

**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 23, 2012

---

**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.)

**4401 Colwick Road**  
**Charlotte, North Carolina**  
(Address of principal executive offices)

**28211**  
(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))

---

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

On October 23, 2012, we issued a press release announcing results for our fiscal quarter and nine month period ended September 30, 2012.

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

**Item 7.01. Regulation FD Disclosure.**

On October 23, 2012, 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 October 23, 2012

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated October 23, 2012

---

**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: October 23, 2012

---

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated October 23, 2012
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated October 23, 2012

*Sonic Automotive, Inc. Adjusted Diluted EPS Up 18%*  
*Total Retail Unit Sales Increased 16.2%*

CHARLOTTE, N.C. – October 23, 2012 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported 2012 third quarter adjusted earnings from continuing operations of \$23.1 million for a 14.9% increase over the prior year results. Adjusted earnings from continuing operations per diluted share increased 17.6% to \$0.40 compared to \$0.34 in the prior year quarter. Adjusted results exclude a pre-tax charge of approximately \$18.5 million, or \$0.19 per diluted share, related to costs associated with retiring its outstanding 5.0% Convertible Senior Notes due 2029 (“5% Notes”).

**Q3 2012 Highlights – Near-Record Quarterly New Retail Unit Volume; Completed Debt Issuance and Tender Process for 5% Convertible Notes; Costs In Line with Yearly Expectation**

- Total Q3 revenues up 11.7% over prior year quarter
- New vehicle retail units up 25.2%
- Used vehicle retail units up 6.6%
- Parts and Service gross profit up 1.7%, up 3.3% when adjusted for selling days
- SG&A to gross profit % improved to 77.6% from 77.9% in the prior year quarter

B. Scott Smith, the Company’s President, noted, “We are pleased with our performance in the third quarter. Our operating performance stayed on track while we eliminated the last remnant of debt associated with our debt restructuring activities in 2009. We believe we have positioned the company for continued success by eliminating a significant ownership dilution risk through repurchasing the remaining 5% Notes during the quarter. This strategic action has simplified our capital structure and improved our debt profile by pushing our earliest public debt maturity back out to 2018.”

The Company’s EVP of Operations, Jeff Dyke, commented, “Our quarterly new retail vehicle unit volume of 33,737 units is the second highest level our complement of stores has ever achieved. The record occurred in the third quarter of 2006 when the quarterly SAAR averaged 16.6 million units compared to the current SAAR of 14.5 million units. We would like to thank our customers, our manufacturer partners and our associates for working together to help us achieve this performance. All the while, we were able to operate efficiently by controlling costs as evidenced by a 30 bps improvement in our SG&A to gross percentage to 77.6% from the prior year quarter. We continue to leverage technology and data to improve our customers’ experience in our stores and create value. For example, our new SIMS (Sonic Inventory Management System) and Retail Trade Center Process will completely revolutionize the way we manage, price and retail inventory across our stores. We anticipate completing the roll out of these systems in February of 2013 with the full benefits of the systems yielding results in the second quarter of 2013. We believe this will be another catalyst in driving our pre-owned performance in 2013.”

---

### **Third Quarter Earnings Conference Call**

Senior management will host a conference call today at 11:00 A.M. (Eastern) to discuss the quarter's results. To access the live broadcast of the call over the Internet go to: [www.sonicautomotive.com](http://www.sonicautomotive.com), then click on "Our Company", then "Investor Relations", then "Earnings Conference Calls".

Presentation materials for the conference call can be accessed on the Company's website at [www.sonicautomotive.com](http://www.sonicautomotive.com) by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations".

The conference call will also be available live by dialing in 10 minutes prior to the start of the call at:

Domestic: 1.877.791.3416  
International: 1.706.643.0958  
Conference ID: 36761316

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

Domestic: 1.855.859.2056  
International: 1.404.537.3406  
Conference ID: 36761316

### **About Sonic Automotive**

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at [www.sonicautomotive.com](http://www.sonicautomotive.com).

Included herein are forward-looking statements, including statements with respect to anticipated growth in used vehicle sales, and future success and impacts from the implementation of our strategic initiatives. 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 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 recovery or decline, and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2011 and quarterly report on Form 10-Q for the period ended June 30, 2012. The Company does not undertake any obligation to update forward-looking information.

