

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**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): February 20, 2013

**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.)  
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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 February 20, 2013, we issued a press release announcing results for our fiscal quarter and fiscal year ended December 31, 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 February 20, 2013, 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 February 20, 2013
- 99.2 Earnings call presentation materials
- 99.3 Press release of Sonic Automotive, Inc. dated February 20, 2013

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**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: February 20, 2013

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**INDEX TO EXHIBITS**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
99.1	Press release of Sonic Automotive, Inc. dated February 20, 2013
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated February 20, 2013

*Sonic Automotive, Inc. Posts Record Fourth Quarter Profits and Full Year Retail Unit Sales*

CHARLOTTE, N.C. – February 20, 2013 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported preliminary diluted earnings per share from continuing operations of \$0.52, an increase of 44.4% compared to \$0.36 in the prior year quarter. 2012 fourth quarter net income from continuing operations were \$28.8 million, a 35.5% increase over prior year results of \$21.2 million. When adjusting for charges recorded in the prior year period related to legal and lease charges, 2012 fourth quarter net income from continuing operations improved \$3.4 million, or 13.2%, from an adjusted fourth quarter 2011 result of \$25.4 million.

For the full year 2012, the Company grew adjusted net income from continuing operations by 19.6% to \$1.71 per diluted share compared to \$1.43 per diluted share in the prior year. The adjustments for both periods are detailed further in the attached tables.

During the quarter, the Company repurchased 3.5 million shares of its Class A common stock at an average price of \$19.27 per share. For the year, the Company repurchased 4.4 million shares of its Class A common stock at an average price of \$19.00 per share. The fully diluted share count was reduced from 65.5 million shares for the full year of 2011 to 54.0 million shares going into 2013, a reduction of 17.6%.

Subsequent to the end of the fourth quarter, Sonic's Board of Directors authorized an additional \$100 million to be used in the Company's share repurchase program. When combined with previously unused authorized amounts, Sonic has approximately \$144.2 million of total authorization from its Board of Directors to repurchase shares of the Company's Class A Common Stock.

**Q4 2012 Highlights – New Retail Volume Outpaces Industry; Annual Cost Lower than Target**

- Record retail unit sales in full year 2012 of 231,192 units
- Record Q4 Continuing Operations Net Income of \$28.8 million (1)
- Total Q4 revenues up 10.4% over prior year quarter, up 11.2% for full year
- New vehicle retail revenue up 15.7% in Q4, up 17.5% for full year
- Used vehicle retail units up 6.3% in Q4, up 6.4% for the full year
- Parts, Service & Collision gross profit up \$3.7 million in Q4 to \$140.9 million, a fourth quarter record, up \$15.4 million for the full year to \$568.9 million, an annual record
- Full year SG&A to gross profit of 76.8%, better than annual target of 78.0%

(1) – Excluding unusual tax adjustments in the comparative prior year periods

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The Company's EVP of Operations, Jeff Dyke, commented, "We are very pleased with our performance in the fourth quarter. Our continued execution of our playbook processes enabled us to achieve record breaking full year total vehicle unit sales of 231,192 units. The new vehicle retail unit sales increase of 14.5% in the fourth quarter 2012 over the prior year quarter outpaced the industry growth of 11.1%. Coupled with growth in all other areas of our business, we generated over \$20 million more gross profit in Q4 2012 than in Q4 2011. As a result of this increase and cost reductions in other areas, we were able to increase our net income from continuing operations 13.2% from the prior year quarter adjusted total. We would like to thank our customers, our manufacturer partners, and our associates for working together to help us achieve this performance."

### **2013 Outlook**

Commenting on the fourth quarter and the 2013 outlook, B. Scott Smith, the Company's President, noted, "Our work continued in the fourth quarter to improve our operations, our capital structure, and increase shareholder value through a combination of operational execution and share repurchases. Looking into 2013, we believe we can continue to build on the momentum generated last year to offer our customers an exceptional and unique buying experience and build customer loyalty. Although we still hold fast to our guiding strategic initiative to improve our base business, we believe we are now positioned to take advantage of open point and acquisition opportunities and will explore these avenues in 2013. We expect the automotive retailing sector to continue to grow in 2013 and are anticipating 2013 new vehicle industry volume of between 15.0 million units and 15.5 million units. We currently expect earnings per share from continuing operations of between \$1.93 and \$2.03 for the full year 2013. We will have additional comments on our 2013 outlook in our earnings call later today."

