
**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): October 21, 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)

56-2010790
(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 October 21, 2014, Sonic Automotive, Inc. (the "Company") issued a press release announcing its financial results for its fiscal third quarter ended September 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 October 21, 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 October 21, 2014, reporting Sonic Automotive, Inc.'s financial results for the fiscal third quarter ended September 30, 2014
- 99.2 Earnings call presentation materials
- 99.3 Press release of Sonic Automotive, Inc., dated October 21, 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.

SONIC AUTOMOTIVE, INC.

Date: October 21, 2014

By: /s/ Stephen K. Coss

Stephen K. Coss
Senior Vice President and General Counsel

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc., dated October 21, 2014, reporting Sonic Automotive, Inc.'s financial results for the fiscal third quarter ended September 30, 2014
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc., dated October 21, 2014, reporting quarterly cash dividend

***Sonic Automotive, Inc. Reports All-Time Record
New Retail Unit Sales and Q3 Total Gross Profit***

CHARLOTTE, N.C. – October 21, 2014 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported net income from continuing operations for the third quarter of 2014 of \$24.6 million, or \$0.47 per fully diluted share. Net income from continuing operations for the third quarter of 2013 was \$24.7 million, or \$0.46 per fully diluted share. Results for the third quarter of 2014 include a net pre-tax gain of approximately \$0.8 million, or \$0.01 per diluted share, related to a gain on disposal of franchises, partially offset by severe storm damage and impairment charges.

Results for the third quarter of 2014 include pre-tax expenses of approximately \$3.1 million, or \$0.04 per diluted share, and \$3.6 million, or \$0.05 per diluted share, related to the Company’s One Sonic-One Experience and EchoPark® initiatives, respectively. Results related to these initiatives for the third quarter of 2013 include pre-tax expenses of approximately \$1.5 million, or \$0.02 per diluted share, for One Sonic-One Experience, and \$1.7 million, or \$0.02 per diluted share, related to EchoPark®.

Q3 2014 Highlights:

- All-time record new retail unit sales of 36,301 units, up 6.5% over the prior year quarter
- New retail revenue up \$93.1 million, or 7.6%, over the prior year quarter
- Pre-owned revenue up \$23.7 million, or 4.2%, over the prior year quarter
- All-time record pre-owned gross profit of \$41.2 million, an increase of 5.8% over the prior year quarter
- Pre-owned unit sales per store per month were 90 units for Q3 2014
- Q3 record fixed operations gross profit in 2014 of \$155.3 million, up \$6.1 million, or 4.1%, over the prior year quarter
- Total gross profit in Q3 2014 was also a third quarter record of \$341.5 million, up \$15.4 million, or 4.7%, over the prior year quarter

B. Scott Smith, the Company’s President, noted, “Our team worked very hard during the third quarter and it definitely paid off. We were able to deliver record-breaking results while still driving forward with our EchoPark® and One Sonic-One Experience initiatives. Initial results from our One Sonic-One Experience test store in Charlotte met our expectations and we plan to continue the rollout of this initiative to the entire Charlotte market in the fourth quarter. The fourth quarter also involves our grand opening of EchoPark® in Denver which we believe, together with our One Sonic-One Experience initiative, will transform the retail automotive buying experience. In addition, during the quarter, we repurchased approximately 1.2 million Class A common shares in open market transactions, reinforcing our commitment to return capital to shareholders. At the end of the third quarter, we had approximately \$93 million of remaining share repurchase authorization.”

Jeff Dyke, Sonic’s EVP of Operations, stated, “Our strategy to manage the combination of our revenue streams in order to maximize overall gross profit dollars worked well during the quarter.

We drove volume in new retail units that in turn contributed incremental fixed operations and F&I gross profit dollars. The result yielded overall gross profit of \$341.5 million, a third quarter record for our Company. We are excited about how this strategy dovetails nicely into our One Sonic-One Experience initiative. At our test store in Charlotte, we increased our market share from approximately 13.1% to 20.8% during the rollout period. We have utilized our inventory and pricing models to remain competitive and increase market share and store profitability. The customer feedback we've received has also been tremendous, further validating our assertion that we are fulfilling a customer need that currently is not met in our space."

Third 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: 76537423

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: 76537423

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 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.

	Third Quarter Ended September 30, 2014			Third Quarter Ended September 30, 2013		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit data)						
Revenues:						
New retail vehicles	\$1,312,592	\$ —	\$1,312,592	\$1,219,525	\$ —	\$1,219,525
Fleet vehicles	15,245	—	15,245	41,745	—	41,745
Total new vehicles	1,327,837	—	1,327,837	1,261,270	—	1,261,270
Used vehicles	583,570	—	583,570	559,848	—	559,848
Wholesale vehicles	41,433	—	41,433	42,731	—	42,731
Total vehicles	1,952,840	—	1,952,840	1,863,849	—	1,863,849
Parts, service and collision repair	325,740	—	325,740	309,600	—	309,600
Finance, insurance and other, net	77,024	—	77,024	68,747	—	68,747
Total revenues	2,355,604	—	2,355,604	2,242,196	—	2,242,196
Gross profit	341,489	—	341,489	326,081	—	326,081
Selling, general and administrative expenses	(270,144)	(1,044)(1)	(271,188)	(254,564)	—	(254,564)
Impairment charges	(208)	207(2)	(1)	(18)	—	(18)
Depreciation and amortization	(14,235)	—	(14,235)	(13,744)	—	(13,744)
Operating income (loss)	56,902	(837)	56,065	57,755	—	57,755
Other income (expense):						
Interest expense, floor plan	(4,406)	—	(4,406)	(5,463)	—	(5,463)
Interest expense, other, net	(12,893)	—	(12,893)	(13,553)	—	(13,553)
Other income (expense), net	(1)	—	(1)	29	—	29
Total other income (expense)	(17,300)	—	(17,300)	(18,987)	—	(18,987)
Income (loss) from continuing operations before taxes	39,602	(837)	38,765	38,768	—	38,768
Provision for income taxes - benefit (expense)	(15,045)	327	(14,718)	(14,066)	—	(14,066)
Income (loss) from continuing operations	24,557	(510)	24,047	24,702	—	24,702
Income (loss) from discontinued operations	155	(845)(3)	(690)	(1,375)	—	(1,375)
Net income (loss)	<u>\$ 24,712</u>	<u>\$ (1,355)</u>	<u>\$ 23,357</u>	<u>\$ 23,327</u>	<u>\$ —</u>	<u>\$ 23,327</u>
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 0.47	\$ (0.01)	\$ 0.46	\$ 0.46	\$ —	\$ 0.46
Earnings (loss) per share from discontinued operations	—	(0.02)	(0.02)	(0.02)	—	(0.02)
Earnings (loss) per common share	<u>\$ 0.47</u>	<u>\$ (0.03)</u>	<u>\$ 0.44</u>	<u>\$ 0.44</u>	<u>\$ —</u>	<u>\$ 0.44</u>
Weighted average common shares outstanding	52,553		52,553	52,918		52,918
Gross Margin Data (Continuing Operations):						
New retail vehicles	5.3%		5.3%	5.9%		5.9%
Fleet vehicles	0.6%		0.6%	2.5%		2.5%
Total new vehicles	5.2%		5.2%	5.7%		5.7%
Used vehicles	7.1%		7.1%	7.0%		7.0%
Wholesale vehicles	(2.6%)		(2.6%)	(7.5%)		(7.5%)
Parts, service and collision repair	47.7%		47.7%	48.2%		48.2%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.5%		14.5%	14.5%		14.5%
SG&A Expenses (Continuing Operations):						
Compensation (4)	\$ 163,230			\$ 151,683		
Advertising	14,045			14,132		
Rent	18,145			18,901		
Other (5)	74,724			69,848		
Total SG&A expenses	\$ 270,144	\$ 1,044	\$ 271,188	\$ 254,564	\$ —	\$ 254,564
SG&A expenses as % of gross profit	79.1%		79.4%	78.1%		78.1%
Operating Margin %	2.4%		2.4%	2.6%		2.6%
Unit Data (Continuing Operations):						
New retail units	36,301			34,087		
Fleet units	473			1,451		
Total new units	36,774			35,538		
Used units	27,536			27,632		
Wholesale units	7,916			7,641		

