
**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): July 22, 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

Not Applicable
(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))
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Item 2.02. Results of Operations and Financial Condition.

On July 22, 2014, Sonic Automotive, Inc. (the "Company") issued a press release announcing its financial results for its fiscal second quarter ended June 30, 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 7.01. Regulation FD Disclosure.

On July 22, 2014, the Company 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 22, 2014, reporting Sonic Automotive, Inc.'s financial results for the fiscal second quarter ended June 30, 2014
- 99.2 Earnings call presentation materials
- 99.3 Press release of Sonic Automotive, Inc., dated July 22, 2014, reporting quarterly cash dividend

The information in this Form 8-K, including the exhibits attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

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.

Date: July 22, 2014

SONIC AUTOMOTIVE, INC.

By: /s/ Heath R. Byrd
Heath R. Byrd
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc., dated July 22, 2014, reporting Sonic Automotive, Inc.'s financial results for the fiscal second quarter ended June 30, 2014
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc., dated July 22, 2014, reporting quarterly cash dividend

Sonic Automotive, Inc. Reports All-Time Record Pre-Owned Unit Sales and Total Gross Profit

CHARLOTTE, N.C. – July 22, 2014 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported net income from continuing operations for the second quarter of 2014 of \$27.1 million, or \$0.51 per fully diluted share. Net income from continuing operations for the second quarter of 2013 was \$8.7 million, or \$0.16 per fully diluted share. Results for the second quarter of 2014 include a net pre-tax gain of approximately \$5.9 million, or \$0.07 per diluted share, related to a gain on disposal of franchises, partially offset by hail damage and legal settlement charges. Results for the second quarter of 2013 include a pre-tax charge of approximately \$29.0 million, or \$0.34 per diluted share, related to costs associated with retiring all of its outstanding 9.0% Senior Subordinated Notes due 2018 (the “9% Notes”).

Expenses attributable to Sonic’s stand-alone pre-owned store initiative were \$3.2 million, or \$0.04 per fully diluted share, in the second quarter of 2014 compared to \$0.7 million, or \$0.01 per fully diluted share, in the prior year quarter.

Q2 2014 Highlights:

- New retail gross profit up 10.9% on a 3.4% increase in unit sales volume
- New retail vehicle revenue up \$83.5 million, or 7.0%
- All-time record pre-owned sales of 28,514 units in Q2 2014
- Pre-owned vehicle revenue up \$64.9 million, or 12.0%
- Pre-owned unit sales per store per month reached 100 units in May 2014 and 93 units for Q2 2014
- All-time record quarterly fixed operations gross profit in Q2 2014 of \$159.9 million, up \$8.7 million, or 5.8%, over the prior year quarter
- All-time record total gross profit in Q2 2014 of \$346.9 million, up \$23.1 million, or 7.1%, over the prior year quarter

B. Scott Smith, the Company’s President, noted, “We posted a solid performance in the second quarter growing the top-line and gross profit in every revenue category. We are also very excited about the kick-off of our One Sonic-One Experience initiative in our Charlotte market during the third quarter of 2014. This initiative, combined with our pre-owned store initiative which we plan to open in Denver, Colorado during the fourth quarter of 2014, is one of the cornerstones which will enable Sonic to rapidly grow in the future.”

Jeff Dyke, Sonic’s EVP of Operations, stated, “We had a fantastic quarter, achieving another significant milestone. In the month of May, we retailed 100 pre-owned vehicles per store per month. This was a goal we set for ourselves over three years ago and we know we can continue to build on this accomplishment. This sales velocity in our pre-owned business also fueled exceptional results in fixed operations as well as in our finance and insurance areas. These two areas delivered total gross profit of \$237 million, another all-time record. Growth in these two areas generated an additional \$16.2 million of gross profit in the second quarter of 2014.”

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, 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 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: 76537422

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: 76537422

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.

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. Saffer, Vice President and Chief Accounting Officer (704) 566-2439

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.