### **Fourth 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: 93141081

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: 93141081

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### 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).

The results reported in this press release, the accompanying summary tables and the presentation materials for the conference call today at 11:00 AM (Eastern) are preliminary and unaudited and are subject to change upon completion of the audit for our financial statements for the period ended December 31, 2012.

This release contains certain non-GAAP financial measures as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations and related earnings per share data. The Company has reconciled these measures to the most directly comparable GAAP measures in the accompanying tables. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

Included herein are forward-looking statements, including statements with respect to anticipated 2013 industry new vehicle sales volume, anticipated 2013 earnings per share from continuing operations, anticipated acquisition and growth activity, and anticipated 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 September 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)

This release contains certain non-GAAP financial measures (the "Adjusted" columns) as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations and related earnings per share data. The Company has reconciled these measures to the most directly comparable GAAP measures (the "Reported" columns) in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

	Fourth Quarter Ended December 31, 2012			Fourth Quarter Ended December 31, 2011		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$1,259,924	\$ —	\$1,259,924	\$1,089,251	\$ —	\$1,089,251
Fleet vehicles	43,130	—	43,130	49,782	—	49,782
Total new vehicles	1,303,054	—	1,303,054	1,139,033	—	1,139,033
Used vehicles	489,063	—	489,063	465,386	—	465,386
Wholesale vehicles	44,820	—	44,820	45,946	—	45,946
Total vehicles	1,836,937	—	1,836,937	1,650,365	—	1,650,365
Parts, service and collision repair	287,113	—	287,113	278,721	—	278,721
Finance, insurance and other	64,685	—	64,685	54,360	—	54,360
Total revenues	2,188,735	—	2,188,735	1,983,446	—	1,983,446
Gross profit	314,119	—	314,119	293,694	—	293,694
Selling, general and administrative expenses	(236,798)	—	(236,798)	(227,946)	6,816 (1)	(221,130)
Impairment charges	(383)	—	(383)	(40)	—	(40)
Depreciation and amortization	(11,886)	—	(11,886)	(10,252)	—	(10,252)
Operating income (loss)	65,052	—	65,052	55,456	6,816	62,272
<b>Other income (expense):</b>						
Interest expense, floor plan	(5,534)	—	(5,534)	(4,589)	—	(4,589)
Interest expense, other, net	(14,215)	—	(14,215)	(16,329)	—	(16,329)
Other income (expense), net	183	—	183	(265)	—	(265)
Total other income (expense)	(19,566)	—	(19,566)	(21,183)	—	(21,183)
Income (loss) from continuing operations before taxes	45,486	—	45,486	34,273	6,816	41,089
Provision for income taxes - benefit (expense)	(16,694)	—	(16,694)	(13,032)	(2,617) (2)	(15,649)
Income (loss) from continuing operations	28,792	—	28,792	21,241	4,199	25,440
Income (loss) from discontinued operations	1,590	—	1,590	(703)	(387) (3)	(1,090)
Net income (loss)	<u>\$ 30,382</u>	<u>\$ —</u>	<u>\$ 30,382</u>	<u>\$ 20,538</u>	<u>\$ 3,812</u>	<u>\$ 24,350</u>
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 0.52	\$ —	\$ 0.52	\$ 0.36	\$ 0.07	\$ 0.43
Earnings (loss) per share from discontinued operations	0.03	—	0.03	(0.01)	(0.01)	(0.02)
Earnings (loss) per common share	<u>\$ 0.55</u>	<u>\$ —</u>	<u>\$ 0.55</u>	<u>\$ 0.35</u>	<u>\$ 0.06</u>	<u>\$ 0.41</u>
Weighted average common shares outstanding	54,763		54,763	64,467		64,467
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	6.1%		6.1%	6.3%		6.3%
Fleet vehicles	2.4%		2.4%	3.3%		3.3%
Total new vehicles	5.9%		5.9%	6.2%		6.2%
Used vehicles	6.7%		6.7%	7.1%		7.1%
Wholesale vehicles	(3.5%)		(3.5%)	(2.1%)		(2.1%)
Parts, service and collision repair	49.1%		49.1%	49.2%		49.2%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.4%		14.4%	14.8%		14.8%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 140,423			\$ 132,641		
Advertising	13,243			11,120		
Rent and rent related	26,653			28,240		
Other	56,479			55,945		
Total SG&A expenses	\$ 236,798	\$ —	\$ 236,798	\$ 227,946	\$ (6,816)	\$ 221,130
SG&A expenses as % of gross profit	75.4%		75.4%	77.6%		75.3%
Operating Margin %	3.0%		3.0%	2.8%		3.1%
<b>Unit Data (Continuing Operations):</b>						
New retail units	33,767			29,482		
Fleet units	1,312			1,878		
Total new units	35,079			31,360		
Used units	23,943			22,520		
Wholesale units	7,452			6,879		