- (1) Represents gain on disposal of dealerships, offset partially by severe storm damage charges.
- (2) Represents property and equipment impairment charges.
- (3) Represents lease exit adjustments, net of tax.
- (4) Included in SG&A Compensation expense are amounts attributable to the Echopark® initiative of \$1.9 million and \$0.6 million in the third quarter of 2014 and 2013, respectively.
- (5) Included in SG&A Other expense are amounts attributable to the Echopark® initiative of \$1.7 million and \$1.1 million in the third quarter of 2014 and 2013, respectively.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

	Nine Months Ended September 30, 2014			Nine Months Ended September 30, 2013		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
(In thousands, except per share and unit data)						
Revenues:						
New retail vehicles	\$3,708,114	\$ —	\$3,708,114	\$3,520,343	\$ —	\$3,520,343
Fleet vehicles	65,120	—	65,120	131,143	—	131,143
Total new vehicles	3,773,234	—	3,773,234	3,651,486	—	3,651,486
Used vehicles	1,747,254	—	1,747,254	1,625,006	—	1,625,006
Wholesale vehicles	127,797	—	127,797	134,556	—	134,556
Total vehicles	5,648,285	—	5,648,285	5,411,048	—	5,411,048
Parts, service and collision repair	973,646	—	973,646	913,290	—	913,290
Finance, insurance and other, net	223,340	—	223,340	203,461	—	203,461
Total revenues	6,845,271	—	6,845,271	6,527,799	—	6,527,799
Gross profit	1,017,436	—	1,017,436	962,907	—	962,907
Selling, general and administrative expenses	(803,031)	(6,954)(1)	(809,985)	(748,479)	—	(748,479)
Impairment charges	(215)	207(2)	(8)	(69)	—	(69)
Depreciation and amortization	(43,047)	—	(43,047)	(39,020)	—	(39,020)
Operating income (loss)	171,143	(6,747)	164,396	175,339	—	175,339
Other income (expense):						
Interest expense, floor plan	(13,941)	—	(13,941)	(16,267)	—	(16,267)
Interest expense, other, net	(40,576)	—	(40,576)	(42,302)	788(4)	(41,514)
Other income (expense), net	98	—	98	(28,143)	28,235(5)	92
Total other income (expense)	(54,419)	—	(54,419)	(86,712)	29,023	(57,689)
Income (loss) from continuing operations before taxes	116,724	(6,747)	109,977	88,627	29,023	117,650
Provision for income taxes - benefit (expense)	(45,122)	2,631	(42,491)	(33,510)	(11,320)	(44,830)
Income (loss) from continuing operations	71,602	(4,116)	67,486	55,117	17,703	72,820
Income (loss) from discontinued operations	(511)	(845)(3)	(1,356)	(1,582)	—	(1,582)
Net income (loss)	<u>\$ 71,091</u>	<u>\$ (4,961)</u>	<u>\$ 66,130</u>	<u>\$ 53,535</u>	<u>\$ 17,703</u>	<u>\$ 71,238</u>
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 1.35	\$ (0.08)	\$ 1.27	\$ 1.03	\$ 0.34	\$ 1.37
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	(0.02)	(0.03)	—	(0.03)
Earnings (loss) per common share	<u>\$ 1.34</u>	<u>\$ (0.09)</u>	<u>\$ 1.25</u>	<u>\$ 1.00</u>	<u>\$ 0.34</u>	<u>\$ 1.34</u>
Weighted average common shares outstanding	52,808		52,808	52,930		52,930
Gross Margin Data (Continuing Operations):						
New retail vehicles	5.6%		5.6%	5.8%		5.8%
Fleet vehicles	2.1%		2.1%	2.7%		2.7%
Total new vehicles	5.6%		5.6%	5.7%		5.7%
Used vehicles	6.8%		6.8%	7.1%		7.1%
Wholesale vehicles	(2.0%)		(2.0%)	(4.7%)		(4.7%)
Parts, service and collision repair	48.0%		48.0%	48.7%		48.7%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.9%		14.9%	14.8%		14.8%
SG&A Expenses (Continuing Operations):						
Compensation (6)	\$ 483,493			\$ 449,791		
Advertising	42,027			41,282		
Rent	55,324			56,344		
Other (7)	222,187			201,062		
Total SG&A expenses	\$ 803,031	\$ 6,954	\$ 809,985	\$ 748,479	\$ —	\$ 748,479
SG&A expenses as % of gross profit	78.9%		79.6%	77.7%		77.7%
Operating Margin %	2.5%		2.4%	2.7%		2.7%
Unit Data (Continuing Operations):						
New retail units	101,177			98,362		
Fleet units	2,133			4,661		
Total new units	103,310			103,023		
Used units	83,707			80,700		
Wholesale units	23,034			23,291		

(1) Represents gain on disposal of dealerships, offset partially by severe storm damage charges and legal expenses.

(2) Represents property and equipment impairment charges.

(3) Represents lease exit adjustments, net of tax.

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

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

(6) Included in SG&A Compensation expense are amounts attributable to the Echopark® initiative of \$4.6 million and \$1.7 million in the nine months ended September 30, 2014 and 2013, respectively.

