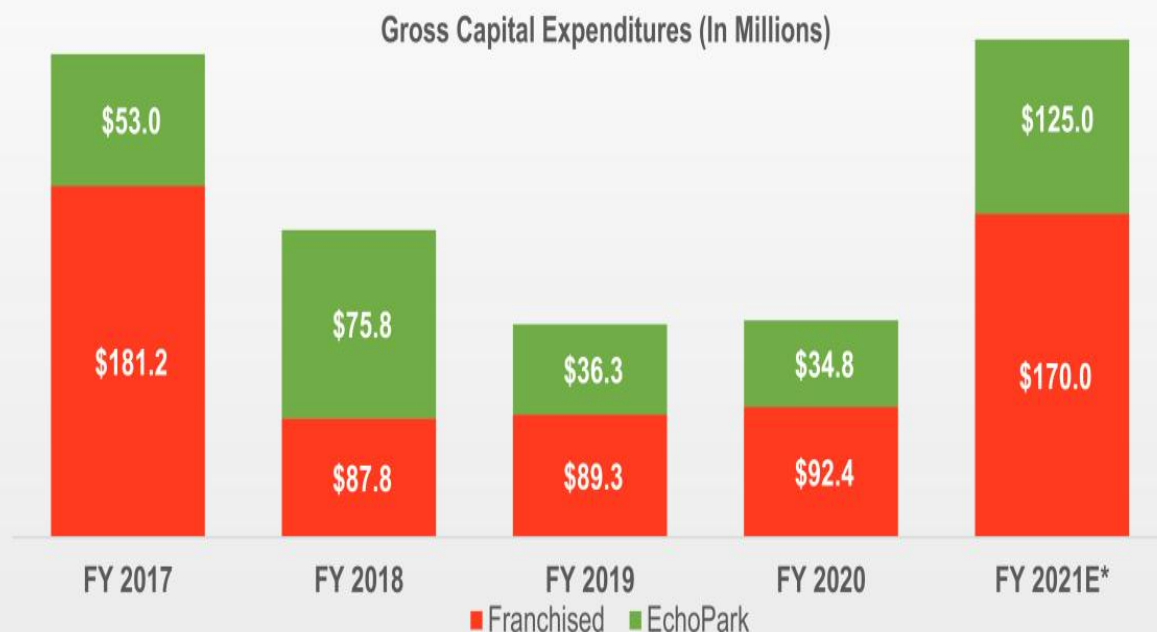
(1) Balance As Of December 31, 2020 Was Under The 2016 Revolving Credit Facility

(2) Subsequent To September 30, 2021 The 2020 Line Of Credit Facility Was Terminated By Sonic

(3) 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



Strict Capital Allocation Strategy Prioritizes Highest Return On Investment

Actual YTD Q3 2021 Capital Expenditures Of \$181.5 Million

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

* Excludes RFJ Auto Real Estate Capital Expenditures Of Approximately \$122M



Appendix



→ Non-GAAP Reconciliation – Segment Income

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Revenues	\$ 2,409.5	\$ 2,163.5	\$ 663.3	\$ 385.1	\$ 3,072.8	\$ 2,548.5
Gross profit	\$ 446.2	\$ 347.4	\$ 25.8	\$ 29.2	\$ 472.0	\$ 376.6
SG&A expenses	\$ 268.3	\$ 231.9	\$ 53.0	\$ 25.3	\$ 321.4	\$ 257.2
Segment income	\$ 145.1	\$ 80.5	\$ (32.9)	\$ 0.2	\$ 112.2	\$ 80.7
Impairment charges	-	-	-	-	-	-
Earnings (loss) from continuing operations before taxes	\$ 145.1	\$ 80.5	\$ (32.9)	\$ 0.2	\$ 112.2	\$ 80.7
Adjusted net income (loss) from continuing operations					\$ 84.7	\$ 57.7
Gain on franchise and real estate disposals (before taxes)					-	3.2
Tax effect of items of interest and non-recurring tax items					-	(0.9)
Net income (loss) from continuing operations					\$ 84.7	\$ 60.0
New vehicle unit sales volume	22,791	24,100	55	-	22,846	24,100
Retail used vehicle unit sales volume	26,274	26,363	21,255	15,127	47,529	41,490

