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**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): April 22, 2014**

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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)

**001-13395**  
(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 April 22, 2014, we issued a press release announcing results for our fiscal quarter ended March 31, 2014. A copy of the press release is attached hereto as Exhibit 99.1 and a copy of the earnings call presentation materials is attached hereto as Exhibit 99.2.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

At Sonic's Annual Meeting of Stockholders held on April 16, 2014, the following actions took place:

Mr. O. Bruton Smith, Mr. B. Scott Smith, Mr. David Bruton Smith, Mr. William I. Belk, Mr. William R. Brooks, Mr. Bernard C. Byrd, Jr., Mr. Victor H. Doolan, Mr. Robert Heller and Mr. Robert L. Rewey were reelected as directors by Sonic's stockholders.

	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>	<u>Votes Abstained</u>
Election of O. Bruton Smith	149,252,066	1,166,158	8,573,832	—
Election of B. Scott Smith	148,555,799	1,862,425	8,573,832	—
Election of David Bruton Smith	148,637,389	1,780,835	8,573,832	—
Election of William I. Belk	137,947,564	12,470,660	8,573,832	—
Election of William R. Brooks	148,777,480	1,640,744	8,573,832	—
Election of Bernard C. Byrd, Jr.	144,441,737	5,976,487	8,573,832	—
Election of Victor H. Doolan	137,950,323	12,467,901	8,573,832	—
Election of Robert Heller	137,852,657	12,565,567	8,573,852	—
Election of Robert L. Rewey	145,892,907	4,525,317	8,573,852	—

Sonic's stockholders approved, on a non-binding advisory basis, Sonic's executive compensation as disclosed in its proxy statement for the Annual Meeting.

	<u>Votes For</u>	<u>Votes Against</u>	<u>Broker Non-Votes</u>	<u>Votes Abstained</u>
Approval, on a non-binding advisory basis, of Sonic's executive compensation as disclosed in its proxy statement for the Annual Meeting	144,155,559	6,177,765	8,573,932	84,900

Sonic's stockholders approved the Sonic Automotive, Inc. Incentive Compensation Plan as disclosed in its proxy statement for the Annual Meeting.

	<u>Votes For</u>	<u>Votes Against</u>	<u>Broker Non-Votes</u>	<u>Votes Abstained</u>
Approval of the Sonic Automotive, Inc. Incentive Compensation Plan	149,352,744	1,058,152	8,573,932	7,328

Sonic's stockholders ratified of the appointment of Ernst & Young LLP as Sonic's independent accountants for the fiscal year ending December 31, 2014.

	<u>Votes For</u>	<u>Votes Against</u>	<u>Broker Non-Votes</u>	<u>Votes Abstained</u>
Ratification of appointment of Ernst & Young LLP as the independent public accounting firm	158,965,433	23,220	0	3,503

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**Item 7.01 Regulation FD Disclosure.**

On April 22, 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 April 22, 2014

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated April 22, 2014

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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/ HEATH R. BYRD

Heath R. Byrd  
Executive Vice President and Chief Financial Officer

Dated: April 22, 2014

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INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated April 22, 2014
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated April 22, 2014

FOR IMMEDIATE RELEASE

*Sonic Automotive, Inc. Posts All-Time Record Pre-Owned Unit Sales and Q1 Record Pre-Owned Gross Profits*

CHARLOTTE, N.C. – April 22, 2014 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported 2014 first quarter earnings from continuing operations of \$20.0 million compared to \$21.7 million in the prior year quarter. Continuing operations earnings per diluted share were \$0.38 in the first quarter of 2014 compared to \$0.41 in the prior year quarter. Sonic estimates that first quarter 2014 weather events in the southeast negatively affected continuing operations earnings per diluted share by approximately \$0.02. Expenses attributable to Sonic’s stand-alone pre-owned store initiative also reduced continuing operations earnings per diluted share by an additional \$0.02 in the first quarter of 2014.

