
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): April 25, 2006

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-13395

(Commission File Number)

56-201079

(IRS Employer Identification No.)

6415 Idlewild Road, Suite 109

Charlotte, North Carolina

(Address of principal executive offices)

28212

(Zip Code)

Registrant's telephone number, including area code: (704) 566-2400

N/A

(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))
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Item 2.02. Results of Operations and Financial Condition.

On April 25, 2006, we issued a press release announcing results for our fiscal quarter ended March 31, 2006.

A copy of the press release is attached hereto as Exhibit 99.1. A copy of the presentation materials for the earnings call is attached hereto as Exhibit 99.2.

Item 7.01. Regulation FD Disclosure.

On April 25, 2006, we issued a press release announcing the approval of a quarterly cash dividend.

A copy of the press release is attached hereto as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press release of Sonic Automotive, Inc. dated April 25, 2006

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated April 25, 2006

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.

By: /s/ Stephen K. Coss

Stephen K. Coss

Senior Vice President and General Counsel

Dated: April 25, 2006

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated April 25, 2006
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated April 25, 2006

*Sonic Automotive, Inc. Reports Strong First Quarter Earnings
Driven by 15% Revenue Growth*

CHARLOTTE, N.C. – April 25, 2006 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today reported that its 2006 first quarter earnings from continuing operations were \$21.8 million, or \$0.50 per diluted share, compared to \$20.1 million, or \$0.47 per diluted share, in the prior year period. The results for the quarter ended March 31, 2006 include \$0.02 per diluted share of stock option expense related to the Company's adoption of SFAS 123R.

"We are pleased to report strong earnings growth during a period of rising interest rates and a competitive industry environment," said Chairman and Chief Executive Officer O. Bruton Smith. "Our results reflect the combined effect of our improved brand mix and the successful execution of our key operating initiatives. Revenue from our luxury and import stores was 80% of total revenue for the quarter."

Revenue for the first quarter increased 15.0% from the same period last year to \$1.8 billion. On a same store basis, total revenue in the quarter increased 6.5% from the prior year period with solid growth across the business.

President and Chief Operating Officer Jeffrey C. Rachor said, "We were able to maintain our margins and reduce SG&A expenses as a percentage of gross profit while driving top line growth. Our operating team continued their focus on growing the higher margin pieces of our business with 9.0% same store growth in used vehicles and 7.4% same store growth in parts and service. We remain comfortable with our 2006 continuing operations EPS target of \$2.40 to \$2.50 per diluted share excluding stock option expense and \$2.32 to \$2.42 per diluted share including stock option expense."

Presentation materials for the Company's April 25, 2006 earnings conference call can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "For Investors" tab and choosing "Webcasts & Presentations" on the left side of the monitor.

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 300 company based in Charlotte, N.C., is one of the largest automotive retailers in the United States operating 176 franchises and 38 collision repair centers. Sonic can be reached on the Web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements pertaining to anticipated diluted earnings per share from continuing operations and anticipated stock option expense. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions, risks associated with acquisitions and the risk factors described in the Company's annual report on Form 10-K for the year ended December 31, 2005. The Company does not undertake any obligation to update forward-looking information.

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

(in thousands, except per share, unit data and percentage amounts)