	Second Quarter Ended June 30, 2014			Second Quarter Ended June 30, 2013		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit data)						
Revenues:						
New retail vehicles	\$1,283,231	\$ —	\$1,283,231	\$1,199,709	\$ —	\$1,199,709
Fleet vehicles	15,546	—	15,546	47,452	—	47,452
Total new vehicles	1,298,777	—	1,298,777	1,247,161	—	1,247,161
Used vehicles	603,868	—	603,868	538,977	—	538,977
Wholesale vehicles	44,765	—	44,765	40,032	—	40,032
Total vehicles	1,947,410	—	1,947,410	1,826,170	—	1,826,170
Parts, service and collision repair	329,134	—	329,134	307,046	—	307,046
Finance, insurance and other, net	76,736	—	76,736	69,220	—	69,220
Total revenues	2,353,280	—	2,353,280	2,202,436	—	2,202,436
Gross profit	346,947	—	346,947	323,806	—	323,806
Selling, general and administrative expenses	(268,914)	(5,911) (1)	(274,825)	(248,090)	—	(248,090)
Impairment charges	(4)	—	(4)	(36)	—	(36)
Depreciation and amortization	(14,431)	—	(14,431)	(13,144)	—	(13,144)
Operating income (loss)	63,598	(5,911)	57,687	62,536	—	62,536
Other income (expense):						
Interest expense, floor plan	(4,846)	—	(4,846)	(5,591)	—	(5,591)
Interest expense, other, net	(13,865)	—	(13,865)	(14,390)	788 (2)	(13,602)
Other income (expense), net	3	—	3	(28,265)	28,235 (3)	(30)
Total other income (expense)	(18,708)	—	(18,708)	(48,246)	29,023	(19,223)
Income (loss) from continuing operations before taxes	44,890	(5,911)	38,979	14,290	29,023	43,313
Provision for income taxes - benefit (expense)	(17,829)	2,305	(15,524)	(5,573)	(11,319)	(16,892)
Income (loss) from continuing operations	27,061	(3,606)	23,455	8,717	17,704	26,421
Income (loss) from discontinued operations	(68)	—	(68)	199	—	199
Net income (loss)	<u>\$ 26,993</u>	<u>\$ (3,606)</u>	<u>\$ 23,387</u>	<u>\$ 8,916</u>	<u>\$ 17,704</u>	<u>\$ 26,620</u>
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 0.51	\$ (0.07)	\$ 0.44	\$ 0.16	\$ 0.34	\$ 0.50
Earnings (loss) per share from discontinued operations	—	—	—	0.01	(0.01)	—
Earnings (loss) per common share	<u>\$ 0.51</u>	<u>\$ (0.07)</u>	<u>\$ 0.44</u>	<u>\$ 0.17</u>	<u>\$ 0.33</u>	<u>\$ 0.50</u>
Weighted average common shares outstanding	52,930		52,930	52,942		52,942
Gross Margin Data (Continuing Operations):						
New retail vehicles	5.8%		5.8%	5.5%		5.5%
Fleet vehicles	2.3%		2.3%	2.6%		2.6%
Total new vehicles	5.7%		5.7%	5.4%		5.4%
Used vehicles	6.2%		6.2%	7.0%		7.0%
Wholesale vehicles	(2.9%)		(2.9%)	(4.9%)		(4.9%)
Parts, service and collision repair	48.6%		48.6%	49.2%		49.2%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.7%		14.7%	14.7%		14.7%
SG&A Expenses (Continuing Operations):						
Compensation (4)	\$ 163,109			\$ 149,528		
Advertising	13,864			13,718		
Rent (5)	18,643			18,421		
Other (6)	73,298			66,423		
Total SG&A expenses	\$ 268,914	\$ 5,911	\$ 274,825	\$ 248,090	\$ —	\$ 248,090
SG&A expenses as % of gross profit	77.5%		79.2%	76.6%		76.6%
Operating Margin %	2.7%		2.5%	2.8%		2.8%
Unit Data (Continuing Operations):						
New retail units	34,847			33,685		
Fleet units	558			1,717		
Total new units	35,405			35,402		
Used units	28,514			26,599		
Wholesale units	7,738			7,257		

- (1) Represents gain on disposal of dealerships, loss from hail damage and legal expenses.
- (2) Represents double-carry interest on 9.0% Notes.
- (3) Represents loss on extinguishment of 9.0% Notes.
- (4) Included in SG&A Compensation expense are amounts attributable to Sonic's stand-alone pre-owned store initiative of \$1.2 million and \$0.6 million in the second quarter of 2014 and 2013, respectively.
- (5) Included in SG&A Rent expense is an amount attributable to Sonic's stand-alone pre-owned store initiative of \$0.1 million in the second quarter of 2014.
- (6) Included in SG&A Other expense are amounts attributable to Sonic's stand-alone pre-owned store initiative of \$1.9 million and \$0.1 million in the second quarter of 2014 and 2013, respectively.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

	Six Months Ended June 30, 2014			Six Months Ended June 30, 2013		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit data)						
Revenues:						
New retail vehicles	\$2,395,521	\$ —	\$2,395,521	\$2,300,818	\$ —	\$2,300,818
Fleet vehicles	49,876	—	49,876	89,399	—	89,399
Total new vehicles	2,445,397	—	2,445,397	2,390,217	—	2,390,217
Used vehicles	1,163,684	—	1,163,684	1,065,158	—	1,065,158
Wholesale vehicles	86,363	—	86,363	91,825	—	91,825
Total vehicles	3,695,444	—	3,695,444	3,547,200	—	3,547,200
Parts, service and collision repair	647,905	—	647,905	603,689	—	603,689
Finance, insurance and other, net	146,317	—	146,317	134,714	—	134,714
Total revenues	4,489,666	—	4,489,666	4,285,603	—	4,285,603
Gross profit	675,947	—	675,947	636,826	—	636,826
Selling, general and administrative expenses	(532,887)	(5,911) (1)	(538,798)	(493,914)	—	(493,914)
Impairment charges	(7)	—	(7)	(51)	—	(51)
Depreciation and amortization	(28,812)	—	(28,812)	(25,278)	—	(25,278)
Operating income (loss)	114,241	(5,911)	108,330	117,583	—	117,583
Other income (expense):						
Interest expense, floor plan	(9,535)	—	(9,535)	(10,804)	—	(10,804)
Interest expense, other, net	(27,683)	—	(27,683)	(28,749)	788 (2)	(27,961)
Other income (expense), net	100	—	100	(28,170)	28,235 (3)	65
Total other income (expense)	(37,118)	—	(37,118)	(67,723)	29,023	(38,700)
Income (loss) from continuing operations before taxes	77,123	(5,911)	71,212	49,860	29,023	78,883
Provision for income taxes - benefit (expense)	(30,078)	2,305	(27,773)	(19,445)	(11,319)	(30,764)
Income (loss) from continuing operations	47,045	(3,606)	43,439	30,415	17,704	48,119
Income (loss) from discontinued operations	(666)	—	(666)	(208)	—	(208)
Net income (loss)	<u>\$ 46,379</u>	<u>\$ (3,606)</u>	<u>\$ 42,773</u>	<u>\$ 30,207</u>	<u>\$ 17,704</u>	<u>\$ 47,911</u>
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 0.89	\$ (0.07)	\$ 0.82	\$ 0.57	\$ 0.33	\$ 0.90
Earnings (loss) per share from discontinued operations	(0.02)	0.01	(0.01)	—	—	—
Earnings (loss) per common share	<u>\$ 0.87</u>	<u>\$ (0.06)</u>	<u>\$ 0.81</u>	<u>\$ 0.57</u>	<u>\$ 0.33</u>	<u>\$ 0.90</u>
Weighted average common shares outstanding	52,938		52,938	52,937		52,937
Gross Margin Data (Continuing Operations):						
New retail vehicles	5.8%		5.8%	5.7%		5.7%
Fleet vehicles	2.5%		2.5%	2.8%		2.8%
Total new vehicles	5.8%		5.8%	5.6%		5.6%
Used vehicles	6.7%		6.7%	7.1%		7.1%
Wholesale vehicles	(1.6%)		(1.6%)	(3.4%)		(3.4%)
Parts, service and collision repair	48.2%		48.2%	48.9%		48.9%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	15.1%		15.1%	14.9%		14.9%
SG&A Expenses (Continuing Operations):						
Compensation (4)	\$ 320,263			\$ 298,108		
Advertising	27,982			27,150		
Rent (5)	37,178			37,444		
Other (6)	147,464			131,212		
Total SG&A expenses	\$ 532,887	\$ 5,911	\$ 538,798	\$ 493,914	\$ —	\$ 493,914
SG&A expenses as % of gross profit	78.8%		79.7%	77.6%		77.6%
Operating Margin %	2.5%		2.4%	2.7%		2.7%
Unit Data (Continuing Operations):						
New retail units	64,876			64,275		
Fleet units	1,660			3,210		
Total new units	66,536			67,485		
Used units	56,171			53,068		
Wholesale units	15,118			15,650		

