
**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 26, 2016**

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 July 26, 2016, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal second quarter ended June 30, 2016 (the “Earnings Press Release”). A copy of the Earnings 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 26, 2016, in the Earnings Press Release, the Company announced the approval of a quarterly cash dividend.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press release of Sonic Automotive, Inc., dated July 26, 2016

99.2 Earnings call presentation materials

The information in this Current Report on Form 8-K, including the exhibits attached hereto, is being furnished and shall not be deemed to be “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 to be 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: July 26, 2016

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

INDEX TO EXHIBITS

**Exhibit
No.**

Description

99.1	Press release of Sonic Automotive, Inc., dated July 26, 2016
99.2	Earnings call presentation materials

FOR IMMEDIATE RELEASE

Sonic Automotive, Inc. Reports Quarterly Continuing Operations Earnings per Share of \$0.50

Second Quarter 2016 Highlights

- Q2 2016 same store fixed operations revenues up 3.0% over prior year quarter
- Q2 2016 same store finance and insurance revenues and gross profit up 2.9% over prior year quarter
- Q2 2016 continuing operations SG&A to gross improves 160 basis points to 78.5% compared to prior year quarter of 80.1%
- Q2 2016 continuing operations SG&A to gross improves 70 basis points to 78.5% compared to an adjusted prior year quarter of 79.2%
- Two additional Denver market EchoPark® stores opened in late June
- Q2 2016 EchoPark® stores retail 1,136 units, up 255 units, or 28.9%, from the prior year quarter

CHARLOTTE, N.C. – July 26, 2016 – 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 2016 of \$23.0 million, or \$0.50 per diluted share. Included in these amounts are a pre-tax loss of \$3.4 million, or \$0.04 per diluted share, related to EchoPark® operations.

Net income from continuing operations and related diluted earnings per share for the second quarter of 2015 were \$15.1 million and \$0.30 per share, respectively. On an adjusted basis, net income from continuing operations for the second quarter of 2015 was \$23.4 million, or \$0.46 per diluted share. Included in these adjusted amounts is a pre-tax loss of \$4.1 million, or \$0.05 per diluted share, related to EchoPark® operations. See the accompanying tables for a reconciliation of the adjusted balances to GAAP basis amounts and further details of the quarterly adjustments.

B. Scott Smith, Sonic’s President, noted, “The automotive retail environment continues to demonstrate strength and sustainability. Historic low interest rates and a fantastic product offering by manufacturers have supported customer demand for new and pre-owned vehicles. During the quarter, our team delivered an outstanding sales and service experience to our customers and leveraged our operating costs in delivering strong operating results. In addition, we were actively repurchasing outstanding shares. During the second quarter, we repurchased 759,056 shares of our Class A common stock for approximately \$13.1 million. During the first half of 2016, we repurchased almost 10% of our shares outstanding as of the end of 2015.”

“We are providing more detailed earnings guidance for the second half of the year as the third and fourth quarters’ operating environments vary from year to year. Accordingly, we currently estimate diluted earnings per share from continuing operations for the third and fourth quarters will range between \$0.52 - \$0.54 and \$0.66 - \$0.69, respectively.”

Jeff Dyke, Sonic’s EVP of Operations, stated, “The industry was solid again this quarter and our performance reflected that. Our Sonic Automotive franchise store business continues to be supported by our team’s ability to execute our playbook processes as we work to perfect the One Sonic-One Experience culture in our stores. Our guests’ responses to our new process, technology

and culture have been excellent as reflected in our customer satisfaction scores and the reviews we receive via Google, Yelp, etc. While we saw a decline in the new car retail SAAR in the quarter, new car margins have stabilized and heavy new car inventories from the first quarter are coming back in line with historical levels. We have worked with our manufacturer partners to develop action plans to address recall and stop-sale issues across several brands and are executing those plans. We are pleased that we will be opening several new add points this year including Mercedes Benz in McKinney, Texas (outside of Dallas), Audi in Pensacola, Florida and Nissan in Cleveland, Tennessee (outside of Chattanooga). These additional points reflect the strength of our organization and relationship with our manufacturer partners. We look forward to announcing several more add points in the coming quarters.”

“We are also very pleased with the continued progress of EchoPark® as we opened two new stores in the Denver market. Our property acquisitions in the Carolinas and Texas remain active. We are beginning to see store-level profitability as our EchoPark® brand grows in Denver, and thus fueling our excitement about EchoPark® and its long-term prospects in an industry that is ripe for our guest experience model. The guest feedback at EchoPark® is remarkable, further supporting our strategic entry into this part of the pre-owned market. We have listened to our guests’ needs and are delivering on those expectations.”

Dividend

Sonic’s Board of Directors approved a quarterly dividend of \$0.05 per share payable in cash for stockholders of record on September 15, 2016. The dividend will be payable on October 14, 2016.

Second Quarter 2016 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: 43691612

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: 43691612

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.

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

Forward Looking Statements

Included herein are forward-looking statements, including statements with respect to anticipated expansion of our EchoPark® business and the anticipated amount of investments related to capital expenditures. 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 views, 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, 2015. The Company does not undertake any obligation to update forward-looking information.

Non-GAAP Financial Measures

This press release and the attached financial tables contain certain non-GAAP financial measures as defined under SEC rules, such as adjusted net income and adjusted earnings per share from continuing operations, which exclude certain items disclosed in the attached financial tables. As required by SEC rules, the Company provides reconciliations of these measures to the most directly comparable GAAP measures. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations.

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Sonic Automotive, Inc.
Results of Operations (Unaudited)

This release contains certain non-GAAP financial measures (the "Adjusted" amounts) 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" amounts) 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands, except per share and unit data)			
Revenues:				
New retail vehicles	\$ 1,269,843	\$ 1,285,632	\$ 2,419,280	\$ 2,475,847
Fleet vehicles	16,621	9,656	31,754	21,763
Total new vehicles	1,286,464	1,295,288	2,451,034	2,497,610
Used vehicles	622,186	658,794	1,220,540	1,252,536
Wholesale vehicles	38,245	41,131	82,620	82,789
Total vehicles	1,946,895	1,995,213	3,754,194	3,832,935
Parts, service and collision repair	351,329	346,164	697,384	669,358
Finance, insurance and other, net	84,088	82,363	165,361	156,963
Total revenues	2,382,312	2,423,740	4,616,939	4,659,256
Gross profit	353,305	355,554	698,455	690,513
Selling, general and administrative expenses	(277,204)	(284,661)	(561,580)	(555,523)
Impairment charges	(151)	(10,469)	(151)	(16,661)
Depreciation and amortization	(18,905)	(17,294)	(37,374)	(33,703)
Operating income (loss)	57,045	43,130	99,350	84,626
Other income (expense):				
Interest expense, floor plan	(6,690)	(5,345)	(13,126)	(10,123)
Interest expense, other, net	(12,205)	(13,054)	(24,544)	(26,274)
Other income (expense), net	6	10	110	100
Total other income (expense)	(18,889)	(18,389)	(37,560)	(36,297)
Income (loss) from continuing operations before taxes	38,156	24,741	61,790	48,329
Provision for income taxes for continuing operations - benefit (expense)	(15,113)	(9,649)	(24,283)	(18,848)
Income (loss) from continuing operations	23,043	15,092	37,507	29,481
Income (loss) from discontinued operations	(221)	(311)	(61)	(732)
Net income (loss)	\$ 22,822	\$ 14,781	\$ 37,446	\$ 28,749
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.50	\$ 0.30	\$ 0.81	\$ 0.57
Earnings (loss) per share from discontinued operations	-	(0.01)	(0.01)	(0.01)
Earnings (loss) per common share	\$ 0.50	\$ 0.29	\$ 0.80	\$ 0.56
Weighted average common shares outstanding	45,924	51,093	46,523	51,247
Gross Margin Data (Continuing Operations):				
New retail vehicles	5.2%	5.1%	5.1%	5.2%
Fleet vehicles	0.9%	(0.1%)	0.6%	(0.3%)
Total new vehicles	5.1%	5.0%	5.1%	5.1%
Used vehicles	5.9%	6.2%	6.3%	6.5%
Wholesale vehicles	(4.8%)	(6.5%)	(3.5%)	(3.5%)
Parts, service and collision repair	47.9%	49.2%	47.9%	48.8%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	14.8%	14.7%	15.1%	14.8%
SG&A Expenses (Continuing Operations):				
Compensation	\$ 166,560	\$ 167,811	\$ 335,601	\$ 329,669
Advertising	15,499	15,358	30,847	30,689
Rent	18,508	18,246	37,228	36,500
Other	76,637	83,246	157,904	158,665
Total SG&A expenses	\$ 277,204	\$ 284,661	\$ 561,580	\$ 555,523
SG&A expenses as % of gross profit	78.5%	80.1%	80.4%	80.5%
Operating Margin %	2.4%	1.8%	2.2%	1.8%
Unit Data (Continuing Operations):				
New retail units	33,229	34,676	63,385	66,010
Fleet units	553	287	1,002	642
Total new units	33,782	34,963	64,387	66,652
Used units	29,287	30,301	58,620	58,436
Wholesale units	7,212	8,010	15,635	15,787

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Three Months Ended June 30, 2016						
	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	45,731	\$ 23,043		\$ (221)		\$ 22,822	
Effect of participating securities:							
Non-vested restricted stock		(13)		-		(13)	
Basic earnings (loss) and shares	45,731	\$ 23,030	\$ 0.50	\$ (221)	\$ -	\$ 22,809	\$ 0.50
Effect of dilutive securities:							
Stock compensation plans	193						
Diluted earnings (loss) and shares (1)	<u>45,924</u>	<u>\$ 23,030</u>	<u>\$ 0.50</u>	<u>\$ (221)</u>	<u>\$ -</u>	<u>\$ 22,809</u>	<u>\$ 0.50</u>

(1) Net loss attributable to EchoPark® operations was \$0.04 per fully diluted share in the three months ended June 30, 2016.

	Three Months Ended June 30, 2015						
	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	50,784	\$ 15,092		\$ (311)		\$ 14,781	
Effect of participating securities:							
Non-vested restricted stock		(7)		-		(7)	
Basic earnings (loss) and shares	50,784	\$ 15,085	\$ 0.30	\$ (311)	\$ (0.01)	\$ 14,774	\$ 0.29
Effect of dilutive securities:							
Stock compensation plans	309						
Diluted earnings (loss) and shares	<u>51,093</u>	<u>\$ 15,085</u>	<u>\$ 0.30</u>	<u>\$ (311)</u>	<u>\$ (0.01)</u>	<u>\$ 14,774</u>	<u>\$ 0.29</u>
Adjustments:							
Gain on disposal		\$ (1,057)		\$ -		\$ (1,057)	
Storm damage and other		4,189		-		4,189	
Impairment charges		10,469		-		10,469	
Total adjustments before taxes		13,601		-		13,601	
Income tax effect of above adjustments		(5,305)		-		(5,305)	
Effect of adjustments, net of income taxes		<u>\$ 8,296</u>	<u>\$ 0.16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,296</u>	<u>\$ 0.16</u>
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		<u>\$ 23,388</u>	<u>\$ 0.46</u>	<u>\$ (311)</u>	<u>\$ (0.01)</u>	<u>\$ 23,077</u>	<u>\$ 0.45</u>

(2) Net loss attributable to EchoPark® operations was \$0.05 per fully diluted share in the three months ended June 30, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Six Months Ended June 30, 2016						
	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
Reported:							
Earnings (loss) and shares	46,340	\$ 37,507		\$ (61)		\$ 37,446	
Effect of participating securities:							
Non-vested restricted stock		(21)		-		(21)	
Basic earnings (loss) and shares	46,340	\$ 37,486	\$ 0.81	\$ (61)	\$ -	\$ 37,425	\$ 0.81
Effect of dilutive securities:							
Stock compensation plans	183						
Diluted earnings (loss) and shares	<u>46,523</u>	<u>\$ 37,486</u>	<u>\$ 0.81</u>	<u>\$ (61)</u>	<u>\$ (0.01)</u>	<u>\$ 37,425</u>	<u>\$ 0.80</u>
Adjustments:							
Storm damage		\$ 6,043		\$ -		\$ 6,043	
Total adjustments before taxes		6,043		-		6,043	
Income tax effect of above adjustments		(2,345)		-		(2,345)	
Effect of adjustments, net of income taxes		<u>\$ 3,698</u>	<u>\$ 0.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,698</u>	<u>\$ 0.08</u>
Adjusted:							
Earnings (loss) and Diluted earnings (loss) per share (3)		\$ 41,205	<u>\$ 0.89</u>	\$ (61)	<u>\$ (0.01)</u>	\$ 41,144	<u>\$ 0.88</u>

(3) Net loss attributable to EchoPark® operations was \$0.09 per fully diluted share in the six months ended June 30, 2016.

