
**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): November 1, 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))
-
-

Item 2.02. Results of Operations and Financial Condition.

On November 1, 2016, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal third quarter ended September 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 November 1, 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 November 1, 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.

Date: November 1, 2016

SONIC AUTOMOTIVE, INC.

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 November 1, 2016
99.2	Earnings call presentation materials

FOR IMMEDIATE RELEASE

Sonic Automotive, Inc. Reports Third Quarter Earnings
Q3 2016 Continuing Operations Diluted Earnings per Share of \$0.42, and \$0.47 on an Adjusted Basis

Third Quarter 2016 Highlights

- All-time record quarterly used retail unit sales of 30,933, up 1.5% over the prior year quarter
- Record third quarter fixed operations gross profit of \$170.0 million, up 0.2% over the prior year quarter with one less selling day
- All-time record F&I quarterly gross profit of \$89.6 million, up 4.4% over the prior year quarter
- EchoPark® stores retail 1,458 units, up 58.5% from the prior year quarter – five stores operational in the Denver market

CHARLOTTE, N.C. – November 1, 2016 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported financial results for the third quarter of 2016.

GAAP Basis

Net income from continuing operations for the third quarter of 2016 was \$19.0 million, or \$0.42 per diluted share. Included in these amounts are net pre-tax charges totaling \$3.7 million, or \$0.05 per diluted share, consisting of fixed asset impairment charges (relating to a facility construction project and the abandonment of certain construction projects) which were partially offset by favorable storm-related physical damage and legal accrual adjustments. Also included in the reported amounts for the third quarter of 2016 is a net loss from operations related to EchoPark® of \$2.3 million, or \$0.05 per diluted share.

Net income from continuing operations for the third quarter of 2015 was \$27.1 million, or \$0.53 per diluted share. Included in these reported amounts is a net loss from operations related to EchoPark® of \$2.2 million, or \$0.04 per diluted share.

Adjusted Basis

Adjusted net income from continuing operations for the third quarter of 2016 was \$21.2 million, or \$0.47 per diluted share. Excluded from these adjusted amounts are the impairment of fixed assets, physical damage and legal adjustments discussed above (see attached tables for additional information and reconciliation of reported GAAP basis amounts to adjusted balances).

There were no adjusted amounts for the third quarter of 2015.

Commentary

Jeff Dyke, Sonic's EVP of Operations, stated, "We had another record quarter in fixed operations, F&I and pre-owned, but did face headwinds during the quarter. Stop-sale vehicles, BMW brand performance and weakness in one of our most profitable markets, Houston, negatively impacted our results. Given BMW's brand performance during the quarter and that BMW stores represent over 30% of our profitability, we were negatively impacted. We have absolute confidence in the BMW brand and are working with our partners at BMW to address this bump in the road, which we view as a short-term issue. We are making progress with our stop-sale inventory with less than 2,200 units on hand at the end of the third quarter of 2016 compared to nearly 4,700 units on hand at the end of the second quarter of 2016. Finally, we expect weakness to continue in the Houston market, especially in our high-line stores, through at least the end of the year as we believe the energy sector's recovery may take time to gain some momentum."

"Our One Sonic-One Experience ("OSOE") stores are also making good progress and we plan to launch the technology in our first BMW store in the first quarter of 2017. The technology, pricing tools and OSOE playbook have continued to develop nicely and we are excited to see how these tools can be leveraged in a BMW retail operation. We are confident that the implementation of OSOE will greatly enhance our BMW customers' buying experience as our EchoPark® stores and current OSOE stores boast some of the very highest social media reputation scores in the industry."

B. Scott Smith, Sonic's Chief Executive Officer, noted, "We continued to execute our long-term strategies during a challenging third quarter. Expansion of EchoPark® is continuing with two new stores operating during the quarter. We are very excited that combined, our original three stores generated positive cash during the third quarter. Our sixth Denver market store, located in Colorado Springs, will open during the first half of 2017. In addition, we will break ground on our first Texas locations in the first half of 2017."

"We are also very excited to announce the progress we are making with our open-points. Our new Mercedes-Benz open-point in McKinney, Texas began operations during the quarter. We expect this store to contribute in excess of \$100 million in revenue once it is completely ramped up. The Nissan open-point in Cleveland, Tennessee, with expected annual revenues in excess of \$30 million, will open before the end of the current year. Lastly, our Pensacola Audi open-point broke ground during the quarter and is expected to open in the first quarter of 2017. Once fully operational, we anticipate this store will produce annual revenues in excess of \$50 million. We continue to work with our manufacturer partners and anticipate further growth via additional open-points over the next several years."