(1) Represents gain on disposal of dealerships, loss from hail damage and legal expenses.

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

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

(4) Included in SG&A Compensation expense are amounts attributable to Sonic's stand-alone pre-owned store initiative of \$2.7 million and \$1.1 million in the six months ended June 30, 2014 and 2013, respectively.

(5) Included in SG&A Rent expense is an amount attributable to Sonic's stand-alone pre-owned store initiative of \$0.1 million in the six months ended June 30, 2014.

(6) Included in SG&A Other expense are amounts attributable to Sonic's stand-alone pre-owned store initiative of \$2.2 million and \$0.4 million in the six months ended June 30, 2014 and 2013, respectively.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Second Quarter Ended June 30, 2014						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Average		Net Income (Loss)	
		Per Share Amount		Per Share Amount		Per Share Amount	
		Amount	Amount	Shares	Amount	Amount	Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	52,514	\$27,061		\$ (68)		\$26,993	
Effect of participating securities:							
Non-vested restricted stock and stock units		(87)		—		(87)	
Basic earnings (loss) and shares	52,514	\$26,974	\$ 0.51	\$ (68)	\$ —	\$26,906	
Effect of dilutive securities:							
Stock compensation plans	416						
Diluted earnings (loss) and shares	52,930	\$26,974	\$ 0.51	\$ (68)	\$ —	\$26,906	
Adjustments (net of tax):							
Hail and legal		\$ 840	\$ 0.01	\$ —	\$ —	\$ 840	
Gain on disposal of franchises		(4,446)	(0.08)	—	—	(4,446)	
Total adjustments		\$ (3,606)	\$ (0.07)	\$ —	\$ —	\$ (3,606)	
Adjusted:							
Diluted earnings (loss) per share (1)			\$ 0.44		\$ —	\$ 0.44	

(1) Expenses attributable to Sonic's stand-alone pre-owned store initiative were \$0.04 per fully diluted share in the second quarter of 2014.

	Second Quarter Ended June 30, 2013						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Per Share Amount		Per Share Amount		Per Share Amount	
		Amount	Amount	Amount	Amount	Amount	Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	52,597	\$ 8,717		\$ 199		\$ 8,916	
Effect of participating securities:							
Non-vested restricted stock and stock units		(63)		—		(63)	
Basic earnings (loss) and shares	52,597	\$ 8,654	\$ 0.16	\$ 199	\$ 0.01	\$ 8,853	
Effect of dilutive securities:							
Stock compensation plans	345						
Diluted earnings (loss) and shares	52,942	\$ 8,654	\$ 0.16	\$ 199	\$ 0.01	\$ 8,853	
Adjustments (net of tax):							
Double-carry interest		\$ 481	\$ 0.01	\$ —	\$ —	\$ 481	
Debt extinguishment charges		17,223	0.33	—	—	17,223	
Effect of two-class method & rounding		(129)	—	—	(0.01)	(129)	
Total adjustments		\$17,575	\$ 0.34	\$ —	\$ (0.01)	\$17,575	
Adjusted:							
Diluted earnings (loss) per share (2)			\$ 0.50		\$ —	\$ 0.50	

(2) Expenses attributable to Sonic's stand-alone pre-owned store initiative were \$0.01 per fully diluted share in the second quarter of 2013.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Six Months Ended June 30, 2014						
	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)							
Reported:							
Earnings (loss) and shares	52,466	\$47,045		\$ (666)		\$46,379	
Effect of participating securities:							
Non-vested restricted stock and stock units		(151)		—		(151)	
Basic earnings (loss) and shares	52,466	\$46,894	\$ 0.89	\$ (666)	\$ (0.01)	\$46,228	\$ 0.88
Effect of dilutive securities:							
Stock compensation plans	472						
Diluted earnings (loss) and shares	52,938	\$46,894	\$ 0.89	\$ (666)	\$ (0.02)	\$46,228	\$ 0.87
Adjustments (net of tax):							
Hail and legal		\$ 840	\$ 0.01	\$ —	\$ —	\$ 840	\$ 0.01
Gain on disposal of franchises		(4,446)	(0.08)	—	—	(4,446)	(0.08)
Effect of two-class method & rounding		12	—	—	0.01	12	0.01
Total adjustments		\$ (3,594)	\$ (0.07)	\$ —	\$ 0.01	\$ (3,594)	\$ (0.06)
Adjusted:							
Diluted earnings (loss) per share (3)			\$ 0.82		\$ (0.01)		\$ 0.81

(3) Expenses attributable to Sonic's stand-alone pre-owned store initiative were \$0.05 per fully diluted share in the six months ended June 30, 2014.