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(Dollars and shares in thousands, except per share amounts)

	Third Quarter Ended September 30, 2012			Third Quarter Ended September 30, 2011		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$1,172,064	\$ —	\$1,172,064	\$ 974,850	\$ —	\$ 974,850
Fleet vehicles	37,302	—	37,302	52,319	—	52,319
Total new vehicles	1,209,366	—	1,209,366	1,027,169	—	1,027,169
Used vehicles	534,028	—	534,028	509,751	—	509,751
Wholesale vehicles	53,088	—	53,088	47,137	—	47,137
Total vehicles	1,796,482	—	1,796,482	1,584,057	—	1,584,057
Parts, service and collision repair	290,897	—	290,897	287,105	—	287,105
Finance, insurance and other	64,867	—	64,867	54,974	—	54,974
Total revenues	2,152,246	—	2,152,246	1,926,136	—	1,926,136
Gross profit	307,659	—	307,659	293,384	—	293,384
Selling, general and administrative expenses	(238,680)	—	(238,680)	(228,563)	—	(228,563)
Impairment charges	(23)	—	(23)	(102)	—	(102)
Depreciation and amortization	(11,375)	—	(11,375)	(10,137)	—	(10,137)
Operating income (loss)	57,581	—	57,581	54,582	—	54,582
<b>Other income (expense):</b>						
Interest expense, floor plan	(4,858)	—	(4,858)	(4,163)	—	(4,163)
Interest expense, other, net	(15,709)	1,167	(14,542)	(16,941)	—	(16,941)
Other income (expense), net	(17,275)	17,320	45	(811)	—	(811)
Total other income (expense)	(37,842)	18,487	(19,355)	(21,915)	—	(21,915)
Income (loss) from continuing operations before taxes	19,739	18,487	38,226	32,667	—	32,667
Provision for income taxes—benefit (expense)	(7,899)	(7,210)	(15,109)	(12,556)	—	(12,556)
Income (loss) from continuing operations	11,840	11,277	23,117	20,111	—	20,111
Income (loss) from discontinued operations	(1,798)	—	(1,798)	(710)	—	(710)
Net income (loss)	\$ 10,042	\$ 11,277	\$ 21,319	\$ 19,401	\$ —	\$ 19,401
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 0.21	\$ 0.19	\$ 0.40	\$ 0.34	\$ —	\$ 0.34
Earnings (loss) per share from discontinued operations	(0.03)	—	(0.03)	(0.01)	—	(0.01)
Earnings (loss) per common share	\$ 0.18	\$ 0.19	\$ 0.37	\$ 0.33	\$ —	\$ 0.33
Weighted average common shares outstanding	59,011	—	59,011	65,517	—	65,517
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	5.7%		5.7%	6.7%		6.7%
Fleet vehicles	2.5%		2.5%	3.2%		3.2%
Total new vehicles	5.6%		5.6%	6.5%		6.5%
Used vehicles	6.8%		6.8%	6.6%		6.6%
Wholesale vehicles	(6.5)%		(6.5)%	(4.7)%		(4.7)%
Parts, service and collision repair	48.9%		48.9%	48.7%		48.7%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.3%		14.3%	15.2%		15.2%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 142,368			\$ 134,001		
Advertising	12,871			13,091		
Rent and rent related	27,063			28,728		
Other	56,378			52,743		
Total SG&A expenses	\$ 238,680	\$ —	\$ 238,680	\$ 228,563	\$ —	\$ 228,563
SG&A expenses as % of gross profit	77.6%		77.6%	77.9%		77.9%
Operating Margin %	2.7%		2.7%	2.8%		2.8%
<b>Unit Data (Continuing Operations):</b>						
New retail units	33,737			26,955		
Fleet units	1,325			2,031		
Total new units	35,062			28,986		
Used units	27,018			25,334		
Wholesale units	9,074			7,039		

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(Dollars and shares in thousands, except per share amounts)