"Lastly, our commitment to return capital to shareholders continued during the quarter as we repurchased approximately 579,000 Class A shares for roughly \$10.0 million and declared a dividend with an expected payment of \$2.2 million. This brings our year-to-date annual return of capital to shareholders through stock repurchases to \$97.5 million. Coupled with dividends declared during 2016 of \$9.0 million, we will have returned over \$100 million to shareholders so far in 2016."

"Based on results experienced so far this year and uncertainty related to new vehicle margins in the fourth quarter, we are adjusting our earnings guidance range. We currently estimate diluted earnings per share from continuing operations for the fourth quarter of 2016 will range from \$0.59 to \$0.69 and \$1.95 to \$2.05 on an adjusted basis for the full year of 2016. This guidance does not include the effect of any amounts related to an anticipated settlement with VW expected to be finalized by the end of the year."

Dividend

Sonic's Board of Directors approved a quarterly dividend of \$0.05 per share payable in cash for stockholders of record on December 15, 2016. The dividend will be payable on January 13, 2017.

Third 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 "Webcasts & Presentations."

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: 96968408

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: 96968408

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, anticipated improved profitability in the fourth quarter of 2016, anticipated continued weakness in the Houston market, anticipated launch of OSOE technology in new markets in the first quarter of 2017, anticipated opening dates for and anticipated future annual revenues from previously-announced open-point dealerships, anticipated additional open-point dealerships in future years, and anticipated diluted earnings per share from continuing operations for the fourth quarter and the full year ending December 31, 2016.

There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risks 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, except as required under federal securities laws and the rules and regulations of the SEC.

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.

###

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
(In thousands, except per share and unit data)				
Revenues:				
New retail vehicles	\$ 1,364,842	\$ 1,352,180	\$ 3,784,122	\$ 3,828,027
Fleet vehicles	10,302	15,849	42,056	37,612
Total new vehicles	1,375,144	1,368,029	3,826,178	3,865,639
Used vehicles	660,974	652,058	1,881,514	1,904,594
Wholesale vehicles	70,522	37,971	153,141	120,760
Total vehicles	2,106,640	2,058,058	5,860,833	5,890,993
Parts, service and collision repair	361,709	350,520	1,059,093	1,019,878
Finance, insurance and other, net	89,579	85,830	254,940	242,792
Total revenues	2,557,928	2,494,408	7,174,866	7,153,663
Gross profit	359,085	360,251	1,057,540	1,050,764
Selling, general and administrative expenses	(282,141)	(280,041)	(843,721)	(835,564)
Impairment charges	(6,089)	(37)	(6,240)	(16,698)
Depreciation and amortization	(19,928)	(17,250)	(57,302)	(50,953)
Operating income (loss)	50,927	62,923	150,277	147,549
Other income (expense):				
Interest expense, floor plan	(6,672)	(5,364)	(19,797)	(15,488)
Interest expense, other, net	(13,016)	(12,361)	(37,560)	(38,635)
Other income (expense), net	11	—	120	102
Total other income (expense)	(19,677)	(17,725)	(57,237)	(54,021)
Income (loss) from continuing operations before taxes	31,250	45,198	93,040	93,528
Provision for income taxes for continuing operations - benefit (expense)	(12,281)	(18,095)	(36,565)	(36,944)
Income (loss) from continuing operations	18,969	27,103	56,475	56,584
Income (loss) from discontinued operations	(858)	(598)	(918)	(1,331)
Net income (loss)	\$ 18,111	\$ 26,505	\$ 55,557	\$ 55,253
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.42	\$ 0.53	\$ 1.22	\$ 1.11
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)	(0.02)	(0.03)
Earnings (loss) per common share	\$ 0.40	\$ 0.52	\$ 1.20	\$ 1.08
Weighted average common shares outstanding	45,354	50,769	46,130	51,086
Gross Margin Data (Continuing Operations):				
New retail vehicles	4.6%	4.8%	4.9%	5.1%
Fleet vehicles	0.3%	(0.8%)	0.5%	(0.5%)
Total new vehicles	4.5%	4.8%	4.9%	5.0%
Used vehicles	6.0%	6.4%	6.2%	6.5%
Wholesale vehicles	(3.6%)	(6.5%)	(3.5%)	(4.4%)
Parts, service and collision repair	47.0%	48.4%	47.6%	48.7%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	14.0%	14.4%	14.7%	14.7%
SG&A Expenses (Continuing Operations):				
Compensation	\$ 171,287	\$ 167,489	\$ 506,894	\$ 497,158
Advertising	14,987	15,470	45,834	46,160
Rent	18,037	18,558	55,265	55,058
Other	77,830	78,524	235,728	237,188
Total SG&A expenses	\$ 282,141	\$ 280,041	\$ 843,721	\$ 835,564
SG&A expenses as % of gross profit	78.6%	77.7%	79.8%	79.5%
Operating Margin %	2.0%	2.5%	2.1%	2.1%
Unit Data (Continuing Operations):				
New retail units	35,715	36,891	99,100	102,901
Fleet units	339	602	1,341	1,244
Total new units	36,054	37,493	100,441	104,145
Used units	30,933	30,467	89,553	88,903
Wholesale units	10,377	7,787	26,012	23,574