- (1) Represents lease exit adjustments and legal settlement charges.  
(2) Represents tax-effect of pre-tax adjustments above.  
(3) Represents tax-effected amounts related to lease exit adjustments.



**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**  
(Dollars and shares in thousands, except per share amounts)

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$4,546,209	\$ —	\$4,546,209	\$3,867,978	\$ —	\$3,867,978
Fleet vehicles	169,715	—	169,715	220,120	—	220,120
Total new vehicles	4,715,924	—	4,715,924	4,088,098	—	4,088,098
Used vehicles	2,053,477	—	2,053,477	1,930,852	—	1,930,852
Wholesale vehicles	183,326	—	183,326	167,075	—	167,075
Total vehicles	6,952,727	—	6,952,727	6,186,025	—	6,186,025
Parts, service and collision repair	1,162,319	—	1,162,319	1,125,672	—	1,125,672
Finance, insurance and other	250,422	—	250,422	209,109	—	209,109
Total revenues	8,365,468	—	8,365,468	7,520,806	—	7,520,806
Gross profit	1,235,153	—	1,235,153	1,158,611	—	1,158,611
Selling, general and administrative expenses	(949,026)	—	(949,026)	(899,424)	6,816 (4)	(892,608)
Impairment charges	(440)	—	(440)	(200)	—	(200)
Depreciation and amortization	(45,285)	—	(45,285)	(39,446)	—	(39,446)
Operating income (loss)	240,402	—	240,402	219,541	6,816	226,357
Other income (expense):						
Interest expense, floor plan	(19,454)	—	(19,454)	(18,405)	—	(18,405)
Interest expense, other, net	(60,090)	1,167 (1)	(58,923)	(66,857)	—	(66,857)
Other income (expense), net	(19,625)	19,713 (2)	88	(1,017)	—	(1,017)
Total other income (expense)	(99,169)	20,880	(78,289)	(86,279)	—	(86,279)
Income (loss) from continuing operations before taxes	141,233	20,880	162,113	133,262	6,816	140,078
Provision for income taxes - benefit (expense)	(49,972)	(11,711) (3)	(61,683)	(51,731)	(2,617) (5)	(54,348)
Income (loss) from continuing operations	91,261	9,169	100,430	81,531	4,199	85,730
Income (loss) from discontinued operations	(2,160)	—	(2,160)	(5,277)	(387) (6)	(5,664)
Net income (loss)	<u>\$ 89,101</u>	<u>\$ 9,169</u>	<u>\$ 98,270</u>	<u>\$ 76,254</u>	<u>\$ 3,812</u>	<u>\$ 80,066</u>
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 1.56	\$ 0.15	\$ 1.71	\$ 1.37	\$ 0.06	\$ 1.43
Earnings (loss) per share from discontinued operations	(0.03)	—	(0.03)	(0.08)	—	(0.08)
Earnings (loss) per common share	<u>\$ 1.53</u>	<u>\$ 0.15</u>	<u>\$ 1.68</u>	<u>\$ 1.29</u>	<u>\$ 0.06</u>	<u>\$ 1.35</u>
Weighted average common shares outstanding	60,406		60,406	65,464		65,464
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	6.0%		6.0%	6.6%		6.6%
Fleet vehicles	2.8%		2.8%	3.2%		3.2%
Total new vehicles	5.9%		5.9%	6.4%		6.4%
Used vehicles	7.0%		7.0%	7.2%		7.2%
Wholesale vehicles	(3.3%)		(3.3%)	(3.1%)		(3.1%)
Parts, service and collision repair	(48.9%)		(48.9%)	49.2%		49.2%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.8%		14.8%	15.4%		15.4%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 566,886			\$ 527,146		
Advertising	50,349			49,128		
Rent and rent related	106,628			115,080		
Other	225,163			208,070		
Total SG&A expenses	\$ 949,026	\$ —	\$ 949,026	\$ 899,424	\$ (6,816)	\$ 892,608
SG&A expenses as % of gross profit	76.8%		76.8%	77.6%		77.0%
Operating Margin %	2.9%		2.9%	2.9%		3.0%
<b>Unit Data (Continuing Operations):</b>						
New retail units	128,636			108,564		
Fleet units	5,928			8,508		
Total new units	134,564			117,072		
Used units	102,556			96,355		
Wholesale units	31,188			25,180		