	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
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	52,591	\$30,415		\$ (208)		\$30,207	
Effect of participating securities:							
Non-vested restricted stock and stock units		(229)		—		(229)	
Basic earnings (loss) and shares	52,591	\$30,186	\$ 0.57	\$ (208)	\$ —	\$29,978	\$ 0.57
Effect of dilutive securities:							
Stock compensation plans	346						
Diluted earnings (loss) and shares	52,937	\$30,186	\$ 0.57	\$ (208)	\$ —	\$29,978	\$ 0.57
Adjustments (net of tax):							
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		(129)	(0.01)	—	—	(129)	(0.01)
Total adjustments		\$17,575	\$ 0.33	\$ —	\$ —	\$17,575	\$ 0.33
Adjusted:							
Diluted earnings (loss) per share (4)			\$ 0.90		\$ —		\$ 0.90

(4) Expenses attributable to Sonic's stand-alone pre-owned store initiative were \$0.02 per fully diluted share in the six months ended June 30, 2013.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	<u>Second Quarter Ended June 30,</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)				
Reported:				
Revenue	\$ 1,298,777	\$ 1,247,161	\$51,616	4.1%
Gross profit	\$ 74,193	\$ 67,790	\$ 6,403	9.4%
Unit sales	35,405	35,402	3	0.0%
Revenue per unit	\$ 36,683	\$ 35,229	\$ 1,454	4.1%
Gross profit per unit	\$ 2,096	\$ 1,915	\$ 181	9.5%
Gross profit as a % of revenue	5.7%	5.4%	30	bps

	<u>Six Months Ended June 30,</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)				
Reported:				
Revenue	\$ 2,445,397	\$ 2,390,217	\$55,180	2.3%
Gross profit	\$ 140,866	\$ 134,259	\$ 6,607	4.9%
Unit sales	66,536	67,485	(949)	(1.4%)
Revenue per unit	\$ 36,753	\$ 35,418	\$ 1,335	3.8%
Gross profit per unit	\$ 2,117	\$ 1,989	\$ 128	6.4%
Gross profit as a % of revenue	5.8%	5.6%	20	bps

	<u>Second Quarter Ended June 30,</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)				
Same Store:				
Revenue	\$ 1,263,004	\$ 1,235,935	\$27,069	2.2%
Gross profit	\$ 72,025	\$ 67,142	\$ 4,883	7.3%
Unit sales	34,713	35,164	(451)	(1.3%)
Revenue per unit	\$ 36,384	\$ 35,148	\$ 1,236	3.5%
Gross profit per unit	\$ 2,075	\$ 1,909	\$ 166	8.7%
Gross profit as a % of revenue	5.7%	5.4%	30	bps

	<u>Six Months Ended June 30,</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)				
Same Store:				
Revenue	\$ 2,382,051	\$ 2,367,467	\$14,584	0.6%
Gross profit	\$ 136,613	\$ 132,604	\$ 4,009	3.0%
Unit sales	65,306	66,983	(1,677)	(2.5%)
Revenue per unit	\$ 36,475	\$ 35,344	\$ 1,131	3.2%
Gross profit per unit	\$ 2,092	\$ 1,980	\$ 112	5.7%
Gross profit as a % of revenue	5.7%	5.6%	10	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	<u>Second Quarter Ended June 30,</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)				
Reported:				
Revenue	\$ 603,868	\$ 538,977	\$64,891	12.0%
Gross profit	\$ 37,473	\$ 37,609	\$ (136)	(0.4%)
Unit sales	28,514	26,599	1,915	7.2%
Revenue per unit	\$ 21,178	\$ 20,263	\$ 915	4.5%
Gross profit per unit	\$ 1,314	\$ 1,414	\$ (100)	(7.1%)
Gross profit as a % of revenue	6.2%	7.0%	(80)	bps

	<u>Six Months Ended June 30,</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)				
Reported:				
Revenue	\$ 1,163,684	\$ 1,065,158	\$98,526	9.2%
Gross profit	\$ 78,167	\$ 75,639	\$ 2,528	3.3%
Unit sales	56,171	53,068	3,103	5.8%
Revenue per unit	\$ 20,717	\$ 20,072	\$ 645	3.2%
Gross profit per unit	\$ 1,392	\$ 1,425	\$ (33)	(2.3%)
Gross profit as a % of revenue	6.7%	7.1%	(40)	bps

	<u>Second Quarter Ended June 30,</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)				
Same Store:				
Revenue	\$ 582,386	\$ 530,567	\$51,819	9.8%
Gross profit	\$ 36,675	\$ 37,711	\$ (1,036)	(2.7%)
Unit sales	27,617	26,226	1,391	5.3%
Revenue per unit	\$ 21,088	\$ 20,231	\$ 857	4.2%
Gross profit per unit	\$ 1,328	\$ 1,438	\$ (110)	(7.6%)
Gross profit as a % of revenue	6.3%	7.1%	(80)	bps

	<u>Six Months Ended June 30,</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)				
Same Store:				
Revenue	\$ 1,122,929	\$ 1,047,365	\$75,564	7.2%
Gross profit	\$ 76,093	\$ 74,435	\$ 1,658	2.2%
Unit sales	54,458	52,292	2,166	4.1%
Revenue per unit	\$ 20,620	\$ 20,029	\$ 591	3.0%
Gross profit per unit	\$ 1,397	\$ 1,423	\$ (26)	(1.8%)
Gross profit as a % of revenue	6.8%	7.1%	(30)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Second Quarter Ended June 30,</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)				
Reported:				
Revenue	\$ 44,765	\$ 40,032	\$ 4,733	11.8%
Gross profit (loss)	\$ (1,314)	\$ (1,943)	\$ 629	32.4%
Unit sales	7,738	7,257	481	6.6%
Revenue per unit	\$ 5,785	\$ 5,516	\$ 269	4.9%
Gross profit (loss) per unit	\$ (170)	\$ (268)	\$ 98	36.6%
Gross profit (loss) as a % of revenue	(2.9%)	(4.9%)	200	bps