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$3,325,877	\$ —	\$3,325,877	\$2,820,020	\$ —	\$2,820,020
Fleet vehicles	126,585	—	126,585	170,337	—	170,337
Total new vehicles	3,452,462	—	3,452,462	2,990,357	—	2,990,357
Used vehicles	1,581,682	—	1,581,682	1,489,098	—	1,489,098
Wholesale vehicles	140,670	—	140,670	122,261	—	122,261
Total vehicles	5,174,814	—	5,174,814	4,601,716	—	4,601,716
Parts, service and collision repair	885,412	—	885,412	857,541	—	857,541
Finance, insurance and other	187,199	—	187,199	157,175	—	157,175
Total revenues	6,247,425	—	6,247,425	5,616,432	—	5,616,432
Gross profit	930,368	—	930,368	875,544	—	875,544
Selling, general and administrative expenses	(722,446)	—	(722,446)	(682,442)	—	(682,442)
Impairment charges	(57)	—	(57)	(160)	—	(160)
Depreciation and amortization	(33,636)	—	(33,636)	(29,457)	—	(29,457)
Operating income (loss)	174,229	—	174,229	163,485	—	163,485
<b>Other income (expense):</b>						
Interest expense, floor plan	(14,101)	—	(14,101)	(14,031)	—	(14,031)
Interest expense, other, net	(46,186)	1,167	(45,019)	(50,957)	—	(50,957)
Other income (expense), net	(19,808)	19,898	90	(741)	—	(741)
Total other income (expense)	(80,095)	21,065	(59,030)	(65,729)	—	(65,729)
Income (loss) from continuing operations before taxes	94,134	21,065	115,199	97,756	—	97,756
Provision for income taxes—benefit (expense)	(32,596)	(11,783)	(44,379)	(38,673)	—	(38,673)
Income (loss) from continuing operations	61,538	9,282	70,820	59,083	—	59,083
Income (loss) from discontinued operations	(2,819)	—	(2,819)	(3,367)	—	(3,367)
Net income (loss)	\$ 58,719	\$ 9,282	\$ 68,001	\$ 55,716	\$ —	\$ 55,716
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 1.05	\$ 0.14	\$ 1.19	\$ 0.99	\$ —	\$ 0.99
Earnings (loss) per share from discontinued operations	(0.05)	—	(0.05)	(0.05)	—	(0.05)
Earnings (loss) per common share	\$ 1.00	\$ 0.14	\$ 1.14	\$ 0.94	\$ —	\$ 0.94
Weighted average common shares outstanding	62,300	—	62,300	65,800	—	65,800
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	6.0%		6.0%	6.7%		6.7%
Fleet vehicles	2.9%		2.9%	3.2%		3.2%
Total new vehicles	5.9%		5.9%	6.5%		6.5%
Used vehicles	7.1%		7.1%	7.3%		7.3%
Wholesale vehicles	(3.2)%		(3.2)%	(3.6)%		(3.6)%
Parts, service and collision repair	48.9%		48.9%	49.1%		49.1%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.9%		14.9%	15.6%		15.6%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 431,456			\$ 400,203		
Advertising	38,330			39,065		
Rent and rent related	81,724			88,668		
Other	170,936			154,506		
Total SG&A expenses	\$ 722,446	\$ —	\$ 722,446	\$ 682,442	\$ —	\$ 682,442
SG&A expenses as % of gross profit	77.7%		77.7%	77.9%		77.9%
Operating Margin %	2.8%		2.8%	2.9%		2.9%
<b>Unit Data (Continuing Operations):</b>						
New retail units	96,249			80,550		
Fleet units	4,616			6,630		
Total new units	100,865			87,180		
Used units	79,732			75,381		
Wholesale units	24,116			18,633		