- (1) Represents double-carry interest in July 2012.
- (2) Represents debt extinguishment charges related to the 5.0% Convertible Notes.
- (3) Represents the tax effect of pre-tax adjustments above and the effect of the settlement of a state tax examination.
- (4) Represents lease exit adjustments and legal settlement charges.
- (5) Represents the tax effect of pre-tax adjustments above.
- (6) Represents tax-effected amounts related to lease exit adjustments.

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

Fourth Quarter Ended December 31, 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	54,289	\$28,792		\$1,590		\$30,382	
Effect of participating securities:							
Non-vested restricted stock and stock units		(433)		—		(433)	
Basic earnings (loss) and shares	54,289	\$28,359	\$ 0.52	\$1,590	\$ 0.03	\$29,949	\$ 0.55
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)		—		—		—	
Stock compensation plans	474						
Diluted earnings (loss) and shares	<u>54,763</u>	<u>\$28,359</u>	<u>\$ 0.52</u>	<u>\$1,590</u>	<u>\$ 0.03</u>	<u>\$29,949</u>	<u>\$ 0.55</u>
<b>Fourth Quarter Ended December 31, 2011</b>							
	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	52,194	\$21,241		\$ (703)		\$20,538	
Effect of participating securities:							
Non-vested restricted stock and stock units		(277)		—		(277)	
Basic earnings (loss) and shares	52,194	\$20,964	\$ 0.40	\$ (703)	\$ (0.01)	\$20,261	\$ 0.39
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	11,713	2,314		16		2,330	
Stock compensation plans	560						
Diluted earnings (loss) and shares	<u>64,467</u>	<u>\$23,278</u>	<u>\$ 0.36</u>	<u>\$ (687)</u>	<u>\$ (0.01)</u>	<u>\$22,591</u>	<u>\$ 0.35</u>
<b>Adjustments (net of tax):</b>							
Lease exit adjustments		\$ 749	\$ 0.01	(387)	\$ (0.01)	\$ 362	\$ —
Legal settlement charges		3,450	0.06	—	—	3,450	0.06
Total adjustments		\$ 4,199	\$ 0.07	\$ (387)	\$ (0.01)	\$ 3,812	\$ 0.06
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.43</u>		<u>\$ (0.02)</u>		<u>\$ 0.41</u>

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

	Year Ended December 31, 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	53,550	\$91,261		\$(2,160)		\$89,101	
Effect of participating securities:							
Non-vested restricted stock and stock units		(1,381)		—		(1,381)	
Basic earnings (loss) and shares	53,550	\$89,880	\$ 1.68	\$(2,160)	\$(0.04)	\$87,720	\$ 1.64
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	6,411	4,617		64		4,681	
Stock compensation plans	445						
Diluted earnings (loss) and shares	<u>60,406</u>	<u>\$94,497</u>	<u>\$ 1.56</u>	<u>\$(2,096)</u>	<u>\$(0.03)</u>	<u>\$92,401</u>	<u>\$ 1.53</u>
<b>Adjustments (net of tax):</b>							
Double-carry interest		\$ 712	\$ 0.01	\$ —	\$ —	\$ 712	\$ 0.01
Debt extinguishment charges		12,025	0.20	—	—	12,025	0.20
Settlement of state tax examination		(3,568)	(0.06)	—	—	(3,568)	(0.06)
Total adjustments		\$ 9,169	\$ 0.15	\$ —	\$ —	\$ 9,169	\$ 0.15
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 1.71</u>		<u>\$(0.03)</u>		<u>\$ 1.68</u>

