

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

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 23, 2013**

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**SONIC AUTOMOTIVE, INC.**

(Exact name of registrant as specified in its charter)

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**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 July 23, 2013, we issued a press release announcing results for our fiscal quarter ended June 30, 2013.

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 July 23, 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 July 23, 2013

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated July 23, 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: July 23, 2013

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**INDEX TO EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated July 23, 2013
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated July 23, 2013

*Sonic Automotive, Inc. Adjusted Diluted EPS Up 11%  
Reaffirms Full Year Guidance*

CHARLOTTE, N.C. – July 23, 2013 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported 2013 second quarter adjusted earnings from continuing operations of \$26.4 million. Adjusted earnings from continuing operations per diluted share increased 11.1% to \$0.50 compared to an adjusted \$0.45 in the prior year quarter. Adjusted results in the second quarter of 2013 exclude a pre-tax charge of approximately \$29.0 million, or \$0.34 per diluted share, related to costs associated with retiring its outstanding 9.0% Senior Subordinated Notes due 2018 (the “9% Notes”). Adjusted results in the second quarter of 2012 exclude a pre-tax charge of approximately \$2.6 million, or \$0.03 per diluted share, related to a loss recorded on the repurchase of \$20.2 million principal amount of Sonic’s 5% Convertible Senior Notes and the favorable effect of approximately \$0.06 per fully diluted share related to the settlement of certain tax matters.

**Q2 2013 Highlights**

- New retail revenue up 5.1% over prior year quarter
- Pre-owned volume per store per month at 89 units, revenue up 0.8%
- Total revenue up 3.8% compared to the prior year quarter
- Fixed operations gross profit up \$6.5 million, or 4.5%, compared to the prior year quarter
- Finance and insurance gross profit up 8.6% and profit per retail unit of \$1,148
- SG&A to gross profit % was flat at 76.6% compared to prior year quarter
- Completed the retirement of 9% Notes through the issuance of 5%, 10-year notes

B. Scott Smith, the Company’s President, noted, “I’m pleased that we grew our earnings per share by more than 11% in the quarter despite our margin challenges associated with our True Price process execution. Our investment strategy remains the same. We continue to focus on investing in our base business, owning our real estate and strengthening our balance sheet.”

“In May, we announced the acquisition of Murray Mercedes Benz of Denver and Murray BMW of Denver which we expect to close in the third quarter. Both operations are brands that we operate very well and are in one of the best markets in the country.”

“In addition, during June we also executed the most successful bond offering in the Company’s history securing 5% financing on \$300.0 million, moving our nearest maturity out to 2022.”

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“I’m pleased to reiterate our earnings guidance that was originally given at the beginning of the year. We are targeting fully diluted earnings per share from continuing operations at \$1.93-\$2.03 for the full year 2013.”

The Company’s EVP of Operations, Jeff Dyke, commented, “Training on True Price and the development of our Customer Experience model and related technologies continued in the second quarter. We are learning a great deal. It’s been an amazing first six months of the year as we continue to evolve. We have stores within brand lines that are showing substantial growth over the prior year as the stores gain the experience needed to execute our True Price process. We are very excited about the progress and potential that we see in our stores and the feedback we are receiving from our customers as we work toward using technology, process and transparency to enhance trust and eliminate the wasteful time and energy it takes to buy a vehicle.”

“We are confident that over the next 18 months the rollout of these processes and the commitment we are making to a seamless, paperless transaction that includes our sales associates handling the entire Customer Experience transaction will provide us with infinite opportunities for growth and a significant competitive advantage. An example of the technologies we are developing for use on Apple’s iPhone and iPad products can be found on Apple’s website at either: <http://www.apple.com/iphone/business/profiles/sonic-automotive/> or <http://www.apple.com/ipad/business/profiles/sonic-automotive/>.”

### **Second 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: 14097096

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: 14097096

### **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).

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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, 2012 and quarterly report on Form 10-Q for the period ended March 31, 2013. 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.