	<u>Six Months Ended June 30,</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)				
Reported:				
Revenue	\$ 86,363	\$ 91,825	\$(5,462)	(5.9%)
Gross profit (loss)	\$ (1,409)	\$ (3,145)	\$ 1,736	55.2%
Unit sales	15,118	15,650	(532)	(3.4%)
Revenue per unit	\$ 5,713	\$ 5,867	\$ (154)	(2.6%)
Gross profit (loss) per unit	\$ (93)	\$ (201)	\$ 108	53.7%
Gross profit (loss) as a % of revenue	(1.6%)	(3.4%)	180	bps

	<u>Second Quarter Ended June 30,</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)				
Same Store:				
Revenue	\$ 43,638	\$ 39,729	\$ 3,909	9.8%
Gross profit (loss)	\$ (1,275)	\$ (1,872)	\$ 597	31.9%
Unit sales	7,573	7,195	378	5.3%
Revenue per unit	\$ 5,762	\$ 5,522	\$ 240	4.3%
Gross profit (loss) per unit	\$ (168)	\$ (260)	\$ 92	35.4%
Gross profit (loss) as a % of revenue	(2.9%)	(4.7%)	180	bps

	<u>Six Months Ended June 30,</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)				
Same Store:				
Revenue	\$ 83,949	\$ 90,646	\$(6,697)	(7.4%)
Gross profit (loss)	\$ (1,247)	\$ (2,995)	\$ 1,748	58.4%
Unit sales	14,804	15,497	(693)	(4.5%)
Revenue per unit	\$ 5,671	\$ 5,849	\$ (178)	(3.0%)
Gross profit (loss) per unit	\$ (84)	\$ (193)	\$ 109	56.5%
Gross profit (loss) as a % of revenue	(1.5%)	(3.3%)	180	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Second Quarter Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 145,040	\$ 136,343	\$ 8,697	6.4%
Warranty	47,050	47,270	(220)	(0.5%)
Wholesale parts	47,145	40,982	6,163	15.0%
Internal, sublet and other	89,899	82,451	7,448	9.0%
Total	<u>\$ 329,134</u>	<u>\$ 307,046</u>	<u>\$22,088</u>	<u>7.2%</u>
Gross profit				
Customer pay	\$ 79,606	\$ 75,166	\$ 4,440	5.9%
Warranty	25,671	26,388	(717)	(2.7%)
Wholesale parts	8,308	7,658	650	8.5%
Internal, sublet and other	46,274	41,918	4,356	10.4%
Total	<u>\$ 159,859</u>	<u>\$ 151,130</u>	<u>\$ 8,729</u>	<u>5.8%</u>
Gross profit as a % of revenue				
Customer pay	54.9%	55.1%	(20)	bps
Warranty	54.6%	55.8%	(120)	bps
Wholesale parts	17.6%	18.7%	(110)	bps
Internal, sublet and other	51.5%	50.8%	70	bps
Total	48.6%	49.2%	(60)	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 286,162	\$ 270,146	\$16,016	5.9%
Warranty	93,641	92,084	1,557	1.7%
Wholesale parts	95,089	81,520	13,569	16.6%
Internal, sublet and other	173,013	159,939	13,074	8.2%
Total	<u>\$ 647,905</u>	<u>\$ 603,689</u>	<u>\$44,216</u>	<u>7.3%</u>
Gross profit				
Customer pay	\$ 157,605	\$ 149,282	\$ 8,323	5.6%
Warranty	50,909	50,283	626	1.2%
Wholesale parts	16,469	15,277	1,192	7.8%
Internal, sublet and other	87,023	80,517	6,506	8.1%
Total	<u>\$ 312,006</u>	<u>\$ 295,359</u>	<u>\$16,647</u>	<u>5.6%</u>
Gross profit as a % of revenue				
Customer pay	55.1%	55.3%	(20)	bps
Warranty	54.4%	54.6%	(20)	bps
Wholesale parts	17.3%	18.7%	(140)	bps
Internal, sublet and other	50.3%	50.3%	0	bps
Total	48.2%	48.9%	(70)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Second Quarter Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 138,668	\$ 134,870	\$ 3,798	2.8%
Warranty	45,184	46,542	(1,358)	(2.9%)
Wholesale parts	45,704	40,819	4,885	12.0%
Internal, sublet and other	87,173	81,519	5,654	6.9%
Total	<u>\$ 316,729</u>	<u>\$ 303,750</u>	<u>\$12,979</u>	<u>4.3%</u>
Gross profit				
Customer pay	\$ 76,361	\$ 74,408	\$ 1,953	2.6%
Warranty	24,665	25,989	(1,324)	(5.1%)
Wholesale parts	7,832	7,632	200	2.6%
Internal, sublet and other	44,711	41,350	3,361	8.1%
Total	<u>\$ 153,569</u>	<u>\$ 149,379</u>	<u>\$ 4,190</u>	<u>2.8%</u>
Gross profit as a % of revenue				
Customer pay	55.1%	55.2%	(10)	bps
Warranty	54.6%	55.8%	(120)	bps
Wholesale parts	17.1%	18.7%	(160)	bps
Internal, sublet and other	51.3%	50.7%	60	bps
Total	48.5%	49.2%	(70)	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 273,161	\$ 266,837	\$ 6,324	2.4%
Warranty	89,781	90,570	(789)	(0.9%)
Wholesale parts	92,110	81,212	10,898	13.4%
Internal, sublet and other	167,946	157,956	9,990	6.3%
Total	<u>\$ 622,998</u>	<u>\$ 596,575</u>	<u>\$26,423</u>	<u>4.4%</u>
Gross profit				
Customer pay	\$ 150,941	\$ 147,661	\$ 3,280	2.2%
Warranty	48,828	49,745	(917)	(1.8%)
Wholesale parts	15,622	15,230	392	2.6%
Internal, sublet and other	84,046	79,278	4,768	6.0%
Total	<u>\$ 299,437</u>	<u>\$ 291,914</u>	<u>\$ 7,523</u>	<u>2.6%</u>
Gross profit as a % of revenue				
Customer pay	55.3%	55.3%	0	bps
Warranty	54.4%	54.9%	(50)	bps
Wholesale parts	17.0%	18.8%	(180)	bps
Internal, sublet and other	50.0%	50.2%	(20)	bps
Total	48.1%	48.9%	(80)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Second Quarter Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Reported:				
Revenue	\$ 76,736	\$ 69,220	\$ 7,516	10.9%
Gross profit per retail unit (excludes fleet)	\$ 1,211	\$ 1,148	\$ 63	5.5%