	Year Ended December 31, 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	52,358	\$81,531		\$(5,277)		\$76,254	
Effect of participating securities:							
Non-vested restricted stock and stock units		(1,056)		—		(1,056)	
Basic earnings (loss) and shares	52,358	\$80,475	\$ 1.54	\$(5,277)	\$(0.10)	\$75,198	\$ 1.44
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,517	9,093		207		9,300	
Stock compensation plans	589						
Diluted earnings (loss) and shares	<u>65,464</u>	<u>\$89,568</u>	<u>\$ 1.37</u>	<u>\$(5,070)</u>	<u>\$(0.08)</u>	<u>\$84,498</u>	<u>\$ 1.29</u>
<b>Adjustments (net of tax):</b>							
Lease exit adjustments		\$ 749	\$ 0.01	(387)	\$ —	\$ 362	\$ 0.01
Legal settlement charges		3,450	0.05	—	—	3,450	0.05
Total adjustments		\$ 4,199	\$ 0.06	\$ (387)	\$ —	\$ 3,812	\$ 0.06
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 1.43</u>		<u>\$(0.08)</u>		<u>\$ 1.35</u>



# Q4 2012 Earnings Review

## February 20, 2013

# 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 September 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 Q4 2012

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

# Overall Results

- Revenue Growth – up 10.4%
  - ❖ New retail vehicle revenue up 15.7% - volume up 14.5% - exceeds industry retail volume growth
  - ❖ Pre-owned unit volume up 6.3%
  - ❖ F&I revenue up 19.0%
  - ❖ Fixed Operations revenue up 3.0%
- SG&A at 75.4% for quarter and 76.8% for the year – beating our target of 78.0%
- Income from continuing operations of \$28.8 million, up 13.2% from an adjusted balance in the prior year quarter\*
- Q4 2012 diluted EPS from continuing operations was \$0.52 per share vs. \$0.43\* in prior year period – up 21%

\* - Q4 2011 adjusted amounts exclude a pretax charge of \$6.8M (after-tax of \$4.2M), or \$0.07 per diluted share related to debt repurchase activity. See Appendix for reconciliation to GAAP amounts.

# Results <sup>(1)</sup>

	Q4 2012	B/(W) than Q4 2011		FY 2012	B/(W) than FY 2011	
		\$	%		\$	%
<i>(amounts in millions, except per share data)</i>						
Revenue	\$ 2,189	\$ 205	10%	\$ 8,365	\$ 845	11%
Gross Profit	\$ 314	\$ 20	7%	\$ 1,235	\$ 77	7%
Operating Profit	\$ 65	\$ 3	5%	\$ 240	\$ 14	6%
Interest & Other	(\$ 20)	\$ 2	8%	(\$ 78)	\$ 8	9%
Continuing Ops:						
Profit (after tax)	\$ 29	\$ 3	13%	\$ 100	\$ 15	17%
Diluted EPS	\$ 0.52	\$ 0.09	21%	\$ 1.71	\$ 0.28	20%
SG&A as % of Gross	75.4%	(10) bps		76.8%	20 bps	

(1) – See appendix for reconciliation of Q4 2011 adjusted amounts and FY 2012 and FY 2011 adjusted amounts to GAAP amounts. Q4 2012 contained no adjusted amounts.



# SG&A to Gross <sup>(1)</sup>



**Better than Full Year Target of 78%**

(1) – See appendix for reconciliation to GAAP amounts.  
Sonic Automotive, Inc.

# Capital Spending

<i>(amounts in millions)</i>	YTD 2012	Estimated 2013
Real Estate Acquisitions	\$ 14.6	\$ 59.7
All Other Cap Ex	<u>80.8</u>	<u>102.6</u>
Subtotal	\$ 95.4	\$ 162.3
Less: Mortgage Funding	<u>(25.7)</u>	<u>(65.6)</u>
Total Cash Used – Cap Ex	<u>\$ 69.7</u>	<u>\$ 96.6</u>

# Debt Covenants

	Covenant	Actual Q4 2012
Liquidity Ratio	$\geq 1.05$	1.15
Fixed Charge Coverage Ratio	$\geq 1.20$	1.69
Total Lease Adjusted Leverage Ratio	$\leq 5.50$	3.94

**Compliant with all Covenants**

# Public Debt Maturities

(amounts in millions)



**The Converts are Gone!**

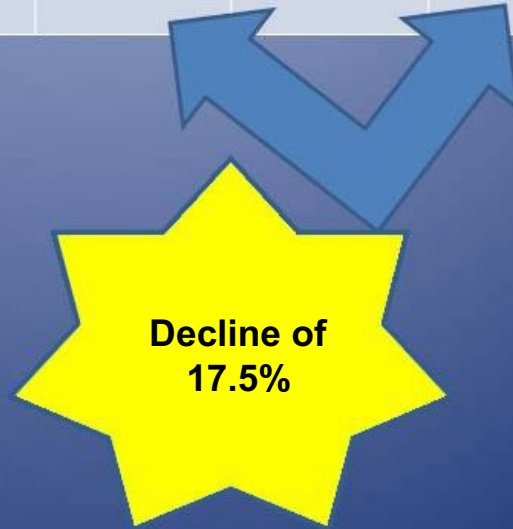
# Stock Repurchases

<i>(shares in thousands)</i>	<b>Shares</b>	<b>Average Price</b>
Q4 2012 Activity	3,454	\$19.27
Total 2012 Activity	4,364	\$19.00