(7) Included in SG&A Other expense are amounts attributable to the Echopark® initiative of \$4.0 million and \$1.6 million in the nine months ended September 30, 2014 and 2013, respectively.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Third Quarter Ended September 30, 2014						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Average		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	52,070	\$24,557		\$ 155		\$24,712	
Effect of participating securities:							
Non-vested restricted stock and stock units		(79)		—		(79)	
Basic earnings (loss) and shares	52,070	\$24,478	\$ 0.47	\$ 155	\$ —	\$24,633	\$ 0.47
Effect of dilutive securities:							
Stock compensation plans	483						
Diluted earnings (loss) and shares	<u>52,553</u>	<u>\$24,478</u>	<u>\$ 0.47</u>	<u>\$ 155</u>	<u>\$ —</u>	<u>\$24,633</u>	<u>\$ 0.47</u>
Adjustments (net of tax):							
Severe storm damage		\$ 1,317	\$ 0.03	\$ —	\$ —	\$ 1,317	\$ 0.03
Gain on disposal of franchises		(1,953)	(0.04)	—	—	(1,953)	(0.04)
Impairment charges		126	—	—	—	126	—
Lease exit adjustments		—	—	(845)	(0.02)	(845)	(0.02)
Total adjustments		\$ (510)	\$ (0.01)	\$ (845)	\$ (0.02)	\$ (1,355)	\$ (0.03)
Adjusted:							
Diluted earnings (loss) per share (1)			<u>\$ 0.46</u>		<u>\$ (0.02)</u>		<u>\$ 0.44</u>

(1) Expenses attributable to the Echopark® initiative were \$0.05 per fully diluted share in the third quarter of 2014.

	Third Quarter Ended September 30, 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	52,553	\$24,702		\$(1,375)		\$23,327	
Effect of participating securities:							
Non-vested restricted stock and stock units		(172)		—		(172)	
Basic earnings (loss) and shares	52,553	\$24,530	\$ 0.47	\$(1,375)	\$ (0.03)	\$23,155	\$ 0.44
Effect of dilutive securities:							
Stock compensation plans	365						
Diluted earnings (loss) and shares	<u>52,918</u>	<u>\$24,530</u>	<u>\$ 0.46</u>	<u>\$(1,375)</u>	<u>\$ (0.02)</u>	<u>\$23,155</u>	<u>\$ 0.44</u>
Adjusted:							
Diluted earnings (loss) per share (2)			<u>\$ 0.46</u>		<u>\$ (0.02)</u>		<u>\$ 0.44</u>

(2) Expenses attributable to the Echopark® initiative were \$0.02 per fully diluted share in the third quarter of 2013.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Nine Months Ended September 30, 2014						
	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	52,333	\$71,602		\$ (511)		\$71,091	
Effect of participating securities:							
Non-vested restricted stock and stock units		(229)		—		(229)	
Basic earnings (loss) and shares	52,333	\$71,373	\$ 1.36	\$ (511)	\$ (0.01)	\$70,862	\$ 1.35
Effect of dilutive securities:							
Stock compensation plans	475						
Diluted earnings (loss) and shares	<u>52,808</u>	<u>\$71,373</u>	<u>\$ 1.35</u>	<u>\$ (511)</u>	<u>\$ (0.01)</u>	<u>\$70,862</u>	<u>\$ 1.34</u>
Adjustments (net of tax):							
Severe storm damage and legal		\$ 2,157	\$ 0.04	\$ —	\$ —	\$ 2,157	\$ 0.04
Gain on disposal of franchises		(6,399)	(0.12)	—	—	(6,399)	(0.12)
Impairment charges		126	—	—	—	126	—
Lease exit adjustments		—	—	(845)	(0.01)	(845)	(0.01)
Total adjustments		\$ (4,116)	\$ (0.08)	\$ (845)	\$ (0.01)	\$ (4,961)	\$ (0.09)
Adjusted:							
Diluted earnings (loss) per share (3)			<u>\$ 1.27</u>		<u>\$ (0.02)</u>		<u>\$ 1.25</u>

(3) Expenses attributable to the Echopark® initiative were \$0.10 per fully diluted share in the nine months ended September 30, 2014.

	Nine Months Ended September 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	52,578	\$55,117		\$(1,582)		\$53,535	
Effect of participating securities:							
Non-vested restricted stock and stock units		(393)		—		(393)	
Basic earnings (loss) and shares	52,578	\$54,724	\$ 1.04	\$(1,582)	\$ (0.03)	\$53,142	\$ 1.01
Effect of dilutive securities:							
Stock compensation plans	352						
Diluted earnings (loss) and shares	<u>52,930</u>	<u>\$54,724</u>	<u>\$ 1.03</u>	<u>\$(1,582)</u>	<u>\$ (0.03)</u>	<u>\$53,142</u>	<u>\$ 1.00</u>
Adjustments (net of tax):							
Double-carry interest		\$ 480	\$ 0.01	\$ —	\$ —	\$ 480	\$ 0.01
Debt extinguishment charges		17,223	0.33	—	—	17,223	0.33
Total adjustments		\$17,703	\$ 0.34	\$ —	\$ —	\$17,703	\$ 0.34
Adjusted:							
Diluted earnings (loss) per share (4)			<u>\$ 1.37</u>		<u>\$ (0.03)</u>		<u>\$ 1.34</u>

(4) Expenses attributable to the Echopark® initiative were \$0.04 per fully diluted share in the nine months ended September 30, 2013.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	<u>Third Quarter Ended September 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	\$ 1,327,837	\$ 1,261,270	\$66,567	5.3%
Gross profit	\$ 69,026	\$ 72,408	\$ (3,382)	(4.7%)
Unit sales	36,774	35,538	1,236	3.5%
Revenue per unit	\$ 36,108	\$ 35,491	\$ 617	1.7%
Gross profit per unit	\$ 1,877	\$ 2,037	\$ (160)	(7.9%)
Gross profit as a % of revenue	5.2%	5.7%	(50)	bps

	<u>Nine Months Ended September 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	\$ 3,773,234	\$ 3,651,486	\$121,748	3.3%
Gross profit	\$ 209,892	\$ 206,668	\$ 3,224	1.6%
Unit sales	103,310	103,023	287	0.3%
Revenue per unit	\$ 36,523	\$ 35,443	\$ 1,080	3.0%
Gross profit per unit	\$ 2,032	\$ 2,006	\$ 26	1.3%
Gross profit as a % of revenue	5.6%	5.7%	(10)	bps

	<u>Third Quarter Ended September 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	\$ 1,310,138	\$ 1,235,089	\$75,049	6.1%
Gross profit	\$ 67,766	\$ 70,602	\$ (2,836)	(4.0%)
Unit sales	36,443	34,992	1,451	4.1%
Revenue per unit	\$ 35,950	\$ 35,296	\$ 654	1.9%
Gross profit per unit	\$ 1,860	\$ 2,018	\$ (158)	(7.8%)
Gross profit as a % of revenue	5.2%	5.7%	(50)	bps