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



→ Non-GAAP Reconciliation – Earnings Per Share

	Q3 2021			Q3 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	43,285	\$ 84,691	\$ 1.96	44,577	\$ 59,988	\$ 1.35
Pre-tax items of interest:						
Gain on franchise and real estate disposals		\$ -			\$ (3,150)	
Total pre-tax items of interest		\$ -			\$ (3,150)	
Tax effect of above items		-			827	
Adjusted diluted earnings (loss) and shares from continuing operations	43,285	<u>\$ 84,691</u>	\$ 1.96	44,577	<u>\$ 57,665</u>	\$ 1.29

→ Non-GAAP Reconciliation – Adjusted EBITDA

(In thousands)	FY 2017	FY 2018	FY 2019	FY 2020	LTM Q3 2021
Net Income (Loss)	\$ 92,983	\$ 51,650	\$ 144,137	\$ (51,385)	\$ 309,891
Provision For Income Taxes	13,198	22,645	54,954	15,619	116,358
Income (Loss) Before Taxes	\$ 106,181	\$ 74,295	\$ 199,091	\$ (35,766)	\$ 426,249
Non-Floor Plan Interest	50,531	52,049	50,475	38,672	37,000
Depreciation and Amortization	92,127	96,652	95,646	93,922	100,059
Stock-Based Compensation Expense	11,119	11,853	10,797	11,704	14,307
Loss (Gain) On Exit Of Leased Dealerships	2,157	1,709	(170)	-	-
Impairment Charges	9,394	29,514	20,768	270,017	1,158
Loss (Gain) On Debt Extinguishment	14,607	-	6,690	-	-
Long-Term Compensation Charges	-	32,522	-	-	1,500
Loss (Gain) on Franchise and Real Estate Disposals	(9,980)	(39,307)	(74,812)	(8,247)	(6,838)
Adjusted EBITDA	<u>\$ 276,136</u>	<u>\$ 259,287</u>	<u>\$ 308,485</u>	<u>\$ 370,302</u>	<u>\$ 573,435</u>
Long-Term Debt (Including Current Portion)	\$ 1,024,703	\$ 945,083	\$ 706,886	\$ 720,066	\$ 691,157
Cash and Equivalents	(6,352)	(5,854)	(29,103)	(170,313)	(220,082)
Floor Plan Deposit Balance	(3,000)	-	-	(73,180)	(100,000)
Net Debt	<u>\$ 1,015,351</u>	<u>\$ 939,229</u>	<u>\$ 677,783</u>	<u>\$ 476,573</u>	<u>\$ 371,075</u>
Net Debt To Adjusted EBITDA Ratio	3.68	3.62	2.20	1.29	0.65

Note – Balance Sheet Amounts Are As Of December 31 for the FY Then Ended. LTM Q3 2021 Amounts Are For The Twelve-Month Period Ended September 30, 2021.
Balance Sheet Amounts For LTM Q3 2021 Are As Of September 30, 2021.

→ Non-GAAP Reconciliation – Adjusted EBITDA

	Q3 2021				Q3 2020			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ 84,485				\$ 59,818
Provision For Income Taxes				27,490				20,620
Income (Loss) Before Taxes	\$ 145,138	\$ (32,888)	\$ (275)	\$ 111,975	\$ 80,434	\$ 239	\$ (235)	\$ 80,438
Non-Floor Plan Interest	8,799	333	-	9,132	9,781	147	-	9,928
Depreciation And Amortization	21,943	3,980	-	25,923	21,004	2,763	-	23,767
Stock-Based Compensation Expense	3,681	-	-	3,681	3,153	-	-	3,153
Impairment Charges	-	-	-	-	26	-	-	26
Long-Term Compensation Charges	-	500	-	500	-	-	-	-
Gain On Franchise And Real Estate Disposals	(12)	(423)	-	(435)	(3,388)	-	-	(3,388)
Adjusted EBITDA	\$ 179,549	\$ (28,498)	\$ (275)	\$ 150,776	\$ 111,010	\$ 3,149	\$ (235)	\$ 113,924

	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)				\$ 57,339				\$ 46,307
Provision For Income Taxes				32,845				14,703
Income (Loss) Before Taxes	\$ 90,611	\$ (833)	\$ 406	\$ 90,184	\$ 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)	\$ 406	\$ 121,715	\$ 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