	Second Quarter Ended June 30, 2013			Second Quarter Ended June 30, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$1,199,709	\$ —	\$1,199,709	\$1,141,729	\$ —	\$1,141,729
Fleet vehicles	47,452	—	47,452	43,925	—	43,925
Total new vehicles	1,247,161	—	1,247,161	1,185,654	—	1,185,654
Used vehicles	538,977	—	538,977	534,637	—	534,637
Wholesale vehicles	40,032	—	40,032	42,552	—	42,552
Total vehicles	1,826,170	—	1,826,170	1,762,843	—	1,762,843
Parts, service and collision repair	307,046	—	307,046	295,340	—	295,340
Finance, insurance and other	69,220	—	69,220	63,763	—	63,763
Total revenues	2,202,436	—	2,202,436	2,121,946	—	2,121,946
Gross profit	323,806	—	323,806	312,852	—	312,852
Selling, general and administrative expenses	(248,090)	—	(248,090)	(239,751)	—	(239,751)
Impairment charges	(36)	—	(36)	(33)	—	(33)
Depreciation and amortization	(13,144)	—	(13,144)	(11,210)	—	(11,210)
Operating income (loss)	62,536	—	62,536	61,858	—	61,858
<b>Other income (expense):</b>						
Interest expense, floor plan	(5,591)	—	(5,591)	(4,857)	—	(4,857)
Interest expense, other, net	(14,390)	788 (1)	(13,602)	(13,835)	—	(13,835)
Other income (expense), net	(28,265)	28,235 (2)	(30)	(2,553)	2,578 (3)	25
Total other income (expense)	(48,246)	29,023	(19,223)	(21,245)	2,578	(18,667)
Income (loss) from continuing operations before taxes	14,290	29,023	43,313	40,613	2,578	43,191
Provision for income taxes - benefit (expense)	(5,573)	(11,319)	(16,892)	(11,615)	(4,574) (4)	(16,189)
Income (loss) from continuing operations	8,717	17,704	26,421	28,998	(1,996)	27,002
Income (loss) from discontinued operations	199	—	199	(819)	—	(819)
Net income (loss)	\$ 8,916	\$ 17,704	\$ 26,620	\$ 28,179	\$ (1,996)	\$ 26,183
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 0.16	\$ 0.34	\$ 0.50	\$ 0.48	\$ (0.03)	\$ 0.45
Earnings (loss) per share from discontinued operations	0.01	(0.01)	—	(0.01)	—	(0.01)
Earnings (loss) per common share	\$ 0.17	\$ 0.33	\$ 0.50	\$ 0.47	\$ (0.03)	\$ 0.44
Weighted average common shares outstanding	52,942		52,942	63,506		63,506
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	5.5%		5.5%	6.0%		6.0%
Fleet vehicles	2.6%		2.6%	2.8%		2.8%
Total new vehicles	5.4%		5.4%	5.9%		5.9%
Used vehicles	7.0%		7.0%	6.7%		6.7%
Wholesale vehicles	(4.9%)		(4.9%)	(2.9%)		(2.9%)
Parts, service and collision repair	49.2%		49.2%	49.0%		49.0%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.7%		14.7%	14.7%		14.7%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 149,528			\$ 143,508		
Advertising	13,718			12,554		
Rent and rent related	25,927			26,707		
Other	58,917			56,982		
Total SG&A expenses	\$ 248,090	\$ —	\$ 248,090	\$ 239,751	\$ —	\$ 239,751
SG&A expenses as % of gross profit	76.6%		76.6%	76.6%		76.6%
Operating Margin %	2.8%		2.8%	2.9%		2.9%
<b>Unit Data (Continuing Operations):</b>						
New retail units	33,685			33,115		
Fleet units	1,717			1,608		
Total new units	35,402			34,723		
Used units	26,599			26,525		
Wholesale units	7,257			7,630		

- (1) Represents double-carry interest on 9.0% Notes.
- (2) Represents loss on extinguishment of 9.0% Notes.
- (3) Represents loss on repurchase of a portion of the 5.0% Convertible Notes.
- (4) Includes tax adjustments related to the settlement of certain tax matters.