**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**  
(In thousands, except per share amounts)

	Third Quarter Ended September 30, 2012						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	55,069	\$11,840		\$(1,798)		\$10,042	
Effect of participating securities:							
Non-vested restricted stock and stock units		(175)		—		(175)	
Basic earnings (loss) and shares	55,069	\$11,665	\$ 0.21	\$(1,798)	\$(0.03)	\$ 9,867	\$ 0.18
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	3,534	618		2		620	
Stock compensation plans	408						
Diluted earnings (loss) and shares	<u>59,011</u>	<u>\$12,283</u>	<u>\$ 0.21</u>	<u>\$(1,796)</u>	<u>\$(0.03)</u>	<u>\$10,487</u>	<u>\$ 0.18</u>
<b>Adjustments (net of tax):</b>							
Double-carry interest		\$ 712	\$ 0.01	\$ —	\$ —	\$ 712	\$ 0.01
Debt extinguishment charges		10,565	0.18	—	—	10,565	0.18
Total adjustments		<u>\$11,277</u>	<u>\$ 0.19</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$11,277</u>	<u>\$ 0.19</u>
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.40</u>		<u>\$(0.03)</u>		<u>\$ 0.37</u>

	Third Quarter Ended September 30, 2011						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	52,366	\$20,111		\$ (710)		\$19,401	
Effect of participating securities:							
Non-vested restricted stock and stock units		(263)		—		(263)	
Basic earnings (loss) and shares	52,366	\$19,848	\$ 0.38	\$ (710)	\$(0.01)	\$19,138	\$ 0.37
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,590	2,329		37		2,366	
Stock compensation plans	561						
Diluted earnings (loss) and shares	<u>65,517</u>	<u>\$22,177</u>	<u>\$ 0.34</u>	<u>\$(673)</u>	<u>\$(0.01)</u>	<u>\$21,504</u>	<u>\$ 0.33</u>
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.34</u>		<u>\$(0.01)</u>		<u>\$ 0.33</u>

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**  
(In thousands, except per share amounts)

	Nine Months Ended September 30, 2012						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	53,302	\$61,538		\$(2,819)		\$58,719	
Effect of participating securities:							
Non-vested restricted stock and stock units		(934)		—		(934)	
Basic earnings (loss) and shares	53,302	\$60,604	\$ 1.14	\$(2,819)	\$(0.06)	\$57,785	\$ 1.08
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	8,563	4,638		43		4,681	
Stock compensation plans	435						
Diluted earnings (loss) and shares	<u>62,300</u>	<u>\$65,242</u>	<u>\$ 1.05</u>	<u>\$(2,776)</u>	<u>\$(0.05)</u>	<u>\$62,466</u>	<u>\$ 1.00</u>
<b>Adjustments (net of tax):</b>							
Double-carry interest		\$ 712	\$ 0.01	\$ —	\$ —	\$ 712	\$ 0.01
Debt extinguishment charges		12,138	0.19	—	—	12,138	0.19
Settlement of state tax examination		(3,568)	(0.06)	—	—	(3,568)	(0.06)
Total adjustments		\$ 9,282	\$ 0.14	\$ —	\$ —	\$ 9,282	\$ 0.14
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 1.19</u>		<u>\$(0.05)</u>		<u>\$ 1.14</u>

	Nine Months Ended September 30, 2011						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	52,414	\$59,083		\$(3,367)		\$55,716	
Effect of participating securities:							
Non-vested restricted stock and stock units		(773)		—		(773)	
Basic earnings (loss) and shares	52,414	\$58,310	\$ 1.11	\$(3,367)	\$(0.06)	\$54,943	\$ 1.05
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,789	6,851		119		6,970	
Stock compensation plans	597						
Diluted earnings (loss) and shares	<u>65,800</u>	<u>\$65,161</u>	<u>\$ 0.99</u>	<u>\$(3,248)</u>	<u>\$(0.05)</u>	<u>\$61,913</u>	<u>\$ 0.94</u>
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.99</u>		<u>\$(0.05)</u>		<u>\$ 0.94</u>



# Q3 2012 Earnings Review

## October 23, 2012

# 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 “believe”, “expect”, “anticipate”, “intend”, “plan”, “foresee”, “may”, “will” and other similar words. 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, further implementation of our operational strategies and playbooks, future debt retirement, capital expenditures, operating margins and revenues, inventory levels and new vehicle industry sales volume.

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, among other things, (a) economic conditions in the markets in which we operate, (b) the success of our operational strategies, (c) our relationships with the automobile manufacturers and (d) new and pre-owned vehicle sales volume. These risks and uncertainties, as well as additional factors that could affect our forward-looking statements, are described in our Form 10-K for the year ending December 31, 2011 and our Form 10-Q for the quarter ended June 30, 2012.