	Six Months Ended June 30, 2015						
	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
Reported:							
Earnings (loss) and shares	50,819	\$ 29,481		\$ (732)		\$ 28,749	
Effect of participating securities:							
Non-vested restricted stock		(14)		-		(14)	
Basic earnings (loss) and shares	50,819	\$ 29,467	\$ 0.58	\$ (732)	\$ (0.01)	\$ 28,735	\$ 0.57
Effect of dilutive securities:							
Stock compensation plans	428						
Diluted earnings (loss) and shares	<u>51,247</u>	<u>\$ 29,467</u>	<u>\$ 0.57</u>	<u>\$ (732)</u>	<u>\$ (0.01)</u>	<u>\$ 28,735</u>	<u>\$ 0.56</u>
Adjustments:							
Gain on disposal		\$ (955)		\$ -		\$ (955)	
Impairment charges		16,661		-		16,661	
Storm damage and other		5,138		-		5,138	
Total adjustments before taxes		20,844		-		20,844	
Income tax effect of above adjustments		(8,129)		-		(8,129)	
Effect of adjustments, net of income taxes		<u>\$ 12,715</u>	<u>\$ 0.25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,715</u>	<u>\$ 0.25</u>
Adjusted:							
Earnings (loss) and Diluted earnings (loss) per share (4)		\$ 42,196	<u>\$ 0.82</u>	\$ (732)	<u>\$ (0.01)</u>	\$ 41,464	<u>\$ 0.81</u>

(4) Net loss attributable to EchoPark® operations was \$0.11 per fully diluted share in the six months ended June 30, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 1,286,464	\$ 1,295,288	\$ (8,824)	(0.7%)
Gross profit	\$ 65,866	\$ 64,936	\$ 930	1.4%
Unit sales	33,782	34,963	(1,181)	(3.4%)
Revenue per unit	\$ 38,081	\$ 37,047	\$ 1,034	2.8%
Gross profit per unit	\$ 1,950	\$ 1,857	\$ 93	5.0%
Gross profit as a % of revenue	5.1%	5.0%	10	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 2,451,034	\$ 2,497,610	\$ (46,576)	(1.9%)
Gross profit	\$ 124,290	\$ 128,285	\$ (3,995)	(3.1%)
Unit sales	64,387	66,652	(2,265)	(3.4%)
Revenue per unit	\$ 38,067	\$ 37,472	\$ 595	1.6%
Gross profit per unit	\$ 1,930	\$ 1,925	\$ 5	0.3%
Gross profit as a % of revenue	5.1%	5.1%	0	bps

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 1,286,464	\$ 1,282,801	\$ 3,663	0.3%
Gross profit	\$ 65,842	\$ 64,852	\$ 990	1.5%
Unit sales	33,782	34,639	(857)	(2.5%)
Revenue per unit	\$ 38,081	\$ 37,033	\$ 1,048	2.8%
Gross profit per unit	\$ 1,949	\$ 1,872	\$ 77	4.1%
Gross profit as a % of revenue	5.1%	5.1%	0	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 2,451,034	\$ 2,472,295	\$ (21,261)	(0.9%)
Gross profit	\$ 124,217	\$ 127,350	\$ (3,133)	(2.5%)
Unit sales	64,387	66,011	(1,624)	(2.5%)
Revenue per unit	\$ 38,067	\$ 37,453	\$ 614	1.6%
Gross profit per unit	\$ 1,929	\$ 1,929	\$ -	0.0%
Gross profit as a % of revenue	5.1%	5.2%	(10)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	Three Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
	(In thousands, except units and per unit data)			
Reported:				
Revenue	\$ 622,186	\$ 658,794	\$ (36,608)	(5.6%)
Gross profit	\$ 36,969	\$ 40,696	\$ (3,727)	(9.2%)
Unit sales	29,287	30,301	(1,014)	(3.3%)
Revenue per unit	\$ 21,244	\$ 21,742	\$ (498)	(2.3%)
Gross profit per unit	\$ 1,262	\$ 1,343	\$ (81)	(6.0%)
Gross profit as a % of revenue	5.9%	6.2%	(30) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
	(In thousands, except units and per unit data)			
Reported:				
Revenue	\$ 1,220,540	\$ 1,252,536	\$ (31,996)	(2.6%)
Gross profit	\$ 77,499	\$ 81,540	\$ (4,041)	(5.0%)
Unit sales	58,620	58,436	184	0.3%
Revenue per unit	\$ 20,821	\$ 21,434	\$ (613)	(2.9%)
Gross profit per unit	\$ 1,322	\$ 1,395	\$ (73)	(5.2%)
Gross profit as a % of revenue	6.3%	6.5%	(20) bps	

	Three Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
	(In thousands, except units and per unit data)			
Same Store:				
Revenue	\$ 621,748	\$ 648,821	\$ (27,073)	(4.2%)
Gross profit	\$ 37,697	\$ 40,329	\$ (2,632)	(6.5%)
Unit sales	29,267	29,809	(542)	(1.8%)
Revenue per unit	\$ 21,244	\$ 21,766	\$ (522)	(2.4%)
Gross profit per unit	\$ 1,288	\$ 1,353	\$ (65)	(4.8%)
Gross profit as a % of revenue	6.1%	6.2%	(10) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
	(In thousands, except units and per unit data)			
Same Store:				
Revenue	\$ 1,220,103	\$ 1,233,808	\$ (13,705)	(1.1%)
Gross profit	\$ 78,388	\$ 81,337	\$ (2,949)	(3.6%)
Unit sales	58,600	57,496	1,104	1.9%
Revenue per unit	\$ 20,821	\$ 21,459	\$ (638)	(3.0%)
Gross profit per unit	\$ 1,338	\$ 1,415	\$ (77)	(5.4%)
Gross profit as a % of revenue	6.4%	6.6%	(20) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 38,245	\$ 41,131	\$ (2,886)	(7.0%)
Gross profit (loss)	\$ (1,839)	\$ (2,676)	\$ 837	31.3%
Unit sales	7,212	8,010	(798)	(10.0%)
Revenue per unit	\$ 5,303	\$ 5,135	\$ 168	3.3%
Gross profit (loss) per unit	\$ (255)	\$ (334)	\$ 79	23.7%
Gross profit (loss) as a % of revenue	(4.8%)	(6.5%)	170	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 82,620	\$ 82,789	\$ (169)	(0.2%)
Gross profit (loss)	\$ (2,917)	\$ (2,884)	\$ (33)	(1.1%)
Unit sales	15,635	15,787	(152)	(1.0%)
Revenue per unit	\$ 5,284	\$ 5,244	\$ 40	0.8%
Gross profit (loss) per unit	\$ (187)	\$ (183)	\$ (4)	(2.2%)
Gross profit (loss) as a % of revenue	(3.5%)	(3.5%)	0	bps

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 38,245	\$ 40,417	\$ (2,172)	(5.4%)
Gross profit (loss)	\$ (1,839)	\$ (2,455)	\$ 616	25.1%
Unit sales	7,212	7,890	(678)	(8.6%)
Revenue per unit	\$ 5,303	\$ 5,123	\$ 180	3.5%
Gross profit (loss) per unit	\$ (255)	\$ (311)	\$ 56	18.0%
Gross profit (loss) as a % of revenue	(4.8%)	(6.1%)	130	bps

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 82,599	\$ 81,670	\$ 929	1.1%
Gross profit (loss)	\$ (2,915)	\$ (2,651)	\$ (264)	(10.0%)
Unit sales	15,630	15,578	52	0.3%
Revenue per unit	\$ 5,285	\$ 5,243	\$ 42	0.8%
Gross profit (loss) per unit	\$ (187)	\$ (170)	\$ (17)	(10.0%)
Gross profit (loss) as a % of revenue	(3.5%)	(3.2%)	(30)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 149,248	\$ 146,548	\$ 2,700	1.8%
Warranty	54,812	57,150	(2,338)	(4.1%)
Wholesale parts	44,021	45,850	(1,829)	(4.0%)
Internal, sublet and other	103,248	96,616	6,632	6.9%
Total	<u>\$ 351,329</u>	<u>\$ 346,164</u>	<u>\$ 5,165</u>	<u>1.5%</u>
Gross profit				
Customer pay	\$ 81,323	\$ 80,286	\$ 1,037	1.3%
Warranty	29,449	32,679	(3,230)	(9.9%)
Wholesale parts	7,797	8,148	(351)	(4.3%)
Internal, sublet and other	49,652	49,122	530	1.1%
Total	<u>\$ 168,221</u>	<u>\$ 170,235</u>	<u>\$ (2,014)</u>	<u>(1.2%)</u>
Gross profit as a % of revenue				
Customer pay	54.5%	54.8%	(30)	bps
Warranty	53.7%	57.2%	(350)	bps
Wholesale parts	17.7%	17.8%	(10)	bps
Internal, sublet and other	48.1%	50.8%	(270)	bps
Total	47.9%	49.2%	(130)	bps

	Six Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 296,642	\$ 284,171	\$ 12,471	4.4%
Warranty	112,371	110,648	1,723	1.6%
Wholesale parts	89,331	90,862	(1,531)	(1.7%)
Internal, sublet and other	199,040	183,677	15,363	8.4%
Total	<u>\$ 697,384</u>	<u>\$ 669,358</u>	<u>\$ 28,026</u>	<u>4.2%</u>
Gross profit				
Customer pay	\$ 161,680	\$ 155,963	\$ 5,717	3.7%
Warranty	60,775	62,440	(1,665)	(2.7%)
Wholesale parts	15,738	16,287	(549)	(3.4%)
Internal, sublet and other	96,029	91,919	4,110	4.5%
Total	<u>\$ 334,222</u>	<u>\$ 326,609</u>	<u>\$ 7,613</u>	<u>2.3%</u>
Gross profit as a % of revenue				
Customer pay	54.5%	54.9%	(40)	bps
Warranty	54.1%	56.4%	(230)	bps
Wholesale parts	17.6%	17.9%	(30)	bps
Internal, sublet and other	48.2%	50.0%	(180)	bps
Total	47.9%	48.8%	(90)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 149,246	\$ 144,293	\$ 4,953	3.4%
Warranty	54,812	56,382	(1,570)	(2.8%)
Wholesale parts	44,021	45,133	(1,112)	(2.5%)
Internal, sublet and other	103,231	95,227	8,004	8.4%
Total	<u>\$ 351,310</u>	<u>\$ 341,035</u>	<u>\$ 10,275</u>	<u>3.0%</u>
Gross profit				
Customer pay	\$ 81,322	\$ 79,028	\$ 2,294	2.9%
Warranty	29,543	32,272	(2,729)	(8.5%)
Wholesale parts	7,797	8,003	(206)	(2.6%)
Internal, sublet and other	49,470	48,428	1,042	2.2%
Total	<u>\$ 168,132</u>	<u>\$ 167,731</u>	<u>\$ 401</u>	<u>0.2%</u>
Gross profit as a % of revenue				
Customer pay	54.5%	54.8%	(30)	bps
Warranty	53.9%	57.2%	(330)	bps
Wholesale parts	17.7%	17.7%	0	bps
Internal, sublet and other	47.9%	50.9%	(300)	bps
Total	47.9%	49.2%	(130)	bps