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

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

	Six Months Ended June 30, 2013			Six Months Ended June 30, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues:</b>						
New retail vehicles	\$2,300,818	\$ —	\$2,300,818	\$2,127,761	\$ —	\$2,127,761
Fleet vehicles	89,399	—	89,399	89,283	—	89,283
Total new vehicles	2,390,217	—	2,390,217	2,217,044	—	2,217,044
Used vehicles	1,065,158	—	1,065,158	1,036,501	—	1,036,501
Wholesale vehicles	91,825	—	91,825	86,225	—	86,225
Total vehicles	3,547,200	—	3,547,200	3,339,770	—	3,339,770
Parts, service and collision repair	603,689	—	603,689	587,895	—	587,895
Finance, insurance and other	134,714	—	134,714	121,347	—	121,347
Total revenues	4,285,603	—	4,285,603	4,049,012	—	4,049,012
Gross profit	636,826	—	636,826	616,606	—	616,606
Selling, general and administrative expenses	(493,914)	—	(493,914)	(476,900)	—	(476,900)
Impairment charges	(51)	—	(51)	(34)	—	(34)
Depreciation and amortization	(25,278)	—	(25,278)	(22,105)	—	(22,105)
Operating income (loss)	117,583	—	117,583	117,567	—	117,567
<b>Other income (expense):</b>						
Interest expense, floor plan	(10,804)	—	(10,804)	(9,120)	—	(9,120)
Interest expense, other, net	(28,749)	788 (1)	(27,961)	(30,244)	—	(30,244)
Other income (expense), net	(28,170)	28,235 (2)	65	(2,533)	2,578 (3)	45
Total other income (expense)	(67,723)	29,023	(38,700)	(41,897)	2,578	(39,319)
Income (loss) from continuing operations before taxes	49,860	29,023	78,883	75,670	2,578	78,248
Provision for income taxes - benefit (expense)	(19,445)	(11,319)	(30,764)	(25,527)	(4,574) (4)	(30,101)
Income (loss) from continuing operations	30,415	17,704	48,119	50,143	(1,996)	48,147
Income (loss) from discontinued operations	(208)	—	(208)	(1,466)	—	(1,466)
Net income (loss)	\$ 30,207	\$ 17,704	\$ 47,911	\$ 48,677	\$ (1,996)	\$ 46,681
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 0.57	\$ 0.33	\$ 0.90	\$ 0.83	\$ (0.03)	\$ 0.80
Earnings (loss) per share from discontinued operations	—	—	—	(0.02)	—	(0.02)
Earnings (loss) per common share	\$ 0.57	\$ 0.33	\$ 0.90	\$ 0.81	\$ (0.03)	\$ 0.78
Weighted average common shares outstanding	52,937		52,937	63,963		63,963
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	5.7%		5.7%	6.2%		6.2%
Fleet vehicles	2.8%		2.8%	3.1%		3.1%
Total new vehicles	5.6%		5.6%	6.0%		6.0%
Used vehicles	7.1%		7.1%	7.2%		7.2%
Wholesale vehicles	(3.4%)		(3.4%)	(1.2%)		(1.2%)
Parts, service and collision repair	48.9%		48.9%	48.9%		48.9%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.9%		14.9%	15.2%		15.2%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 298,108			\$ 285,692		
Advertising	27,150			24,609		
Rent and rent related	52,324			53,493		
Other	116,332			113,106		
Total SG&A expenses	\$ 493,914	\$ —	\$ 493,914	\$ 476,900	\$ —	\$ 476,900
SG&A expenses as % of gross profit	77.6%		77.6%	77.3%		77.3%
Operating Margin %	2.7%		2.7%	2.9%		2.9%
<b>Unit Data (Continuing Operations):</b>						
New retail units	64,275			61,605		
Fleet units	3,210			3,291		
Total new units	67,485			64,896		
Used units	53,068			52,003		
Wholesale units	15,650			14,805		

- (1) Represents double-carry interest on 9.0% Notes.
- (2) Represents loss on extinguishment of 9.0% Notes.
- (3) Represents loss on repurchase of a portion of the 5.0% Convertible Notes.
- (4) Includes tax adjustments related to the settlement of certain tax matters.