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Reported:				
Revenue	\$ 146,317	\$ 134,714	\$ 11,603	8.6%
Gross profit per retail unit (excludes fleet)	\$ 1,209	\$ 1,148	\$ 61	5.3%

	<u>Second Quarter Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Same Store:				
Revenue	\$ 74,916	\$ 68,765	\$ 6,151	8.9%
Gross profit per retail unit (excludes fleet)	\$ 1,213	\$ 1,152	\$ 61	5.3%

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Same Store:				
Revenue	\$ 142,847	\$ 133,826	\$ 9,021	6.7%
Gross profit per retail unit (excludes fleet)	\$ 1,210	\$ 1,153	\$ 57	4.9%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Second Quarter Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands)			
Compensation	\$ 163,109	\$ 149,528	\$(13,581)	(9.1%)
Advertising	13,864	13,718	(146)	(1.1%)
Rent	18,643	18,421	(222)	(1.2%)
Other	73,298	66,423	(6,875)	(10.4%)
Total	<u>\$ 268,914</u>	<u>\$ 248,090</u>	<u>\$(20,824)</u>	<u>(8.4%)</u>
SG&A expenses as a % of gross profit				
Compensation	47.0%	46.2%	(80)	bps
Advertising	4.0%	4.2%	20	bps
Rent	5.4%	5.7%	30	bps
Other	21.1%	20.5%	(60)	bps
Total	77.5%	76.6%	(90)	bps
	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
	(In thousands)			
Compensation	\$ 320,263	\$ 298,108	\$(22,155)	(7.4%)
Advertising	27,982	27,150	(832)	(3.1%)
Rent	37,178	37,444	266	0.7%
Other	147,464	131,212	(16,252)	(12.4%)
Total	<u>\$ 532,887</u>	<u>\$ 493,914</u>	<u>\$(38,973)</u>	<u>(7.9%)</u>
SG&A expenses as a % of gross profit				
Compensation	47.4%	46.8%	(60)	bps
Advertising	4.1%	4.3%	20	bps
Rent	5.5%	5.9%	40	bps
Other	21.8%	20.6%	(120)	bps
Total	78.8%	77.6%	(120)	bps

Q2 2014 EARNINGS REVIEW

July 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.



CONTENT

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

STRATEGIC FOCUS

1. Growth

- Grow The Base Business
 - One 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 Underway
- 18 Month Implementation

ONE SONIC.
ONE EXPERIENCE.

Result - Increase Market Share and Customer Retention



STRATEGIC FOCUS PRE-OWNED



STRATEGIC FOCUS OWN OUR PROPERTIES



STRATEGIC FOCUS

RETURN CAPITAL TO SHAREHOLDERS

	Shares <small>(in thousands)</small>	Average Price / Share	\$ <small>(in millions)</small>
2014 Activity	498	\$ 22.39	\$ 11.2

- Unused authorization of approximately \$ 121.4 million
- Quarterly dividend of \$0.025 per share

An aerial photograph of a winding asphalt road that curves through a hilly landscape covered in dense, reddish-brown brush and vegetation. The road has white and yellow lane markings. The overall lighting is warm, suggesting a sunset or sunrise. The text "Q2 2014 FINANCIAL REVIEW" is centered in white, bold, sans-serif font over the middle of the road.

Q2 2014 FINANCIAL REVIEW



Q2 2014 ADJUSTED RESULTS

		B/(W) than Q2 2013	
(amounts in millions, except per share data)	<u>Q2 2014</u>	\$	%
Revenue	\$ 2,353	\$ 151	7%
Gross Profit	\$ 347	\$ 23	7%
Operating Profit ⁽¹⁾	\$ 58	(\$ 5)	(8%)
Interest & Other ⁽¹⁾	(\$ 19)	\$ 1	3%
Continuing Ops:			
Profit (after tax) ⁽¹⁾	\$ 23	(\$ 3)	(11%)
Diluted EPS ⁽¹⁾	\$ 0.44	(\$ 0.06)	(12%)
SG&A as % of Gross ⁽¹⁾	79.2%	(260 bps)	
Discontinued Ops Profit/(Loss) (after tax)	(\$0)	(\$0)	

(1) See Appendix for reconciliation to reported GAAP amounts.

EPS ADJUSTMENTS

(amounts in millions, except per share date)	Q2 2014		Q2 2013	
	Pre-Tax	EPS	Pre-Tax	EPS
Unadjusted EPS		\$ 0.51		\$ 0.16
Hail and Legal	\$ 1.4	\$ 0.01	\$ 0.0	\$ 0.00
Gain on Disposal	(\$7.3)	(\$ 0.08)	\$ 0.0	\$ 0.00
Loss on Debt	\$ 0.0	\$ 0.00	\$ 29.0	\$ 0.34
Adjusted EPS (1)		<u>\$ 0.44</u>		<u>\$ 0.50</u>

(1) See Appendix for reconciliation to reported GAAP amounts.