	Six Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 296,640	\$ 278,930	\$ 17,710	6.3%
Warranty	112,371	109,076	3,295	3.0%
Wholesale parts	89,331	89,334	(3)	(0.0%)
Internal, sublet and other	199,023	180,968	18,055	10.0%
Total	<u>\$ 697,365</u>	<u>\$ 658,308</u>	<u>\$ 39,057</u>	<u>5.9%</u>
Gross profit				
Customer pay	\$ 161,679	\$ 153,078	\$ 8,601	5.6%
Warranty	60,825	61,572	(747)	(1.2%)
Wholesale parts	15,739	15,990	(251)	(1.6%)
Internal, sublet and other	95,538	90,594	4,944	5.5%
Total	<u>\$ 333,781</u>	<u>\$ 321,234</u>	<u>\$ 12,547</u>	<u>3.9%</u>
Gross profit as a % of revenue				
Customer pay	54.5%	54.9%	(40)	bps
Warranty	54.1%	56.4%	(230)	bps
Wholesale parts	17.6%	17.9%	(30)	bps
Internal, sublet and other	48.0%	50.1%	(210)	bps
Total	47.9%	48.8%	(90)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Reported:				
Revenue	\$ 84,088	\$ 82,363	\$ 1,725	2.1%
Gross profit per retail unit (excludes fleet)	\$ 1,345	\$ 1,268	\$ 77	6.1%

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Reported:				
Revenue	\$ 165,361	\$ 156,963	\$ 8,398	5.4%
Gross profit per retail unit (excludes fleet)	\$ 1,355	\$ 1,261	\$ 94	7.5%

	<u>Three Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Same Store:				
Revenue	\$ 83,884	\$ 81,492	\$ 2,392	2.9%
Gross profit per retail unit (excludes fleet)	\$ 1,342	\$ 1,270	\$ 72	5.7%

	<u>Six Months Ended June 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except per unit data)			
Same Store:				
Revenue	\$ 164,736	\$ 155,182	\$ 9,554	6.2%
Gross profit per retail unit (excludes fleet)	\$ 1,350	\$ 1,263	\$ 87	6.9%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 166,560	\$ 167,811	\$ 1,251	0.7%
Advertising	15,499	15,358	(141)	(0.9%)
Rent	18,508	18,246	(262)	(1.4%)
Other	76,637	83,246	6,609	7.9%
Total SG&A expenses	<u>\$ 277,204</u>	<u>\$ 284,661</u>	<u>\$ 7,457</u>	2.6%
Adjustments:				
Gain on disposal	\$ -	\$ 1,057	\$ 1,057	100.0%
Storm damage and other	-	(4,189)	(4,189)	(100.0%)
Total SG&A adjustments	<u>\$ -</u>	<u>\$ (3,132)</u>	<u>\$ (3,132)</u>	(100.0%)
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 277,204</u>	<u>\$ 281,529</u>	<u>\$ 4,325</u>	1.5%

Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.1%	47.2%	10	bps
Advertising	4.4%	4.3%	(10)	bps
Rent	5.2%	5.1%	(10)	bps
Other	21.8%	23.5%	170	bps
Total SG&A expenses as a % of gross profit	<u>78.5%</u>	<u>80.1%</u>	<u>160</u>	bps
Adjustments:				
Gain on disposal	0.0%	0.3%	30	bps
Storm damage and other	0.0%	(1.2%)	(120)	bps
Total effect of adjustments	<u>0.0%</u>	<u>(0.9%)</u>	<u>(90)</u>	bps
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>78.5%</u>	<u>79.2%</u>	<u>70</u>	bps

	Six Months Ended June 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 335,601	\$ 329,669	\$ (5,932)	(1.8%)
Advertising	30,847	30,689	(158)	(0.5%)
Rent	37,228	36,500	(728)	(2.0%)
Other	157,904	158,665	761	0.5%
Total SG&A expenses	<u>\$ 561,580</u>	<u>\$ 555,523</u>	<u>\$ (6,057)</u>	(1.1%)
Adjustments:				
Gain on disposal	\$ -	\$ 955	\$ 955	100.0%
Storm damage and other	(6,043)	(5,138)	905	17.6%
Total SG&A adjustments	<u>\$ (6,043)</u>	<u>\$ (4,183)</u>	<u>\$ 1,860</u>	44.5%
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 555,537</u>	<u>\$ 551,340</u>	<u>\$ (4,197)</u>	(0.8%)

Reported:				
SG&A expenses as a % of gross profit				
Compensation	48.0%	47.7%	(30)	bps
Advertising	4.4%	4.4%	0	bps
Rent	5.3%	5.3%	0	bps
Other	22.7%	23.1%	40	bps
Total SG&A expenses as a % of gross profit	<u>80.4%</u>	<u>80.5%</u>	<u>10</u>	bps
Adjustments:				
Gain on disposal	0.0%	0.1%	10	bps
Storm damage and other	(0.9%)	(0.8%)	10	bps
Total effect of adjustments	<u>(0.9%)</u>	<u>(0.7%)</u>	<u>20</u>	bps
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>79.5%</u>	<u>79.8%</u>	<u>30</u>	bps



Q2 2016 Investor Presentation

July 26, 2016



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 2016 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.

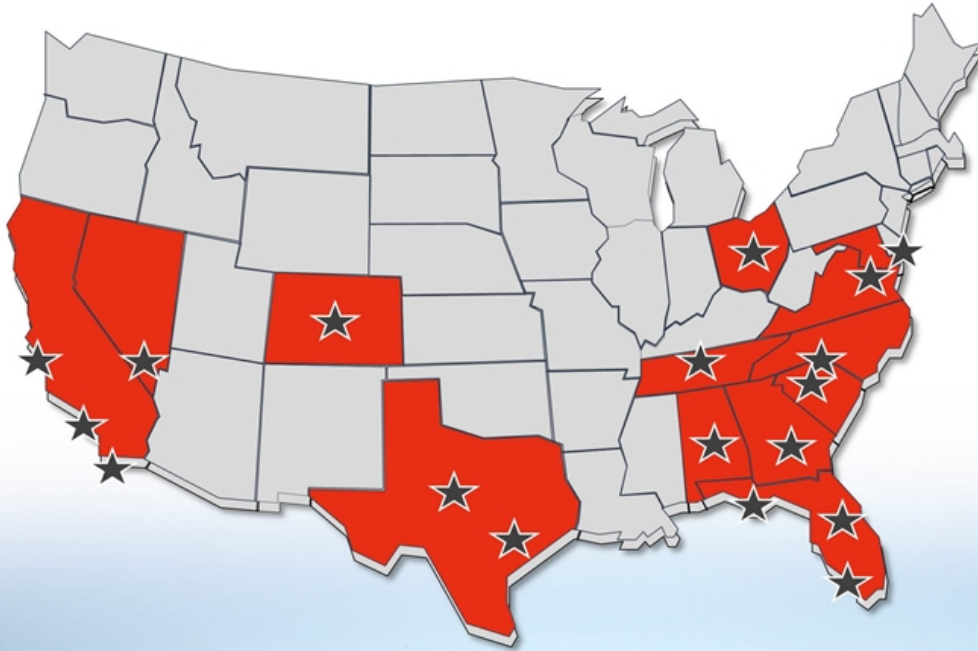
You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, among 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 ending December 31, 2016. 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 ended December 31, 2015.

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

- OVERVIEW
- STRATEGIC FOCUS
- FINANCIAL REVIEW
- OPERATIONS REVIEW
- SUMMARY & OUTLOOK

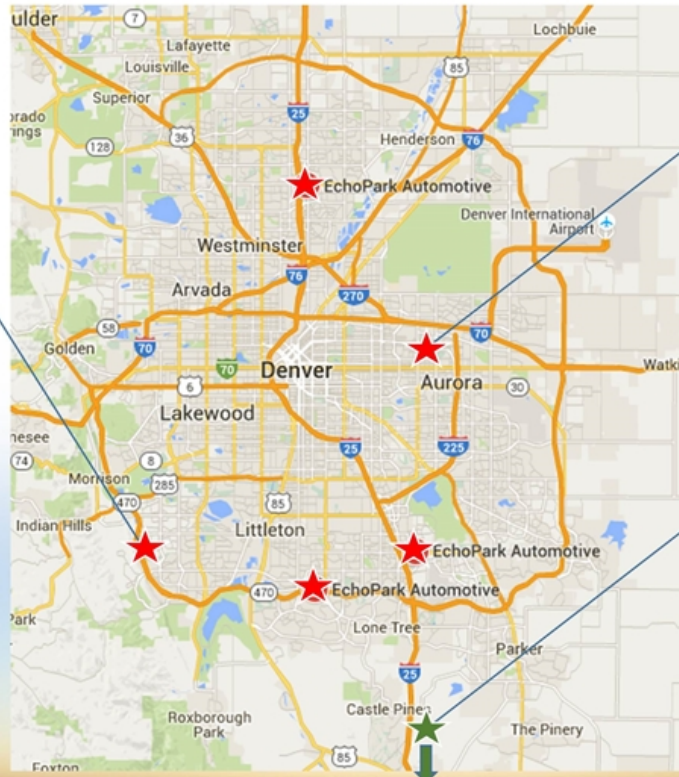
OVERVIEW – FRANCHISED GEOGRAPHIC



Based in Charlotte, NC
102 Stores, 25 Brands, 18 Collision Repair Centers
Platforms in Major Metro Markets



OVERVIEW – ECHOPARK® GEOGRAPHIC

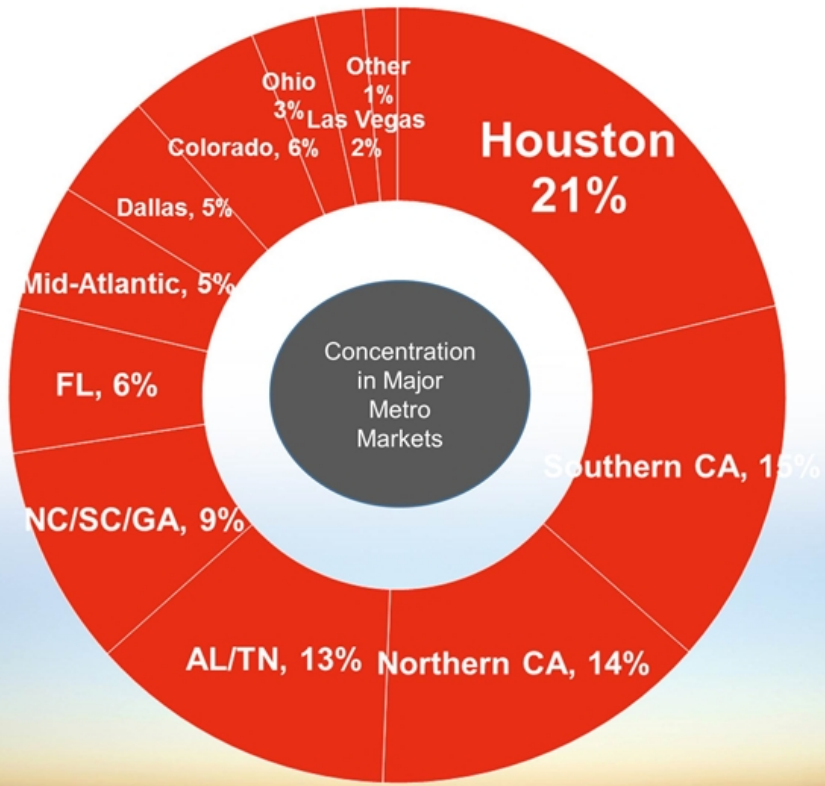


Dakota Ridge -
Opened June
2016

Stapleton -
Opened June
2016

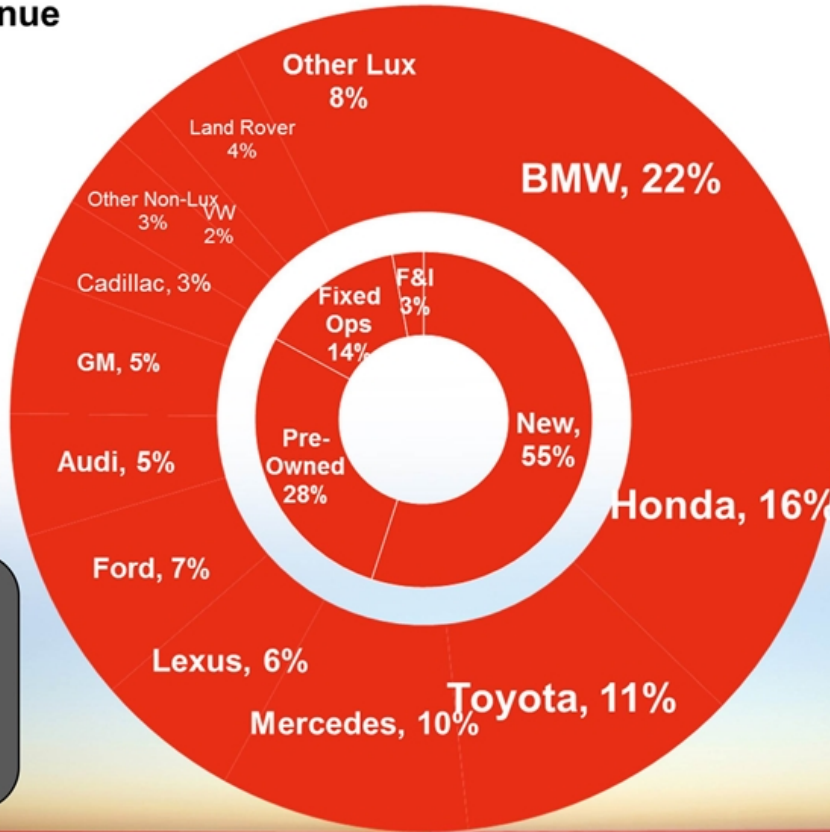
Colorado
Springs - Opens
Q4 2016

OVERVIEW - GEOGRAPHIC



OVERVIEW – BRAND COMPOSITION

New Retail Revenue



Revenue streams and brand mix offer attractive diversification across the automotive retail space.