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Three Months Ended September 30, 2016						
	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	45,118	\$18,969		\$ (858)		\$18,111	
Effect of participating securities:							
Non-vested restricted stock		(11)		—		(11)	
Basic earnings (loss) and shares	45,118	\$18,958	\$ 0.42	\$ (858)	\$ (0.02)	\$18,100	\$ 0.40
Effect of dilutive securities:							
Stock compensation plans	236						
Diluted earnings (loss) and shares	<u>45,354</u>	<u>\$18,958</u>	<u>\$ 0.42</u>	<u>\$ (858)</u>	<u>\$ (0.02)</u>	<u>\$18,100</u>	<u>\$ 0.40</u>
Adjustments:							
Impairment charges		\$ 6,089		\$ —		\$ 6,089	
Storm damage and other		(2,341)		1,000		(1,341)	
Total adjustments before taxes		3,748		1,000		4,748	
Income tax effect of above adjustments		(1,473)		(390)		(1,863)	
Effect of adjustments, net of income taxes		\$ 2,275	\$ 0.05	\$ 610	\$ 0.01	\$ 2,885	\$ 0.06
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$21,244	<u>\$ 0.47</u>	\$ (248)	<u>\$ (0.01)</u>	\$20,996	<u>\$ 0.46</u>

(1) Net loss attributable to EchoPark® operations was \$0.05 per fully diluted share in the three months ended September 30, 2016.

	Three Months Ended September 30, 2015						
	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	50,456	\$27,103		\$ (598)		\$26,505	
Effect of participating securities:							
Non-vested restricted stock		(13)		—		(13)	
Basic earnings (loss) and shares	50,456	\$27,090	\$ 0.54	\$ (598)	\$ (0.01)	\$26,492	\$ 0.53
Effect of dilutive securities:							
Stock compensation plans	313						
Diluted earnings (loss) and shares (2)	<u>50,769</u>	<u>\$27,090</u>	<u>\$ 0.53</u>	<u>\$ (598)</u>	<u>\$ (0.01)</u>	<u>\$26,492</u>	<u>\$ 0.52</u>

(2) Net loss attributable to EchoPark® operations was \$0.04 per fully diluted share in the three months ended September 30, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Nine Months Ended September 30, 2016						
	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	45,930	\$56,475		\$ (918)		\$55,557	
Effect of participating securities:							
Non-vested restricted stock		(31)		—		(31)	
Basic earnings (loss) and shares	45,930	\$56,444	\$ 1.23	\$ (918)	\$ (0.02)	\$55,526	\$ 1.21
Effect of dilutive securities:							
Stock compensation plans	200						
Diluted earnings (loss) and shares	46,130	\$56,444	\$ 1.22	\$ (918)	\$ (0.02)	\$55,526	\$ 1.20
Adjustments:							
Impairment charges		\$ 6,089		\$ —		\$ 6,089	
Storm damage and other		3,702		477		4,179	
Total adjustments before taxes		9,791		477		10,268	
Income tax effect of above adjustments		(3,818)		(187)		(4,005)	
Effect of adjustments, net of income taxes		\$ 5,973	\$ 0.13	\$ 290	\$ 0.01	\$ 6,263	\$ 0.14
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$62,448	\$ 1.35	\$ (628)	\$ (0.01)	\$61,820	\$ 1.34

(3) Net loss attributable to EchoPark® operations was \$0.14 per fully diluted share in the nine months ended September 30, 2016.