**Q1 2014 Highlights:**

- All-time record pre-owned unit sales of 27,657 in Q1 2014
- Record Q1 pre-owned gross profit of \$40.7 million in 2014
- Pre-owned unit sales per store per month reached 90 units in Q1 2014
- Q1 2014 fixed operations revenue up \$22.1 million, or 7.5% over the prior year quarter
- Record Q1 fixed operations gross profit of \$152.1 million, up \$7.9 million over the prior year quarter

B. Scott Smith, the Company’s President, noted, “We have been very busy in the first quarter. I’m happy with the progress we have made in both pre-owned and in our customer experience initiatives. We are very excited about the opening of our pre-owned stores in Denver expected in the fourth quarter 2014. Our collection of highly skilled professionals, operational playbooks and state-of-the-art technology will provide us with a competitive advantage over others in this pre-owned space.”

“With our customer experience initiative (One-Sonic One-Experience), we intend on helping the retail automotive industry change toward the way current and future consumers want to shop for cars and trucks. Our goal is to provide options to customers that are enjoyable, transparent and consistent with their lifestyles. We plan on beginning the roll out this new shopping experience to our customers in the Charlotte, North Carolina market in the third quarter of 2014, and we will launch the customer experience initiative in other markets after the Charlotte roll out is complete.”

“We would also like to reiterate our targeted range of diluted earnings per share from continuing operations for full year 2014 of \$1.95 to \$2.05. This range includes an expected \$0.14 per diluted share effect related to costs of our stand-alone pre-owned initiative. Excluding the anticipated effects of this initiative, our targeted range of diluted earnings per share from continuing operations for full year 2014 is \$2.09 to \$2.19.”

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Jeff Dyke, Sonic's EVP of Operations, stated, "We continue to demonstrate our ability to operate and grow in the pre-owned space at record levels. Compared to the prior year quarter, we were able to grow pre-owned unit sales by 4.5% and pre-owned gross profit by 7.0%. In addition, our fixed operations teams were able to achieve record results despite the weather issues that plagued many of our southeastern stores during the quarter. We achieved fixed operations revenue and gross profit growth over the prior year quarter of 7.5% and 5.5%, respectively. While new retail unit volumes were relatively flat compared to the prior year quarter, we were able to increase our gross profit per unit to \$2,191, up \$58 per unit versus Q1 2013. We continue to make progress on our One-Sonic One-Experience and stand-alone pre-owned store projects, which are all on track. While the weather caused a slowdown in January and February, we still beat our internal forecast for Q1 2014, and we remain on track to achieve our EPS target for the full year."

"We continue testing our True Price® pricing methodology. This quarter we began to see two things happen – as the market grew stronger, our share stabilized, and we grew market share sequentially over the prior quarter and we were able to grow new car margin by \$58 per retail unit. This marks the first time in over a year of adjusting our model that both share and margin grew together in the quarter. As we move toward our One-Sonic One-Experience launch, we expect to gain significant market share as customers benefit from the entire complement of our new shopping experience. Bottom line, when we fully implement One-Sonic One-Experience, we will offer the automobile buying community a shopping experience that no other competitor in our industry can offer, or will be able to offer, for several years to come."

#### **First Quarter Earnings Conference Call**

Senior management will host a conference call today at 10:00 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: 1.877.450.3867  
International: 1.706.643.0958  
Conference ID: 76537421

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: 76537421

#### **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 earnings per share from continuing operations, expected expense impacts of our company's stand-alone pre-owned store initiative, anticipated growth in new vehicle sales, and anticipated future success and impacts from the implementation of our planned customer experience and stand-alone pre-owned store 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, 2013. The Company does not undertake any obligation to update forward-looking information.

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Contact: Heath Byrd, Chief Financial Officer (704) 566-2400  
C.G. Saffar, Vice President and Chief Accounting Officer (704) 566-2439