STRATEGIC FOCUS

1. Growth

- EchoPark®
- One Sonic-One Experience
- Acquisitions & Open Points

2. Own Our Properties

3. Return Capital to Shareholders

- Share Repurchases
- Dividends

STRATEGIC FOCUS

ONE SONIC-ONE EXPERIENCE (OSOE)

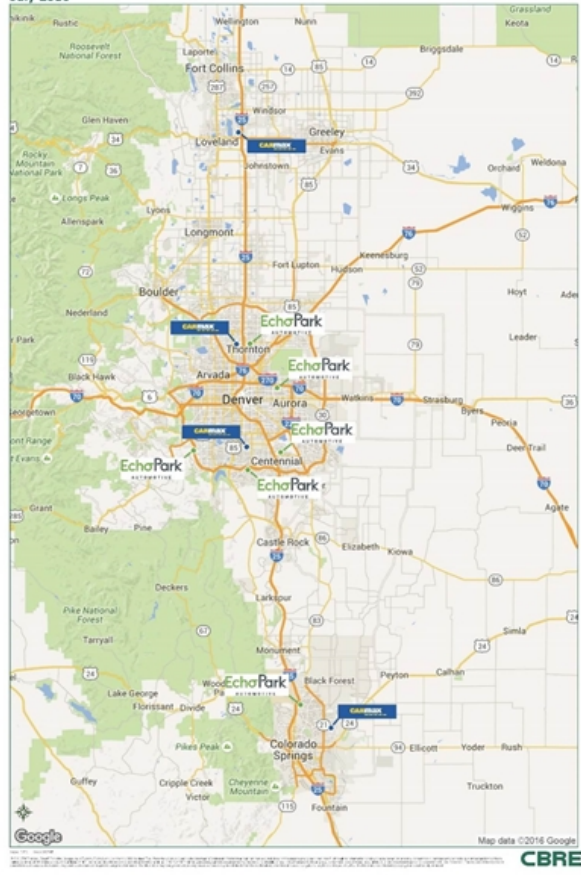
- Goals
 - 1 Associate, 1 Price, 1 Hour
 - Improve Transparency; Increase Trust
 - Operational Efficiencies
 - Grow Market Share
 - Feed Fixed Operations
- Technology Being Introduced into Additional Markets (*Charlotte was Pilot*)
 - CRM, Desking & Appraisal

STRATEGIC FOCUS

EchoPark®

- Five Locations Open In Denver
 - Thornton Hub
 - Centennial
 - Highlands Ranch
 - Dakota Ridge
 - Stapleton
- One Additional Denver Market Location by End of 2016
- Acquiring Property in the Texas and Carolinas Markets
 - Expect openings in 2017

Comprehensive Property List
July 2016



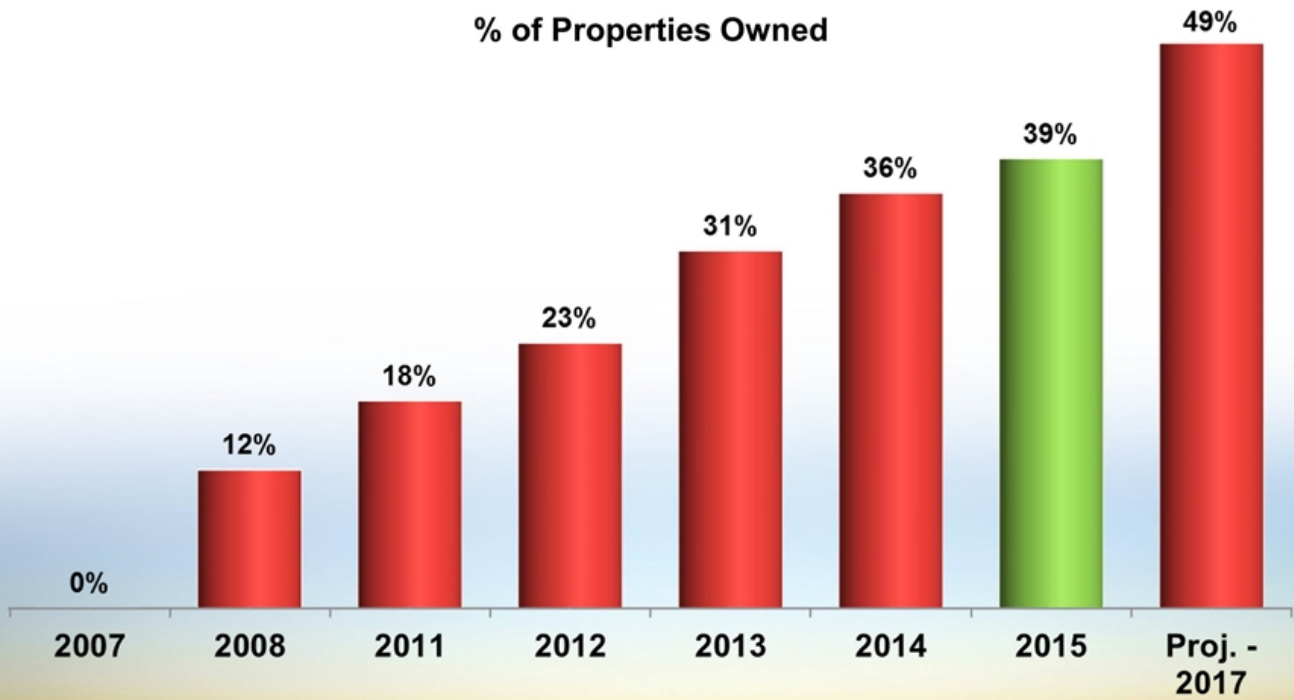
STRATEGIC FOCUS

ACQUISITIONS & OPEN POINTS

- Open Points
 - ❑ Mercedes Benz in Dallas Market
 - Operational in 2016
 - ❑ Audi in Pensacola Market
 - Operational in 2016
 - ❑ Nissan in TN Market
 - Operational in late 2016 / early 2017
- Exploring Acquisition and Open Point Opportunities in Other Markets

STRATEGIC FOCUS OWN OUR PROPERTIES

% of Properties Owned



SHARE REPURCHASES

(amounts in thousands, except per share data)

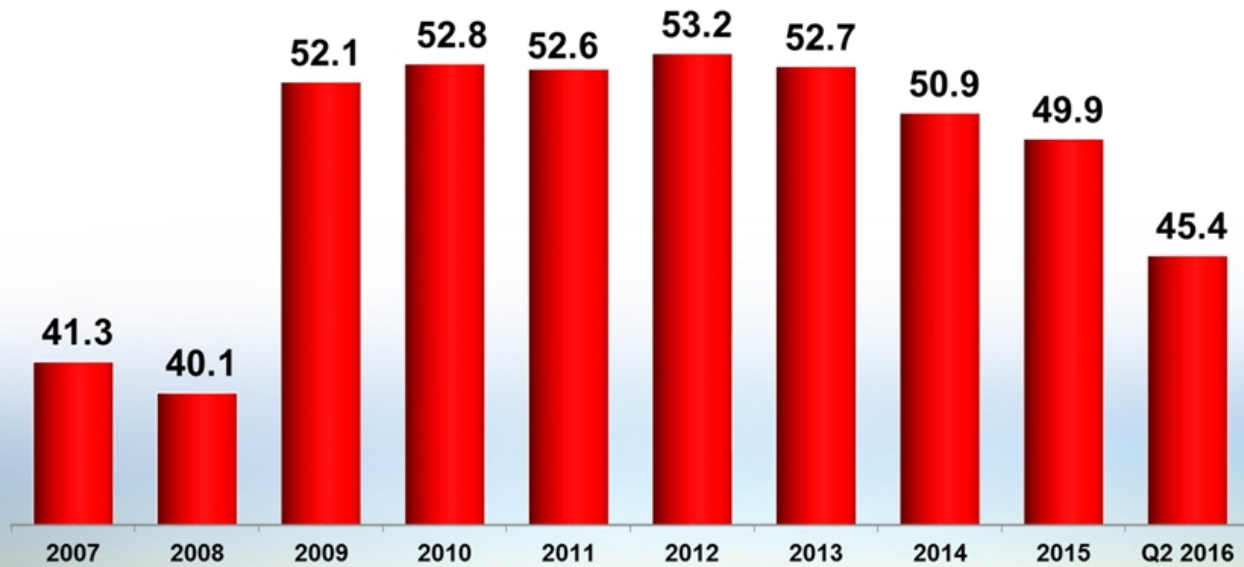
	<u>Shares</u>	<u>\$/Share</u>	<u>\$</u>	<u>Availability</u>
Q1 Activity	4,102	\$18.14	\$74,414	\$ 70,589
Q2 Activity	<u>759</u>	\$17.24	<u>\$13,090</u>	\$ 57,499
YTD	<u>4,861</u>	\$18.00	<u>\$87,504</u>	

Acquired 9.7% of OS in YTD Q2
New Share Count = 45.4M Down from High of 53.2M (Dec 2012)

STRATEGIC FOCUS

RETURN CAPITAL TO SHAREHOLDERS

OUTSTANDING SHARE COUNT *(in millions)*



Note – Balances are amounts outstanding at the end of the applicable period. These amounts exclude the effect of share dilution from convertible notes and equity grants outstanding.

Q2 2016 FINANCIAL REVIEW

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Q2 2016 FINANCIAL REVIEW FRANCHISED SEGMENT

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FRANCHISED SEGMENT Q2 2016 RESULTS

(amounts in millions, except per share data)	Q2 2016	B/(W) than Q2 2015 (1)	
		\$	%
Revenue	\$2,353	(\$50)	(2.1%)
Gross Profit	\$350	(\$3)	(0.9%)
SG&A as % of Gross	77.6%		60 bps
Operating Profit	\$60	(\$1)	(0.8%)
Interest & Other	(\$18)	(\$0)	(2.3%)
Pretax	\$42	(\$1)	(2.2%)
Diluted EPS	\$0.54	\$0.03	5.9%

(1) – Q2 2015 results are adjusted – See appendix for reconciliation to GAAP amounts
 Note – Continuing operations includes results of sold stores after March 31, 2014.