	Nine Months Ended September 30, 2015						
	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	50,697	\$56,584		\$(1,331)		\$55,253	
Effect of participating securities:							
Non-vested restricted stock		(27)		—		(27)	
Basic earnings (loss) and shares	50,697	\$56,557	\$ 1.12	\$(1,331)	\$ (0.03)	\$55,226	\$ 1.09
Effect of dilutive securities:							
Stock compensation plans	389						
Diluted earnings (loss) and shares	51,086	\$56,557	\$ 1.11	\$(1,331)	\$ (0.03)	\$55,226	\$ 1.08
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 (4)		\$69,299	\$ 1.36	\$(1,331)	\$ (0.03)	\$67,968	\$ 1.33

(4) Net loss attributable to EchoPark® operations was \$0.15 per fully diluted share in the nine months ended September 30, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 1,375,144	\$ 1,368,029	\$ 7,115	0.5%
Gross profit	\$ 62,388	\$ 65,435	\$ (3,047)	(4.7%)
Unit sales	36,054	37,493	(1,439)	(3.8%)
Revenue per unit	\$ 38,141	\$ 36,488	\$ 1,653	4.5%
Gross profit per unit	\$ 1,730	\$ 1,745	\$ (15)	(0.9%)
Gross profit as a % of revenue	4.5%	4.8%	(30)	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 3,826,178	\$ 3,865,639	\$(39,461)	(1.0%)
Gross profit	\$ 186,678	\$ 193,720	\$ (7,042)	(3.6%)
Unit sales	100,441	104,145	(3,704)	(3.6%)
Revenue per unit	\$ 38,094	\$ 37,118	\$ 976	2.6%
Gross profit per unit	\$ 1,859	\$ 1,860	\$ (1)	(0.1%)
Gross profit as a % of revenue	4.9%	5.0%	(10)	bps

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 1,369,958	\$ 1,354,798	\$ 15,160	1.1%
Gross profit	\$ 61,794	\$ 64,853	\$ (3,059)	(4.7%)
Unit sales	35,957	37,164	(1,207)	(3.2%)
Revenue per unit	\$ 38,100	\$ 36,455	\$ 1,645	4.5%
Gross profit per unit	\$ 1,719	\$ 1,745	\$ (26)	(1.5%)
Gross profit as a % of revenue	4.5%	4.8%	(30)	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 3,820,992	\$ 3,827,094	\$ (6,102)	(0.2%)
Gross profit	\$ 186,011	\$ 192,204	\$ (6,193)	(3.2%)
Unit sales	100,344	103,175	(2,831)	(2.7%)
Revenue per unit	\$ 38,079	\$ 37,093	\$ 986	2.7%
Gross profit per unit	\$ 1,854	\$ 1,863	\$ (9)	(0.5%)
Gross profit as a % of revenue	4.9%	5.0%	(10)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	<u>Three Months Ended September 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	\$ 660,974	\$ 652,058	\$ 8,916	1.4%
Gross profit	\$ 39,622	\$ 41,730	\$ (2,108)	(5.1%)
Unit sales	30,933	30,467	466	1.5%
Revenue per unit	\$ 21,368	\$ 21,402	\$ (34)	(0.2%)
Gross profit per unit	\$ 1,281	\$ 1,370	\$ (89)	(6.5%)
Gross profit as a % of revenue	6.0%	6.4%	(40)	bps

	<u>Nine Months Ended September 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	\$ 1,881,514	\$ 1,904,594	\$(23,080)	(1.2%)
Gross profit	\$ 117,121	\$ 123,271	\$ (6,150)	(5.0%)
Unit sales	89,553	88,903	650	0.7%
Revenue per unit	\$ 21,010	\$ 21,423	\$ (413)	(1.9%)
Gross profit per unit	\$ 1,308	\$ 1,387	\$ (79)	(5.7%)
Gross profit as a % of revenue	6.2%	6.5%	(30)	bps

	<u>Three Months Ended September 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	\$ 649,308	\$ 644,255	\$ 5,053	0.8%
Gross profit	\$ 39,862	\$ 41,726	\$ (1,864)	(4.5%)
Unit sales	30,433	30,053	380	1.3%
Revenue per unit	\$ 21,336	\$ 21,437	\$ (101)	(0.5%)
Gross profit per unit	\$ 1,310	\$ 1,388	\$ (78)	(5.6%)
Gross profit as a % of revenue	6.1%	6.5%	(40)	bps

	<u>Nine Months Ended September 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	\$ 1,869,441	\$ 1,878,064	\$ (8,623)	(0.5%)
Gross profit	\$ 118,250	\$ 123,062	\$ (4,812)	(3.9%)
Unit sales	89,033	87,549	1,484	1.7%
Revenue per unit	\$ 20,997	\$ 21,452	\$ (455)	(2.1%)
Gross profit per unit	\$ 1,328	\$ 1,406	\$ (78)	(5.5%)
Gross profit as a % of revenue	6.3%	6.6%	(30)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Three Months Ended September 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	\$ 70,522	\$ 37,971	\$32,551	85.7%
Gross profit (loss)	\$ (2,507)	\$ (2,481)	\$ (26)	(1.0%)
Unit sales	10,377	7,787	2,590	33.3%
Revenue per unit	\$ 6,796	\$ 4,876	\$ 1,920	39.4%
Gross profit (loss) per unit	\$ (242)	\$ (319)	\$ 77	24.1%
Gross profit (loss) as a % of revenue	(3.6%)	(6.5%)	290	bps