- Approximately \$50 million repurchase authorization remaining at 12/31/2012
- Approval granted for an additional \$100 million subsequent to year-end for total unused authorization of approximately \$144 million today

# Share Count

<i>(amounts in thousands)</i>	YTD 2011	YTD 2012	Expected 2013
Fully Diluted Share Count	65,464	60,406	54,000



# New Retail Vehicles

	Q4 2012	Q4 2011	B/(W)
Volume	33,767	29,482	15%
Selling Price	\$ 37,312	\$ 36,946	1.0%
Gross Margin %	6.1%	6.3%	(20 bps)
GPU	\$2,260	\$ 2,327	(\$67)
Gross Profit	\$76 million	\$69 million	11.2%
SAAR <i>(includes fleet)</i>	15.0 million	13.5 million	11.1%

# Used Retail Vehicles

	Q4 2012	Q4 2011	B/(W)
Retail Volume	23,943	22,520	6%
Used Retail GPU	\$ 1,369	\$ 1,461	(\$ 92)
Used Related Retail Gross*	\$ 73 million	\$ 70 million	\$ 3 million
Used to New	0.71 : 1	0.76 : 1	(0.05)
Vehicles / store / month	80	75	5

\* - Includes front-end gross plus F&I related gross and fixed operations related gross



# Fixed Operations

		B/(W) than Q4 2011	
<i>(amounts in millions)</i>	<u>Q4 2012</u>	\$	%
Revenue	\$ 287	\$ 8.4	3.0%
Gross Profit	\$ 141	\$ 3.7	2.7%

## QTD YOY Gross Profit Change Breakdown:

- Customer Pay Up 1.0%
- Whsl. Parts Down 1.0%
- Internal & Sublet Up 8.8%
- Warranty Up 3.9%

# Summary

- ❑ Record Q4 income from continuing operations
- ❑ Record full year 2012 retail units of 231,192
- ❑ Revenue growth continues at double digit rates
- ❑ Continued investment in the base business while beating our cost target for SG&A as a percent of gross for full year
- ❑ Inventory levels back to normal
- ❑ Effects of the elimination of the 5% Converts beginning to show through
- ❑ Poised to opportunistically repurchase shares with additional Board authorization

# 2013 Outlook

- Expect New Vehicle SAAR of 15.0 to 15.5 Million
- Pre-Owned Vehicle Growth in Mid-Single Digits
- Property Purchases to Continue
- Expect SG&A to be Below 77%
- Targeting 2013 Diluted EPS from Continuing Operations of \$1.93 - \$2.03



# 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
- **Opportunistically Grow through Acquisitions**
  - Tuck in acquisitions
  - Open points
- **Improve Capital Structure**
  - Buy Back Stock Opportunistically
  - Manage Debt Levels
  - Offer Dividend to Reward Shareholders



# Reconciliation of Non-GAAP Financial Information

This release contains certain non-GAAP financial measures (the "Adjusted" columns) as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations and related earnings per share data. The Company has reconciled these measures to the most directly comparable GAAP measures (the "Reported" columns) in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

