

---

---

**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): February 19, 2014**

---

**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 February 19, 2014, we issued a press release announcing results for our fiscal quarter and fiscal year ended December 31, 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 February 19, 2014, 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 19, 2014

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated February 19, 2014

---

**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 19, 2014

---

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated February 19, 2014
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated February 19, 2014

FOR IMMEDIATE RELEASE

*Sonic Automotive, Inc. Posts All-Time Record New Vehicle Retail and Fixed Operations Gross Profits - True Price® Strategy Gains Traction*

CHARLOTTE, N.C. – February 19, 2014 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported fourth quarter of 2013 adjusted diluted earnings per share from continuing operations of \$0.67, an increase of 28.8% compared to \$0.52 in the prior year quarter. 2013 fourth quarter adjusted net income from continuing operations was \$35.5 million, a 23.4% increase over prior year fourth quarter results of \$28.8 million. On an unadjusted basis, fourth quarter 2013 diluted earnings per share from continuing operations were \$0.55, compared to \$0.52 in the prior year quarter.

For the full year 2013, Sonic Automotive grew adjusted diluted earnings per share from continuing operations by 18.0% to \$2.03 per diluted share, compared to an adjusted amount of \$1.72 per diluted share in the 2012. On an unadjusted basis, full year 2013 diluted earnings per share from continuing operations were \$1.59, compared to \$1.56 in the prior year. See the accompanying tables for reconciliation between all adjusted and unadjusted amounts.

**Q4 2013 and 2013 Annual Highlights**

- All-time record new retail unit sales for Q4 and full year 2013 of 34,001 and 132,363, respectively.
- All-time record Q4 new retail gross profit of \$82.1 million.
- All-time record fixed operations gross profit for Q4 and full year 2013 of \$152.6 million and \$597.1 million, respectively.
- All-time record used retail unit and gross profit for full year 2013 of 107,054 units and \$150.4 million, respectively.
- Record Q4 used retail unit sales of 26,354.
- Total revenues up 5.8% in Q4 over prior year quarter, and up 5.7% over the prior full year.
- New vehicle retail revenue up 3.1% in Q4 over the prior year quarter, and up 6.0% over the prior full year.
- Used vehicle retail revenue up 12.7% in Q4 over the prior year quarter, and up 6.0% over the prior full year.
- Fixed Operations (Parts, Service & Collision) revenue up \$29.8 million in Q4 over the prior year quarter, or 10.4%, and up \$67.9 million, or 5.8%, over the prior full year.
- Full year SG&A to gross profit of 77.1%.

---

Sonic Automotive's EVP of Operations, Jeff Dyke, commented, "Wow what a year for Sonic Automotive! We made great progress as we continued the process of preparing our Company for the long-term growth. I am very pleased with Q4 results that included our largest profit quarter in our history, absent the non-cash impairment charges. This kind of performance amidst all of the change our team endured to prepare for our One Sonic-One Experience transition and the work going into our stand-alone pre-owned concept further highlights the strength and talent of our operations team and the mix of quality brands we proudly represent. We continue to execute at a very high level and there is no question our Playbook execution strategy implemented years ago is a very big part of our success. The creation of a customer-centric culture has allowed Sonic Automotive to develop technologies, processes, branding and marketing that our industry has never experienced. We are very excited to unveil our work beginning this year as we start the rollout One Sonic-One Experience and we introduce the Denver market to a very special pre-owned concept. 2014 is going to be another challenging year for our team with all of the changes we plan but, if history is any indication, our team will succeed in executing these initiatives and I can't wait to see them go to work. It's going to be fun!"

### **Growth & Operating Strategies**

Commenting on 2013 results and the 2014 outlook, B. Scott Smith, Sonic Automotive's President, noted, "The 2013 year was a transition year for us. We were able to improve our capital structure earlier in the year by replacing costly 9% notes with 5% notes. This action will save us over \$15 million over the long-term as we strive to continually increase shareholder value. Our balance sheet has never been stronger. Going forward, we are committed to the following growth and operating strategies:

- Stand-alone pre-owned stores
- One Sonic-One Experience (customer experience initiative)
- Franchise acquisitions
- Own dealership properties
- Return capital to shareholders

As we have demonstrated over the last several years, one of our core competencies and competitive advantages is our ability to execute in the pre-owned space. We intend to capitalize on this strength. In addition, through our One Sonic-One Experience initiative, we intend to leverage the Sonic Automotive brand by changing the way customers shop and buy vehicles at our stores. The customer will drive the process and we will do everything we can to make their buying experience the best they've ever had. We are on track to opening our first pre-owned store in Denver in the fourth quarter of 2014 and we will be working diligently in 2014 to ultimately bring both of these initiatives to our customers."

"Our growth strategy also includes opportunistic acquisitions in markets where we currently conduct business, development of open points in coordination with our manufacturing partners and the possibility of the acquisition of substantial dealership platforms that would augment our current operations. Our purchase of a BMW store and a Mercedes Benz store in the Denver market in 2013 demonstrates our commitment to continual growth. These two stores are expected to add approximately \$200 million to our annual revenues. We have also continued to strengthen our balance sheet in 2013 by investing over \$75 million in our properties. We added ten stores to our portfolio of owned properties increasing the percentage of properties owned to 31%. By the end of 2017, we expect to own approximately 45% of our properties. In addition, during 2013 we returned \$17.1 million to shareholders through share repurchases and approximately \$5.3 million in declared dividends. At December 31, 2013, our common stock repurchase authorization was \$133 million."

"We expect the automotive retailing sector to continue to grow in 2014 and are anticipating 2014 new vehicle industry volume of between 15.75 million units and 16.25 million units. We will have additional comments on our 2014 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 Sonic Automotive'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: 1.877.441.0824  
International: 1.706.643.0958

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

#### 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, 2013.

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, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, the development of open points and stand-alone pre-owned stores, the return of capital to shareholders 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, 2012 and quarterly report on Form 10-Q for the period ended September 30, 2013. The Company does not undertake any obligation to update forward-looking information.