	<u>Nine Months Ended September 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	\$ 153,141	\$ 120,760	\$32,381	26.8%
Gross profit (loss)	\$ (5,425)	\$ (5,366)	\$ (59)	(1.1%)
Unit sales	26,012	23,574	2,438	10.3%
Revenue per unit	\$ 5,887	\$ 5,123	\$ 764	14.9%
Gross profit (loss) per unit	\$ (209)	\$ (228)	\$ 19	8.3%
Gross profit (loss) as a % of revenue	(3.5%)	(4.4%)	90	bps

	<u>Three Months Ended September 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	\$ 70,029	\$ 37,599	\$32,430	86.3%
Gross profit (loss)	\$ (2,385)	\$ (2,420)	\$ 35	1.4%
Unit sales	10,323	7,722	2,601	33.7%
Revenue per unit	\$ 6,784	\$ 4,869	\$ 1,915	39.3%
Gross profit (loss) per unit	\$ (231)	\$ (313)	\$ 82	26.2%
Gross profit (loss) as a % of revenue	(3.4%)	(6.4%)	300	bps

	<u>Nine Months Ended September 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	\$ 152,627	\$ 119,269	\$33,358	28.0%
Gross profit (loss)	\$ (5,300)	\$ (5,072)	\$ (228)	(4.5%)
Unit sales	25,953	23,300	2,653	11.4%
Revenue per unit	\$ 5,881	\$ 5,119	\$ 762	14.9%
Gross profit (loss) per unit	\$ (204)	\$ (218)	\$ 14	6.4%
Gross profit (loss) as a % of revenue	(3.5%)	(4.3%)	80	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 146,365	\$ 147,308	\$ (943)	(0.6%)
Warranty	60,388	58,522	1,866	3.2%
Wholesale parts	44,202	45,832	(1,630)	(3.6%)
Internal, sublet and other	110,754	98,858	11,896	12.0%
Total	<u>\$ 361,709</u>	<u>\$ 350,520</u>	<u>\$ 11,189</u>	<u>3.2%</u>
Gross profit				
Customer pay	\$ 79,153	\$ 80,588	\$ (1,435)	(1.8%)
Warranty	32,176	32,337	(161)	(0.5%)
Wholesale parts	7,566	8,045	(479)	(6.0%)
Internal, sublet and other	51,108	48,767	2,341	4.8%
Total	<u>\$ 170,003</u>	<u>\$ 169,737</u>	<u>\$ 266</u>	<u>0.2%</u>
Gross profit as a % of revenue				
Customer pay	54.1%	54.7%	(60)	bps
Warranty	53.3%	55.3%	(200)	bps
Wholesale parts	17.1%	17.6%	(50)	bps
Internal, sublet and other	46.1%	49.3%	(320)	bps
Total	47.0%	48.4%	(140)	bps

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 443,007	\$ 431,479	\$ 11,528	2.7%
Warranty	172,759	169,170	3,589	2.1%
Wholesale parts	133,533	136,693	(3,160)	(2.3%)
Internal, sublet and other	309,794	282,536	27,258	9.6%
Total	<u>\$ 1,059,093</u>	<u>\$ 1,019,878</u>	<u>\$ 39,215</u>	<u>3.8%</u>
Gross profit				
Customer pay	\$ 240,833	\$ 236,551	\$ 4,282	1.8%
Warranty	92,951	94,776	(1,825)	(1.9%)
Wholesale parts	23,305	24,332	(1,027)	(4.2%)
Internal, sublet and other	147,137	140,688	6,449	4.6%
Total	<u>\$ 504,226</u>	<u>\$ 496,347</u>	<u>\$ 7,879</u>	<u>1.6%</u>
Gross profit as a % of revenue				
Customer pay	54.4%	54.8%	(40)	bps
Warranty	53.8%	56.0%	(220)	bps
Wholesale parts	17.5%	17.8%	(30)	bps
Internal, sublet and other	47.5%	49.8%	(230)	bps
Total	47.6%	48.7%	(110)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 146,048	\$ 145,938	\$ 110	0.1%
Warranty	60,307	57,858	2,449	4.2%
Wholesale parts	44,199	45,270	(1,071)	(2.4%)
Internal, sublet and other	109,657	97,765	11,892	12.2%
Total	<u>\$ 360,211</u>	<u>\$ 346,831</u>	<u>\$13,380</u>	3.9%
Gross profit				
Customer pay	\$ 78,995	\$ 79,791	\$ (796)	(1.0%)
Warranty	32,094	32,042	52	0.2%
Wholesale parts	7,565	7,916	(351)	(4.4%)
Internal, sublet and other	50,345	48,116	2,229	4.6%
Total	<u>\$ 168,999</u>	<u>\$ 167,865</u>	<u>\$ 1,134</u>	0.7%
Gross profit as a % of revenue				
Customer pay	54.1%	54.7%	(60)	bps
Warranty	53.2%	55.4%	(220)	bps
Wholesale parts	17.1%	17.5%	(40)	bps
Internal, sublet and other	45.9%	49.2%	(330)	bps
Total	46.9%	48.4%	(150)	bps