	<u>Nine Months Ended September 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	\$ 3,673,608	\$ 3,586,365	\$87,243	2.4%
Gross profit	\$ 203,132	\$ 202,181	\$ 951	0.5%
Unit sales	101,392	101,663	(271)	(0.3%)
Revenue per unit	\$ 36,232	\$ 35,277	\$ 955	2.7%
Gross profit per unit	\$ 2,003	\$ 1,989	\$ 14	0.7%
Gross profit as a % of revenue	5.5%	5.6%	(10)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	<u>Third Quarter Ended September 30,</u>		<u>Better / (Worse)</u>	
	2014	2013	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 583,570	\$ 559,848	\$23,722	4.2%
Gross profit	\$ 41,245	\$ 38,976	\$ 2,269	5.8%
Unit sales	27,536	27,632	(96)	(0.3%)
Revenue per unit	\$ 21,193	\$ 20,261	\$ 932	4.6%
Gross profit per unit	\$ 1,498	\$ 1,411	\$ 87	6.2%
Gross profit as a % of revenue	7.1%	7.0%	10	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2014	2013	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 1,747,254	\$ 1,625,006	\$122,248	7.5%
Gross profit	\$ 119,412	\$ 114,615	\$ 4,797	4.2%
Unit sales	83,707	80,700	3,007	3.7%
Revenue per unit	\$ 20,873	\$ 20,136	\$ 737	3.7%
Gross profit per unit	\$ 1,427	\$ 1,420	\$ 7	0.5%
Gross profit as a % of revenue	6.8%	7.1%	(30)	bps

	<u>Third Quarter Ended September 30,</u>		<u>Better / (Worse)</u>	
	2014	2013	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 569,226	\$ 544,018	\$25,208	4.6%
Gross profit	\$ 40,617	\$ 38,074	\$ 2,543	6.7%
Unit sales	27,000	26,953	47	0.2%
Revenue per unit	\$ 21,082	\$ 20,184	\$ 898	4.4%
Gross profit per unit	\$ 1,504	\$ 1,413	\$ 91	6.4%
Gross profit as a % of revenue	7.1%	7.0%	10	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2014	2013	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 1,677,794	\$ 1,580,336	\$97,458	6.2%
Gross profit	\$ 115,743	\$ 111,673	\$ 4,070	3.6%
Unit sales	80,928	78,785	2,143	2.7%
Revenue per unit	\$ 20,732	\$ 20,059	\$ 673	3.4%
Gross profit per unit	\$ 1,430	\$ 1,417	\$ 13	0.9%
Gross profit as a % of revenue	6.9%	7.1%	(20)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Third Quarter Ended September 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	\$ 41,433	\$ 42,731	\$ (1,298)	(3.0%)
Gross profit (loss)	\$ (1,086)	\$ (3,197)	\$ 2,111	66.0%
Unit sales	7,916	7,641	275	3.6%
Revenue per unit	\$ 5,234	\$ 5,592	\$ (358)	(6.4%)
Gross profit (loss) per unit	\$ (137)	\$ (418)	\$ 281	67.2%
Gross profit (loss) as a % of revenue	(2.6%)	(7.5%)	490	bps

	<u>Nine Months Ended September 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	\$ 127,797	\$ 134,556	\$ (6,759)	(5.0%)
Gross profit (loss)	\$ (2,493)	\$ (6,343)	\$ 3,850	60.7%
Unit sales	23,034	23,291	(257)	(1.1%)
Revenue per unit	\$ 5,548	\$ 5,777	\$ (229)	(4.0%)
Gross profit (loss) per unit	\$ (108)	\$ (272)	\$ 164	60.3%
Gross profit (loss) as a % of revenue	(2.0%)	(4.7%)	270	bps

	<u>Third Quarter Ended September 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	\$ 40,894	\$ 42,141	\$ (1,247)	(3.0%)
Gross profit (loss)	\$ (1,043)	\$ (3,105)	\$ 2,062	66.4%
Unit sales	7,829	7,545	284	3.8%
Revenue per unit	\$ 5,223	\$ 5,585	\$ (362)	(6.5%)
Gross profit (loss) per unit	\$ (133)	\$ (412)	\$ 279	67.7%
Gross profit (loss) as a % of revenue	(2.6%)	(7.4%)	480	bps

	<u>Nine Months Ended September 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	\$ 123,962	\$ 132,528	\$ (8,566)	(6.5%)
Gross profit (loss)	\$ (2,262)	\$ (6,019)	\$ 3,757	62.4%
Unit sales	22,509	22,987	(478)	(2.1%)
Revenue per unit	\$ 5,507	\$ 5,765	\$ (258)	(4.5%)
Gross profit (loss) per unit	\$ (100)	\$ (262)	\$ 162	61.8%
Gross profit (loss) as a % of revenue	(1.8%)	(4.5%)	270	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Third Quarter Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 141,458	\$ 137,106	\$ 4,352	3.2%
Warranty	48,431	45,405	3,026	6.7%
Wholesale parts	46,983	43,349	3,634	8.4%
Internal, sublet and other	88,868	83,740	5,128	6.1%
Total	<u>\$ 325,740</u>	<u>\$ 309,600</u>	<u>\$ 16,140</u>	<u>5.2%</u>
Gross profit				
Customer pay	\$ 77,546	\$ 75,203	\$ 2,343	3.1%
Warranty	26,254	24,374	1,880	7.7%
Wholesale parts	8,122	7,881	241	3.1%
Internal, sublet and other	43,358	41,689	1,669	4.0%
Total	<u>\$ 155,280</u>	<u>\$ 149,147</u>	<u>\$ 6,133</u>	<u>4.1%</u>
Gross profit as a % of revenue				
Customer pay	54.8%	54.9%	(10)	bps
Warranty	54.2%	53.7%	50	bps
Wholesale parts	17.3%	18.2%	(90)	bps
Internal, sublet and other	48.8%	49.8%	(100)	bps
Total	47.7%	48.2%	(50)	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 427,620	\$ 407,252	\$20,368	5.0%
Warranty	142,072	137,489	4,583	3.3%
Wholesale parts	142,071	124,870	17,201	13.8%
Internal, sublet and other	261,883	243,679	18,204	7.5%
Total	<u>\$ 973,646</u>	<u>\$ 913,290</u>	<u>\$60,356</u>	<u>6.6%</u>
Gross profit				
Customer pay	\$ 235,151	\$ 224,485	\$10,666	4.8%
Warranty	77,163	74,657	2,506	3.4%
Wholesale parts	24,590	23,158	1,432	6.2%
Internal, sublet and other	130,381	122,206	8,175	6.7%
Total	<u>\$ 467,285</u>	<u>\$ 444,506</u>	<u>\$22,779</u>	<u>5.1%</u>
Gross profit as a % of revenue				
Customer pay	55.0%	55.1%	(10)	bps
Warranty	54.3%	54.3%	0	bps
Wholesale parts	17.3%	18.5%	(120)	bps
Internal, sublet and other	49.8%	50.2%	(40)	bps
Total	48.0%	48.7%	(70)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Third Quarter Ended September 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	\$ 137,639	\$ 133,451	\$ 4,188	3.1%
Warranty	47,383	44,118	3,265	7.4%
Wholesale parts	45,945	42,649	3,296	7.7%
Internal, sublet and other	87,166	81,964	5,202	6.3%
Total	<u>\$ 318,133</u>	<u>\$ 302,182</u>	<u>\$ 15,951</u>	<u>5.3%</u>
Gross profit				
Customer pay	\$ 75,546	\$ 73,255	\$ 2,291	3.1%
Warranty	25,766	23,660	2,106	8.9%
Wholesale parts	7,859	7,717	142	1.8%
Internal, sublet and other	42,411	40,498	1,913	4.7%
Total	<u>\$ 151,582</u>	<u>\$ 145,130</u>	<u>\$ 6,452</u>	<u>4.4%</u>
Gross profit as a % of revenue				
Customer pay	54.9%	54.9%	0	bps
Warranty	54.4%	53.6%	80	bps
Wholesale parts	17.1%	18.1%	(100)	bps
Internal, sublet and other	48.7%	49.4%	(70)	bps
Total	47.6%	48.0%	(40)	bps