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

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

	Second Quarter Ended June 30, 2013						
	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	52,597	\$ 8,717		\$ 199		\$ 8,916	
Effect of participating securities:							
Non-vested restricted stock and stock units		(71)		—		(71)	
Basic earnings (loss) and shares	52,597	\$ 8,646	\$ 0.16	\$ 199	\$ 0.01	\$ 8,845	\$ 0.17
Effect of dilutive securities:							
Stock compensation plans	345						
Diluted earnings (loss) and shares	<u>52,942</u>	<u>\$ 8,646</u>	<u>\$ 0.16</u>	<u>\$ 199</u>	<u>\$ 0.01</u>	<u>\$ 8,845</u>	<u>\$ 0.17</u>
<b>Adjustments (net of tax):</b>							
Double-carry Interest		\$ 481	\$ 0.01	\$ —	\$ —	\$ 481	\$ 0.01
Debt Extinguishment Charges		17,223	0.33	—	—	17,223	0.33
Effect of Two-class Method & Rounding		—	—	—	(0.01)	—	(0.01)
Total adjustments		\$17,704	\$ 0.34	\$ —	\$ (0.01)	\$17,704	\$ 0.33
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.50</u>		<u>\$ —</u>		<u>\$ 0.50</u>

	Second Quarter Ended June 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	52,593	\$28,998		\$ (819)		\$28,179	
Effect of participating securities:							
Non-vested restricted stock and stock units		(452)		—		(452)	
Basic earnings (loss) and shares	52,593	\$28,546	\$ 0.54	\$ (819)	\$ (0.01)	\$27,727	\$ 0.53
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	10,535	1,856		33		1,889	
Stock compensation plans	378						
Diluted earnings (loss) and shares	<u>63,506</u>	<u>\$30,402</u>	<u>\$ 0.48</u>	<u>\$ (786)</u>	<u>\$ (0.01)</u>	<u>\$29,616</u>	<u>\$ 0.47</u>
<b>Adjustments (net of tax):</b>							
Debt Extinguishment Charges		\$ 1,572	\$ 0.03	\$ —	\$ —	\$ 1,572	\$ 0.03
Settlement of Tax Matters		(3,568)	(0.06)	—	—	(3,568)	(0.06)
Total adjustments		\$ (1,996)	\$ (0.03)	\$ —	\$ —	\$ (1,996)	\$ (0.03)
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.45</u>		<u>\$ (0.01)</u>		<u>\$ 0.44</u>

	Six Months Ended June 30, 2013						
	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	52,591	\$30,415		\$ (208)		\$30,207	
Effect of participating securities:							
Non-vested restricted stock and stock units		(237)		—		(237)	
Basic earnings (loss) and shares	52,591	\$30,178	\$ 0.57	\$ (208)	\$ —	\$29,970	\$ 0.57
Effect of dilutive securities:							
Stock compensation plans	346						
Diluted earnings (loss) and shares	<u>52,937</u>	<u>\$30,178</u>	<u>\$ 0.57</u>	<u>\$ (208)</u>	<u>\$ —</u>	<u>\$29,970</u>	<u>\$ 0.57</u>
<b>Adjustments (net of tax):</b>							
Double-carry Interest		\$ 481	\$ 0.01	\$ —	\$ —	\$ 481	\$ 0.01
Debt Extinguishment Charges		17,223	0.33	—	—	17,223	0.33
Effect of Two-class Method & Rounding		—	(0.01)	—	—	—	(0.01)
Total adjustments		\$17,704	\$ 0.33	\$ —	\$ —	\$17,704	\$ 0.33
<b>Adjusted:</b>							
Diluted earnings (loss) per share			<u>\$ 0.90</u>		<u>\$ —</u>		<u>\$ 0.90</u>

	Six Months Ended June 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	52,409	\$50,143		\$ (1,466)		\$48,677	
Effect of participating securities:							
Non-vested restricted stock and stock units		(777)		—		(777)	
Basic earnings (loss) and shares	52,409	\$49,366	\$ 0.94	\$ (1,466)	\$ (0.03)	\$47,900	\$ 0.91

Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	11,106	3,981		80		4,061	
Stock compensation plans	448						
Diluted earnings (loss) and shares	<u>63,963</u>	<u>\$53,347</u>	<u>\$ 0.83</u>	<u>\$ (1,386)</u>	<u>\$ (0.02)</u>	<u>\$51,961</u>	<u>\$ 0.81</u>
Adjustments (net of tax):							
Debt Extinguishment Charges		\$ 1,572	\$ 0.03	\$ —	\$ —	\$ 1,572	\$ 0.03
Settlement of Tax Matters		(3,568)	(0.06)	—	—	(3,568)	(0.06)
Total adjustments		<u>\$ (1,996)</u>	<u>\$ (0.03)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,996)</u>	<u>\$ (0.03)</u>
Adjusted:							
Diluted earnings (loss) per share			<u>\$ 0.80</u>		<u>\$ (0.02)</u>		<u>\$ 0.78</u>



**Q2 2013 Earnings Review**  
**July 23, 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, 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.