###

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

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, 2013			Fourth Quarter Ended December 31, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit amounts)						
<b>Revenues:</b>						
New retail vehicles	\$ 1,299,444	\$ -	\$ 1,299,444	\$ 1,259,924	\$ -	\$ 1,259,924
Fleet vehicles	38,254	-	38,254	43,130	-	43,130
Total new vehicles	1,337,698	-	1,337,698	1,303,054	-	1,303,054
Used vehicles	551,028	-	551,028	489,063	-	489,063
Wholesale vehicles	40,772	-	40,772	44,820	-	44,820
Total vehicles	1,929,498	-	1,929,498	1,836,937	-	1,836,937
Parts, service and collision repair	316,888	-	316,888	287,113	-	287,113
Finance, insurance and other, net	68,983	-	68,983	64,685	-	64,685
Total revenues	2,315,369	-	2,315,369	2,188,735	-	2,188,735
Gross profit	338,700	-	338,700	314,119	-	314,119
Selling, general and administrative expenses	(254,647)	-	(254,647)	(236,798)	-	(236,798)
Impairment charges	(9,803)	9,803 (1)	-	(383)	-	(383)
Depreciation and amortization	(14,986)	-	(14,986)	(11,886)	-	(11,886)
Operating income (loss)	59,264	9,803	69,067	65,052	-	65,052
<b>Other income (expense):</b>						
Interest expense, floor plan	(5,688)	-	(5,688)	(5,534)	-	(5,534)
Interest expense, other, net	(13,183)	-	(13,183)	(14,215)	-	(14,215)
Other income (expense), net	1	-	1	183	-	183
Total other income (expense)	(18,870)	-	(18,870)	(19,566)	-	(19,566)
Income (loss) from continuing operations before taxes	40,394	9,803	50,197	45,486	-	45,486
Provision for income taxes - benefit (expense)	(10,832)	(3,823)	(14,655)	(16,694)	-	(16,694)
Income (loss) from continuing operations	29,562	5,980	35,542	28,792	-	28,792
Income (loss) from discontinued operations	(1,478)	-	(1,478)	1,590	-	1,590
Net income (loss)	\$ 28,084	\$ 5,980	\$ 34,064	\$ 30,382	\$ -	\$ 30,382
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 0.55	\$ 0.12	\$ 0.67	\$ 0.52	\$ -	\$ 0.52
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)	(0.03)	0.03	-	0.03
Earnings (loss) per common share	\$ 0.53	\$ 0.11	\$ 0.64	\$ 0.55	\$ -	\$ 0.55
Weighted average common shares outstanding	52,974		52,974	54,763		54,763
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	6.3%		6.3%	6.1%		6.1%
Fleet vehicles	2.2%		2.2%	2.4%		2.4%
Total new vehicles	6.2%		6.2%	5.9%		5.9%
Used vehicles	6.5%		6.5%	6.7%		6.7%
Wholesale vehicles	(3.9%)		(3.9%)	(3.5%)		(3.5%)
Parts, service and collision repair	48.2%		48.2%	49.1%		49.1%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.6%		14.6%	14.4%		14.4%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 151,704			\$ 140,423		
Advertising	15,327			13,243		
Rent	17,632			19,286		
Other	69,984			63,846		
Total SG&A expenses	\$ 254,647	\$ -	\$ 254,647	\$ 236,798	\$ -	\$ 236,798
SG&A expenses as % of gross profit	75.2%		75.2%	75.4%		75.4%
Operating Margin %	2.6%		3.0%	3.0%		3.0%
<b>Unit Data (Continuing Operations):</b>						
New retail units	34,001			33,767		
Fleet units	1,250			1,312		
Total new units	35,251			35,079		
Used units	26,354			23,943		
Wholesale units	6,670			7,452		

(1) Represents \$9.2 million of property and equipment impairment charges and a \$0.6 million franchise asset impairment charge.



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

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit amounts)						
<b>Revenues:</b>						
New retail vehicles	\$ 4,819,787	\$ -	\$ 4,819,787	\$ 4,546,209	\$ -	\$ 4,546,209
Fleet vehicles	169,398	-	169,398	169,715	-	169,715
Total new vehicles	4,989,185	-	4,989,185	4,715,924	-	4,715,924
Used vehicles	2,176,034	-	2,176,034	2,053,477	-	2,053,477
Wholesale vehicles	175,328	-	175,328	183,326	-	183,326
Total vehicles	7,340,547	-	7,340,547	6,952,727	-	6,952,727
Parts, service and collision repair	1,230,178	-	1,230,178	1,162,319	-	1,162,319
Finance, insurance and other, net	272,443	-	272,443	250,422	-	250,422
Total revenues	8,843,168	-	8,843,168	8,365,468	-	8,365,468
Gross profit	1,301,607	-	1,301,607	1,235,153	-	1,235,153
Selling, general and administrative expenses	(1,003,125)	-	(1,003,125)	(949,026)	-	(949,026)
Impairment charges	(9,872)	9,872 (1)	-	(440)	-	(440)
Depreciation and amortization	(54,007)	-	(54,007)	(45,285)	-	(45,285)
Operating income (loss)	234,603	9,872	244,475	240,402	-	240,402
<b>Other income (expense):</b>						
Interest expense, floor plan	(21,954)	-	(21,954)	(19,454)	-	(19,454)
Interest expense, other, net	(55,485)	788 (2)	(54,697)	(60,090)	1,167 (4)	(58,923)
Other income (expense), net	(28,143)	28,235 (3)	92	(19,625)	19,898 (5)	273
Total other income (expense)	(105,582)	29,023	(76,559)	(99,169)	21,065	(78,104)
Income (loss) from continuing operations before taxes	129,021	38,895	167,916	141,233	21,065	162,298
Provision for income taxes - benefit (expense)	(44,343)	(15,169)	(59,512)	(49,972)	(11,784) (6)	(61,756)
Income (loss) from continuing operations	84,678	23,726	108,404	91,261	9,281	100,542
Income (loss) from discontinued operations	(3,060)	-	(3,060)	(2,160)	-	(2,160)
Net income (loss)	\$ 81,618	\$ 23,726	\$ 105,344	\$ 89,101	\$ 9,281	\$ 98,382
<b>Diluted earnings (loss) per common share:</b>						
Earnings (loss) per share from continuing operations	\$ 1.59	\$ 0.44	\$ 2.03	\$ 1.56	\$ 0.16	\$ 1.72
Earnings (loss) per share from discontinued operations	(0.06)	0.01	(0.05)	(0.03)	(0.01)	(0.04)
Earnings (loss) per common share	\$ 1.53	\$ 0.45	\$ 1.98	\$ 1.53	\$ 0.15	\$ 1.68
Weighted average common shares outstanding	52,941		52,941	60,406		60,406
<b>Gross Margin Data (Continuing Operations):</b>						
New retail vehicles	5.9%		5.9%	6.0%		6.0%
Fleet vehicles	2.6%		2.6%	2.8%		2.8%
Total new vehicles	5.8%		5.8%	5.9%		5.9%
Used vehicles	6.9%		6.9%	7.0%		7.0%
Wholesale vehicles	(4.5%)		(4.5%)	(3.3%)		(3.3%)
Parts, service and collision repair	48.5%		48.5%	48.9%		48.9%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.7%		14.7%	14.8%		14.8%
<b>SG&amp;A Expenses (Continuing Operations):</b>						
Compensation	\$ 601,495			\$ 566,886		
Advertising	56,609			50,349		
Rent	73,976			76,484		
Other	271,045			255,307		
Total SG&A expenses	\$ 1,003,125	\$ -	\$ 1,003,125	\$ 949,026	\$ -	\$ 949,026
SG&A expenses as % of gross profit	77.1%		77.1%	76.8%		76.8%
Operating Margin %	2.7%		2.8%	2.9%		2.9%
<b>Unit Data (Continuing Operations):</b>						
New retail units	132,363			128,636		
Fleet units	5,911			5,928		
Total new units	138,274			134,564		
Used units	107,054			102,556		
Wholesale units	29,961			31,188		

(1) Represents \$9.3 million of property and equipment impairment charges and a \$0.6 million franchise asset impairment charge.

(2) Represents double-carry interest on the 9.0% Senior Subordinated Notes.

(3) Represents loss on extinguishment of the 9.0% Senior Subordinated Notes.

(4) Represents double-carry interest on the 7.0% Senior Subordinated Notes.