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.

# Sonic Automotive Q3 2012

- **Quarter in Review**
- **Financial Results**
- **Operations Recap**
- **Summary and Outlook**

# Overall Results

- ❑ Revenue Growth – up 11.7%
  - ❖ New retail vehicle revenue up 20.2% - volume up 25.2% - exceeds industry retail volume growth
  - ❖ Pre-owned gross up 7.1%
  - ❖ F&I revenue up 18.0%
  - ❖ Fixed Operations gross up 1.3% on one less selling day (up 3.3% when adjusted for selling days)
- ❑ SG&A at 77.6% - improvement of 30 bps versus PY Qtr.
- ❑ Adjusted income from continuing operations of \$23.1 million, up 14.9%
- ❑ Q3 2012 adjusted diluted EPS from continuing operations was \$0.40 per share vs. \$0.34 in prior year period – up 18%

\* - Adjusted results exclude a pretax charge of \$18.5M (after-tax of \$11.3M), or \$0.19 per diluted share related to debt repurchase activity.

# Adjusted Results \*

		B/(W) than Q3 2011	
<i>(amounts in millions, except per share data)</i>	<u>Q3 2012</u>	\$	%
Revenue	\$ 2,152	\$ 226	12%
Gross Profit	\$ 308	\$ 14	5%
Operating Profit	\$ 58	\$ 3	5%
Interest & Other	(\$ 19)	\$ 3	12%
Continuing Ops:			
Profit (after tax)	\$ 23	\$ 3	15%
Diluted EPS	\$ 0.40	\$ 0.06	18%
SG&A as % of Gross	77.6%	30 bps	
<i>Discontinued Ops Profit (after tax)</i>	<i>(\$1.8)</i>	<i>(\$1.1)</i>	

\* - Adjusted results exclude a pretax charge of \$18.5M (after-tax of \$11.3M), or \$0.19 per diluted share related to debt repurchase activity.

# SG&A to Gross



**30 bps Improvement from PY Qtr  
Tracking Lower than Full Year Target**



# Capital Spending

<i>(amounts in millions)</i>	YTD Q3 2012	Estimated 2012
Real Estate Acquisitions	\$ 4.8	\$ 14.5
All Other Cap Ex	<u>50.4</u>	<u>99.4</u>
Subtotal	\$ 55.2	\$ 113.9
Less: Mortgage Funding	<u>(10.7)</u>	<u>(25.7)</u>
Total Cash Used – Cap Ex	<u>\$ 44.5</u>	<u>\$ 88.2</u>

# Debt Covenants

	Covenant	Actual Q3 2012
Liquidity Ratio	$\geq 1.05$	1.21
Fixed Charge Coverage Ratio	$\geq 1.20$	1.66
Total Lease Adjusted Leverage Ratio	$\leq 5.50$	4.01

**Compliant with all Covenants**

# Maturity Profile

BEFORE



AFTER



# Share Count Changes

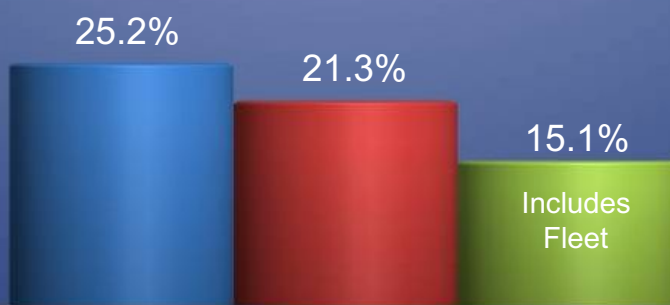
<i>(shares in thousands)</i>	Weighting	Basic	5% Notes	Other	Diluted
Weighted Average Shares – 6/30/2012		52,593	10,535	378	63,506
Issue 4,075 Shares	67%	2,658	-	-	2,658
Redeem 5% Notes	(67%)	-	(7,001)	-	(7,001)
804 Share Repurchases	30%	(243)			(243)
Other		61	-	30	91
Weighted Average Shares – 9/30/2012		55,069	3,534	408	59,011