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- ❑ Quarter in Review
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# Overall Results

- ❑ Revenue Growth – Up 3.8%
  - ❖ New retail revenue up 5.1% - volume up 1.7%
  - ❖ Used unit volume up 0.3%
  - ❖ F&I revenue up 8.6%
  - ❖ Fixed operations revenue up 4.5%
- ❑ SG&A at 76.6% - flat compared to the prior year
- ❑ Adjusted income from continuing operations of \$26.4 million
- ❑ Q2 2013 adjusted diluted EPS from continuing operations<sup>(1)</sup> was \$0.50 per share vs. an adjusted<sup>(1)</sup> \$0.45 per share in the prior year period – up 11.1%

(1) – See appendix for reconciliation to reported GAAP amounts.



## Q2 2013 Adjusted Results

	Q2 2013	B/(W) than Q2 2012	
		\$	%
<i>(amounts in millions, except per share data)</i>			
Revenue	\$ 2,202	\$ 80	4%
Gross Profit	\$ 324	\$ 11	4%
Operating Profit	\$ 63	\$ 1	1%
Interest & Other <sup>(1)</sup>	(\$ 19)	(\$ 1)	(3%)
Continuing Ops:			
Profit (after tax) <sup>(1)</sup>	\$ 26	(\$ 1)	(2%)
Diluted EPS <sup>(1)</sup>	\$ 0.50	\$ 0.05	11%
SG&A as % of Gross	76.6%	0 bps	
<b>Discontinued Ops Profit (after tax)</b>	<b>\$0</b>	<b>\$ 1</b>	

(1) Adjusted to exclude a \$29M pre-tax charge (\$17.7M after tax) related to the extinguishment of the 9.0% Notes, worth \$0.34 per share. See Appendix for reconciliation to reported GAAP amounts.



# SG&A to Gross



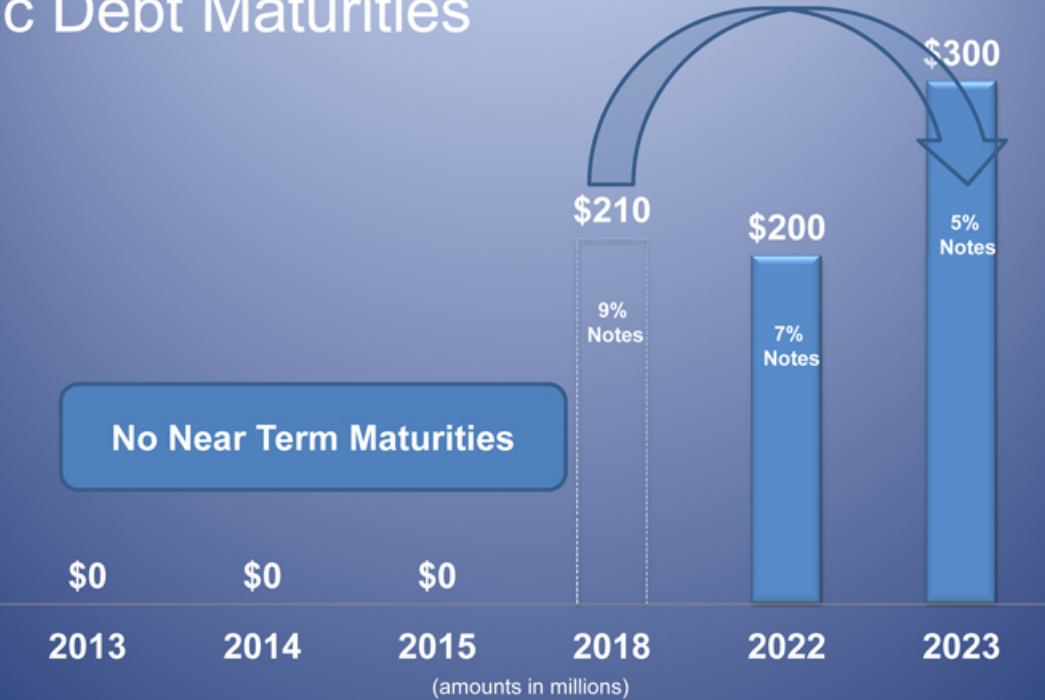
**Targeting Below 77% for the Full Year**