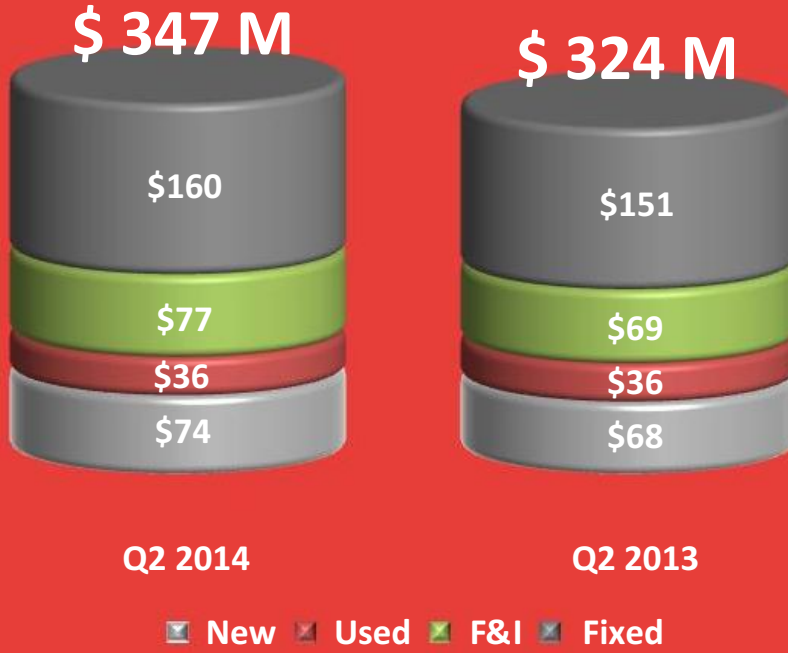
STRATEGIC INITIATIVE IMPACT ON EPS

(amounts in millions, except per share date)	Q2 2014	
	Pre-Tax	EPS
Adjusted ⁽¹⁾		\$ 0.44
Pre-Owned Initiative	\$ 3.2	\$ 0.04
One Sonic-One Experience	\$ 1.8	\$ 0.02
Centralization of Business Office	\$ 0.3	<u>\$ 0.00</u>
Excluding Effect of Strategic Initiatives		\$ 0.50

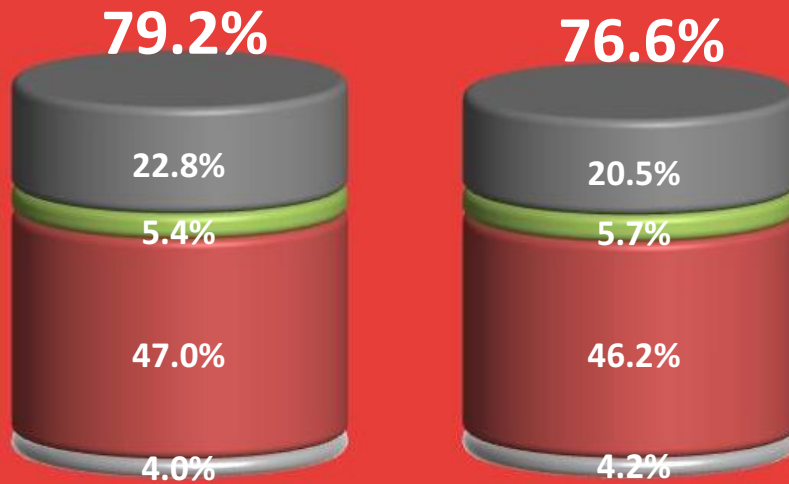
(1) See Appendix for reconciliation to reported GAAP amounts.



TOTAL GROSS



SG&A TO GROSS



Q2 2014 Adjusted ⁽¹⁾

Q2 2013

■ Advertising ■ Comp ■ Rent ■ Other

(1) See Appendix for reconciliation to reported GAAP amounts.



STRATEGIC INITIATIVE IMPACT ON SG&A

(amounts in millions, except per share date)	Q2 2014	
	Pre-Tax	SG&A %
Adjusted ⁽¹⁾		79.2%
Pre-Owned Initiative	\$ 3.2	0.90%
One Sonic One Experience	\$ 1.8	0.50%
Centralization of Business Office	\$ 0.3	<u>0.10%</u>
Excluding Effect of Strategic Initiatives		77.7%

(1) See Appendix for reconciliation to reported GAAP amounts.



STRATEGIC INITIATIVE SPEND

(in millions)	Actual YTD Q2 2014	Estimated FY 2014
Pre-Owned Initiative	\$ 5.0	\$ 12.0
One Sonic-One Experience	\$ 3.6	\$ 7.0
Centralization of Business Office	\$ 0.6	\$ 3.0



CAPITAL SPEND

(amounts in millions)	YTD Q2 2014	ESTIMATED 2014
Real Estate Acquisitions	\$ 9.7	\$ 31.2
All Other Cap Ex	<u>38.9</u>	<u>144.2</u>
Subtotal	\$ 48.6	\$ 175.4
Less: Mortgage Funding	<u>(40.4)</u>	<u>(40.4)</u>
Total Cash Used – Cap Ex	<u>\$ 8.2</u>	<u>\$ 135.0</u>

Note – Spending excludes the effect of franchise acquisitions.



LIQUIDITY

(amounts in millions)	Q2 2014	Q4 2013
Cash	\$ 3.0	\$3.0
Revolver Availability	117.3	126.0
Used floor plan availability	60.6	27.1
Floor plan deposit balance	<u>95.0</u>	<u>65.0</u>
Total	\$ 275.9	\$221.1



DEBT COVENANTS

	Covenant	Actual Q2 2014
Liquidity Ratio	≥ 1.05	1.21
Fixed Charge Coverage Ratio	≥ 1.20	1.82
Total Lease Adjusted Leverage Ratio	≤ 5.50	4.14

Compliant with all Covenants

An aerial photograph of a winding asphalt road through a vast, hilly landscape. The terrain is a mix of brown and green, suggesting a semi-arid or high-altitude environment. In the distance, a range of mountains is visible under a clear sky. The road curves from the left towards the right, with several vehicles visible on it. The overall scene is one of a remote, scenic route.