	<u>Nine Months Ended September 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	\$ 408,504	\$ 398,444	\$ 10,060	2.5%
Warranty	136,337	133,952	2,385	1.8%
Wholesale parts	137,461	123,360	14,101	11.4%
Internal, sublet and other	253,720	238,881	14,839	6.2%
Total	<u>\$ 936,022</u>	<u>\$ 894,637</u>	<u>\$ 41,385</u>	<u>4.6%</u>
Gross profit				
Customer pay	\$ 225,232	\$ 219,888	\$ 5,344	2.4%
Warranty	74,190	73,048	1,142	1.6%
Wholesale parts	23,343	22,808	535	2.3%
Internal, sublet and other	125,740	119,252	6,488	5.4%
Total	<u>\$ 448,505</u>	<u>\$ 434,996</u>	<u>\$ 13,509</u>	<u>3.1%</u>
Gross profit as a % of revenue				
Customer pay	55.1%	55.2%	(10)	bps
Warranty	54.4%	54.5%	(10)	bps
Wholesale parts	17.0%	18.5%	(150)	bps
Internal, sublet and other	49.6%	49.9%	(30)	bps
Total	47.9%	48.6%	(70)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Third Quarter Ended September 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	\$ 77,024	\$ 68,747	\$8,277	12.0%
Gross profit per retail unit (excludes fleet)	\$ 1,207	\$ 1,114	\$ 93	8.3%

	<u>Nine Months Ended September 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	\$ 223,340	\$ 203,461	\$19,879	9.8%
Gross profit per retail unit (excludes fleet)	\$ 1,208	\$ 1,136	\$ 72	6.3%

	<u>Third Quarter Ended September 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	\$ 76,386	\$ 67,611	\$8,775	13.0%
Gross profit per retail unit (excludes fleet)	\$ 1,213	\$ 1,118	\$ 95	8.5%

	<u>Nine Months Ended September 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	\$ 218,160	\$ 200,589	\$17,571	8.8%
Gross profit per retail unit (excludes fleet)	\$ 1,211	\$ 1,141	\$ 70	6.1%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Third Quarter Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Compensation	\$ 163,230	\$ 151,683	\$(11,547)	(7.6%)
Advertising	14,045	14,132	87	0.6%
Rent	18,145	18,901	756	4.0%
Other	74,724	69,848	(4,876)	(7.0%)
Total	<u>\$ 270,144</u>	<u>\$ 254,564</u>	<u>\$(15,580)</u>	<u>(6.1%)</u>
SG&A expenses as a % of gross profit				
Compensation	47.8%	46.5%	(130)	bps
Advertising	4.1%	4.3%	20	bps
Rent	5.3%	5.8%	50	bps
Other	21.9%	21.5%	(40)	bps
Total	79.1%	78.1%	(100)	bps
<u>Nine Months Ended September 30,</u>				
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Compensation	\$ 483,493	\$ 449,791	\$(33,702)	(7.5%)
Advertising	42,027	41,282	(745)	(1.8%)
Rent	55,324	56,344	1,020	1.8%
Other	222,187	201,062	(21,125)	(10.5%)
Total	<u>\$ 803,031</u>	<u>\$ 748,479</u>	<u>\$(54,552)</u>	<u>(7.3%)</u>
SG&A expenses as a % of gross profit				
Compensation	47.5%	46.7%	(80)	bps
Advertising	4.1%	4.3%	20	bps
Rent	5.4%	5.9%	50	bps
Other	21.9%	20.8%	(110)	bps
Total	78.9%	77.7%	(120)	bps

Q3 2014 EARNINGS REVIEW

October 21, 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
- EchoPark®
- Acquisitions & Open Points

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
- 24 Month Implementation

ONE SONIC.
ONE EXPERIENCE.

Result - Increase Market Share and Customer Retention

STRATEGIC FOCUS

ONE SONIC-ONE EXPERIENCE



- **Speed Up the Transaction**
 - No Negotiation
- **Reduce Paperwork**
 - Electronic Signature
- **One Associate One Guest**
 - Technology Driven
 - Training Supported
- **Reduce Headcount Through Attrition**
 - Creates Significant Cost Savings
- **Create Trust & Transparency**
 - Increased CSI, ASI and Market Share
- **Brand the Retail Stores**
 - Increased Market Share & Margins
- **Creates More of a Specialty Retail Experience**
 - Apple, Starbucks, etc.