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

	First Quarter Ended March 31, 2014	First Quarter Ended March 31, 2013
	(In thousands, except per share and unit data)	
<b>Revenues:</b>		
New retail vehicles	\$ 1,112,291	\$ 1,101,109
Fleet vehicles	34,329	41,947
Total new vehicles	1,146,620	1,143,056
Used vehicles	559,816	526,182
Wholesale vehicles	41,598	51,792
Total vehicles	1,748,034	1,721,030
Parts, service and collision repair	318,771	296,642
Finance, insurance and other, net	69,581	65,494
Total revenues	2,136,386	2,083,166
Gross profit	329,000	313,020
Selling, general and administrative expenses	(263,973)	(245,824)
Impairment charges	(3)	(15)
Depreciation and amortization	(14,381)	(12,134)
Operating income (loss)	50,643	55,047
<b>Other income (expense):</b>		
Interest expense, floor plan	(4,689)	(5,213)
Interest expense, other, net	(13,818)	(14,359)
Other income (expense), net	97	95
Total other income (expense)	(18,410)	(19,477)
Income (loss) from continuing operations before taxes	32,233	35,570
Provision for income taxes - benefit (expense)	(12,249)	(13,873)
Income (loss) from continuing operations	19,984	21,697
Income (loss) from discontinued operations	(598)	(406)
Net income (loss)	<u>\$ 19,386</u>	<u>\$ 21,291</u>
<b>Diluted earnings (loss) per common share:</b>		
Earnings (loss) per share from continuing operations	\$ 0.38	\$ 0.41
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)
Earnings (loss) per common share	<u>\$ 0.36</u>	<u>\$ 0.40</u>
Weighted average common shares outstanding	52,946	52,931
<b>Gross Margin Data (Continuing Operations):</b>		
New retail vehicles	5.9%	5.9%
Fleet vehicles	2.6%	3.0%
Total new vehicles	5.8%	5.8%
Used vehicles	7.3%	7.2%
Wholesale vehicles	(0.2%)	(2.3%)
Parts, service and collision repair	47.7%	48.6%
Finance, insurance and other	100.0%	100.0%
Overall gross margin	15.4%	15.0%
<b>SG&amp;A Expenses (Continuing Operations):</b>		
Compensation	\$ 157,154	\$ 148,580
Advertising	14,119	13,431
Rent	18,535	19,022
Other	74,165	64,791
Total SG&A expenses	<u>\$ 263,973</u>	<u>\$ 245,824</u>
SG&A expenses as % of gross profit	80.2%	78.5%
Operating Margin %	2.4%	2.6%
<b>Unit Data (Continuing Operations):</b>		
New retail units	30,029	30,590
Fleet units	1,102	1,493
Total new units	31,131	32,083
Used units	27,657	26,469
Wholesale units	7,380	8,393

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

*Per Share Data*

	First Quarter Ended March 31, 2014						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net income (Loss)	
		Per Share		Per Share		Per Share	
		Amount	Amount	Amount	Amount	Amount	Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	52,418	\$19,984		\$ (598)		\$19,386	
Effect of participating securities:							
Non-vested restricted stock and stock units		(63)		—		(63)	
Basic earnings (loss) and shares	52,418	\$19,921	\$ 0.38	\$ (598)	\$ (0.01)	\$19,323	\$ 0.37
Effect of dilutive securities:							
Stock compensation plans	528						
Diluted earnings (loss) and shares	<u>52,946</u>	<u>\$19,921</u>	<u>\$ 0.38</u>	<u>\$ (598)</u>	<u>\$ (0.02)</u>	<u>\$19,323</u>	<u>\$ 0.36</u>

	First Quarter Ended March 31, 2013						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Per Share		Per Share		Per Share	
		Amount	Amount	Amount	Amount	Amount	Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	52,586	\$21,697		\$ (406)		\$21,291	
Effect of participating securities:							
Non-vested restricted stock and stock units		(170)		—		(170)	
Basic earnings (loss) and shares	52,586	\$21,527	\$ 0.41	\$ (406)	\$ (0.01)	\$21,121	\$ 0.40
Effect of dilutive securities:							
Stock compensation plans	345						
Diluted earnings (loss) and shares	<u>52,931</u>	<u>\$21,527</u>	<u>\$ 0.41</u>	<u>\$ (406)</u>	<u>\$ (0.01)</u>	<u>\$21,121</u>	<u>\$ 0.40</u>