(5) Represents loss on extinguishment of the 5.0% Convertible Senior Notes.

(6) Includes tax adjustments related to the settlement of certain tax matters and the tax effect of items (4) and (5) above.

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

*Per Share Data*

<b>Fourth Quarter Ended December 31, 2013</b>							
	<b>Weighted Average Shares</b>	<b>Income (Loss) From Continuing Operations</b>		<b>Income (Loss) From Discontinued Operations</b>		<b>Net Income (Loss)</b>	
		<b>Amount</b>	<b>Per Share Amount</b>	<b>Amount</b>	<b>Per Share Amount</b>	<b>Amount</b>	<b>Per Share Amount</b>
<b>Reported:</b>							
Earnings (loss) and shares	52,492	\$ 29,562		\$ (1,478)		\$ 28,084	
Effect of participating securities:							
Non-vested restricted stock and stock units		(208)		-		(208)	
Basic earnings (loss) and shares	52,492	\$ 29,354	\$ 0.56	\$ (1,478)	\$ (0.03)	\$ 27,876	\$ 0.53
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)		-		-		-	
Stock compensation plans	482						
Diluted earnings (loss) and shares	52,974	\$ 29,354	\$ 0.55	\$ (1,478)	\$ (0.02)	\$ 27,876	\$ 0.53
<b>Adjustments (net of tax):</b>							
Impairment Charges		\$ 5,980	\$ 0.11	\$ -	\$ -	\$ 5,980	\$ 0.11
Effect of two-class method & rounding		(42)	0.01	-	(0.01)	(42)	-
Total adjustments		\$ 5,938	\$ 0.12	\$ -	\$ (0.01)	\$ 5,938	\$ 0.11
<b>Adjusted:</b>							
Diluted earnings (loss) per share			\$ 0.67		\$ (0.03)		\$ 0.64

<b>Fourth Quarter Ended December 31, 2012</b>							
	<b>Weighted Average Shares</b>	<b>Income (Loss) From Continuing Operations</b>		<b>Income (Loss) From Discontinued Operations</b>		<b>Net Income (Loss)</b>	
		<b>Amount</b>	<b>Per Share Amount</b>	<b>Amount</b>	<b>Per Share Amount</b>	<b>Amount</b>	<b>Per Share Amount</b>
<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:							
Stock compensation plans	474						
Diluted earnings (loss) and shares	54,763	\$ 28,359	\$ 0.52	\$ 1,590	\$ 0.03	\$ 29,949	\$ 0.55

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

*Per Share Data*

	Year Ended December 31, 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
	(In thousands, except per share amounts)						
<b>Reported:</b>							
Earnings (loss) and shares	52,556	\$ 84,678		\$ (3,060)		\$ 81,618	
Effect of participating securities:							
Non-vested restricted stock and stock units		(601)		-		(601)	
Basic earnings (loss) and shares	52,556	\$ 84,077	\$ 1.60	\$ (3,060)	\$ (0.06)	\$ 81,017	
Effect of dilutive securities:							
Stock compensation plans	385						
Diluted earnings (loss) and shares	<u>52,941</u>	<u>\$ 84,077</u>	<u>\$ 1.59</u>	<u>\$ (3,060)</u>	<u>\$ (0.06)</u>	<u>\$ 81,017</u>	
<b>Adjusted:</b>							
Adjustments (net of tax):							
Impairment Charges		\$ 6,022	\$ 0.11	\$ -	\$ -	\$ 6,022	
Double-carry interest		481	0.01	-	-	481	
Debt extinguishment charges		17,223	0.33	-	-	17,223	
Effect of two-class method & rounding		(167)	(0.01)	-	0.01	(167)	
Total adjustments		\$ 23,559	\$ 0.44	\$ -	\$ 0.01	\$ 23,559	
Diluted earnings (loss) per share			<u>\$ 2.03</u>		<u>\$ (0.05)</u>	<u>\$ 1.98</u>	

	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
	(In thousands, except per share amounts)						
<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	
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>	
<b>Adjusted:</b>							
Adjustments (net of tax):							
Double-carry interest		\$ 712	\$ 0.01	\$ -	\$ -	\$ 712	
Debt extinguishment charges		12,138	0.20	-	-	12,138	
Settlement of tax matters		(3,569)	(0.06)	-	-	(3,569)	
Effect of two-class method & rounding		(141)	0.01	-	(0.01)	(141)	
Total adjustments		\$ 9,140	\$ 0.16	\$ -	\$ (0.01)	\$ 9,140	
Diluted earnings (loss) per share			<u>\$ 1.72</u>		<u>\$ (0.04)</u>	<u>\$ 1.68</u>	

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

*New Vehicles*

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit amounts)				
Reported:				
Revenue	\$ 1,337,698	\$ 1,303,054	\$ 34,644	2.7%
Gross profit	\$ 82,936	\$ 77,381	\$ 5,555	7.2%
Unit sales	35,251	35,079	172	0.5%
Revenue per unit	\$ 37,948	\$ 37,146	\$ 802	2.2%
Gross profit per unit	\$ 2,353	\$ 2,206	\$ 147	6.7%
Gross profit as a % of revenue	6.2%	5.9%	30	bps

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit amounts)				
Reported:				
Revenue	\$ 4,989,185	\$ 4,715,924	\$ 273,261	5.8%
Gross profit	\$ 289,603	\$ 278,349	\$ 11,254	4.0%
Unit sales	138,274	134,564	3,710	2.8%
Revenue per unit	\$ 36,082	\$ 35,046	\$ 1,036	3.0%
Gross profit per unit	\$ 2,094	\$ 2,069	\$ 25	1.2%
Gross profit as a % of revenue	5.8%	5.9%	(10)	bps

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit amounts)				
Same Store:				
Revenue	\$ 1,312,838	\$ 1,303,054	\$ 9,784	0.8%
Gross profit	\$ 81,500	\$ 77,961	\$ 3,539	4.5%
Unit sales	34,800	35,079	(279)	(0.8%)
Revenue per unit	\$ 37,725	\$ 37,146	\$ 579	1.6%
Gross profit per unit	\$ 2,342	\$ 2,222	\$ 120	5.4%
Gross profit as a % of revenue	6.2%	6.0%	20	bps

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit amounts)				
Same Store:				
Revenue	\$ 4,954,737	\$ 4,715,924	\$ 238,813	5.1%
Gross profit	\$ 287,394	\$ 279,648	\$ 7,746	2.8%
Unit sales	137,649	134,564	3,085	2.3%
Revenue per unit	\$ 35,995	\$ 35,046	\$ 949	2.7%
Gross profit per unit	\$ 2,088	\$ 2,078	\$ 10	0.5%
Gross profit as a % of revenue	5.8%	5.9%	(10)	bps

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

*Used Vehicles*

	Fourth Quarter Ended December 31,		Better / (Worse)	
	2013	2012	Change	% Change
<b>(In thousands, except units and per unit amounts)</b>				
<b>Reported:</b>				
Revenue	\$ 551,028	\$ 489,063	\$ 61,965	12.7%
Gross profit	\$ 35,784	\$ 32,776	\$ 3,008	9.2%
Unit sales	26,354	23,943	2,411	10.1%
Revenue per unit	\$ 20,909	\$ 20,426	\$ 483	2.4%
Gross profit per unit	\$ 1,358	\$ 1,369	\$ (11)	(0.8%)
Gross profit as a % of revenue	6.5%	6.7%	(20)	bps