	For the Three Months Ended	
	3/31/2006	3/31/2005
Revenues		
New vehicles	\$1,092,695	\$ 958,124
Used vehicles	301,756	260,505
Wholesale vehicles	129,129	110,375
Total vehicles	1,523,580	1,329,004
Parts, service and collision repair	266,526	225,628
Finance, insurance and other	45,432	40,932
Total revenues	1,835,538	1,595,564
Total gross profit	290,839	250,591
SG&A expenses	226,307	197,143
Depreciation	4,826	3,401
Operating income	59,706	50,047
Interest expense, floor plan	12,125	7,448
Interest expense, other	11,718	10,573
Other (expense) / income	(666)	12
Income from continuing operations before taxes	35,197	32,038
Income taxes	13,374	11,972
Income from continuing operations	21,823	20,066
Discontinued operations:		
Loss from operations and the sale of discontinued franchises	(7,480)	(4,660)
Income tax benefit	2,739	1,706
Loss from discontinued operations	(4,741)	(2,954)
Net income	<u>\$ 17,082</u>	<u>\$ 17,112</u>
Diluted:		
Weighted average common shares outstanding	46,205	45,460
Earnings per share from continuing operations	\$ 0.50	\$ 0.47
Loss per share from discontinued operations	(\$0.11)	(\$0.07)
Earnings per share	<u>\$ 0.39</u>	<u>\$ 0.40</u>
Gross Margin Data (Continuing Operations):		
Retail new vehicles	7.6%	7.6%
Fleet vehicles	3.3%	3.0%
Total new vehicles	7.3%	7.2%
Used vehicles retail	10.8%	10.7%
Total vehicles retail	8.0%	8.0%
Parts, service and collision repair	49.7%	49.4%
Finance, insurance and other	100.0%	100.0%
Overall gross margin	15.8%	15.7%
SG&A Expenses (Continuing Operations):		
Personnel	\$ 133,470	\$ 115,934
Advertising	13,902	12,936
Facility rent	22,833	18,726
Other	56,102	49,547
Total	<u>\$ 226,307</u>	<u>\$ 197,143</u>
Unit Data (Continuing Operations):		
New units	34,518	31,871
Used units	15,726	14,480
Total units retailed	50,244	46,351
Wholesale units	12,943	12,108
Average price per unit:		
Total new vehicles	31,656	30,063
Used vehicles	19,188	17,991
Wholesale vehicles	9,977	9,116
Other Data:		
Same store revenue percentage changes:		
New (retail & fleet)	5.4%	
Used	9.0%	
Parts, service and collision repair	7.4%	
Finance, insurance and other	6.4%	
Total	6.5%	

Balance Sheet Data:

	3/31/2006	12/31/2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,911	\$ 7,566
Receivables, net	347,245	396,225
Inventories	1,023,119	1,016,457
Assets held for sale	230,966	73,837
Construction in progress expected to be sold in sale-leaseback transactions	101,033	95,131
Other current assets	31,231	27,484
Total current assets	1,740,505	1,616,700
Property and Equipment, Net	137,900	148,267
Goodwill, Net	1,143,844	1,122,538
Other Intangibles, Net	78,379	88,696
Other Assets	57,090	49,300
TOTAL ASSETS	<u>\$3,157,718</u>	<u>\$3,025,501</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable - floor plan - trade	\$ 429,190	\$ 579,022
Notes payable - floor plan - non-trade	615,244	410,296
Trade accounts payable	82,045	91,101
Accrued interest	15,507	17,378
Other accrued liabilities	159,375	167,060
Liabilities associated with assets held for sale - trade	73,969	45,953
Liabilities associated with assets held for sale - non-trade	75,671	6,937
Current maturities of long-term debt	2,911	2,747
Total current liabilities	1,453,912	1,320,494
LONG-TERM DEBT	685,310	712,311
OTHER LONG-TERM LIABILITIES	32,977	29,479
DEFERRED INCOME TAXES	131,964	132,419
STOCKHOLDERS' EQUITY	853,555	830,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$3,157,718</u>	<u>\$3,025,501</u>
Balance Sheet Ratios:		
Current Ratio	1.20	1.22
Debt to Total Capital, Net of Cash	44.4%	46.0%



Cautionary Notice Regarding Forward-Looking Statements

- This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.
- These forward-looking statements are not historical facts, but only predictions by our company and/or our company’s management.
- These statements generally can be identified by lead-in words such as “believe,” “expect” “anticipate,” “intend,” “plan,” “foresee” and other similar words. Similarly, statements that describe our company’s objectives, plans or goals are also forward-looking statements.
- You are cautioned that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a results of various factors. Among others, factors that could materially adversely affect actual results and performance include those risk factors that are listed in Sonic Automotive’s Form 10-K for the year ended December 31, 2005.