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

*New Vehicles*

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Reported:</b>				
Revenue	\$ 1,146,620	\$ 1,143,056	\$ 3,564	0.3%
Gross profit	\$ 66,673	\$ 66,470	\$ 203	0.3%
Unit sales	31,131	32,083	(952)	(3.0%)
Revenue per unit	\$ 36,832	\$ 35,628	\$ 1,204	3.4%
Gross profit per unit	\$ 2,142	\$ 2,072	\$ 70	3.4%
Gross profit as a % of revenue	5.8%	5.8%	0	bps

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Same Store:</b>				
Revenue	\$ 1,129,303	\$ 1,143,056	\$(13,753)	(1.2%)
Gross profit	\$ 65,372	\$ 66,341	\$ (969)	(1.5%)
Unit sales	30,818	32,083	(1,265)	(3.9%)
Revenue per unit	\$ 36,644	\$ 35,628	\$ 1,016	2.9%
Gross profit per unit	\$ 2,121	\$ 2,068	\$ 53	2.6%
Gross profit as a % of revenue	5.8%	5.8%	0	bps

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

*Used Vehicles*

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Reported:</b>				
Revenue	\$ 559,816	\$ 526,182	\$33,634	6.4%
Gross profit	\$ 40,693	\$ 38,030	\$ 2,663	7.0%
Unit sales	27,657	26,469	1,188	4.5%
Revenue per unit	\$ 20,241	\$ 19,879	\$ 362	1.8%
Gross profit per unit	\$ 1,471	\$ 1,437	\$ 34	2.4%
Gross profit as a % of revenue	7.3%	7.2%	10	bps

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Same Store:</b>				
Revenue	\$ 546,937	\$ 526,182	\$20,755	3.9%
Gross profit	\$ 39,870	\$ 37,262	\$ 2,608	7.0%
Unit sales	27,126	26,469	657	2.5%
Revenue per unit	\$ 20,163	\$ 19,879	\$ 284	1.4%
Gross profit per unit	\$ 1,470	\$ 1,408	\$ 62	4.4%
Gross profit as a % of revenue	7.3%	7.1%	20	bps

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

*Wholesale Vehicles*

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Reported:</b>				
Revenue	\$ 41,598	\$ 51,792	\$(10,194)	(19.7%)
Gross profit (loss)	\$ (93)	\$ (1,203)	\$ 1,110	92.3%
Unit sales	7,380	8,393	(1,013)	(12.1%)
Revenue per unit	\$ 5,637	\$ 6,171	\$ (534)	(8.7%)
Gross profit (loss) per unit	\$ (13)	\$ (143)	\$ 130	90.9%
Gross profit (loss) as a % of revenue	(0.2%)	(2.3%)	210	bps

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
<b>Same Store:</b>				
Revenue	\$ 40,627	\$ 51,792	\$(11,165)	(21.6%)
Gross profit (loss)	\$ 28	\$ (1,203)	\$ 1,231	102.3%
Unit sales	7,270	8,393	(1,123)	(13.4%)
Revenue per unit	\$ 5,588	\$ 6,171	\$ (583)	(9.4%)
Gross profit (loss) per unit	\$ 4	\$ (143)	\$ 147	102.8%
Gross profit (loss) as a % of revenue	0.1%	(2.3%)	240	bps

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

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

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	<u>(In thousands)</u>			
<b>Reported:</b>				
Revenue				
Customer pay	\$ 141,121	\$ 133,803	\$ 7,318	5.5%
Warranty	46,591	44,813	1,778	4.0%
Wholesale parts	47,944	40,538	7,406	18.3%
Internal, sublet and other	83,115	77,488	5,627	7.3%
Total	<u>\$ 318,771</u>	<u>\$ 296,642</u>	<u>\$22,129</u>	<u>7.5%</u>
Gross profit				
Customer pay	\$ 77,999	\$ 74,116	\$ 3,883	5.2%
Warranty	25,238	23,895	1,343	5.6%
Wholesale parts	8,161	7,619	542	7.1%
Internal, sublet and other	40,748	38,599	2,149	5.6%
Total	<u>\$ 152,146</u>	<u>\$ 144,229</u>	<u>\$ 7,917</u>	<u>5.5%</u>
Gross profit as a % of revenue				
Customer pay	55.3%	55.4%	(10)	bps
Warranty	54.2%	53.3%	90	bps
Wholesale parts	17.0%	18.8%	(180)	bps
Internal, sublet and other	49.0%	49.8%	(80)	bps
Total	47.7%	48.6%	(90)	bps