STRATEGIC FOCUS

EchoPark®



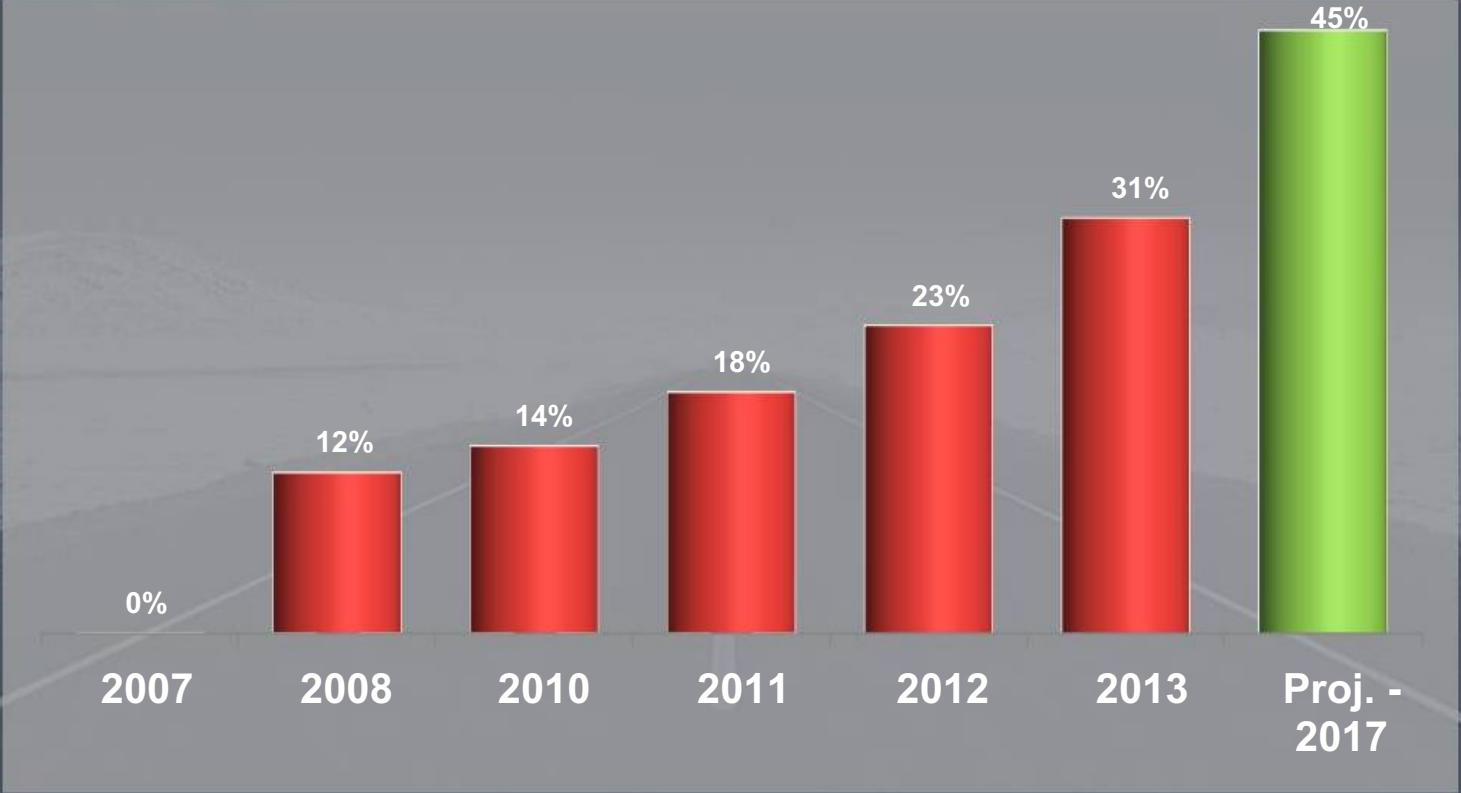
STRATEGIC FOCUS

ACQUISITIONS & OPEN POINTS

- Purchased Two Franchises, Jaguar (Q1) & Nissan (Q3) during 2014
 - Estimated Annual Revenues of \$55 million
- Open Points
 - Nissan in TN Market
 - Exploring Opportunities in Other Markets

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	1,668	\$ 23.70	\$ 39.5

- Unused Authorization of Approximately \$ 93 million
- Quarterly Dividend of \$0.025 Per Share

An aerial photograph of a winding asphalt road that curves through a hilly landscape with reddish-brown soil and sparse vegetation. The road has white and yellow lane markings. The overall color palette is dominated by warm, earthy tones.

Q3 2014 FINANCIAL REVIEW



Q3 2014 ADJUSTED RESULTS

		B/(W) than Q3 2013	
(amounts in millions, except per share data)	<u>Q3 2014</u>	\$	%
Revenue	\$ 2,356	\$ 113	5%
Gross Profit	\$ 341	\$ 15	5%
Operating Profit ⁽¹⁾	\$ 56	(\$ 2)	(3%)
Interest & Other ⁽¹⁾	(\$ 17)	\$ 2	9%
Continuing Ops:			
Profit (after tax) ⁽¹⁾	\$ 24	(\$ 1)	(3%)
Diluted EPS ⁽¹⁾	\$ 0.46	\$ 0.00	0%
SG&A as % of Gross ⁽¹⁾	79.4%	(130 bps)	
Discontinued Ops Profit/(Loss) (after tax) ⁽¹⁾	(\$1)	\$1	

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



EPS ADJUSTMENTS

(amounts in millions, except per share date)	Q3 2014		Q3 2013	
	Pre -Tax	EPS	Pre-Tax	EPS
Unadjusted EPS		\$ 0.47		\$ 0.46
Storm Damage	\$ 2.2	\$ 0.03	\$ 0.0	\$ 0.00
Gain on Disposal	(\$3.2)	(\$ 0.04)	\$ 0.0	\$ 0.00
Impairment	\$0.2	\$ 0.00	\$ 0.0	\$ 0.00
Adjusted EPS ⁽¹⁾		<u>\$ 0.46</u>		<u>\$ 0.46</u>

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



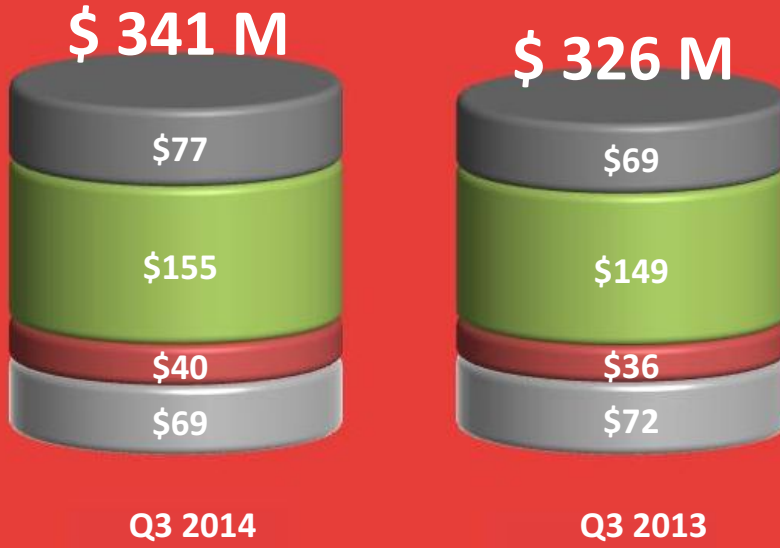
STRATEGIC INITIATIVE IMPACT ON EPS

(amounts in millions, except per share date)	Q3 2014	
	Pre-Tax	EPS
Adjusted ⁽¹⁾		\$ 0.46
EchoPark®	\$ 3.6	\$ 0.05
One Sonic-One Experience	\$ 3.1	\$ 0.04
Centralization of Business Office	\$ 0.7	<u>\$ 0.01</u>
Excluding Effect of Strategic Initiatives		\$ 0.56