	Year Ended December 31,		Better / (Worse)	
	2013	2012	Change	% Change
<b>(In thousands, except units and per unit amounts)</b>				
<b>Reported:</b>				
Revenue	\$ 2,176,034	\$ 2,053,477	\$ 122,557	6.0%
Gross profit	\$ 150,400	\$ 143,454	\$ 6,946	4.8%
Unit sales	107,054	102,556	4,498	4.4%
Revenue per unit	\$ 20,327	\$ 20,023	\$ 304	1.5%
Gross profit per unit	\$ 1,405	\$ 1,399	\$ 6	0.4%
Gross profit as a % of revenue	6.9%	7.0%	(10)	bps

	Fourth Quarter Ended December 31,		Better / (Worse)	
	2013	2012	Change	% Change
<b>(In thousands, except units and per unit amounts)</b>				
<b>Same Store:</b>				
Revenue	\$ 537,694	\$ 489,063	\$ 48,631	9.9%
Gross profit	\$ 34,576	\$ 33,775	\$ 801	2.4%
Unit sales	25,885	23,943	1,942	8.1%
Revenue per unit	\$ 20,772	\$ 20,426	\$ 346	1.7%
Gross profit per unit	\$ 1,336	\$ 1,411	\$ (75)	(5.3%)
Gross profit as a % of revenue	6.4%	6.9%	(50)	bps

	Year Ended December 31,		Better / (Worse)	
	2013	2012	Change	% Change
<b>(In thousands, except units and per unit amounts)</b>				
<b>Same Store:</b>				
Revenue	\$ 2,157,213	\$ 2,053,477	\$ 103,736	5.1%
Gross profit	\$ 148,683	\$ 143,759	\$ 4,924	3.4%
Unit sales	106,397	102,556	3,841	3.7%
Revenue per unit	\$ 20,275	\$ 20,023	\$ 252	1.3%
Gross profit per unit	\$ 1,397	\$ 1,402	\$ (5)	(0.4%)
Gross profit as a % of revenue	6.9%	7.0%	(10)	bps

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

*Wholesale Vehicles*

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands, except units and per unit amounts)</b>				
<b>Reported:</b>				
Revenue	\$ 40,772	\$ 44,820	\$ (4,048)	(9.0%)
Gross profit (loss)	\$ (1,589)	\$ (1,576)	\$ (13)	(0.8%)
Unit sales	6,670	7,452	(782)	(10.5%)
Revenue per unit	\$ 6,113	\$ 6,014	\$ 99	1.6%
Gross profit (loss) per unit	\$ (238)	\$ (211)	\$ (27)	(12.8%)
Gross profit (loss) as a % of revenue	(3.9%)	(3.5%)	(40)	bps

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands, except units and per unit amounts)</b>				
<b>Reported:</b>				
Revenue	\$ 175,328	\$ 183,326	\$ (7,998)	(4.4%)
Gross profit (loss)	\$ (7,931)	\$ (5,975)	\$ (1,956)	(32.7%)
Unit sales	29,961	31,188	(1,227)	(3.9%)
Revenue per unit	\$ 5,852	\$ 5,878	\$ (26)	(0.4%)
Gross profit (loss) per unit	\$ (265)	\$ (192)	\$ (73)	(38.0%)
Gross profit (loss) as a % of revenue	(4.5%)	(3.3%)	(120)	bps

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands, except units and per unit amounts)</b>				
<b>Same Store:</b>				
Revenue	\$ 39,355	\$ 44,820	\$ (5,465)	(12.2%)
Gross profit (loss)	\$ (1,494)	\$ (1,576)	\$ 82	5.2%
Unit sales	6,523	7,452	(929)	(12.5%)
Revenue per unit	\$ 6,033	\$ 6,014	\$ 19	0.3%
Gross profit (loss) per unit	\$ (229)	\$ (211)	\$ (18)	(8.5%)
Gross profit (loss) as a % of revenue	(3.8%)	(3.5%)	(30)	bps

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands, except units and per unit amounts)</b>				
<b>Same Store:</b>				
Revenue	\$ 173,612	\$ 183,325	\$ (9,713)	(5.3%)
Gross profit (loss)	\$ (7,830)	\$ (5,976)	\$ (1,854)	(31.0%)
Unit sales	29,785	31,188	(1,403)	(4.5%)
Revenue per unit	\$ 5,829	\$ 5,878	\$ (49)	(0.8%)
Gross profit (loss) per unit	\$ (263)	\$ (192)	\$ (71)	(37.0%)
Gross profit (loss) as a % of revenue	(4.5%)	(3.3%)	(120)	bps

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

*Parts, Service and Collision Repair ("Fixed Operations")*

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands)</b>				
<b>Reported:</b>				
Revenue				
Customer Pay	\$ 139,443	\$ 130,595	\$ 8,848	6.8%
Warranty	50,572	41,621	8,951	21.5%
Wholesale Parts	44,468	38,282	6,186	16.2%
Internal, Sublet & Other	82,405	76,615	5,790	7.6%
Total	<u>\$ 316,888</u>	<u>\$ 287,113</u>	<u>\$ 29,775</u>	<u>10.4%</u>
Gross profit				
Customer Pay	\$ 76,315	\$ 71,587	\$ 4,728	6.6%
Warranty	26,694	21,972	4,722	21.5%
Wholesale Parts	8,084	7,244	840	11.6%
Internal, Sublet & Other	41,493	40,051	1,442	3.6%
Total	<u>\$ 152,586</u>	<u>\$ 140,854</u>	<u>\$ 11,732</u>	<u>8.3%</u>
Gross profit as a % of revenue				
Customer Pay	54.7%	54.8%	(10)	bps
Warranty	52.8%	52.8%	0	bps
Wholesale Parts	18.2%	18.9%	(70)	bps
Internal, Sublet & Other	50.4%	52.3%	(190)	bps
Total	<u>48.2%</u>	<u>49.1%</u>	<u>(90)</u>	<u>bps</u>

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>(In thousands)</b>				
<b>Reported:</b>				
Revenue				
Customer Pay	\$ 546,695	\$ 525,674	\$ 21,021	4.0%
Warranty	188,061	167,964	20,097	12.0%
Wholesale Parts	169,338	153,827	15,511	10.1%
Internal, Sublet & Other	326,084	314,854	11,230	3.6%
Total	<u>\$ 1,230,178</u>	<u>\$ 1,162,319</u>	<u>\$ 67,859</u>	<u>5.8%</u>
Gross profit				
Customer Pay	\$ 300,800	\$ 289,427	\$ 11,373	3.9%
Warranty	101,351	88,287	13,064	14.8%
Wholesale Parts	31,242	29,494	1,748	5.9%
Internal, Sublet & Other	163,699	161,695	2,004	1.2%
Total	<u>\$ 597,092</u>	<u>\$ 568,903</u>	<u>\$ 28,189</u>	<u>5.0%</u>
Gross profit as a % of revenue				
Customer Pay	55.0%	55.1%	(10)	bps
Warranty	53.9%	52.6%	130	bps
Wholesale Parts	18.4%	19.2%	(80)	bps
Internal, Sublet & Other	50.2%	51.4%	(120)	bps
Total	<u>48.5%</u>	<u>48.9%</u>	<u>(40)</u>	<u>bps</u>