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

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

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 136,121	\$ 133,803	\$ 2,318	1.7%
Warranty	45,237	44,813	424	0.9%
Wholesale parts	46,607	40,538	6,069	15.0%
Internal, sublet and other	81,538	77,489	4,049	5.2%
Total	<u>\$ 309,503</u>	<u>\$ 296,643</u>	<u>\$ 12,860</u>	<u>4.3%</u>
Gross profit				
Customer pay	\$ 75,365	\$ 74,116	\$ 1,249	1.7%
Warranty	24,523	24,195	328	1.4%
Wholesale parts	7,820	7,619	201	2.6%
Internal, sublet and other	39,724	38,423	1,301	3.4%
Total	<u>\$ 147,432</u>	<u>\$ 144,353</u>	<u>\$ 3,079</u>	<u>2.1%</u>
Gross profit as a % of revenue				
Customer pay	55.4%	55.4%	0	bps
Warranty	54.2%	54.0%	20	bps
Wholesale parts	16.8%	18.8%	(200)	bps
Internal, sublet and other	48.7%	49.6%	(90)	bps
Total	47.6%	48.7%	(110)	bps

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

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

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit data)				
<b>Reported:</b>				
Revenue	\$ 69,581	\$ 65,494	\$4,087	6.2%
Gross profit per retail unit (excludes fleet)	\$ 1,206	\$ 1,148	\$ 58	5.1%
(In thousands, except per unit data)				
<b>Same Store:</b>				
Revenue	\$ 68,408	\$ 65,507	\$2,901	4.4%
Gross profit per retail unit (excludes fleet)	\$ 1,203	\$ 1,148	\$ 55	4.8%



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

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

	<u>First Quarter Ended March 31,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands)			
Compensation	\$ 157,154	\$ 148,580	\$ (8,574)	(5.8%)
Advertising	14,119	13,431	(688)	(5.1%)
Rent	18,535	19,022	487	2.6%
Other	74,165	64,791	(9,374)	(14.5%)
Total	<u>\$ 263,973</u>	<u>\$ 245,824</u>	<u>\$(18,149)</u>	<u>(7.4%)</u>
SG&A expenses as a % of gross profit				
Compensation	47.8%	47.5%	(30)	bps
Advertising	4.3%	4.3%	0	bps
Rent	5.6%	6.1%	50	bps
Other	22.5%	20.6%	(190)	bps
Total	80.2%	78.5%	(170)	bps

# Q1 2014 EARNINGS REVIEW

April 22, 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, 2013.

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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# STRATEGIC FOCUS

## 1. Growth

- Grow The Base Business
  - Once Sonic One Experience
- Acquisitions & Open Points
- Pre-Owned Specialty Stores

## 2. Own Our Properties

## 3. Return Capital to Shareholders



# STRATEGIC FOCUS

## ONE-SONIC ONE-EXPERIENCE

- Goals
  - 1 Associate, 1 Price, 1 Hour
  - Improve Transparency; Increase Trust
  - Operational Efficiencies
- Pilot Store in July 2014
- 18 Month Implementation

**ONE** **SONIC**<sup>1</sup>  
**EXPERIENCE.**

Result - Increase Market Share and Customer Retention





# STRATEGIC FOCUS PRE-OWNED STORES



# STRATEGIC FOCUS

## OWN OUR PROPERTIES

- Cap Rates on Leased Properties Range from 8% -10%
- Mortgage Rates Range from 4-6%
- Enable Easier Investment Decisions when Considering Manufacturer Mandated Facility Modifications
- Strengthens the Balance Sheet Over Time





# STRATEGIC FOCUS

## RETURN CAPITAL TO SHAREHOLDERS

	<b>Shares</b> <small>(in thousands)</small>	<b>Average Price / Share</b>	<b>\$</b> <small>(in millions)</small>
Q1 2014 Activity	377	\$22.21	\$8.4