(\$ in millions, shares in thousands, except per share data)	Fourth Quarter Ended December 31,						Adjusted 2012 B/(W) than Adjusted 2011	
	2012		2011				\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 2,188.7	\$ -	\$ 2,188.7	\$ 1,983.4	\$ -	\$ 1,983.4	\$ 205.3	10.4%
Gross profit	314.1	-	314.1	293.7	-	293.7	20.4	7.0%
Gross margin	14.4%		14.4%	14.8%		14.8%		(40) bps
SG&A	(236.8)	-	(236.8)	(227.9)	6.8 (1)	(221.1)	(15.7)	(7.1%)
SG&A as % of gross profit	75.4%		75.4%	77.6%		75.3%		(10) bps
Impairment charges	(0.4)	-	(0.4)	(0.0)	-	(0.0)	(0.3)	(857.5%)
Depreciation and amortization	(11.9)	-	(11.9)	(10.3)	-	(10.3)	(1.6)	(15.9%)
Operating income	65.1	-	65.1	55.5	6.8	62.3	2.8	4.5%
Operating margin	3.0%		3.0%	2.8%		3.1%		(10) bps
Interest expense, floor plan	(5.5)	-	(5.5)	(4.6)	-	(4.6)	(0.9)	(20.6%)
Interest expense, other, net	(14.2)	-	(14.2)	(16.3)	-	(16.3)	2.1	12.9%
Other income (expense), net	0.2	-	0.2	(0.3)	-	(0.3)	0.4	169.1%
Income (loss) from continuing operations	28.8	-	28.8	21.2	4.2	25.4	3.4	13.2%
Income (loss) from discontinued operations	1.6	-	1.6	(0.7)	(0.4) (2)	(1.1)	2.7	245.9%
Net income (loss)	\$ 30.4	\$ -	\$ 30.4	\$ 20.5	\$ 3.8	\$ 24.4	\$ 6.0	24.8%
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 0.52	\$ -	\$ 0.52	\$ 0.36	\$ 0.07	\$ 0.43	\$ 0.09	20.9%
Earnings (loss) per share from discontinued operations	0.03	-	0.03	(0.01)	(0.01)	(0.02)	0.05	250.0%
Earnings (loss) per common share	\$ 0.55	\$ -	\$ 0.55	\$ 0.35	\$ 0.06	\$ 0.41	\$ 0.14	34.1%
Weighted average shares outstanding	54,763		54,763	64,467		64,467		

(1) Represents lease exit adjustments and legal settlement charges.

(2) Represents tax-effected amounts related to lease exit adjustments.

# Reconciliation of Non-GAAP Financial Information

This release contains certain non-GAAP financial measures (the "Adjusted" columns) as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations and related earnings per share data. The Company has reconciled these measures to the most directly comparable GAAP measures (the "Reported" columns) in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31,						Adjusted 2012 B/(W) than Adjusted 2011	
	2012		2011		2011		\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 8,365.5	\$ -	\$ 8,365.5	\$ 7,520.8	\$ -	\$ 7,520.8	\$ 844.7	11.2%
Gross profit	1,235.2	-	1,235.2	1,158.6	-	1,158.6	76.5	6.6%
Gross margin	14.8%		14.8%	15.4%		15.4%		(60) bps
SG&A	(949.0)	-	(949.0)	(899.4)	6.8 (3)	(892.6)	(56.4)	(6.3%)
SG&A as % of gross profit	76.8%		76.8%	77.6%		77.0%		20 bps
Impairment charges	(0.4)	-	(0.4)	(0.2)	-	(0.2)	(0.2)	(120.0%)
Depreciation and amortization	(45.3)	-	(45.3)	(39.4)	-	(39.4)	(5.8)	(14.8%)
Operating income	240.4	-	240.4	219.5	6.8	226.4	14.0	6.2%
Operating margin	2.9%		2.9%	2.9%		3.0%		(10) bps
Interest expense, floor plan	(19.5)	-	(19.5)	(18.4)	-	(18.4)	(1.0)	(5.7%)
Interest expense, other, net	(60.1)	1.2 (1)	(58.9)	(66.9)	-	(66.9)	7.9	11.9%
Other income (expense), net	(19.6)	19.7 (2)	0.1	(1.0)	-	(1.0)	1.1	108.7%
Income (loss) from continuing operations	91.3	9.2	100.4	81.5	4.2	85.7	14.7	17.1%
Income (loss) from discontinued operations	(2.2)	-	(2.2)	(5.3)	(0.4) (4)	(5.7)	3.5	61.9%
Net income (loss)	\$ 89.1	\$ 9.2	\$ 98.3	\$ 76.3	\$ 3.8	\$ 80.1	\$ 18.2	22.7%
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 1.56	\$ 0.15	\$ 1.71	\$ 1.37	\$ 0.06	\$ 1.43	\$ 0.28	19.6%
Earnings (loss) per share from discontinued operations	(0.03)	-	(0.03)	(0.08)	-	(0.08)	0.05	62.5%
Earnings (loss) per common share	\$ 1.53	\$ 0.15	\$ 1.68	\$ 1.29	\$ 0.06	\$ 1.35	\$ 0.33	24.4%
Weighted average shares outstanding	60,406		60,406	65,464		65,464		

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

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

(3) Represents lease exit adjustments and legal settlement charges.