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

*Parts, Service and Collision Repair ("Fixed Operations")*

	<b>Fourth Quarter Ended December 31,</b>		<b>Better / (Worse)</b>	
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
<b>(In thousands)</b>				
<b>Same Store:</b>				
<b>Revenue</b>				
Customer Pay	\$ 134,542	\$ 130,595	\$ 3,947	3.0%
Warranty	49,209	41,621	7,588	18.2%
Wholesale Parts	43,236	38,282	4,954	12.9%
Internal, Sublet & Other	80,708	76,615	4,093	5.3%
<b>Total</b>	<b>\$ 307,695</b>	<b>\$ 287,113</b>	<b>\$ 20,582</b>	<b>7.2%</b>
<b>Gross profit</b>				
Customer Pay	\$ 73,790	\$ 71,587	\$ 2,203	3.1%
Warranty	26,063	21,972	4,091	18.6%
Wholesale Parts	7,772	7,244	528	7.3%
Internal, Sublet & Other	40,367	39,778	589	1.5%
<b>Total</b>	<b>\$ 147,992</b>	<b>\$ 140,581</b>	<b>\$ 7,411</b>	<b>5.3%</b>
<b>Gross profit as a % of revenue</b>				
Customer Pay	54.8%	54.8%	0	bps
Warranty	53.0%	52.8%	20	bps
Wholesale Parts	18.0%	18.9%	(90)	bps
Internal, Sublet & Other	50.0%	51.9%	(190)	bps
<b>Total</b>	<b>48.1%</b>	<b>49.0%</b>	<b>(90)</b>	<b>bps</b>

	<b>Year Ended December 31,</b>		<b>Better / (Worse)</b>	
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
<b>(In thousands)</b>				
<b>Same Store:</b>				
<b>Revenue</b>				
Customer Pay	\$ 539,331	\$ 525,674	\$ 13,657	2.6%
Warranty	185,864	167,964	17,900	10.7%
Wholesale Parts	167,452	153,827	13,625	8.9%
Internal, Sublet & Other	323,543	314,854	8,689	2.8%
<b>Total</b>	<b>\$ 1,216,190</b>	<b>\$ 1,162,319</b>	<b>\$ 53,871</b>	<b>4.6%</b>
<b>Gross profit</b>				
Customer Pay	\$ 296,956	\$ 289,427	\$ 7,529	2.6%
Warranty	100,574	88,287	12,287	13.9%
Wholesale Parts	30,766	29,494	1,272	4.3%
Internal, Sublet & Other	161,629	160,764	865	0.5%
<b>Total</b>	<b>\$ 589,925</b>	<b>\$ 567,972</b>	<b>\$ 21,953</b>	<b>3.9%</b>
<b>Gross profit as a % of revenue</b>				
Customer Pay	55.1%	55.1%	0	bps
Warranty	54.1%	52.6%	150	bps
Wholesale Parts	18.4%	19.2%	(80)	bps
Internal, Sublet & Other	50.0%	51.1%	(110)	bps
<b>Total</b>	<b>48.5%</b>	<b>48.9%</b>	<b>(40)</b>	<b>bps</b>



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

*Finance, Insurance and Other, Net ("F&I")*

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit amounts)				
Reported:				
Revenue	\$ 68,983	\$ 64,685	\$ 4,298	6.6%
Gross profit per retail unit (excludes fleet)	\$ 1,143	\$ 1,121	\$ 22	2.0%

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit amounts)				
Reported:				
Revenue	\$ 272,443	\$ 250,422	\$ 22,021	8.8%
Gross profit per retail unit (excludes fleet)	\$ 1,138	\$ 1,083	\$ 55	5.1%

	<u>Fourth Quarter Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit amounts)				
Same Store:				
Revenue	\$ 67,712	\$ 64,698	\$ 3,014	4.7%
Gross profit per retail unit (excludes fleet)	\$ 1,139	\$ 1,121	\$ 18	1.6%

	<u>Year Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit amounts)				
Same Store:				
Revenue	\$ 270,708	\$ 249,779	\$ 20,929	8.4%
Gross profit per retail unit (excludes fleet)	\$ 1,137	\$ 1,080	\$ 57	5.3%

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

*Selling, General and Administrative ("SG&A") Expenses*

	<b>Fourth Quarter Ended December 31,</b>		<b>Better / (Worse)</b>	
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
<b>(In thousands)</b>				
Compensation	\$ 151,704	\$ 140,423	\$ (11,281)	(8.0%)
Advertising	15,327	13,243	(2,084)	(15.7%)
Rent	17,632	19,286	1,654	8.6%
Other	69,984	63,846	(6,138)	(9.6%)
<b>Total</b>	<b>\$ 254,647</b>	<b>\$ 236,798</b>	<b>\$ (17,849)</b>	<b>(7.5%)</b>
SG&A as a % of gross profit				
Compensation	44.8%	44.7%	(10)	bps
Advertising	4.5%	4.2%	(30)	bps
Rent	5.2%	6.1%	90	bps
Other	20.7%	20.4%	(30)	bps
<b>Total</b>	<b>75.2%</b>	<b>75.4%</b>	<b>20</b>	<b>bps</b>
	<b>Year Ended December 31,</b>		<b>Better / (Worse)</b>	
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
<b>(In thousands)</b>				
Compensation	\$ 601,495	\$ 566,886	\$ (34,609)	(6.1%)
Advertising	56,609	50,349	(6,260)	(12.4%)
Rent	73,976	76,484	2,508	3.3%
Other	271,045	255,307	(15,738)	(6.2%)
<b>Total</b>	<b>\$ 1,003,125</b>	<b>\$ 949,026</b>	<b>\$ (54,099)</b>	<b>(5.7%)</b>
SG&A as a % of gross profit				
Compensation	46.2%	45.9%	(30)	bps
Advertising	4.3%	4.1%	(20)	bps
Rent	5.7%	6.2%	50	bps
Other	20.9%	20.6%	(30)	bps
<b>Total</b>	<b>77.1%</b>	<b>76.8%</b>	<b>(30)</b>	<b>bps</b>

# Q4 2012 EARNINGS REVIEW

## February 19, 2014



# 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, anticipated 2014 industry new vehicle sales volume, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, the development of open points and stand-alone pre-owned stores, the return of capital to shareholders, anticipated future success and impacts from the implementation of our strategic initiatives and earnings per share expectations.

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, (d) new and pre-owned vehicle sales volume, and (e) earnings expectations for the year ended December 31, 2014. 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.



# **CONTENT**

- **QUARTER IN REVIEW**
- **FINANCIAL RESULTS**
- **OPERATIONS RECAP**
- **SUMMARY AND OUTLOOK**



# QUARTER IN REVIEW



# Q4 RESULTS

- ❑ Revenue growth – Up 5.8%
  - ❖ New retail revenue up 3.1% - volume up 0.7%
  - ❖ Pre-owned revenue up 12.7% - unit volume up 10.1%
  - ❖ F&I revenue up 6.6%
  - ❖ Fixed operations revenue up 10.4%
- ❑ Gross profit growth – Up 7.8%
- ❑ SG&A at 75.2% - Includes 180 bps of initiative expenses
- ❑ Adjusted income from continuing operations up \$6.8 million, or 23.4%<sup>(1)</sup>
- ❑ Adjusted diluted earnings per share from continuing operations of \$0.67, up 29%<sup>(1)</sup>

<sup>(1)</sup> – See appendix for reconciliation of adjusted amounts to GAAP amounts.