Q2 2016 FINANCIAL REVIEW ECHOPARK[®] SEGMENT

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ECHOPARK® SEGMENT Q2 2016 RESULTS

(amounts in millions, except per share, unit and per unit data)	Q2 2016	B/(W) than Q2 2015 (1)	
		\$	%
Revenue	\$29	\$8	40.5%
Gross Profit	\$3	\$1	30.2%
Operating Profit	(\$3)	\$1	21.7%
Interest & Other	(\$0)	(\$0)	(26.2%)
Pretax	(\$3)	\$1	17.9%
Diluted EPS	(\$0.04)	\$0.01	20.0%
Retail Units	1,136	255	28.9%
GPU	\$1,042	(\$227)	(17.9%)
F&I (\$/unit)	\$1,140	\$230	25.3%

(1) – Q2 2015 is adjusted – See appendix for reconciliation to GAAP amounts

Q2 2016 FINANCIAL REVIEW TOTAL ENTERPRISE

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CONSOLIDATED Q2 2016 RESULTS

(amounts in millions, except per share data)	Q2 2016	B/(W) than Q2 2015 ⁽¹⁾	
		\$	%
Revenue	\$2,382	(\$41)	(1.7%)
Gross Profit	\$353	(\$2)	(0.6%)
SG&A as % of Gross	78.5%		70 bps
Operating Profit	\$57	\$0	0.6%
Interest & Other	(\$19)	(\$0)	(2.7%)
Continuing Ops:			
Profit (after tax)	\$23	(\$0)	(1.5%)
Diluted EPS	\$0.50	\$0.04	8.7%

Gained SG&A Leverage

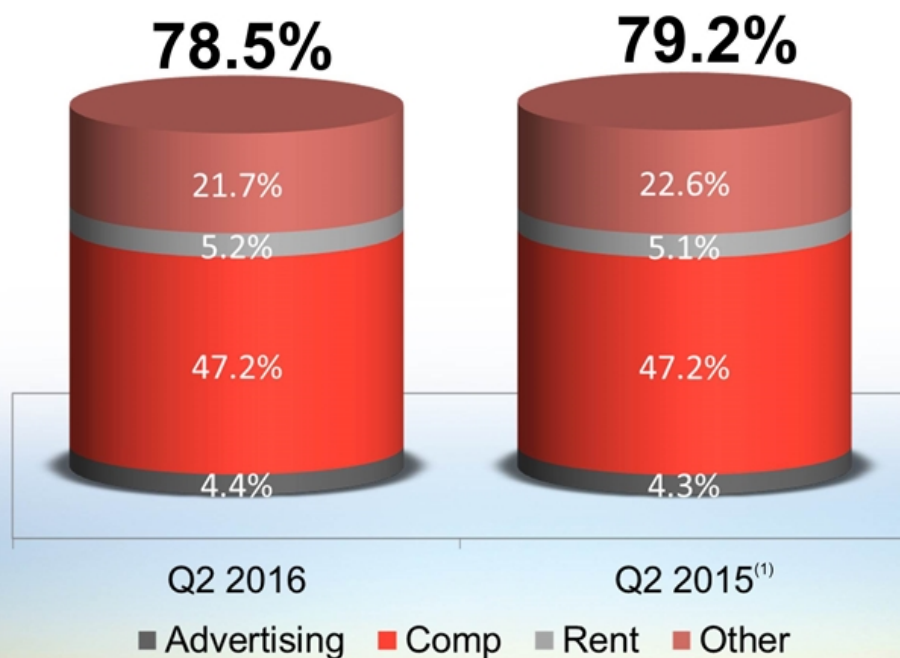
(1) – Q2 2015 is adjusted – See appendix for reconciliation to GAAP amounts
 Note – Continuing operations includes results of sold stores after March 31, 2014.

Q2 2016 REVENUE & GROSS PROFIT

(amounts in millions, except per share data)	Q2 2016	B/(W) than Q2 2015	
		\$	%
New Retail Revenue	\$1,270	(\$16)	(1.2%)
Used Retail Revenue	\$622	(\$37)	(5.6%)
Fixed Operations Revenue	\$351	\$5	1.5%
F&I Revenue	\$84	\$2	2.1%
Total Revenue	\$2,382	(\$41)	(1.7%)
New Retail Gross	\$66	\$1	1.2%
Used Retail Gross	\$37	(\$4)	(9.2%)
Fixed Operations Gross	\$168	(\$2)	(1.2%)
F&I Gross	\$84	\$2	2.1%
Total Gross	\$353	(\$2)	(0.6%)

Increase in New GPU Offset Unit Decline
 Used Unit and GPU Declined
 Strong Comp for Fixed Ops
 F&I Penetration Continues Improvement

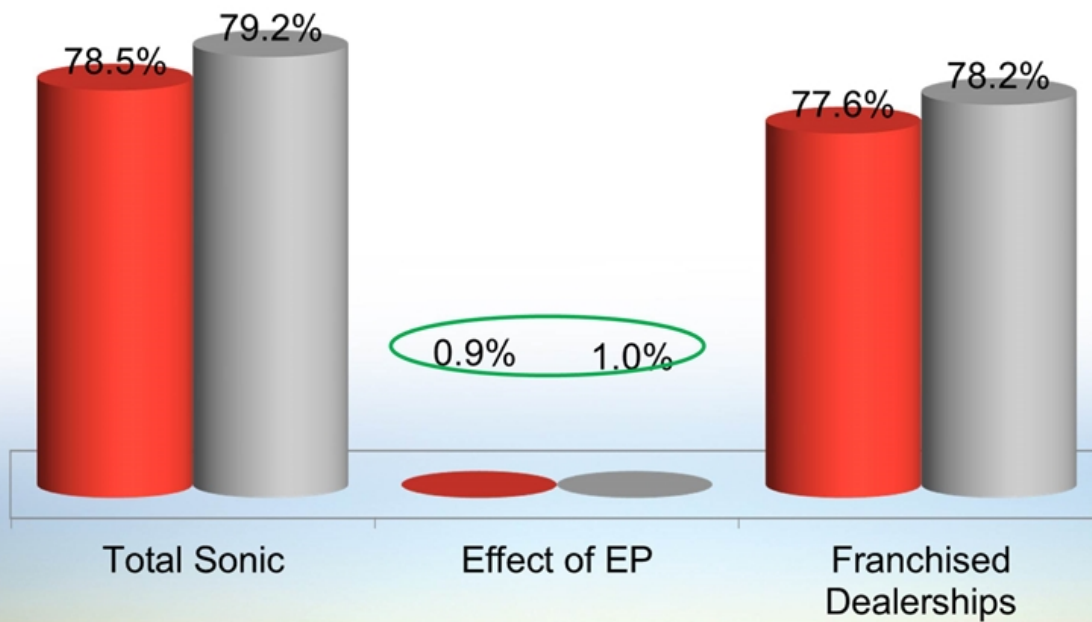
Q2 2016 SG&A TO GROSS ⁽¹⁾



(1) – Q2 2015 is adjusted – See appendix for reconciliation to GAAP amounts

Q2 2016 SG&A TO GROSS⁽¹⁾

■ Q2 2016 ■ Q2 2015⁽¹⁾



(1) – Q2 2015 is adjusted – See appendix for reconciliation to GAAP amounts

INTEREST EXPENSE

Q2 2016

(amounts in millions)	Q2 2016	B/(W) than Q2 2015	
		\$	%
Floor Plan Interest Expense	\$7	(\$1)	(25.2%)
Interest Expense, Other	\$12	\$1	6.5%
Total Interest Expense	\$19	(\$0)	(2.7%)

Floor Plan Increase Primarily Due to Higher Inventory Balances



2016 CAPEX

(amounts in millions)	YTD Q2 2016	Estimated 2016
Real Estate & Facility Related	\$ 94.6	\$ 263.1
All Other Cap Ex	14.3	29.8
Subtotal	\$ 108.9	\$ 292.9
Less: Mortgage Funding (1)	(76.3)	(176.3)
Total Cash Used – Cap Ex	\$ 32.6	\$ 116.6

DEBT COVENANTS

	<u>Covenant</u>	<u>Actual Q2 2016</u>
Liquidity Ratio	≥ 1.05	1.17
Fixed Charge Coverage Ratio	≥ 1.20	1.77
Total Lease Adjusted Leverage Ratio	≤ 5.50	4.24

Compliant with all Covenants

OPERATIONS REVIEW

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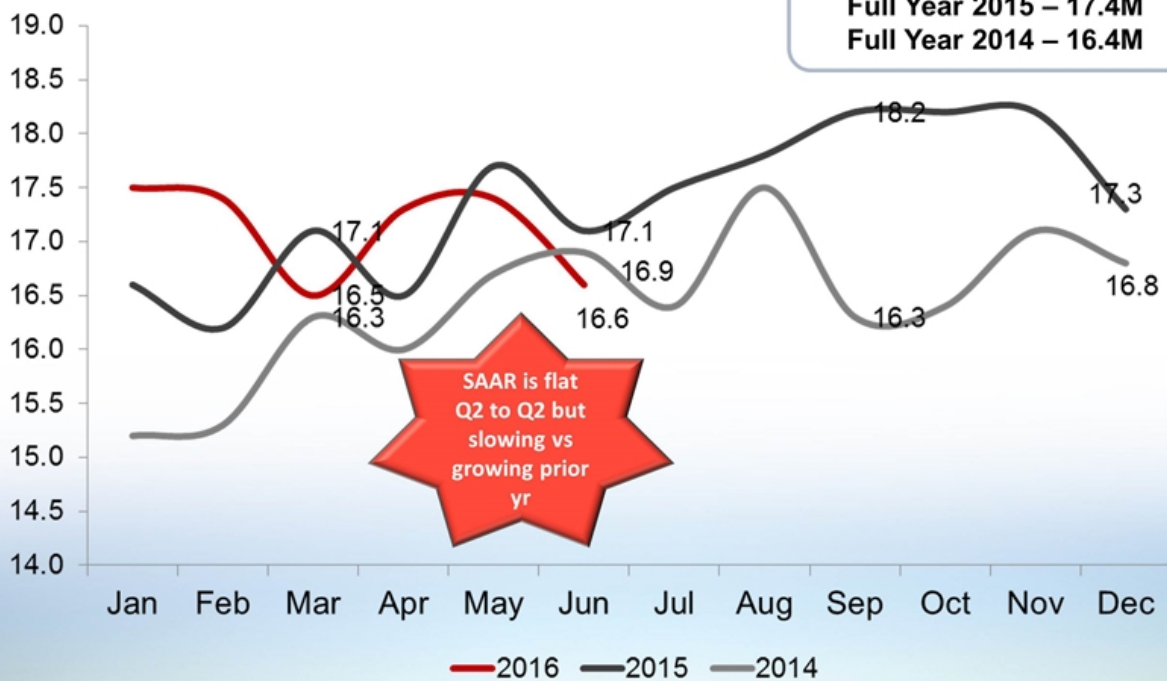
NEW VEHICLE RETAIL SAME STORE

	Q2 2016	Q2 2015	B/(W)
Retail Volume	33,229	34,352	(3.3%)
Selling Price	\$ 38,215	\$ 37,062	3.1%
Gross Margin %	5.2%	5.1%	10 bps
GPU	\$ 1,977	\$ 1,888	\$ 89
Gross Profit	\$ 65.7	\$ 64.9	1.3%
SAAR (in millions)	17.1	17.1	0.0%

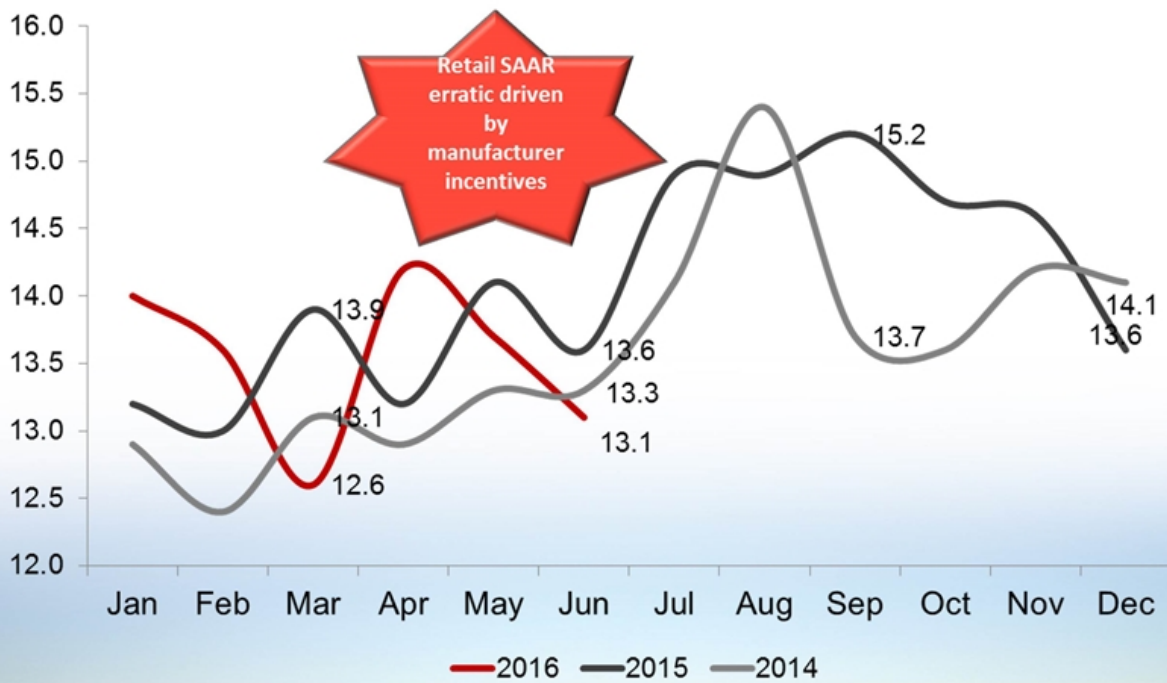
PUR Gains Offset Lower Retail Volume
(BMW drove total company new PUR up)