- Unused authorization of approximately \$ 124.1 million
- Quarterly dividend of \$0.025 per share



# Q1 2014 FINANCIAL REVIEW



# Q1 2014 RESULTS

	Q1 2014	B/(W) than Q1 2013	
		\$	%
(amounts in millions, except per share data)			
Revenue	\$ 2,136	\$ 53	3%
Gross Profit	\$ 329	\$ 16	5%
Operating Profit	\$ 51	(\$ 4)	(8%)
Interest & Other	(\$ 18)	\$ 1	5%
Continuing Ops:			
Profit (after tax)	\$ 20	(\$ 2)	(8%)
Diluted EPS	\$ 0.38	(\$ 0.03)	(7%)
SG&A as % of Gross	80.2%	(170 bps)	
Discontinued Ops Profit/(Loss) (after tax)	(\$1)	(\$0)	

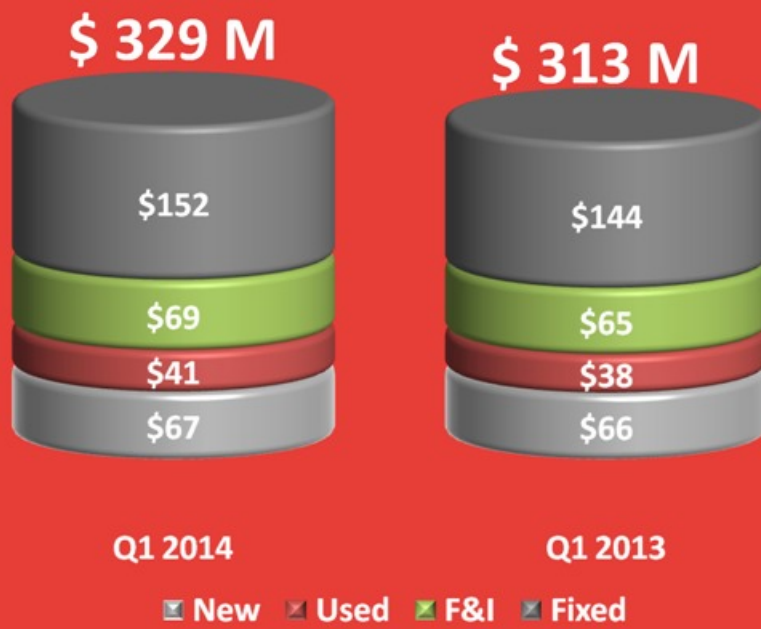




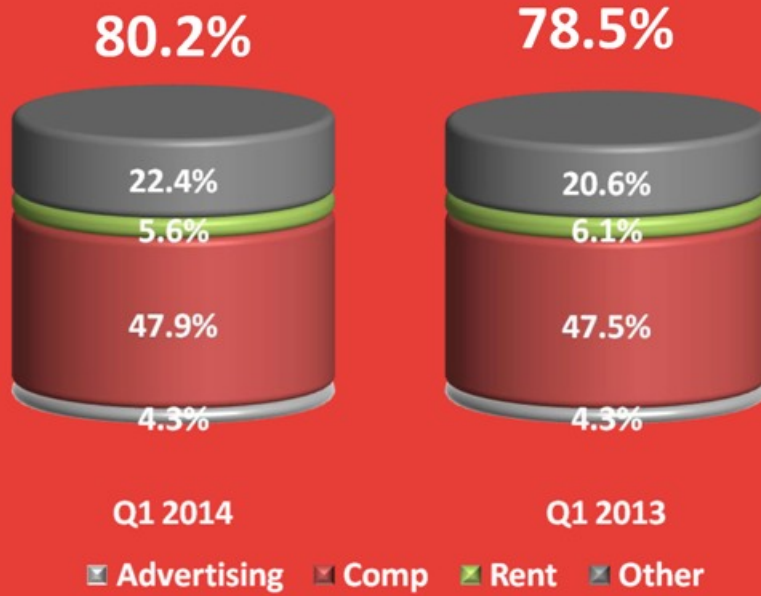
# EPS

		B/(W) than Q1 2013	
(amounts in millions)	<u>Q1 2014</u>	\$	%
Diluted EPS	\$ 0.38	(\$ 0.03)	(7.3%)
Weather	\$ 0.02	\$ 0.02	
Pre-Owned Initiative	\$ 0.02	\$ 0.01	
Adjusted EPS	\$ 0.42	\$ 0.00	0.0%