# Capital Spending

<i>(amounts in millions)</i>	YTD 2013	Estimated 2013 <sup>(1)</sup>
Real Estate Acquisitions	\$ 32.7	\$ 66.5
All Other Cap Ex	<u>56.4</u>	<u>105.1</u>
Subtotal	\$ 89.1	\$ 171.6
Less: Mortgage Funding	<u>(25.8)</u>	<u>(56.9)</u>
Total Cash Used – Cap Ex	<u>\$ 63.3</u>	<u>\$ 114.7</u>

(1) – Excludes the effect of any pending franchise acquisitions

# Public Debt Maturities



- Weighted Average Coupon Rate Down From 8.0% to 5.8%
- Cash Interest Savings of \$3.9M Per Year

# Debt Covenants

	Covenant	Actual Q2 2013
Liquidity Ratio	$\geq 1.05$	1.17
Fixed Charge Coverage Ratio	$\geq 1.20$	1.71
Total Lease Adjusted Leverage Ratio	$\leq 5.50$	4.07

Compliant with all Covenants

# Share Repurchases

<i>(shares in thousands)</i>	<b>Shares</b>	<b>Average Price</b>
YTD Q2 2013 Activity	627	\$22.59

Unused authorization of approximately \$135.4 million

# New Retail Vehicles

	Q2 2013	Q2 2012	B/(W)
Volume	33,685	33,115	2%
Selling Price	\$ 35,616	\$ 34,478	3%
Gross Margin %	5.5%	6.0%	(50 bps)
GPU	\$ 1,976	\$ 2,075	(\$ 99)
Gross Profit	\$ 67 million	\$ 69 million	(3%)
SAAR <i>(includes fleet)</i>	15.3 million	14.1 million	9%

# Used Retail Vehicles

	Q2 2013	Q2 2012	B/(W)
Retail Volume	26,599	26,525	0%
Used Retail GPU	\$ 1,414	\$ 1,347	\$ 67
Used Related Retail Gross*	\$ 83 million	\$ 80 million	\$ 3 million
Used to New	0.79 : 1	0.80 : 1	(.01)
Vehicles / store / month	89	88	1

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

# Fixed Operations

		B/(W) than Q2 2012	
<i>(amounts in millions)</i>	<u>Q2 2013</u>	\$	%
Revenue	\$ 307	\$ 12	4.0%
Gross Profit	\$ 151	\$ 6	4.5%

## QTD YOY Gross Profit Change Breakdown:

- Customer Pay Up 3%
- Whsl. Parts Up 3%
- Internal & Sublet flat
- Warranty Up 19%



# Summary

- ❑ Improved EPS consistently from quarter to quarter
- ❑ Double digit continuing operations EPS growth of 11.1%
- ❑ True Price affected performance, but we see the long-term benefit
- ❑ Refinancing of the 9% Notes with 5% Notes a home run
- ❑ Inventory in good shape
- ❑ Mercedes and BMW acquisitions to close in Q3
- ❑ Reiterate annual guidance for diluted EPS from continuing operations of \$1.93 to \$2.03

