
**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): June 22, 2023

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 2.05. Costs Associated with Exit or Disposal Activities.

On June 22, 2023, Sonic Automotive, Inc. (“Sonic” or the “Company”) announced a plan to indefinitely suspend operations at eight EchoPark locations and additional related delivery/buy centers. In connection with this decision, the responsible officers of the Company determined that an impairment charge would be required. Sonic expects to record an impairment charge ranging from \$60.0 million to \$80.0 million in the second quarter of 2023. The charge will include the impairment of fixed assets and right of use leased assets (ranging between \$50.0 million and \$60.0 million) and other items (ranging between \$10.0 million and \$15.0 million). The substantial majority of the impairment charge relates to a non-cash impairment of long-lived assets. Sonic’s future cash expenditures related to this plan are expected to be between \$3.0 million and \$5.0 million principally related to severance costs.

Item 2.06. Material Impairments.

The information contained in Item 2.05 of this Current Report on Form 8-K are incorporated by reference into this Item 2.06.

Item 7.01. Regulation FD Disclosure.

On June 22, 2023, Sonic issued a press release in connection with the plan to indefinitely suspend operations at certain EchoPark physical operating locations. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.1 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.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
99.1	Press Release of Sonic Automotive, Inc., dated June 22, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

June 22, 2023

By: /s/ STEPHEN K. COSS
Stephen K. Coss
Senior Vice President and General Counsel

Sonic Automotive Announces EchoPark's Plans to Address Current Pre-Owned Market Volatility

Focus on Key Markets Expected to Enhance Near-Term Performance While Maintaining Long-Term Strategic Plan

CHARLOTTE, NC – June 22, 2023 – [Sonic Automotive, Inc.](#) (“Sonic” or the “Company”) (NYSE:SAH), a Fortune 500 Company and one of the nation’s largest automotive retailers, today announced the implementation of its plans to align the EchoPark brand with current pre-owned market conditions that are being negatively impacted by lower production of new vehicles over the past three years and historically low lease penetration and lease returns, resulting in lower availability of used vehicles and higher wholesale prices with unpredictable volatility.

In accordance with this plan, Sonic has indefinitely suspended operations at eight EchoPark locations and additional related Delivery/Buy Centers which will enable Sonic to allocate more vehicles to key markets and increase capacity to address current demand in those markets. The enhancement of inventory mix at the remaining EchoPark stores, coupled with expense reductions from this action, are expected to improve EchoPark’s short-term financial performance while maintaining the foundation for the brand’s national expansion and its continuation of providing the best guest experience in automotive retail.

Sonic has positioned EchoPark to quickly adjust as market conditions change. Recent data shows improvement in pre-owned wholesale pricing but Sonic expects continued volatility in the wholesale price environment into 2024. Improvements in wholesale pricing will benefit consumer affordability as well as the overall profitability of the EchoPark model. Additionally, expected new vehicle production increases over the next 12-18 months will benefit pre-owned availability and further improve both consumer affordability and EchoPark profitability. These improvements in market conditions will enable Sonic to continue the expansion of EchoPark’s geographic footprint into new markets.

Sonic maintains the goal of EBITDA breakeven for the EchoPark segment by the first quarter of 2024. Sonic also maintains the goal of reaching 90% of the U.S. population with EchoPark, which was previously communicated to be achieved by 2025. Sonic now believes that the timing of achieving this goal will be predicated on how quickly the pre-owned market normalizes related to inventory availability and pricing. Currently, Sonic’s focus is on improving EchoPark’s financial performance.

In conjunction with these plans, Sonic expects to record a one-time charge in the second quarter of 2023, ranging between \$60 million to \$80 million, all of which is non-cash except \$3 million to \$5 million. Additional details on this one-time charge and expected EBITDA impact of these actions will be discussed on our upcoming quarterly earnings call.

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.

Forward-Looking Statements

Statements included in this press release may constitute “forward-looking statements” under federal securities laws. All statements other than statements of present or historical fact, that address activities that we believe, expect or anticipate will or may occur in the future are forward-looking statements. There are many factors that affect management’s views about future events and trends of the Company’s business. These factors involve risks and uncertainties that could cause actual results or trends to differ materially from management’s views, including, without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, anticipated future growth in our EchoPark Segment, 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, 2022 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.

For Further Information, Please Contact:

Sonic Automotive Investor Inquiries

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Sonic Automotive Press Inquiries

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