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

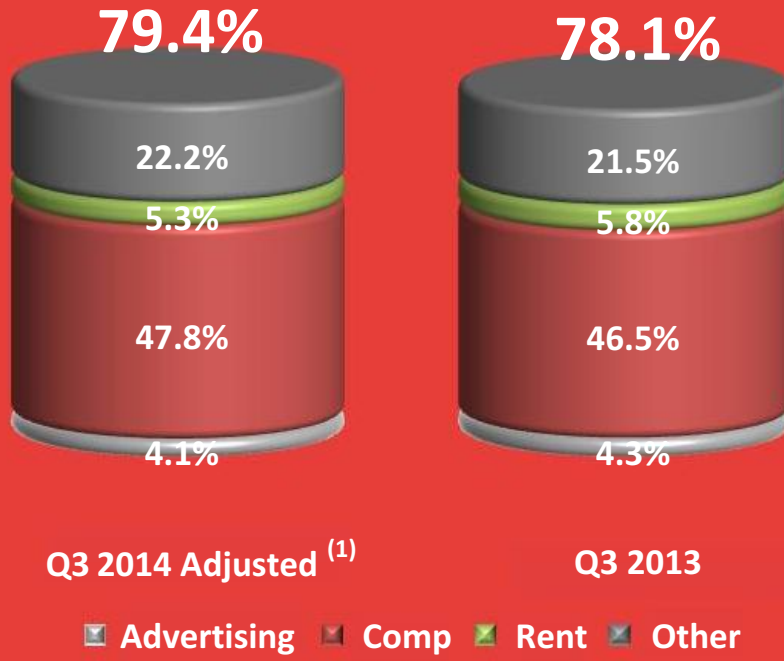


TOTAL GROSS



■ New ■ Used ■ F&I ■ Fixed

SG&A TO GROSS



Q3 2014 Adjusted ⁽¹⁾

Q3 2013



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

STRATEGIC INITIATIVE IMPACT ON SG&A

(amounts in millions, except per share date)	Q3 2014	
	Pre-Tax	SG&A %
Adjusted ⁽¹⁾		79.4%
EchoPark®	\$ 3.6	1.1%
One Sonic-One Experience	\$ 3.1	0.9%
Centralization of Business Office	\$ 0.7	<u>0.2%</u>
Excluding Effect of Strategic Initiatives		77.2%

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



STRATEGIC INITIATIVE SPEND

(in millions)	Actual YTD Q3 2014	Estimated FY 2014
EchoPark®	\$ 8.6	\$ 12.0
One Sonic-One Experience	\$ 6.6	\$ 10.0
Centralization of Business Office	\$ 1.0	\$ 3.0



CAPITAL SPEND

(amounts in millions)	YTD Q3 2014	ESTIMATED 2014
Real Estate Acquisitions	\$ 12.3	\$ 39.6
All Other Cap Ex	<u>77.7</u>	<u>143.4</u>
Subtotal	\$ 90.0	\$ 183.0
Less: Mortgage Funding	<u>(40.4)</u>	<u>(40.4)</u>
Total Cash Used – Cap Ex	<u>\$ 49.6</u>	<u>\$ 142.6</u>

Note – Spending excludes the effect of franchise acquisitions.



LIQUIDITY

(amounts in millions)	Q3 2014	Q4 2013
Cash	\$ 1.7	\$3.0
Revolver Availability	105.2	126.0
Used floor plan availability	46.6	27.1
Floor plan deposit balance	<u>107.5</u>	<u>65.0</u>
Total	<u>\$ 261.0</u>	\$221.1

DEBT COVENANTS

	Covenant	Actual Q3 2014
Liquidity Ratio	≥ 1.05	1.22
Fixed Charge Coverage Ratio	≥ 1.20	1.74
Total Lease Adjusted Leverage Ratio	≤ 5.50	4.14

Compliant with all Covenants

OPERATIONS REVIEW



NEW VEHICLE RETAIL

Same Store

	Q3 2014	Q3 2013	B/(W)
Revenue	\$ 1,295 million	\$ 1,193 million	8.5%
Volume	35,970	33,541	7.2%
Selling Price	\$ 35,999	\$ 35,579	1.2%
Gross Margin %	5.2%	5.8%	(60 bps)
GPU	\$ 1,881	\$ 2,074	(\$ 193)
Gross Profit	\$ 68 million	\$ 70 million	(2.7%)
SAAR (includes fleet)	16.7 million	15.6 million	7.1%



USED VEHICLE RETAIL

Same Store

	Q3 2014	Q3 2013	B/(W)
Revenue	\$ 569 million	\$ 544 million	4.6%
Retail Volume	27,000	26,953	0.2%
Used Retail GPU	\$ 1,504	\$ 1,413	\$ 92
Used Related Retail Gross*	\$ 86 million	\$ 80 million	\$ 6 million
Used to New	0.75 : 1	0.80 : 1	(0.05)
Vehicles / store / month	90	90	0

*** - Includes Front-End Gross Plus F&I Related Gross and Fixed Operations Related Gross**



FIXED OPS SAME STORE

	Q3 2014	B/(W) than Q3 2013	
(amounts in millions)	<u>2014</u>	\$	%
Revenue	\$ 318	\$ 16	5.3%
Gross Profit	\$ 152	\$ 6	4.4%

QTD YOY Gross Profit Change Breakdown:

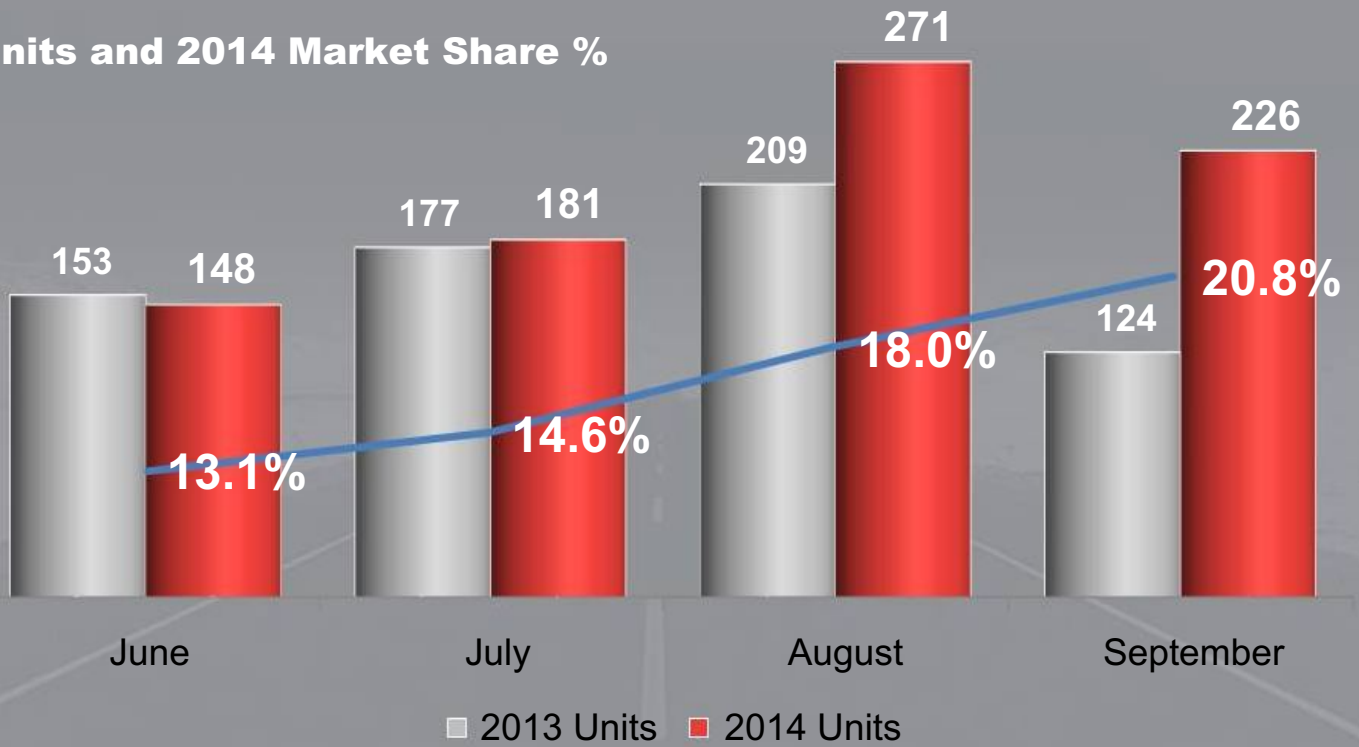
- Customer Pay Up 3.1%
- Whsl. Parts Up 1.8%
- Internal & Sublet Up 5.3%
- Warranty Up 8.9%