Sonic Automotive

First Quarter 2006

Earnings Review

April 25, 2006



The Quarter in Review

- Net income of \$21.8 million from continuing operations, up 9% from year ago. Improvement driven by revenue growth and cost reductions. Continuing operations diluted EPS of \$0.50 includes \$0.02 charge for stock options.
- Operating profit was up 19% to \$59.7 million, and was 3.3% of revenue (up 20 basis points from 2005)
- SG&A as a percent of gross was 77.8% -- 90 basis points better than Q1 2005
- Continued portfolio enrichment strategy – Luxury volume now 51% of total; Combined Luxury & Import total of 80%
- Used car initiatives beginning to take hold
- Strong performance – more to come

Financial Performance

(amounts in millions, except per share data)	<u>Q1 2006</u>	<u>O/(U)</u> <u>Q1 2005</u>
Revenue	\$1,836	\$240
Gross Profit	\$291	\$40
Operating Profit	\$60	\$10
Net Income		
– Continuing Operations	\$21.8	\$1.8
– Total Operations	17.1	-
EPS		
– Continuing Operations	\$0.50 *	\$0.03
– Total Operations	0.39	(0.01)

* Includes stock option expense of \$0.02

Same Store Results

First Quarter 2006

Over Prior Year

	Revenue	Gross Profit
New	5.4%	7.6%
Used	9.0%	9.1%
Parts & Service	7.4%	7.6%
F&I	6.4%	6.4%
Total	6.5%	7.5%

- Strong revenue and profit growth across all business lines despite a challenging industry environment
- Gross profit margin improved to 15.9%, up from 15.7% last year
- Sonic's new vehicle same store results outperformed the industry

Used Vehicles

	Used Retail Volume 2006 vs. 2005	Used/New Ratio 2006	Used/New Ratio 2005
March			
Champion	22.3%	0.61	0.47
Stores Same	9.9%	0.48	0.45
Store: Full year Sector leaders			0.62

- Implementing used vehicle best practices and inventory management technology
- Focus on market at both ends
 - Certified Pre-Owned
 - Value Vehicles

Portfolio Enrichment

	<u>Q1 2006</u>	<u>Q1 2005</u>
<i>% of Total Revenues</i>		
Luxury and Import	70%	67%
Cadillac	10%	11%
Subtotal	80%	78%
Other Domestic	19%	21%
Non-Franchised	1%	1%
Total	100%	100%
 Memo: Luxury Including Cadillac	 51%	 48%

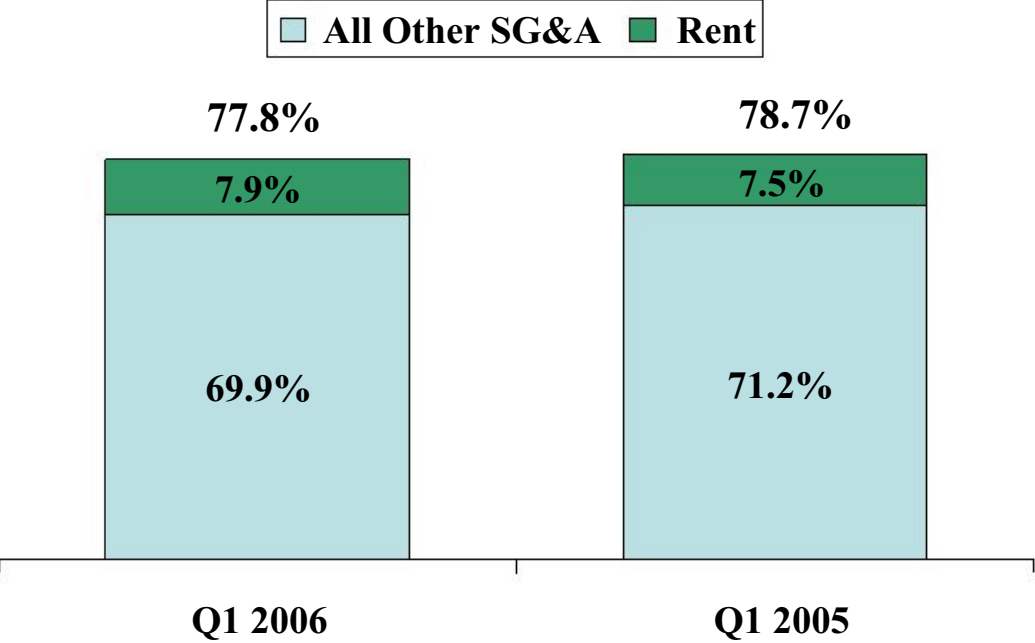
- Portfolio enrichment continues, driven by our acquisition strategy and strong growth in luxury and import demand.
- Acquire to enrich portfolio mix and replace lost revenue
- Focus on stable dealerships with upside