	Nine Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 442,688	\$ 424,867	\$17,821	4.2%
Warranty	172,678	166,934	5,744	3.4%
Wholesale parts	133,530	134,605	(1,075)	(0.8%)
Internal, sublet and other	308,680	278,733	29,947	10.7%
Total	<u>\$ 1,057,576</u>	<u>\$ 1,005,139</u>	<u>\$52,437</u>	5.2%
Gross profit				
Customer pay	\$ 240,675	\$ 232,869	\$ 7,806	3.4%
Warranty	92,919	93,614	(695)	(0.7%)
Wholesale parts	23,304	23,906	(602)	(2.5%)
Internal, sublet and other	145,882	138,710	7,172	5.2%
Total	<u>\$ 502,780</u>	<u>\$ 489,099</u>	<u>\$13,681</u>	2.8%
Gross profit as a % of revenue				
Customer pay	54.4%	54.8%	(40)	bps
Warranty	53.8%	56.1%	(230)	bps
Wholesale parts	17.5%	17.8%	(30)	bps
Internal, sublet and other	47.3%	49.8%	(250)	bps
Total	47.5%	48.7%	(120)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change

(In thousands, except per unit data)

Reported:				
Revenue	\$ 89,579	\$ 85,830	\$ 3,749	4.4%
Gross profit per retail unit (excludes fleet)	\$ 1,344	\$ 1,274	\$ 70	5.5%

	Nine Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change

(In thousands, except per unit data)

Reported:				
Revenue	\$ 254,940	\$ 242,792	\$12,148	5.0%
Gross profit per retail unit (excludes fleet)	\$ 1,351	\$ 1,266	\$ 85	6.7%

	Three Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change

(In thousands, except per unit data)

Same Store:				
Revenue	\$ 88,551	\$ 84,981	\$ 3,570	4.2%
Gross profit per retail unit (excludes fleet)	\$ 1,341	\$ 1,276	\$ 65	5.1%

	Nine Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change

(In thousands, except per unit data)

Same Store:				
Revenue	\$ 253,287	\$ 240,163	\$13,124	5.5%
Gross profit per retail unit (excludes fleet)	\$ 1,347	\$ 1,267	\$ 80	6.3%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 171,287	\$ 167,489	\$ (3,798)	(2.3%)
Advertising	14,987	15,470	483	3.1%
Rent	18,037	18,558	521	2.8%
Other	77,830	78,524	694	0.9%
Total SG&A expenses	<u>\$ 282,141</u>	<u>\$ 280,041</u>	<u>\$ (2,100)</u>	<u>(0.7%)</u>
Adjustments:				
Storm damage and other	\$ 2,341	\$ —	\$ 2,341	100.0%
Total SG&A adjustments	<u>\$ 2,341</u>	<u>\$ —</u>	<u>\$ 2,341</u>	<u>100.0%</u>
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 284,482</u>	<u>\$ 280,041</u>	<u>\$ (4,441)</u>	<u>(1.6%)</u>
Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.7%	46.5%	(120)	bps
Advertising	4.2%	4.3%	10	bps
Rent	5.0%	5.2%	20	bps
Other	21.7%	21.7%	(0)	bps
Total SG&A expenses as a % of gross profit	<u>78.6%</u>	<u>77.7%</u>	<u>(90)</u>	<u>bps</u>
Adjustments:				
Storm damage and other	0.6%	0.0%	(60)	bps
Total effect of adjustments	<u>0.6%</u>	<u>0.0%</u>	<u>(60)</u>	<u>bps</u>
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>79.2%</u>	<u>77.7%</u>	<u>(150)</u>	<u>bps</u>
Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.9%	47.3%	(60)	bps
Advertising	4.3%	4.4%	10	bps
Rent	5.2%	5.2%	0	bps
Other	22.4%	22.6%	20	bps
Total SG&A expenses as a % of gross profit	<u>79.8%</u>	<u>79.5%</u>	<u>(30)</u>	<u>bps</u>
Adjustments:				
Gain on disposal	0.0%	0.1%	10	bps
Storm damage and other	(0.4%)	(0.5%)	(10)	bps
Total effect of adjustments	<u>(0.4%)</u>	<u>(0.4%)</u>	<u>—</u>	<u>bps</u>
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>79.4%</u>	<u>79.1%</u>	<u>(30)</u>	<u>bps</u>