STRATEGIC FOCUS

ONE SONIC-ONE EXPERIENCE

Units and 2014 Market Share %



SUMMARY



SUMMARY

- ❑ Posted All-Time Record Quarterly New Retail Unit Sales and Q3 Total Gross Profit
- ❑ One Sonic-One Experience Meets Initial Expectations – Will Begin Roll-Out to Charlotte Market
- ❑ Echopark® Opens in Q4
- ❑ Anticipate Significant Cap Exp Spending in Q4 Related to Property Acquisitions and Construction
- ❑ Share Repurchase Activity to Continue Based on Market Conditions



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.

	Third Quarter Ended September 30, 2014			Third Quarter Ended September 30, 2013		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
	(In thousands, except per share and unit data)					
Revenues:						
New retail vehicles	\$ 1,312,592	\$ -	\$ 1,312,592	\$ 1,219,525	\$ -	\$ 1,219,525
Fleet vehicles	15,245	-	15,245	41,745	-	41,745
Total new vehicles	1,327,837	-	1,327,837	1,261,270	-	1,261,270
Used vehicles	583,570	-	583,570	559,848	-	559,848
Wholesale vehicles	41,433	-	41,433	42,731	-	42,731
Total vehicles	1,952,840	-	1,952,840	1,863,849	-	1,863,849
Parts, service and collision repair	325,740	-	325,740	309,600	-	309,600
Finance, insurance and other, net	77,024	-	77,024	68,747	-	68,747
Total revenues	2,355,604	-	2,355,604	2,242,196	-	2,242,196
Gross profit	341,489	-	341,489	326,081	-	326,081
Selling, general and administrative expenses	(270,144)	(1,044)	(271,188)	(254,564)	-	(254,564)
Impairment charges	(208)	207	(1)	(18)	-	(18)
Depreciation and amortization	(14,235)	-	(14,235)	(13,744)	-	(13,744)
Operating income (loss)	56,902	(837)	56,065	57,755	-	57,755
Other income (expense):						
Interest expense, floor plan	(4,406)	-	(4,406)	(5,463)	-	(5,463)
Interest expense, other, net	(12,893)	-	(12,893)	(13,553)	-	(13,553)
Other income (expense), net	(1)	-	(1)	29	-	29
Total other income (expense)	(17,300)	-	(17,300)	(18,987)	-	(18,987)
Income (loss) from continuing operations before taxes	39,602	(837)	38,765	38,768	-	38,768
Provision for income taxes - benefit (expense)	(15,045)	327	(14,718)	(14,066)	-	(14,066)
Income (loss) from continuing operations	24,557	(510)	24,047	24,702	-	24,702
Income (loss) from discontinued operations	155	(845)	(690)	(1,375)	-	(1,375)
Net income (loss)	\$ 24,712	\$ (1,355)	\$ 23,357	\$ 23,327	\$ -	\$ 23,327
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 0.47	\$ (0.01)	\$ 0.46	\$ 0.46	\$ -	\$ 0.46
Earnings (loss) per share from discontinued operations	-	(0.02)	(0.02)	(0.02)	-	(0.02)
Earnings (loss) per common share	\$ 0.47	\$ (0.03)	\$ 0.44	\$ 0.44	\$ -	\$ 0.44
Weighted average common shares outstanding	52,553		52,553	52,918		52,918



NON-GAAP RECONCILIATIONS

Third Quarter Ended September 30, 2014

	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Average		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	52,070	\$ 24,557		\$ 155		\$ 24,712	
Effect of participating securities: Non-vested restricted stock and stock units		(79)		-		(79)	
Basic earnings (loss) and shares	52,070	\$ 24,478	\$ 0.47	\$ 155	\$ -	\$ 24,633	\$ 0.47
Effect of dilutive securities: Stock compensation plans	483						
Diluted earnings (loss) and shares	52,553	\$ 24,478	\$ 0.47	\$ 155	\$ -	\$ 24,633	\$ 0.47
Adjustments (net of tax):							
Severe storm damage		\$ 1,317	\$ 0.03	\$ -	\$ -	\$ 1,317	\$ 0.03
Gain on disposal of franchises		(1,953)	(0.04)	-	-	(1,953)	(0.04)
Impairment charges		126	-	-	-	126	-
Lease exit adjustments		-	-	(845)	(0.02)	(845)	(0.02)
Total adjustments		\$ (510)	\$ (0.01)	\$ (845)	\$ (0.02)	\$ (1,355)	\$ (0.03)
Adjusted:							
Diluted earnings (loss) per share (1)			\$ 0.46		\$ (0.02)		\$ 0.44

(1) Expenses attributable to the Echopark® initiative were \$0.05 per fully diluted share in the third quarter of 2014.

Third Quarter Ended September 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	52,553	\$ 24,702		\$ (1,375)		\$ 23,327	
Effect of participating securities: Non-vested restricted stock and stock units		(172)		-		(172)	
Basic earnings (loss) and shares	52,553	\$ 24,530	\$ 0.47	\$ (1,375)	\$ (0.03)	\$ 23,155	\$ 0.44
Effect of dilutive securities: Stock compensation plans	365						
Diluted earnings (loss) and shares	52,918	\$ 24,530	\$ 0.46	\$ (1,375)	\$ (0.02)	\$ 23,155	\$ 0.44
Adjusted:							
Diluted earnings (loss) per share (2)			\$ 0.46		\$ (0.02)		\$ 0.44

(2) Expenses attributable to the Echopark® initiative were \$0.02 per fully diluted share in the third quarter of 2013.





SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. – October 21, 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 December 15, 2014. The dividend will be payable on January 15, 2015.

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 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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