NEW VEHICLE SAAR

YTD Q2 2016 – 17.1M
 Full Year 2015 – 17.4M
 Full Year 2014 – 16.4M



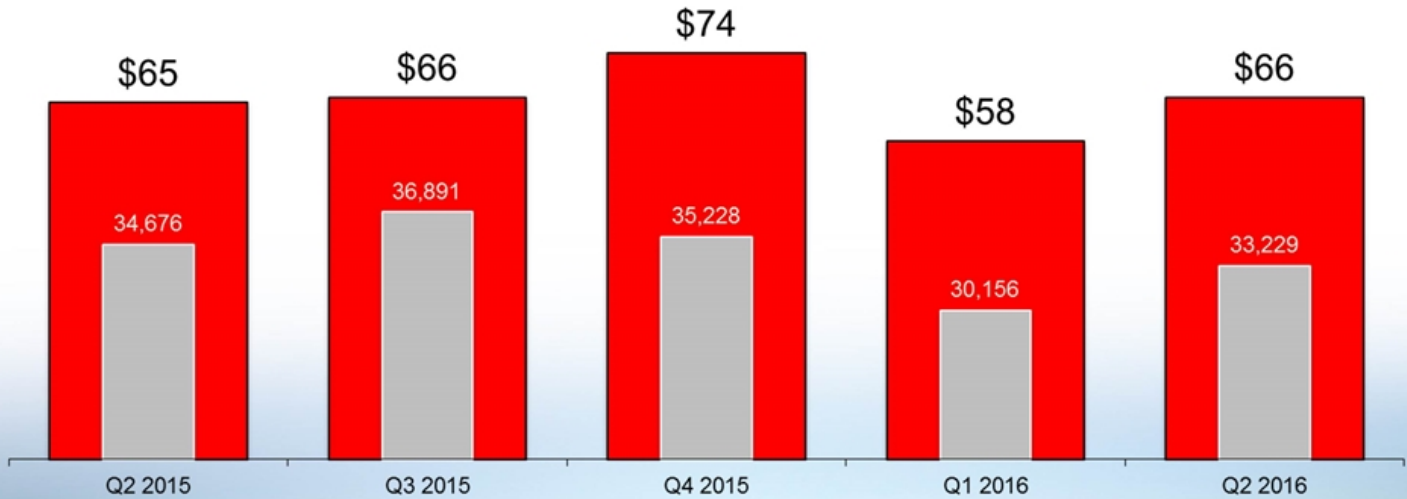
NEW VEHICLE SAAR - RETAIL



RETAIL NEW VEHICLE – GROSS & UNIT TREND

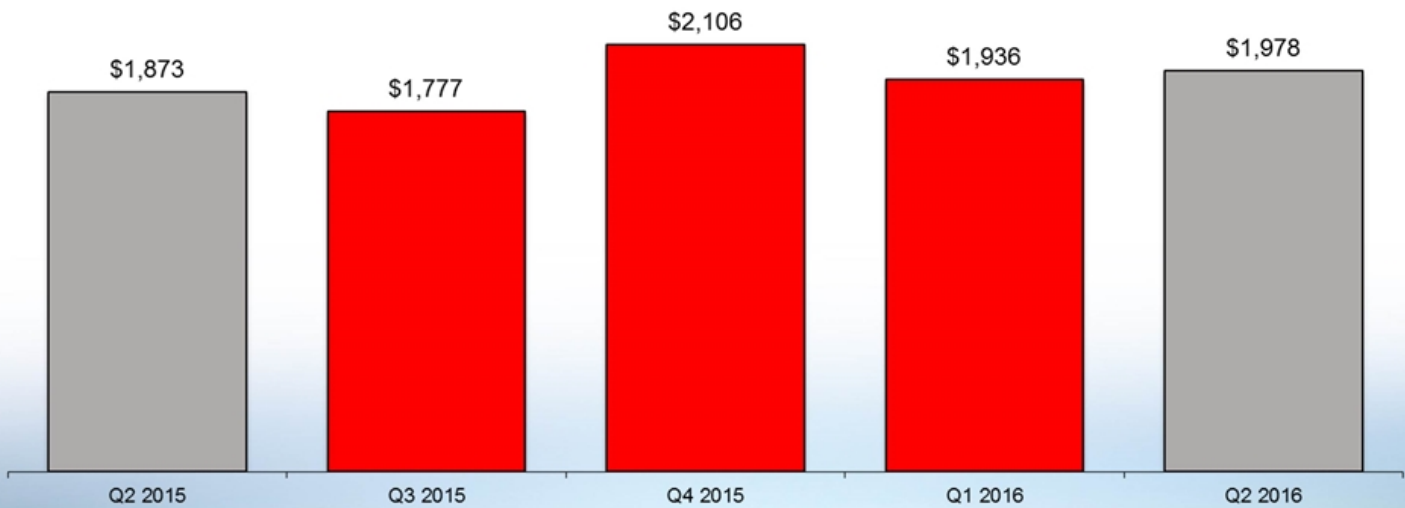
Continuing Operations

■ Gross \$ (in millions) ■ Units



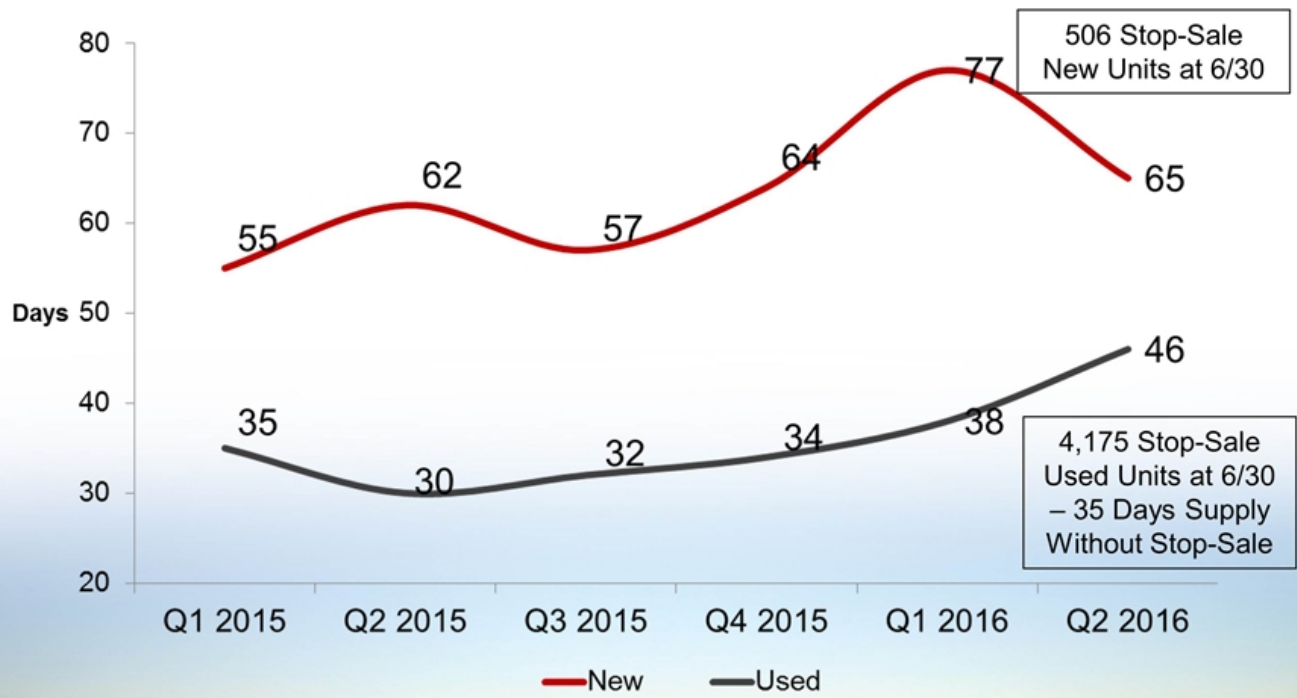
NEW VEHICLE – GROSS PER UNIT

Continuing Operations



**BMW Influencing New Car PUR with Month-End Programs –
Market is Still Very Competitive**

VEHICLE DAYS SUPPLY



USED VEHICLE RETAIL

SAME STORE

	Q2 2016	Q2 2015	B/(W)
Retail Volume	29,267	29,809	(1.8%)
GPU	\$ 1,288	\$ 1,353	\$ (65)
Gross Profit	\$ 37.7	\$ 40.3	\$ (2.6)
Used to New	0.88 to 1.00	0.87 to 1.00	1.5%
Stores	102	101	1
Vehicles/Store/Mth	96	98	(2)

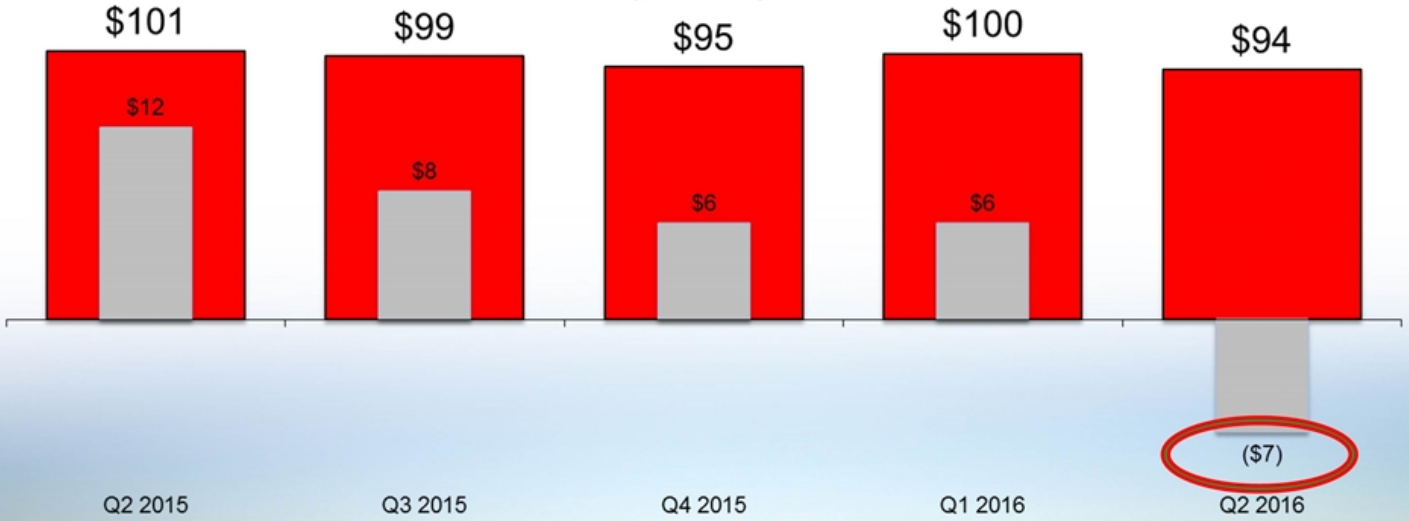
Stop Sale Vehicles are Affecting Volume and Gross

USED VEHICLE – GROSS TREND

Continuing Operations

■ Used Related Gross \$* ■ YOY Incremental Gross

(\$'s in millions)