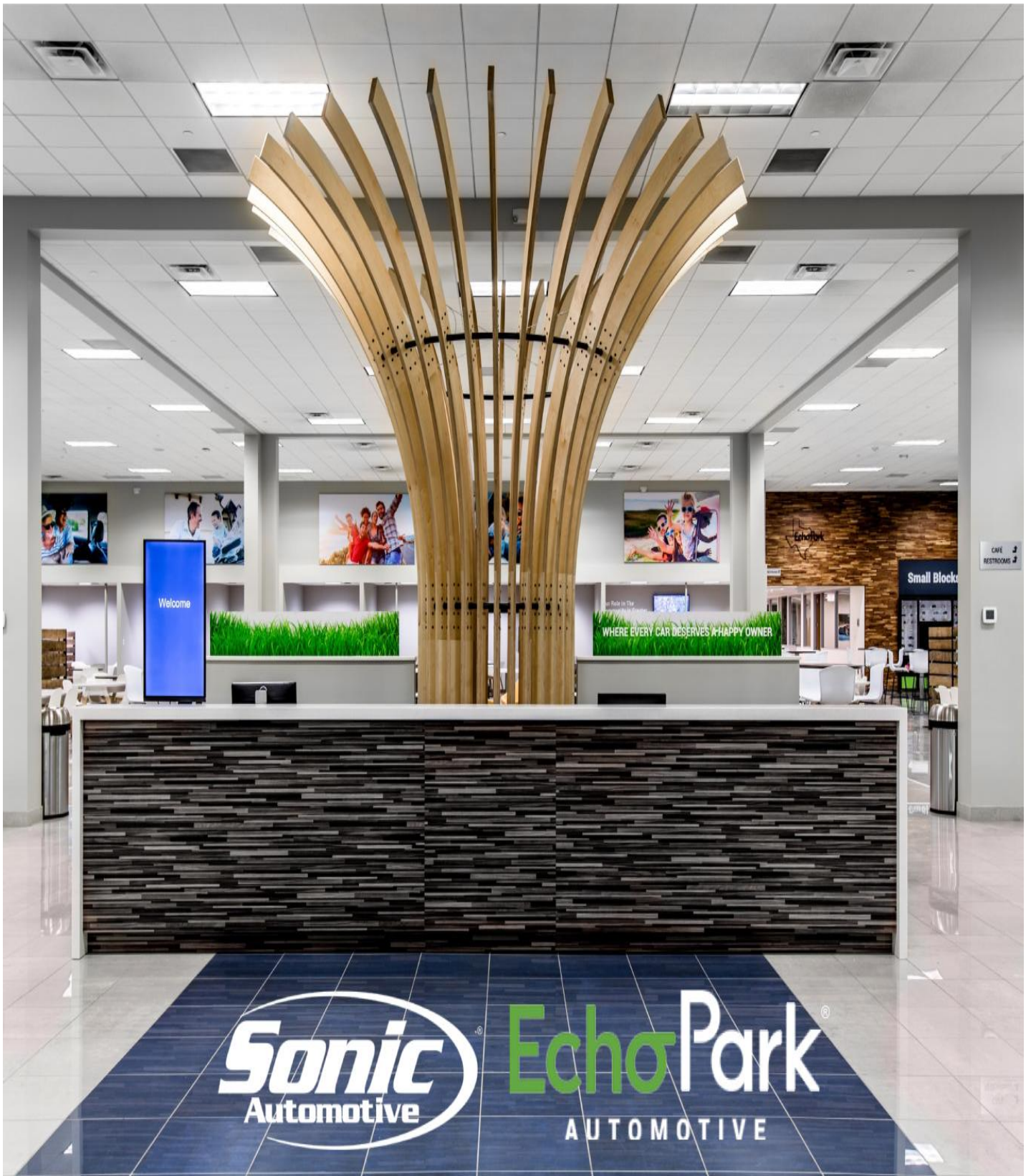
	Q1 2019				Q1 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 42,221				\$ (2,194)
Provision For Income Taxes				18,935				(1,910)
Income (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







EchoPark[®]
AUTOMOTIVE



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