(4) Represents tax-effected amounts related to lease exit adjustments.

# Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Fourth Quarter Ended December 31, 2012								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted
	Numerator	Denominator	EPS	Numerator	Denominator	EPS	Numerator	Denominator	EPS
Reported basic	\$ 28.8	54,289		\$ 1.6	54,289		\$ 30.4	54,289	
Effect of dilutive securities:									
Two class method	(0.4)	-		-	-		(0.4)	-	
Stock compensation plans	-	474		-	474		-	474	
Reported diluted	\$ 28.4	54,763	\$ 0.52	\$ 1.6	54,763	\$ 0.03	\$ 30.0	54,763	\$ 0.55
Adjusted diluted	\$ 28.4	54,763	\$ 0.52	\$ 1.6	54,763	\$ 0.03	\$ 30.0	54,763	\$ 0.55

(\$ in millions, shares in thousands, except per share data)	Fourth Quarter Ended December 31, 2011								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted
	Numerator	Denominator	EPS	Numerator	Denominator	EPS	Numerator	Denominator	EPS
Reported basic	\$ 21.2	52,194		\$ (0.7)	52,194		\$ 20.5	52,194	
Effect of dilutive securities:									
Two class method	(0.2)	-		-	-		(0.2)	-	
Contingently convertible debt	2.3	11,713		-	11,713		2.3	11,713	
Stock compensation plans	-	560		-	560		-	560	
Reported diluted	\$ 23.3	64,467	\$ 0.36	\$ (0.7)	64,467	\$ (0.01)	\$ 22.6	64,467	\$ 0.35
Adjustments (tax-effected):									
Lease exit adjustments	0.7	-		(0.4)	-		0.3	-	
Legal settlement charges	3.5	-		-	-		3.5	-	
Adjusted diluted	\$ 27.5	64,467	\$ 0.43	\$ (1.1)	64,467	\$ (0.02)	\$ 26.4	64,467	\$ 0.41



# Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31, 2012								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted
	Numerator	Denominator	EPS	Numerator	Denominator	EPS	Numerator	Denominator	EPS
Reported basic	\$ 91.3	53,550		\$ (2.2)	53,550		\$ 89.1	53,550	
Effect of dilutive securities:									
Two class method	(1.4)	-		-	-		(1.4)	-	
Contingently convertible debt	4.6	6,411		0.1	6,411		4.7	6,411	
Stock compensation plans	-	445		-	445		-	445	
Reported diluted	94.5	60,406	\$ 1.56	(2.1)	60,406	\$ (0.03)	92.4	60,406	\$ 1.53
Adjustments (tax-effected):									
Double-carry interest	0.7	-		-	-		0.7	-	
Debt extinguishment charges	12.1	-		-	-		12.1	-	
Settlement of state tax examination	(3.6)	-		-	-		(3.6)	-	
Adjusted diluted	\$ 103.7	60,406	\$ 1.71	\$ (2.1)	60,406	\$ (0.03)	\$ 101.6	60,406	\$ 1.68

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31, 2011								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted	Net Income (Loss):	Share Count:	Diluted
	Numerator	Denominator	EPS	Numerator	Denominator	EPS	Numerator	Denominator	EPS
Reported basic	\$ 81.5	52,358		\$ (5.2)	52,358		\$ 76.3	52,358	
Effect of dilutive securities:									
Two class method	(1.0)	-		-	-		(1.0)	-	
Contingently convertible debt	9.1	12,517		0.2	12,517		9.3	12,517	
Stock compensation plans	-	589		-	589		-	589	
Reported diluted	89.6	65,464	\$ 1.37	(5.0)	65,464	\$ (0.08)	84.6	65,464	\$ 1.29
Adjustments (tax-effected):									
Lease exit adjustments	0.7	-		(0.4)	-		0.3	-	
Legal settlement charges	3.5	-		-	-		3.5	-	
Adjusted diluted	\$ 93.8	65,464	\$ 1.43	\$ (5.4)	65,464	\$ (0.08)	\$ 88.4	65,464	\$ 1.35

FOR IMMEDIATE RELEASE

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

**CHARLOTTE, N.C.** – February 20, 2013 – 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 March 15, 2013. The dividend will be payable on April 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, 2012. The Company does not undertake any obligation to update forward-looking information.