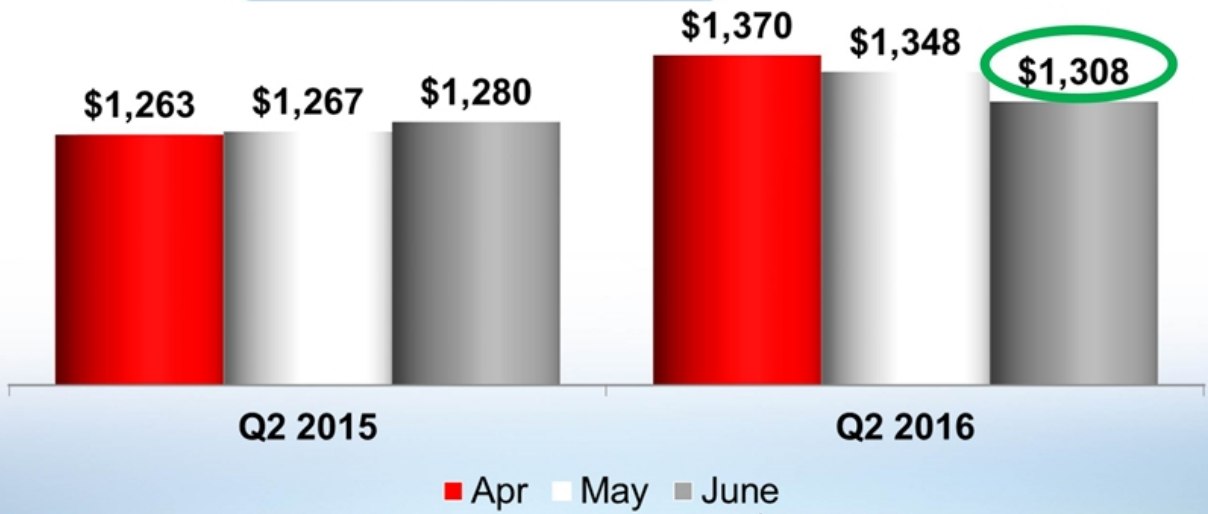


Stop Sale Units are Impacting Results

* - Used Related Gross = (Used Gross + F&I + Reconditioning)

F&I SAME STORE

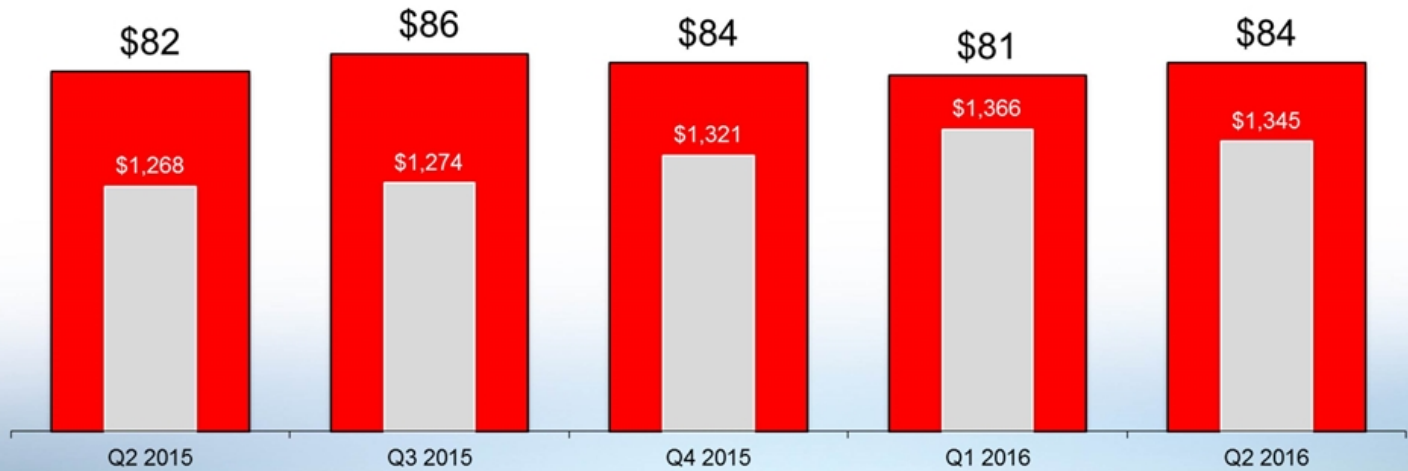
Higher PUR Accounted for All of
the Increase in F&I Gross



F&I – GROSS & PUR TREND

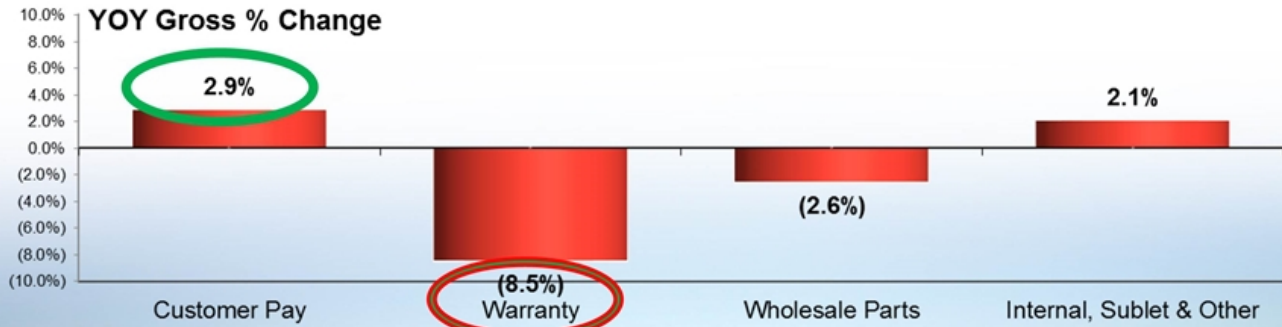
Continuing Operations

■ Gross \$ (in millions) ■ GPU\$



FIXED OPS SAME STORE

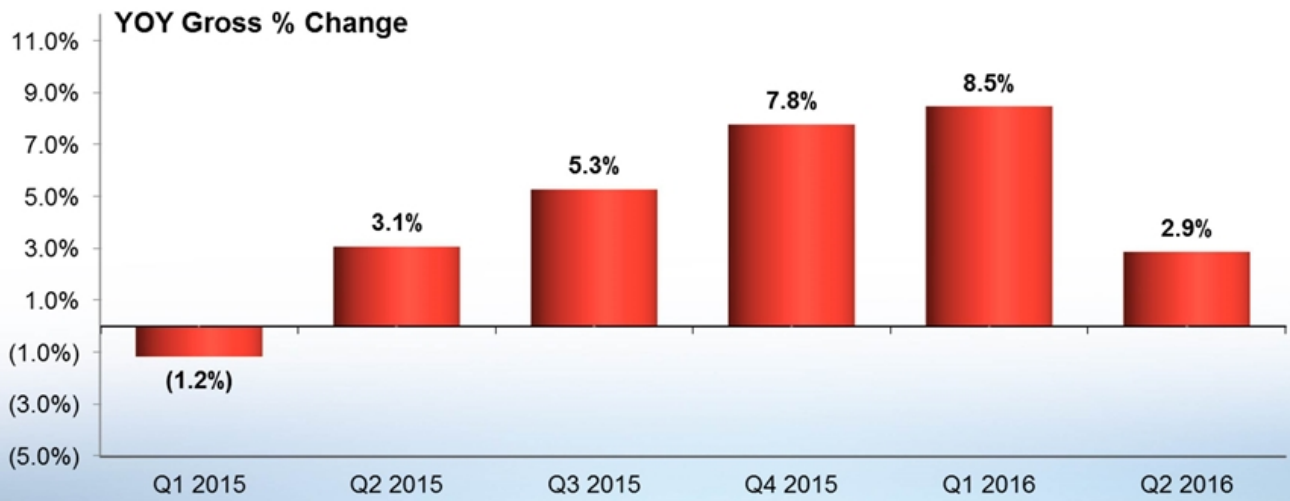
	Q2 2016	Q2 2015	B/(W)
Revenue	\$ 351	\$ 341	3.0%
Gross Profit	\$ 168	\$ 168	0.2%



Strong 2015 Comp in Warranty – High Labor Component in 2015

FIXED OPS

SAME STORE – CUSTOMER PAY

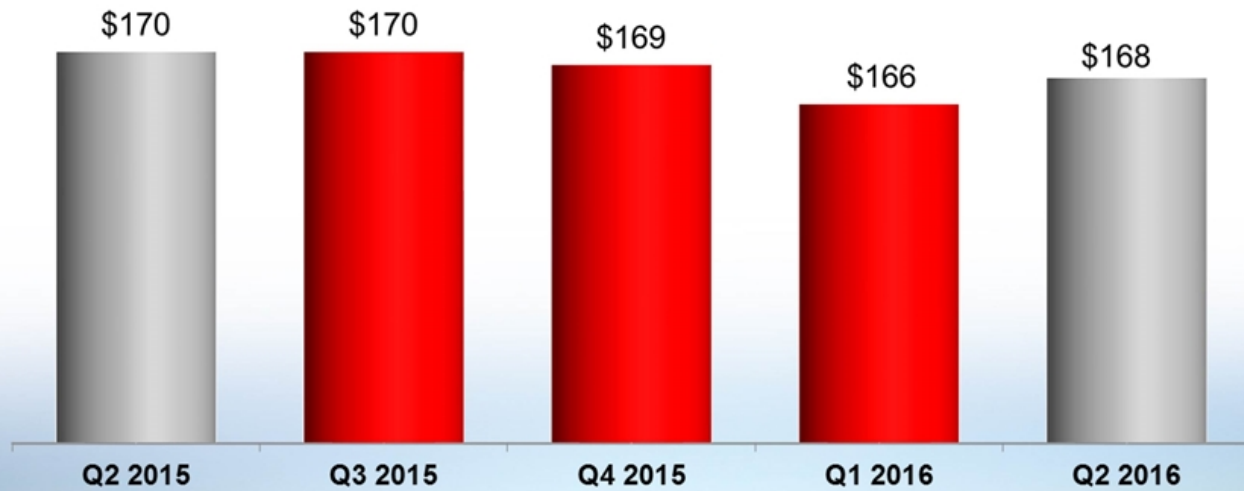


We Continue to Perform Better in CP

FIXED OPERATIONS – GROSS TREND

Continuing Operations

(\$'s in millions)



SUMMARY

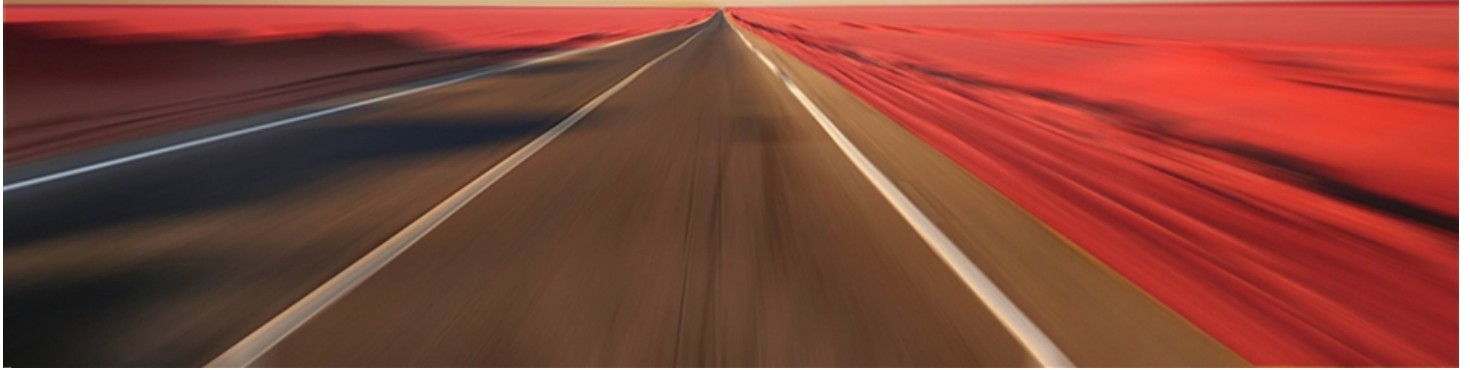
- ❑ EchoPark® Opens 2 Denver market stores - entering 2 new markets – Texas & Carolinas
- ❑ Rolled out the OSOE Technologies to 14 Additional Stores (Chattanooga, Birmingham and Los Angeles Markets)
- ❑ Other Markets Will Follow Upon Completion of Migration Activities and Required Market/Brand Specific Technology Modifications
- ❑ Returned capital through stock purchases and dividend
- ❑ Plateauing top-line revenue and gross
- ❑ New vehicle GPU pressure continues – supply issues have improved
- ❑ Used environment is affected by stop-sell situation – volume and GPU affecting results
- ❑ Fixed operations and F&I continue to show strength

Q3 2016 Adjusted Continuing Ops EPS Guidance of \$0.52 - \$0.54

Q4 2016 Adjusted Continuing Ops EPS Guidance of \$0.66 - \$0.69



APPENDIX



NON-GAAP RECONCILIATIONS

This release contains certain non-GAAP financial measures (the "Adjusted" amounts) 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" amounts) 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.