# Appendix

# 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)	Second Quarter Ended June 30,						Adjusted 2013 B/(W) than Adjusted 2012	
	2013		2012				\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 2,202.4	\$ -	\$ 2,202.4	\$ 2,121.9	\$ -	\$ 2,121.9	\$ 80.5	3.8%
Gross profit	323.8	-	323.8	312.9	-	312.9	11.0	3.5%
Gross margin	14.7%		14.7%	14.7%		14.7%		0 bps
SG&A	(248.1)	-	(248.1)	(239.8)	-	(239.8)	(8.3)	(3.5%)
SG&A as % of gross profit	76.6%		76.6%	76.6%		76.6%		0 bps
Impairment charges	(0.0)	-	(0.0)	(0.0)	-	(0.0)	(0.0)	(9.1%)
Depreciation and amortization	(13.1)	-	(13.1)	(11.2)	-	(11.2)	(1.9)	(17.3%)
Operating income	62.5	-	62.5	61.9	-	61.9	0.7	1.1%
Operating margin	2.8%		2.8%	2.9%		2.9%		(10) bps
Interest expense, floor plan	(5.6)	-	(5.6)	(4.9)	-	(4.9)	(0.7)	(15.1%)
Interest expense, other, net	(14.4)	0.8 (1)	(13.6)	(13.8)	-	(13.8)	0.2	1.7%
Other income (expense), net	(28.3)	28.2 (2)	(0.0)	(2.6)	2.6 (3)	0.0	(0.1)	220.0%
Income (loss) from continuing operations	8.7	17.7	26.4	29.0	(2.0) (4)	27.0	(0.6)	(2.2%)
Income (loss) from discontinued operations	0.2	-	0.2	(0.8)	-	(0.8)	1.0	124.3%
Net income (loss)	\$ 8.9	\$ 17.7	\$ 26.6	\$ 28.2	\$ (2.0)	\$ 26.2	\$ 0.4	1.7%
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 0.16	\$ 0.34	\$ 0.50	\$ 0.48	\$ (0.03)	\$ 0.45	\$ 0.05	11.1%
Earnings (loss) per share from discontinued operations	0.01	(0.01)	-	(0.01)	-	(0.01)	0.01	100.0%
Earnings (loss) per common share	\$ 0.17	\$ 0.33	\$ 0.50	\$ 0.47	\$ (0.03)	\$ 0.44	\$ 0.06	13.6%
Weighted average shares outstanding	52,942		52,942	63,506		63,506		

(1) Represents double-carry interest on 9.0% Notes.

(2) Represents loss on extinguishment of 9.0% Notes.

(3) Represents loss on repurchase of a portion of the 5.0% Convertible Notes.

(4) Includes \$3.6 million of tax benefit related to settlement of certain tax matters.

# Reconciliation of Non-GAAP Financial Information

Second Quarter Ended June 30, 2013

(S in millions, shares in thousands, except per share data)	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	\$ 8.7	52,597		\$ 0.2	52,597		\$ 8.9	52,597	
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Stock compensation plans	-	345		-	345		-	345	
Reported diluted	8.6	52,942	\$ 0.16	0.2	52,942	\$ 0.01	8.8	52,942	\$ 0.17
Adjustments (tax-effected):									
Double-carry interest	0.5	-		0.0	-		0.5	-	
Debt extinguishment charges	17.2	-		(0.0)	-		17.2	-	
Adjusted diluted	\$ 26.4	52,942	\$ 0.50	\$ 0.2	52,942	\$ -	\$ 26.5	52,942	\$ 0.50

Second Quarter Ended June 30, 2012

(S in millions, shares in thousands, except per share data)	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	\$ 29.0	52,593		\$ (0.8)	52,593		\$ 28.2	52,593	
Effect of dilutive securities:									
Two class method	(0.5)	-		-	-		(0.5)	-	
Contingently convertible debt	1.9	10,535		0.0	10,535		1.9	10,535	
Stock compensation plans	-	378		-	378		-	378	
Reported diluted	30.4	63,506	\$ 0.48	(0.8)	63,506	\$ (0.01)	29.6	63,506	\$ 0.47
Adjustments (tax-effected):									
Debt extinguishment charges	1.6	-		-	-		1.6	-	
Settlement of tax matters	(3.6)	-		-	-		(3.6)	-	
Adjusted diluted	\$ 28.4	63,506	\$ 0.45	\$ (0.8)	63,506	\$ (0.01)	\$ 27.6	63,506	\$ 0.44