**\$116M of Share Repurchase Authorization Remaining at End of Q3 2012**

**Net Reduction in Dilution of 4.5M Shares**

# New Vehicles

	Q3 2012	Q3 2011	B/(W)
Retail Revenue	\$1.2 billion	\$1.0 billion	20.2%
Retail Volume	33,737	26,955	25.2%
Selling Price	\$ 34,741	\$ 36,166	(3.9%)
Gross Margin %	5.7%	6.7%	(100 bps)
GPU	\$ 1,987	\$ 2,429	(\$442)
Retail Gross Profit	\$ 67 million	\$ 65 million	2.4%



■ Sonic - Retail ■ Industry - Retail (1) ■ SAAR

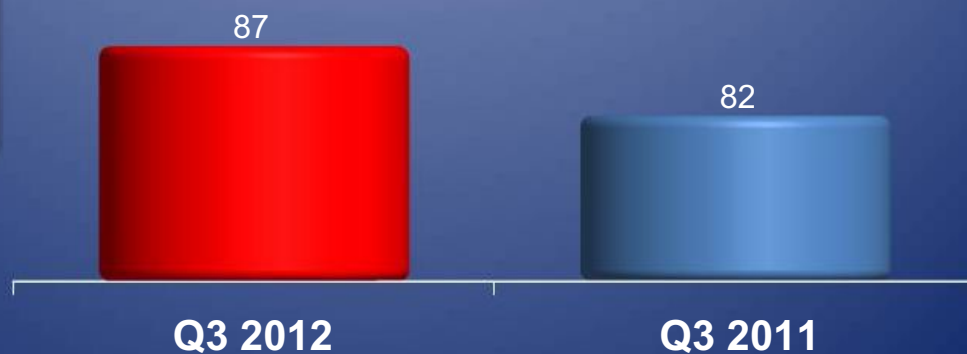
# Pre-Owned Retail Vehicles

	Q3 2012	Q3 2011	B/(W)
Retail Volume	27,018	25,334	6.6%
Revenue	\$534 million	\$509 million	4.8%
Pre-Owned Related Gross*	\$ 81 million	\$ 76 million	\$ 5 million

\* - Includes: pre-owned vehicle + reconditioning + F&I gross

## Used Retail Sales Per Store

Continue to make progress toward our goal of 100 per store per month



# Fixed Operations

		B/(W) than Q3 2011	
<i>(amounts in millions)</i>	<u>Q3 2012</u>	\$	%
Revenue	\$ 291	\$ 4	1.3%
Gross Profit	\$ 142	\$ 2	1.7%

## Q3 YOY Gross Profit Change Breakdown:

- Customer Pay Up 1.1%
- Whsl. Parts - flat
- Internal & Sublet Up 9.7%
- Warranty Down 2.7%

**Gross Up  
3.3% when  
adjusted for  
one less  
fixed ops  
day**

# Strategic Focus

- **Grow the Base Business**
  - Developing Predictable - Repeatable - Sustainable Business Model
    - Playbooks - Uniform Best Practices
    - People - Culture of Customer-Centric Organization
    - Systems - Stable, Flexible and Secure Delivery Systems
    - Data - Use to Drive Business Decisions Throughout the Organization
  - Grow Through Knowledge in Core Competencies
- **Own Our Properties**
  - Create Value on the Balance Sheet
  - Lower Cost Option
- **Improve Capital Structure**
  - Buy Back Stock Opportunistically
  - Manage Debt Levels
  - Offer Dividend to Reward Shareholders





# Summary and Outlook

- ❑ Double-digit overall revenue growth
  - ❑ Anticipate Q4 retail GPU to improve from Q3 levels
  - ❑ Luxury mix of stores contributes to higher Q4 performance
  - ❑ Automotive retail industry outlook continues to remain positive
- 
- ❑ Full year 2012 adjusted continuing operations diluted earnings per share guidance of \$1.65 - \$1.70 <sup>(1)</sup>.

(1) - Excluded from this range are costs associated with retiring outstanding 5.0% Convertible Senior Notes due 2029 ("5% Notes") and tax benefits related to the settlement of certain tax matters in the second and third quarters of 2012 which total a net charge of \$0.16 per diluted share.