	Nine Months Ended September 30,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				

Reported:				
Compensation	\$ 506,894	\$ 497,158	\$ (9,736)	(2.0%)
Advertising	45,834	46,160	326	0.7%
Rent	55,265	55,058	(207)	(0.4%)
Other	235,728	237,188	1,460	0.6%
Total SG&A expenses	<u>\$ 843,721</u>	<u>\$ 835,564</u>	<u>\$ (8,157)</u>	<u>(1.0%)</u>
Adjustments:				
Gain on disposal	\$ —	\$ 955	\$ (955)	(100.0%)
Storm damage and other	(3,702)	(5,138)	1,436	27.9%
Total SG&A adjustments	<u>\$ (3,702)</u>	<u>\$ (4,183)</u>	<u>\$ 481</u>	<u>11.5%</u>
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 840,019</u>	<u>\$ 831,381</u>	<u>\$ (8,638)</u>	<u>(1.0%)</u>

Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.9%	47.3%	(60)	bps
Advertising	4.3%	4.4%	10	bps
Rent	5.2%	5.2%	0	bps
Other	22.4%	22.6%	20	bps
Total SG&A expenses as a % of gross profit	<u>79.8%</u>	<u>79.5%</u>	<u>(30)</u>	<u>bps</u>
Adjustments:				
Gain on disposal	0.0%	0.1%	10	bps
Storm damage and other	(0.4%)	(0.5%)	(10)	bps
Total effect of adjustments	<u>(0.4%)</u>	<u>(0.4%)</u>	<u>—</u>	<u>bps</u>
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>79.4%</u>	<u>79.1%</u>	<u>(30)</u>	<u>bps</u>



Q3 2016 Investor Presentation

November 1, 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

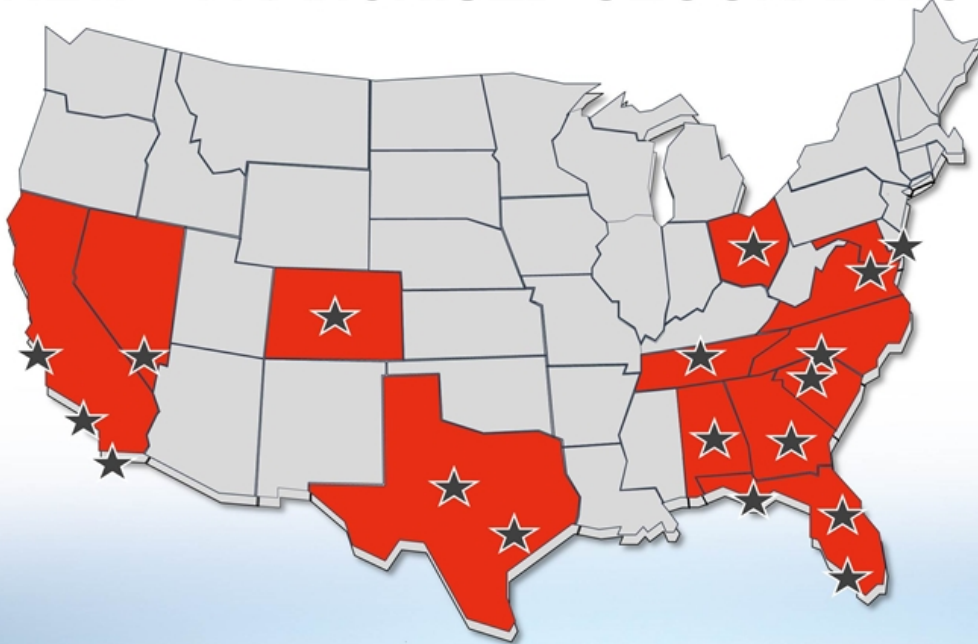
- OVERVIEW
- STRATEGIC FOCUS
- FINANCIAL REVIEW
- OPERATIONS REVIEW
- SUMMARY & OUTLOOK