OPERATIONS REVIEW



NEW VEHICLE RETAIL

	Q2 2014	Q2 2013	B/(W)
Revenue	\$ 1,283 million	\$ 1,200 million	7.0%
Volume	34,847	33,685	3.4%
Selling Price	\$ 36,825	\$ 35,616	3.4%
Gross Margin %	5.8%	5.5%	30 bps
GPU	\$ 2,119	\$ 1,976	\$ 143
Gross Profit	\$ 74 million	\$ 67 million	10.9%
SAAR (includes fleet)	16.5 million	15.3 million	7.8%



USED VEHICLE RETAIL

	Q2 2014	Q2 2013	B/(W)
Revenue	\$ 604 million	\$ 539 million	12.0%
Retail Volume	28,514	26,599	7.2%
Used Retail GPU	\$ 1,314	\$ 1,414	(\$ 100)
Used Related Retail Gross*	\$ 106 million	\$ 97 million	\$ 9 million
Used to New	0.82 : 1	0.79 : 1	0.03
Vehicles / store / month	93	89	4

100
vehicles /
store /
month in
May

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



FIXED OPS

	Q2 2014	B/(W) than Q2 2013	
(amounts in millions)	<u>2014</u>	\$	%
Revenue	\$ 329	\$ 22	7.2%
Gross Profit	\$ 160	\$ 9	5.8%

QTD YOY Gross Profit Change Breakdown:

- Customer Pay Up 5.9%
- Whsl. Parts Up 8.5%
- Internal & Sublet Up 8.1%
- Warranty Down 2.7%



SUMMARY



SUMMARY

- ❑ Business environment continues to be favorable to retail automotive
- ❑ Posted all-time record pre-owned sales volumes producing record Q2 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).





Appendix



NON-GAAP RECONCILIATIONS

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 2014 B/(W) than Adjusted 2013	
	2014			2013			\$	%
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted		
Revenues	\$ 2,353.3	\$ -	\$ 2,353.3	\$ 2,202.4	\$ -	\$ 2,202.4	\$ 150.8	6.8%
Gross profit	346.9	-	346.9	323.8	-	323.8	23.1	7.1%
Gross margin	14.7%		14.7%	14.7%		14.7%		0 bps
SG&A	(268.9)	(5.9) (1)	(274.8)	(248.1)	-	(248.1)	(26.7)	(10.8%)
SG&A as % of gross profit	77.5%		79.2%	76.6%		76.6%		(260) bps
Impairment charges	(0.0)	-	(0.0)	(0.0)	-	(0.0)	0.0	88.9%
Depreciation and amortization	(14.4)	-	(14.4)	(13.1)	-	(13.1)	(1.3)	(9.8%)
Operating income	63.6	(5.9)	57.7	62.5	-	62.5	(4.8)	(7.8%)
Operating margin	2.7%		2.5%	2.8%		2.8%		(30) bps
Interest expense, floor plan	(4.9)	-	(4.9)	(5.6)	-	(5.6)	0.7	13.1%
Interest expense, other, net	(13.9)	-	(13.9)	(14.4)	0.8 (2)	(13.6)	(0.3)	(1.9%)
Other income (expense), net	-	-	-	(28.3)	28.2 (3)	(0.0)	0.0	(100.0%)
Income (loss) from continuing operations	27.1	(3.6)	23.5	8.7	17.7	26.4	(3.0)	(11.2%)
Income (loss) from discontinued operations	(0.1)	-	(0.1)	0.2	-	0.2	(0.3)	(133.7%)
Net income (loss)	\$ 27.0	\$ (3.6)	\$ 23.4	\$ 8.9	\$ 17.7	\$ 26.6	\$ (3.2)	(12.1%)
Diluted earnings (loss) per common share:								
Earnings (loss) per share								
from continuing operations	\$ 0.51	\$ (0.07)	\$ 0.44	\$ 0.16	\$ 0.34	\$ 0.50	\$ (0.06)	(12.0%)
Earnings (loss) per share from discontinued operations	-	-	-	0.01	(0.01)	-	-	-
Earnings (loss) per common share	\$ 0.51	\$ (0.07)	\$ 0.44	\$ 0.17	\$ 0.33	\$ 0.50	\$ (0.06)	(12.0%)
Weighted average shares outstanding	52,930		52,930	52,942		52,942		

(1) Represents gain on sale of franchises, offset partially by hail damage and legal settlement charges.

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

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



NON-GAAP RECONCILIATIONS

Second Quarter Ended June 30, 2014

(\$ 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	\$ 27.1	52,514		\$ (0.1)	52,514		\$ 27.0	52,514	
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Stock compensation plans	-	416		-	416		-	416	
Reported diluted	27.0	52,930	\$ 0.51	(0.1)	52,930	\$ -	26.9	52,930	\$ 0.51
Adjustments (tax-effected):									
Hail and legal	0.8	-		-	-		0.8	-	
Gain on disposal of franchises	(4.4)	-		-	-		(4.4)	-	
Adjusted diluted	\$ 23.4	52,930	\$ 0.44	\$ (0.1)	52,930	\$ -	\$ 23.3	52,930	\$ 0.44

Second Quarter Ended June 30, 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	\$ 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	8.7	52,942	\$ 0.16	0.2	52,942	\$ 0.01	8.9	52,942	\$ 0.17
Adjustments (tax-effected):									
Debt extinguishment charges	17.7	-		-	-		17.7	-	
Subtotal	26.4	52,942	\$ 0.50	0.2	52,942	\$ -	26.6	52,942	\$ 0.50
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Adjusted diluted	\$ 26.2	52,942	\$ 0.50	\$ 0.2	52,942	\$ -	\$ 26.4	52,942	\$ 0.50





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

CHARLOTTE, N.C. – July 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 September 15, 2014. The dividend will be payable on October 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.

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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