# Reconciliation of Non-GAAP Financial Information

(S in millions, shares in thousands, except per share data)	Three Months Ended September 30,						Adjusted 2012 B/(W) than Adjusted 2011	
	2012			2011			\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 2,152.2	\$ -	\$ 2,152.2	\$ 1,926.1	\$ -	\$ 1,926.1	\$ 226.1	11.7%
Gross profit	307.7	-	307.7	293.4	-	293.4	14.3	4.9%
Gross margin	14.3%			15.2%				0 bps
SG&A	(238.7)	-	(238.7)	(228.6)	-	(228.6)	(10.1)	4.4%
SG&A as % of gross profit	77.6%			77.9%				0 bps
Impairment charges	-	-	-	(0.1)	-	(0.1)	0.1	(100.0%)
Depreciation and amortization	(11.4)	-	(11.4)	(10.1)	-	(10.1)	(1.2)	12.2%
Operating income	57.6	-	57.6	54.6	-	54.6	3.0	5.5%
Operating margin	2.7%			2.8%				0 bps
Interest expense, floor plan	(4.9)	-	(4.9)	(4.2)	-	(4.2)	(0.7)	16.7%
Interest expense, other, net	(15.7)	1.2 (1)	(14.5)	(16.9)	-	(16.9)	2.4	(14.2%)
Other income (expense), net	(17.3)	17.3 (2)	0.0	(0.8)	-	(0.8)	0.9	(105.5%)
Income (loss) from continuing operations	11.8	11.3	23.1	20.1	-	20.1	3.0	14.9%
Income (loss) from discontinued operations	(1.8)	-	(1.8)	(0.7)	-	(0.7)	(1.1)	153.2%
Net income (loss)	<u>\$ 10.0</u>	<u>\$ 11.3</u>	<u>\$ 21.3</u>	<u>\$ 19.4</u>	<u>\$ -</u>	<u>\$ 19.4</u>	<u>\$ 1.9</u>	<u>9.9%</u>
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 0.21	\$ 0.19	\$ 0.40	\$ 0.34	\$ -	\$ 0.34	\$ 0.06	17.6%
Earnings (loss) per share from discontinued operations	(0.03)	-	(0.03)	(0.01)	-	(0.01)	(0.02)	200.0%
Earnings (loss) per common share	<u>\$ 0.18</u>	<u>\$ 0.19</u>	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ -</u>	<u>\$ 0.33</u>	<u>\$ 0.04</u>	<u>12.1%</u>
Weighted average shares outstanding	<u>59,011</u>		<u>59,011</u>	<u>65,517</u>		<u>65,517</u>		

(1) Represents double-carry interest in July 2012.

(2) Represents debt extinguishment charges related to the 5% Convertible Notes.

# Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Three Months Ended September 30, 2012								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS
Reported basic	\$ 11.8	55,069		\$ (1.8)	55,069		\$ 10.0	55,069	
Effect of dilutive securities:									
Two class method	(0.2)	-		-	-		(0.2)	-	
Contingently convertible debt	0.6	3,534		-	3,534		0.6	3,534	
Stock compensation plans	-	408		-	408		-	408	
Reported diluted	12.2	59,011	\$ 0.21	(1.8)	59,011	\$ (0.03)	10.4	59,011	\$ 0.18
Adjustments (tax-effected):									
Double-carry interest	0.7	-		-	-		0.7	-	
Debt extinguishment charges	10.6	-		-	-		10.6	-	
Subtotal	23.5	59,011	\$ 0.40	(1.8)	59,011	\$ (0.03)	21.7	59,011	\$ 0.37
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Adjusted diluted	\$ 23.4	59,011	\$ 0.40	\$ (1.8)	59,011	\$ (0.03)	\$ 21.6	59,011	\$ 0.37

***SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND***

**CHARLOTTE, N.C.** – October 23, 2012 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.025 per share payable in cash for stockholders of record on December 14, 2012. The dividend will be payable on January 15, 2013.

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at [www.sonicautomotive.com](http://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 in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2011 and in the Company's quarterly report on Form 10-Q for the quarterly period ended June 30, 2012. The Company does not undertake any obligation to update forward-looking information.