# FINANCIAL RESULTS





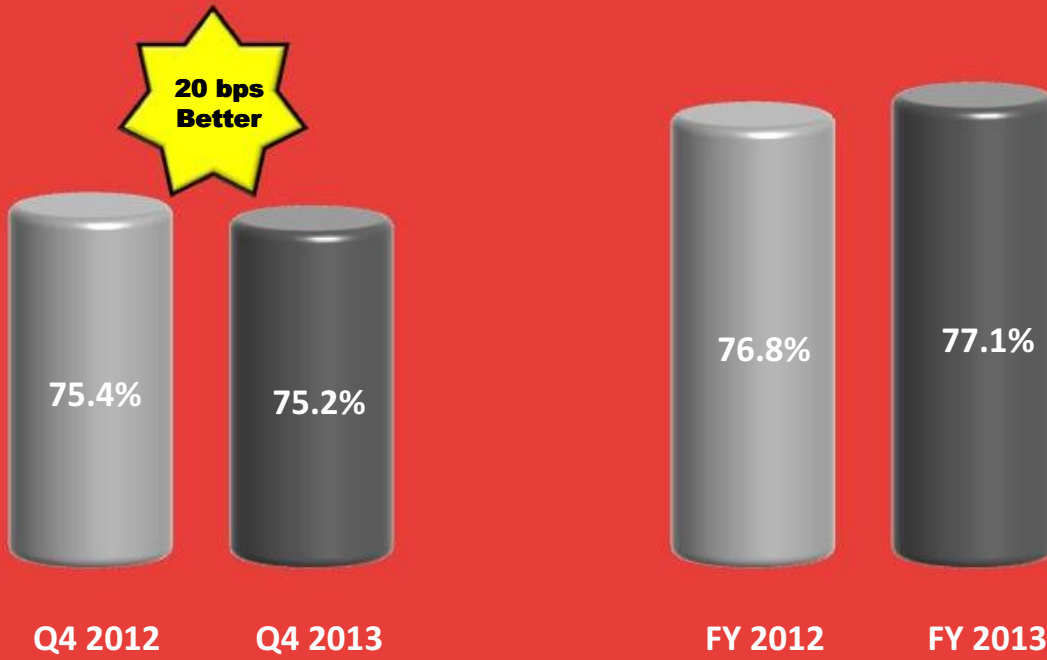
# ADJUSTED Q4 2013 RESULTS

	Q4 2013	B/(W) than Q4 2012		B/(W) than 2012		
		\$	%	2013	\$	%
(amounts in millions, except per share data)						
Revenue	\$ 2,315	\$ 127	6%	\$ 8,843	\$ 478	6%
Gross Profit	\$ 339	\$ 25	8%	\$ 1,302	\$ 67	5%
Operating Profit <sup>(1)</sup>	\$ 69	\$ 4	6%	\$ 244	\$ 4	2%
Interest & Other <sup>(1)</sup>	(\$ 19)	\$ 1	4%	(\$ 77)	\$ 2	2%
Continuing Ops:						
Profit (after tax) <sup>(1)</sup>	\$ 36	\$ 7	23%	\$ 108	\$ 8	8%
Diluted EPS <sup>(1)</sup>	\$ 0.67	\$ 0.15	29%	\$ 2.03	\$ 0.31	18%
SG&A as % of Gross	75.2%	20 bps		77.1%	(30 bps)	
Discontinued Ops Profit/(Loss) (after tax)	(\$ 1)	(\$ 3)		(\$ 3)	(\$ 1)	



(1) – Amounts are adjusted. See appendix for reconciliation of adjusted amounts to GAAP amounts