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark®	Consolidated	Franchised Dealerships	EchoPark®	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.54	\$ (0.04)	\$ 0.50	\$ 0.35	\$ (0.05)	\$ 0.30
Adjustments (net of income taxes):						
Gain on disposal	-	-	-	(0.01)	-	(0.01)
Storm damage and other	-	-	-	0.05	-	0.05
Impairment charges	-	-	-	0.12	-	0.12
Effect of adjustments, net of income taxes	-	-	-	0.16	-	0.16
Adjusted:						
Diluted earnings (loss) per share.....	\$ 0.54	\$ (0.04)	\$ 0.50	\$ 0.51	\$ (0.05)	\$ 0.46
	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark®	Consolidated	Franchised Dealerships	EchoPark®	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.90	\$ (0.09)	\$ 0.81	\$ 0.69	\$ (0.12)	\$ 0.57
Adjustments (net of income taxes):						
Gain on disposal	-	-	-	(0.01)	-	(0.01)
Storm damage and other	0.08	-	0.08	0.06	-	0.06
Impairment charges	-	-	-	0.19	0.01	0.20
Effect of adjustments, net of income taxes	0.08	-	0.08	0.24	0.01	0.25
Adjusted:						
Adjusted diluted earnings (loss) per share.....	\$ 0.98	\$ (0.09)	\$ 0.89	\$ 0.93	\$ (0.11)	\$ 0.82

NON-GAAP RECONCILIATIONS

	Three Months Ended June 30, 2015						
	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	50,784	\$ 15,092		\$ (311)		\$ 14,781	
Effect of participating securities:							
Non-vested restricted stock		(7)		-		(7)	
Basic earnings (loss) and shares	50,784	\$ 15,085	\$ 0.30	\$ (311)	\$ (0.01)	\$ 14,774	\$ 0.29
Effect of dilutive securities:							
Stock compensation plans	309						
Diluted earnings (loss) and shares	51,093	\$ 15,085	\$ 0.30	\$ (311)	\$ (0.01)	\$ 14,774	\$ 0.29
Adjustments:							
Gain on disposal		\$ (1,057)		\$ -		\$ (1,057)	
Storm damage and other		4,189		-		4,189	
Impairment charges		10,469		-		10,469	
Total adjustments before taxes		13,601		-		13,601	
Income tax effect of above adjustments		(5,305)		-		(5,305)	
Effect of adjustments, net of income taxes		\$ 8,296	\$ 0.16	\$ -	\$ -	\$ 8,296	\$ 0.16
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 23,388	\$ 0.46	\$ (311)	\$ (0.01)	\$ 23,077	\$ 0.45

(1) Net loss attributable to EchoPark® operations was \$0.05 per fully diluted share in the three months ended June 30, 2015.

NON-GAAP RECONCILIATIONS

	Six Months Ended June 30, 2016						
	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
Reported:							
Earnings (loss) and shares	46,340	\$ 37,507		\$ (61)		\$ 37,446	
Effect of participating securities:							
Non-vested restricted stock		(21)		-		(21)	
Basic earnings (loss) and shares	46,340	\$ 37,486	\$ 0.81	\$ (61)	\$ -	\$ 37,425	\$ 0.81
Effect of dilutive securities:							
Stock compensation plans	183						
Diluted earnings (loss) and shares	46,523	\$ 37,486	\$ 0.81	\$ (61)	\$ (0.01)	\$ 37,425	\$ 0.80
Adjustments:							
Storm damage		\$ 6,043		\$ -		\$ 6,043	
Total adjustments before taxes		6,043		-		6,043	
Income tax effect of above adjustments		(2,345)		-		(2,345)	
Effect of adjustments, net of income taxes ..		\$ 3,698	\$ 0.08	\$ -	\$ -	\$ 3,698	\$ 0.08
Adjusted:							
Earnings (loss) and Diluted earnings (loss) per share (1)		\$ 41,205	\$ 0.89	\$ (61)	\$ (0.01)	\$ 41,144	\$ 0.88

(1) Net loss attributable to EchoPark® operations was \$0.09 per fully diluted share in the six months ended June 30, 2016.

NON-GAAP RECONCILIATIONS

	Six Months Ended June 30, 2015						
	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	50,819	\$ 29,481		\$ (732)		\$ 28,749	
Effect of participating securities:							
Non-vested restricted stock		(14)		-		(14)	
Basic earnings (loss) and shares	50,819	\$ 29,467	\$ 0.58	\$ (732)	\$ (0.01)	\$ 28,735	\$ 0.57
Effect of dilutive securities:							
Stock compensation plans	428						
Diluted earnings (loss) and shares	51,247	\$ 29,467	\$ 0.57	\$ (732)	\$ (0.01)	\$ 28,735	\$ 0.56
Adjustments:							
Gain on disposal		\$ (955)		\$ -		\$ (955)	
Impairment charges		16,661		-		16,661	
Storm damage and other		5,138		-		5,138	
Total adjustments before taxes		20,844		-		20,844	
Income tax effect of above adjustments		(8,129)		-		(8,129)	
Effect of adjustments, net of income taxes		\$ 12,715	\$ 0.25	\$ -	\$ -	\$ 12,715	\$ 0.25
Adjusted:							
Earnings (loss) and Diluted earnings (loss) per share (1)		\$ 42,196	\$ 0.82	\$ (732)	\$ (0.01)	\$ 41,464	\$ 0.81

(1) Net loss attributable to EchoPark® operations was \$0.11 per fully diluted share in the six months ended June 30, 2015.

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended June 30,		Franchised Dealerships Three Months Ended June 30,		EchoPark® Three Months Ended June 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
SG&A expenses	\$ 277.2	\$ 284.7	\$ 271.7	\$ 279.1	\$ 5.5	\$ 5.6
Adjustments:						
Gain on disposal	-	1.0	-	1.0	-	-
Storm damage and other	-	(4.2)	-	(4.2)	-	-
Total SG&A adjustments	-	(3.2)	-	(3.2)	-	-
Adjusted:						
SG&A expenses	<u>\$ 277.2</u>	<u>\$ 281.5</u>	<u>\$ 271.7</u>	<u>\$ 275.9</u>	<u>\$ 5.5</u>	<u>\$ 5.6</u>
Reported:						
SG&A expenses as % of gross profit	78.5%	80.1%	77.6%	79.1%	NM	NM
Adjustments:						
Gain on disposal	-	0.4%	-	0.4%	-	-
Storm damage and other	-	(1.3%)	-	(1.3%)	-	-
Total adjustments	-	(0.9%)	-	(0.9%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	<u>78.5%</u>	<u>79.2%</u>	<u>77.6%</u>	<u>78.2%</u>	<u>NM</u>	<u>NM</u>

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended June 30,		Franchised Dealerships Three Months Ended June 30,		EchoPark® Three Months Ended June 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
Operating income	\$ 57.0	\$ 43.1	\$ 60.0	\$ 46.9	\$ (3.0)	\$ (3.8)
Adjustments (before income taxes):						
SG&A expenses	-	3.2	-	3.2	-	-
Impairment charges	-	10.4	-	10.4	-	-
Total adjustments before taxes	-	13.6	-	13.6	-	-
Adjusted:						
Operating income	<u>\$ 57.0</u>	<u>\$ 56.7</u>	<u>\$ 60.0</u>	<u>\$ 60.5</u>	<u>\$ (3.0)</u>	<u>\$ (3.8)</u>
Reported:						
Income (loss) from continuing operations before taxes ...	\$ 38.2	\$ 24.7	\$ 41.6	\$ 28.8	\$ (3.4)	\$ (4.1)
Adjustments (before income taxes):						
SG&A expenses	-	3.2	-	3.2	-	-
Impairment charges	-	10.4	-	10.4	-	-
Total adjustments before taxes	-	13.6	-	13.6	-	-
Adjusted:						
Income (loss) from continuing operations before taxes ...	<u>\$ 38.2</u>	<u>\$ 38.3</u>	<u>\$ 41.6</u>	<u>\$ 42.4</u>	<u>\$ (3.4)</u>	<u>\$ (4.1)</u>
Reported:						
Income (loss) from continuing operations	\$ 23.0	\$ 15.1				
Adjustments (net of income taxes):						
SG&A expenses	-	2.0				
Impairment charges	-	6.3				
Total adjustments, net of income taxes	-	8.3				
Adjusted:						
Income (loss) from continuing operations	<u>\$ 23.0</u>	<u>\$ 23.4</u>				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Six Months Ended June 30,		Franchised Dealerships Six Months Ended June 30,		EchoPark® Six Months Ended June 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
SG&A expenses	\$ 561.6	\$ 555.5	\$ 550.4	\$ 544.0	\$ 11.2	\$ 11.5
Adjustments:						
Gain on disposal	-	0.9	-	0.9	-	-
Storm damage and other	(6.0)	(5.1)	(6.0)	(5.1)	-	-
Total SG&A adjustments	(6.0)	(4.2)	(6.0)	(4.2)	-	-
Adjusted:						
SG&A expenses	<u>\$ 555.6</u>	<u>\$ 551.3</u>	<u>\$ 544.4</u>	<u>\$ 539.8</u>	<u>\$ 11.2</u>	<u>\$ 11.5</u>
Reported:						
SG&A expenses as % of gross profit	80.4%	80.5%	79.5%	79.3%	NM	NM
Adjustments:						
Gain on disposal	-	0.2%	-	0.3%	-	-
Storm damage and other	(0.9%)	(0.9%)	(0.8%)	(0.9%)	-	-
Total adjustments	(0.9%)	(0.7%)	(0.8%)	(0.6%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	<u>79.5%</u>	<u>79.8%</u>	<u>78.7%</u>	<u>78.7%</u>	<u>NM</u>	<u>NM</u>

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Six Months Ended June 30,		Franchised Dealerships Six Months Ended June 30,		EchoPark® Six Months Ended June 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
Operating income	\$ 99.4	\$ 84.6	\$ 105.6	\$ 94.6	\$ (6.2)	\$ (10.0)
Adjustments (before income taxes):						
SG&A expenses	6.0	(0.9)	6.0	(0.9)	-	-
Impairment charges	-	16.7	-	15.3	-	1.4
Total adjustments before taxes	6.0	15.8	6.0	14.4	-	1.4
Adjusted:						
Operating income	<u>\$ 105.4</u>	<u>\$ 100.4</u>	<u>\$ 111.6</u>	<u>\$ 109.0</u>	<u>\$ (6.2)</u>	<u>\$ (8.6)</u>
Reported:						
Income (loss) from continuing operations before taxes ...	\$ 61.8	\$ 48.3	\$ 68.7	\$ 58.7	\$ (6.9)	\$ (10.4)
Adjustments (before income taxes):						
SG&A expenses	6.0	(0.9)	6.0	(0.9)	-	-
Impairment charges	-	16.7	-	15.3	-	1.4
Total adjustments before taxes	6.0	15.8	6.0	14.4	-	1.4
Adjusted:						
Income (loss) from continuing operations before taxes ...	<u>\$ 67.8</u>	<u>\$ 64.1</u>	<u>\$ 74.7</u>	<u>\$ 73.1</u>	<u>\$ (6.9)</u>	<u>\$ (9.0)</u>
Reported:						
Income (loss) from continuing operations	\$ 37.5	\$ 29.5				
Adjustments (net of income taxes):						
SG&A expenses	3.7	2.5				
Impairment charges	-	10.2				
Total adjustments, net of income taxes	3.7	12.7				
Adjusted:						
Income (loss) from continuing operations	<u>\$ 41.2</u>	<u>\$ 42.2</u>				



EchoPark
AUTOMOTIVE