# TOTAL GROSS



# SG&A TO GROSS



# CAPITAL SPEND

(amounts in millions)	Q1 2014	ESTIMATED 2014
Real Estate Acquisitions	\$ 3.3	\$ 32.6
All Other Cap Ex	<u>18.3</u>	<u>160.3</u>
Subtotal	\$ 21.6	\$ 192.9
Less: Mortgage Funding	<u>(40.4)</u>	<u>(40.4)</u>
Total Cash Used – Cap Ex	<u>(\$ 18.8)</u>	<u>\$ 152.5</u>

Note – Spending excludes the effect of franchise acquisitions.





# LIQUIDITY

	Q1 2014	Q4 2013
Cash	\$2.1	\$3.0
Revolver Availability	117.8	126.0
Used floor plan availability	60.3	27.1
Floor plan deposit balance	75.0	65.0
Total	\$255.2	\$221.1



# DEBT COVENANTS

	Covenant	Actual Q1 2014
Liquidity Ratio	$\geq 1.05$	1.20
Fixed Charge Coverage Ratio	$\geq 1.20$	1.89
Total Lease Adjusted Leverage Ratio	$\leq 5.50$	4.08

Compliant with all Covenants

An aerial photograph of a winding asphalt road through a rugged, mountainous landscape. The terrain is characterized by rolling hills and valleys with sparse, dry vegetation. In the distance, a range of mountains is visible under a clear sky. The road curves from the left towards the right side of the frame. Several vehicles, including a large truck, 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

	Q1 2014	Q1 2013	B/(W)
Volume	30,029	30,590	(1.8%)
Selling Price	\$ 37,041	\$ 35,996	2.9%
Gross Margin %	5.9%	5.9%	0 bps
GPU	\$ 2,191	\$ 2,132	\$ 58
Gross Profit	\$ 66 million	\$ 65 million	0.8%
SAAR (includes fleet)	15.6 million	15.3 million	2.0%





# USED VEHICLE RETAIL

	Q1 2014	Q1 2013	B/(W)
Revenue	\$560 million	\$526 million	6.4%
Retail Volume	27,657	26,469	4.5%
Used Retail GPU	\$ 1,471	\$ 1,437	\$ 35
Used Related Retail Gross*	\$ 90 million	\$ 83 million	\$ 7 million
Used to New	0.92 : 1	0.87 : 1	0.05
Vehicles / store / month	90	88	2

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



# FIXED OPS

	Q1 2014	B/(W) than 2013	
(amounts in millions)	<u>2014</u>	\$	%
Revenue	\$ 319	\$ 22	7.5%
Gross Profit	\$ 152	\$ 8	5.5%

## QTD YOY Gross Profit Change Breakdown:

- Customer Pay Up 5.2%
- Whsl. Parts Up 7.1%
- Internal & Sublet Up 6.8%
- Warranty Up 5.6%



# SUMMARY



# SUMMARY

- ❑ Business environment continues to be favorable to retail automotive
- ❑ Posted all-time record pre-owned sales volumes producing record Q1 pre-owned gross profits
- ❑ Fixed operations continues to benefit from 0-5 year units in operation increasing
- ❑ Expect market share gains and customer retention from One-Sonic One-Experience once the entire complement of the shopping experience is in place
- ❑ On track to open our Denver market pre-owned operations in Q4
- ❑ Re-affirm 2014 continued ops EPS guidance of \$1.95 to \$2.05 net of pre-owned specialty retail operations EPS of (\$0.14).









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

**CHARLOTTE, N.C.** – April 22, 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 June 13, 2014. The dividend will be payable on July 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, 2013. The Company does not undertake any obligation to update forward-looking information.

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Contact: Heath Byrd, Chief Financial Officer (704) 566-2400  
C.G. Saffler, Vice President and Chief Accounting Officer (704) 566-2439