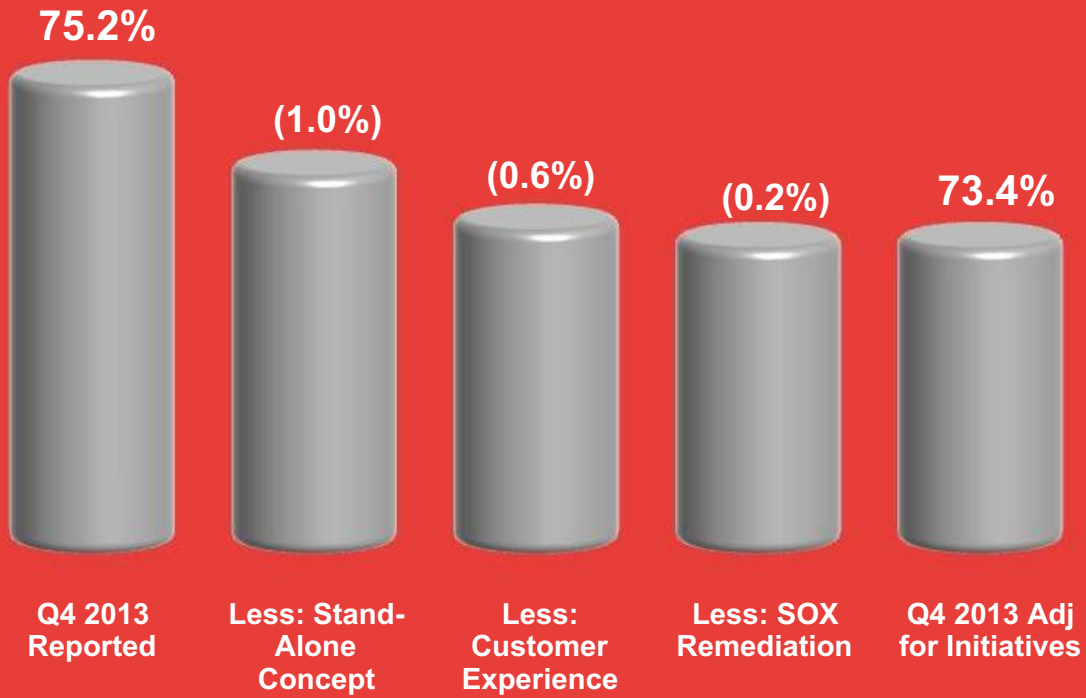
# SG&A TO GROSS



**Targeted 77% for FY 2013**



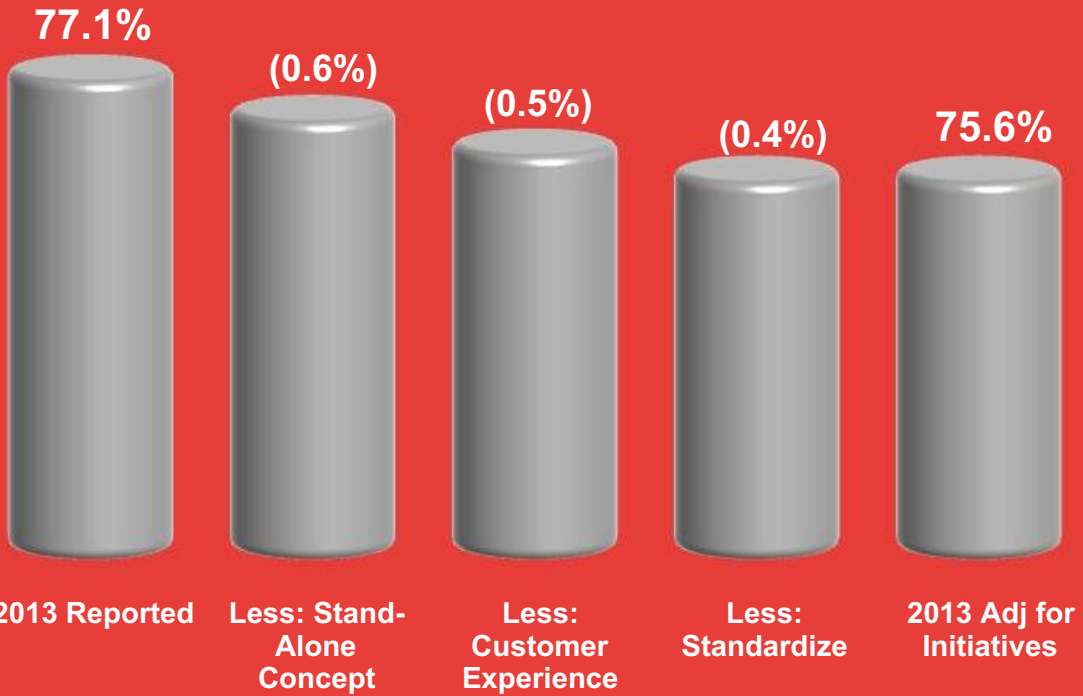
# SG&A TO GROSS – Q4 2013



**200 bps Better Than Q4 2012**



# SG&A TO GROSS – FY 2013



**120 bps Better**



# CAPITAL SPENDING

(amounts in millions)	YTD 2013
Real Estate Acquisitions	\$ 52.5
All Other Cap Ex	<u>105.1</u>
Subtotal	\$ 157.6
Less: Mortgage Funding	<u>(53.7)</u>
Total Cash Used – Cap Ex	<u>\$ 103.9</u>



# DEBT COVENANTS

	Covenant	Actual Q4 2013
Liquidity Ratio	$\geq 1.05$	1.16
Fixed Charge Coverage Ratio	$\geq 1.20$	1.83
Total Lease Adjusted Leverage Ratio	$\leq 5.50$	3.96

Compliant with all Covenants



# SHARE REPURCHASES

(shares in thousands)	Shares	Average Price
2013 Activity	759	\$22.50

Unused authorization of approximately \$132.5 million



An aerial photograph of a winding asphalt road through a rugged, mountainous landscape. The terrain is characterized by brownish-green hills and valleys. Several vehicles are visible on the road. The text "OPERATIONS REVIEW" is centered in the upper half of the image in a bold, white, sans-serif font.

# OPERATIONS REVIEW





# NEW VEHICLE RETAIL

	Q4 2013	Q4 2012	B/(W)
Volume	34,001	33,767	0.7%
Selling Price	\$ 38,218	\$ 37,312	2.4%
Gross Margin %	6.3%	6.1%	20 bps
GPU	\$ 2,415	\$ 2,260	\$ 154
Gross Profit	\$ 82 million	\$ 76 million	7.6%
SAAR (includes fleet)	15.6 million	14.9 million	4.5%



# USED VEHICLE RETAIL

	Q4 2013	Q4 2012	B/(W)
Retail Volume	26,354	23,943	10.1%
Used Retail GPU	\$ 1,358	\$ 1,369	(\$ 11)
Used Related Retail Gross*	\$ 82 million	\$ 73 million	\$ 9 million
Used to New	0.78 : 1	0.71 : 1	0.07
Vehicles / store / month	86	80	6

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



# FIXED OPS

	Q4 2013	B/(W) than 2012	
(amounts in millions)	<u>2013</u>	\$	%
Revenue	\$ 317	\$ 30	10.4%
Gross Profit	\$ 153	\$ 12	8.3%

## QTD YOY Gross Profit Change Breakdown:

- Customer Pay Up 6.6%
- Whsl. Parts Up 11.6%
- Internal & Sublet Up 3.6%
- Warranty Up 21.5%



# PRE-OWNED STORES



# ONE SONIC-ONE EXPERIENCE

- Begin rollout at pilot store in July 2014
  - ❖ Test Technologies
  - ❖ Train Associates
  - ❖ Gauge Guest Acceptance
  
- Additional stores will be introduced once perfected at the pilot store
  - ❖ Anticipate at least an 18 month roll-out period once pilot store is perfected

# RECAP & OUTLOOK



# SUMMARY

- ❑ Continued to grow the base business achieving record results
- ❑ Refinancing activities will benefit future periods
- ❑ Continued strategy of dealership property acquisitions
- ❑ Growths & Operating Strategies
  - ❖ Stand-alone pre-owned stores
  - ❖ One Sonic-One Experience
  - ❖ Continue franchise acquisitions
  - ❖ Own our properties
  - ❖ Return capital to shareholders through dividends and share repurchases

# 2014 PLAN

- 2014 Plan
  - ❖ Expect new car industry volume to be between 15.75M to 16.25M units
  - ❖ We will continue to increase pre-owned volume in the mid-single digits
  - ❖ Expect fixed operations to grow at mid-single digits
  - ❖ Expenses related to pre-owned and customer experience initiatives to continue

## 2014 Continued Ops EPS Guidance:

- |  |                 |
|--|-----------------|
| • New Car Franchise Business                 | \$2.09 - \$2.19 |
| • Effect of stand-alone pre-owned initiative | (\$0.14)        |
| • Total Sonic w/Standalone Pre-Owned Ops     | \$1.95 - \$2.05 |







# 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)	Fourth Quarter Ended December 31,						Adjusted 2013 B/(W) than Adjusted 2012	
	2013			2012			\$	%
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted		
Revenues	\$ 2,315.4	\$ -	\$ 2,315.4	\$ 2,188.7	\$ -	\$ 2,188.7	\$ 126.6	5.8%
Gross profit	338.7	-	338.7	314.1	-	314.1	24.6	7.8%
Gross margin	14.6%		14.6%	14.4%		14.4%		20 bps
SG&A	(254.6)	-	(254.6)	(236.8)	-	(236.8)	(17.8)	(7.5%)
SG&A as % of gross profit	75.2%		75.2%	75.4%		75.4%		20 bps
Impairment charges	(9.8)	9.8 (1)	-	(0.4)	-	(0.4)	0.4	100.0%
Depreciation and amortization	(15.0)	-	(15.0)	(11.9)	-	(11.9)	(3.1)	(26.1%)
Operating income	59.3	9.8	69.1	65.1	-	65.1	4.0	6.2%
Operating margin	2.6%		3.0%	3.0%		3.0%		0 bps
Interest expense, floor plan	(5.7)	-	(5.7)	(5.5)	-	(5.5)	(0.2)	(2.8%)
Interest expense, other, net	(13.2)	-	(13.2)	(14.2)	-	(14.2)	1.0	7.3%
Other income (expense), net	0.0	-	0.0	0.2	-	0.2	(0.2)	(99.5%)
Income (loss) from continuing operations	29.6	6.0	35.5	28.8	-	28.8	6.8	23.4%
Income (loss) from discontinued operations	(1.5)	-	(1.5)	1.6	-	1.6	(3.1)	(193.0%)
Net income (loss)	\$ 28.1	\$ 6.0	\$ 34.1	\$ 30.4	\$ -	\$ 30.4	\$ 3.7	12.1%
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 0.55	\$ 0.12	\$ 0.67	\$ 0.52	\$ -	\$ 0.52	\$ 0.15	28.8%
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)	(0.03)	0.03	-	0.03	(0.06)	(200.0%)
Earnings (loss) per common share	\$ 0.53	\$ 0.11	\$ 0.64	\$ 0.55	\$ -	\$ 0.55	\$ 0.09	16.4%
Weighted average shares outstanding	52,974		52,974	54,763		54,763		

(1) Represents property, equipment and franchise asset impairment charges.



# Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31,						Adjusted 2013 B/(W) than Adjusted 2012	
	2013			2012			\$	%
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted		
Revenues	\$ 8,843.2	\$ -	\$ 8,843.2	\$ 8,365.5	\$ -	\$ 8,365.5	\$ 477.7	5.7%
Gross profit	1,301.6	-	1,301.6	1,235.2	-	1,235.2	66.5	5.4%
Gross margin	14.7%		14.7%	14.8%		14.8%		(10) bps
SG&A	(1,003.1)	-	(1,003.1)	(949.0)	-	(949.0)	(54.1)	(5.7%)
SG&A as % of gross profit	77.1%		77.1%	76.8%		76.8%		(30) bps
Impairment charges	(9.9)	9.9 (1)	-	(0.4)	-	(0.4)	0.4	100.0%
Depreciation and amortization	(54.0)	-	(54.0)	(45.3)	-	(45.3)	(8.7)	(19.3%)
Operating income	234.6	9.9	244.5	240.4	-	240.4	4.1	1.7%
Operating margin	2.7%		2.8%	2.9%		2.9%		(10) bps
Interest expense, floor plan	(22.0)	-	(22.0)	(19.5)	-	(19.5)	(2.5)	(12.9%)
Interest expense, other, net	(55.5)	0.8 (2)	(54.7)	(60.1)	1.2 (4)	(58.9)	4.2	7.2%
Other income (expense), net	(28.1)	28.2 (3)	0.1	(19.6)	19.9 (5)	0.3	(0.2)	(66.3%)
Income (loss) from continuing operations	84.7	23.7	108.4	91.3	9.3 (6)	100.5	7.9	7.8%
Income (loss) from discontinued operations	(3.1)	-	(3.1)	(2.2)	-	(2.2)	(0.9)	(41.7%)
Net income (loss)	\$ 81.6	\$ 23.7	\$ 105.3	\$ 89.1	\$ 9.3	\$ 98.4	\$ 7.0	7.1%
Diluted earnings (loss) per common share:								
Earnings (loss) per share								
from continuing operations	\$ 1.59	\$ 0.44	\$ 2.03	\$ 1.56	\$ 0.16	\$ 1.72	\$ 0.31	18.0%
Earnings (loss) per share from discontinued operations	(0.06)	0.01	(0.05)	(0.03)	(0.01)	(0.04)	(0.01)	(25.0%)
Earnings (loss) per common share	\$ 1.53	\$ 0.45	\$ 1.98	\$ 1.53	\$ 0.15	\$ 1.68	\$ 0.30	17.9%
Weighted average shares outstanding	52,941		52,941	60,406		60,406		

- (1) Represents property, equipment and franchise asset impairment charges.
- (2) Represents double-carry interest on the 9.0% Senior Subordinated Notes.
- (3) Represents loss on extinguishment of the 9.0% Senior Subordinated Notes.
- (4) Represents double-carry interest on the 7.0% Senior Subordinated Notes.
- (5) Represents loss on extinguishment of the 5.0% Convertible Senior Notes.
- (6) Includes tax adjustments related to the settlement of certain tax matters and the tax effect of items (4) and (5) above.



# Reconciliation of Non-GAAP Financial Information

Fourth Quarter Ended December 31, 2013

(\$ 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	\$ 29.6	52,492		\$ (1.5)	52,492		\$ 28.1	52,492	
Effect of dilutive securities:									
Two class method	(0.2)	-		-	-		(0.2)	-	
Stock compensation plans	-	482		-	482		-	482	
Reported diluted	29.4	52,974	\$ 0.55	(1.5)	52,974	\$ (0.02)	27.9	52,974	\$ 0.53
Adjustments (tax-effected):									
Impairment charges	6.0	-		-	-		6.0	-	
Adjusted diluted	\$ 35.3	52,974	\$ 0.67	\$ (1.5)	52,974	\$ (0.03)	\$ 33.9	52,974	\$ 0.64



# Reconciliation of Non-GAAP Financial Information

Fourth Quarter Ended December 31, 2012

(\$ 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	\$ 28.8	54,289		\$ 1.6	54,289		\$ 30.4	54,289	
Effect of dilutive securities:									
Two class method	(0.4)	-		-	-		(0.4)	-	
Contingently convertible debt	-	-		-	-		-	-	
Stock compensation plans	-	474		-	474		-	474	
Reported diluted	\$ 28.4	54,763	\$ 0.52	\$ 1.6	54,763	\$ 0.03	\$ 29.9	54,763	\$ 0.55



# Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31, 2013								
	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	\$ 84.7	52,556		\$ (3.1)	52,556		\$ 81.6	52,556	
Effect of dilutive securities:									
Two class method	(0.6)	-		-	-		(0.6)	-	
Contingently convertible debt	-	-		-	-		-	-	
Stock compensation plans	-	385		-	385		-	385	
Reported diluted	84.1	52,941	\$ 1.59	(3.1)	52,941	\$ (0.06)	81.0	52,941	\$ 1.53
Adjustments (tax-effected):									
Impairment charges	6.0	-		-	-		6.0	-	
Double-carry interest	0.5	-		-	-		0.5	-	
Debt extinguishment charges	17.2	-		-	-		17.2	-	
Subtotal	107.8	52,941	\$ 2.04	(3.1)	52,941	\$ (0.06)	104.7	52,941	\$ 1.98
Effect of dilutive securities:									
Two class method & rounding	(0.2)	-		-	-		(0.2)	-	
Adjusted diluted	\$ 107.6	52,941	\$ 2.03	\$ (3.1)	52,941	\$ (0.05)	\$ 104.6	52,941	\$ 1.98



# 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): 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	\$ 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 tax matters	(3.6)	-		-	-		(3.6)	-	
Subtotal	103.8	60,406	\$ 1.72	(2.1)	60,406	\$ (0.04)	101.7	60,406	\$ 1.68
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Adjusted diluted	\$ 103.6	60,406	\$ 1.72	\$ (2.1)	60,406	\$ (0.04)	\$ 101.5	60,406	\$ 1.68





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

**CHARLOTTE, N.C.** – February 19, 2014 – 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 14, 2014. The dividend will be payable on April 15, 2014.

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.

###