# 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)	Six Months Ended June 30,						Adjusted 2013 B/(W) than Adjusted 2012	
	2013		2012				\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 4,285.6	\$ -	\$ 4,285.6	\$ 4,049.0	\$ -	\$ 4,049.0	\$ 236.6	5.8%
Gross profit	636.8	-	636.8	616.6	-	616.6	20.2	3.3%
Gross margin	14.9%		14.9%	15.2%		15.2%		(30) bps
SG&A	(493.9)	-	(493.9)	(476.9)	-	(476.9)	(17.0)	(3.6%)
SG&A as % of gross profit	76.6%		76.6%	77.3%		77.3%		70 bps
Impairment charges	(0.1)	-	(0.1)	(0.0)	-	(0.0)	(0.0)	(50.0%)
Depreciation and amortization	(25.3)	-	(25.3)	(22.1)	-	(22.1)	(3.2)	(14.4%)
Operating income	117.6	-	117.6	117.6	-	117.6	0.0	0.0%
Operating margin	2.7%		2.7%	2.9%		2.9%		(20) bps
Interest expense, floor plan	(10.8)	-	(10.8)	(9.1)	-	(9.1)	(1.7)	(18.5%)
Interest expense, other, net	(28.7)	0.8 (1)	(28.0)	(30.2)	-	(30.2)	2.3	7.5%
Other income (expense), net	(28.2)	28.2 (2)	0.1	(2.5)	2.6 (3)	0.0	0.0	(44.4%)
Income (loss) from continuing operations	30.4	17.7	48.1	50.1	(2.0) (4)	48.1	(0.0)	(0.1%)
Income (loss) from discontinued operations	(0.2)	-	(0.2)	(1.5)	-	(1.5)	1.3	85.8%
Net income (loss)	\$ 30.2	\$ 17.7	\$ 47.9	\$ 48.7	\$ (2.0)	\$ 46.7	\$ 1.2	2.6%
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 0.57	\$ 0.33	\$ 0.90	\$ 0.83	\$ (0.03)	\$ 0.80	\$ 0.10	12.5%
Earnings (loss) per share from discontinued operations	-	-	-	(0.02)	-	(0.02)	0.02	100.0%
Earnings (loss) per common share	\$ 0.57	\$ 0.33	\$ 0.90	\$ 0.81	\$ (0.03)	\$ 0.78	\$ 0.12	15.4%
Weighted average shares outstanding	52,937		52,937	63,963		63,963		

(1) Represents double-carry interest on 9.0% Notes.

(2) Represents loss on extinguishment of 9.0% Notes.

(3) Represents loss on repurchase of a portion of the 5.0% Convertible Notes.

(4) Includes \$3.6 million of tax benefit related to settlement of certain tax matters.



# Reconciliation of Non-GAAP Financial Information

(S in millions, shares in thousands, except per share data)	Six Months ended June 30, 2013								
	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	\$ 30.4	52,591		\$ (0.2)	52,591		\$ 30.2	52,591	
Effect of dilutive securities:									
Two class method	(0.2)	-		-	-		(0.2)	-	
Contingently convertible debt	-	-		-	-		-	-	
Stock compensation plans	-	346		-	346		-	346	
Reported diluted	30.2	52,937	\$ 0.57	(0.2)	52,937	\$ -	30.0	52,937	\$ 0.57
Adjustments (tax-effected):									
Double-carry interest	0.5	-		-	-		0.5	-	
Debt extinguishment charges	17.2	-		-	-		17.2	-	
Adjusted diluted	\$ 47.9	52,937	\$ 0.90	\$ (0.2)	52,937	\$ -	\$ 47.7	52,937	\$ 0.90

(S in millions, shares in thousands, except per share data)	Six Months ended June 30, 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	\$ 50.1	52,409		\$ (1.5)	52,409		\$ 48.7	52,409	
Effect of dilutive securities:									
Two class method	(0.8)	-		-	-		(0.8)	-	
Contingently convertible debt	4.0	11,106		-	11,106		4.0	11,106	
Stock compensation plans	-	448		-	448		-	448	
Reported diluted	53.3	63,963	\$ 0.83	(1.5)	63,963	\$ (0.02)	51.9	63,963	\$ 0.81
Adjustments (tax-effected):									
Debt extinguishment charges	1.6	-		-	-		1.6	-	
Settlement of tax matters	(3.6)	-		-	-		(3.6)	-	
Adjusted diluted	\$ 51.4	63,963	\$ 0.80	\$ (1.5)	63,963	\$ (0.02)	\$ 49.9	63,963	\$ 0.78

Sonic Automotive, Inc.



*FOR IMMEDIATE RELEASE****SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND***

**CHARLOTTE, N.C.** – July 23, 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 September 13, 2013. The dividend will be payable on October 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.