Discontinued Operations

(amounts in millions except per share data)	Q1 2006		Q1 2005	
	After-tax Loss	EPS	After-tax Loss	EPS
Loss from Operations	\$ (2.0)	\$ (0.04)	\$ (2.4)	\$ (0.05)
Other Impacts:				
Loss on Sale	(0.1)	-	(0.6)	(0.02)
Impairment / lease terminations	(2.6)	(0.07)	-	-
Loss from Discontinued Operations, as Reported	<u>\$ (4.7)</u>	<u>\$ (0.11)</u>	<u>\$ (3.0)</u>	<u>\$ (0.07)</u>

- We are in the second year of our portfolio enrichment strategy
- Proceeds from the sale of discontinued operations will be reinvested in new, higher-margin import and luxury stores
- Acquisition revenue for 2006 projected at \$400-\$700 million

SG&A Expenses as % of Gross Profit



- Reduced SG&A as a percentage of gross profit by 90 basis points – worth \$3 million
- Improvements made in advertising, compensation and other operating expenses



Interest

	<u>Q1</u> <u>2006</u>	<u>Q1</u> <u>2005</u>	<u>Change</u>
<i>\$ Millions</i>			
Floorplan Interest Expense	\$ 12.1	\$ 7.4	\$ (4.7)
Other Interest Expense	\$ 11.7	\$ 10.6	\$ (1.1)

- Higher rates have increased interest costs.
- A further 25bps increase is assumed in our earnings guidance.

Inventory Management

Days Supply

	<u>Mar-05</u>	<u>Dec-05</u>	<u>Mar-06</u>	<u>Mar-06 Industry</u>
New Vehicles				
Domestic (excluding Cadillac)	69	58	63	80
Luxury (including Cadillac)	48	41	48	53
Import	44	38	47	51
Overall	56	48	53	67
Used Vehicles	39	40	40	
Parts	35	36	35	

Summary

- Strong results posted for the quarter
- Improvements achieved in volume, mix of business and cost structure
- Further opportunity in portfolio enrichment, SG&A expenses and used vehicle sales; interest cost remains a drag on earnings
- We have a clear strategy and we are executing

2006 Continuing Operations Diluted EPS Guidance
\$2.40 - \$2.50 (excluding stock option expense)
\$2.32 – \$2.42 (including stock option expense)



SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. – April 25, 2006 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.12 per share payable in cash for shareholders of record on June 15, 2006. The dividend will be payable July 15, 2006.

Sonic Automotive, Inc., a Fortune 300 company based in Charlotte, N.C., is one of the largest automotive retailers in the United States operating 176 franchises and 38 collision repair centers. Sonic can be reached on the Web at www.sonicautomotive.com.

Included herein is a forward-looking statement pertaining to an anticipated cash dividend to shareholders. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions, risks associated with acquisitions and the risk factors described in the Company's annual report on Form 10-K for the year ended December 31, 2005. The Company does not undertake any obligation to update forward-looking information.