COMPANY OVERVIEW

4

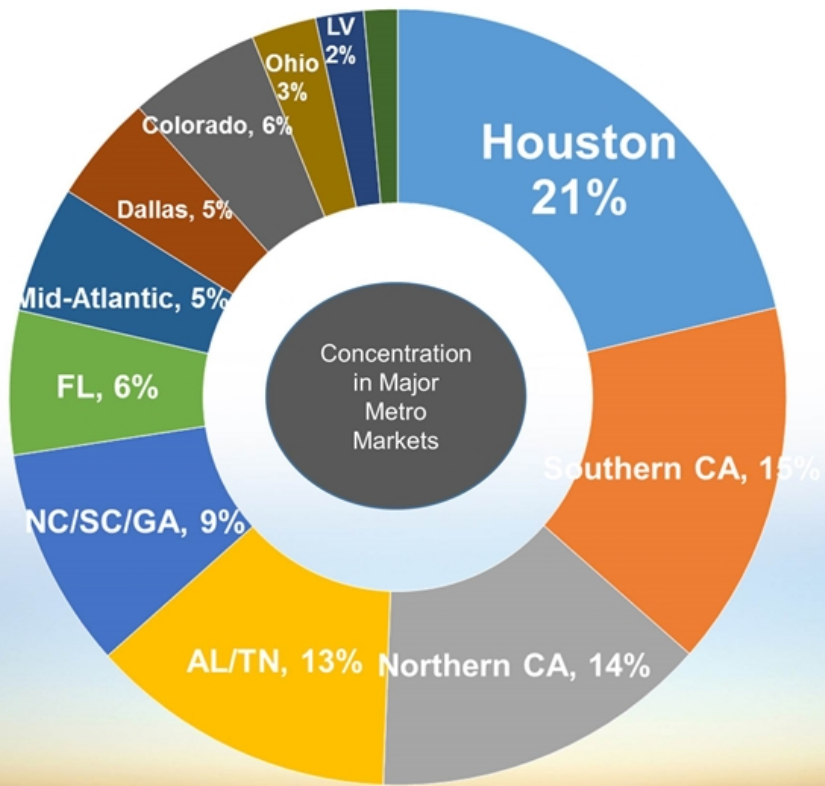


OVERVIEW – FRANCHISED GEOGRAPHIC



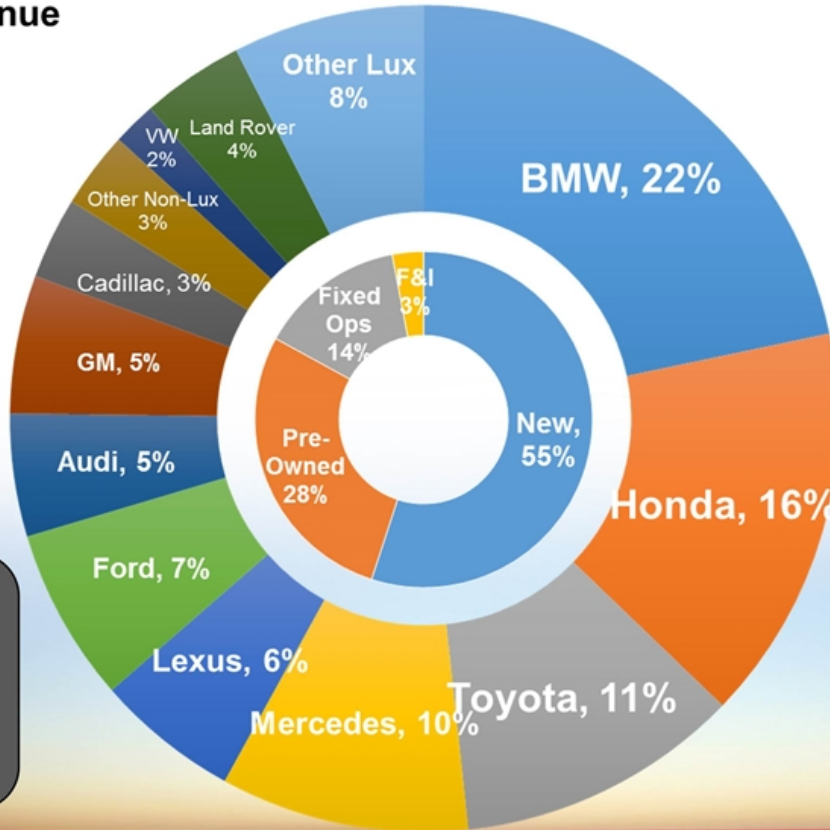
Based in Charlotte, NC
106 Stores, 25 Brands, 18 Collision Repair Centers
Platforms in Major Metro Markets

OVERVIEW - GEOGRAPHIC



OVERVIEW – BRAND COMPOSITION

New Retail Revenue



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

STRATEGIC FOCUS

9



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

Q3 2016

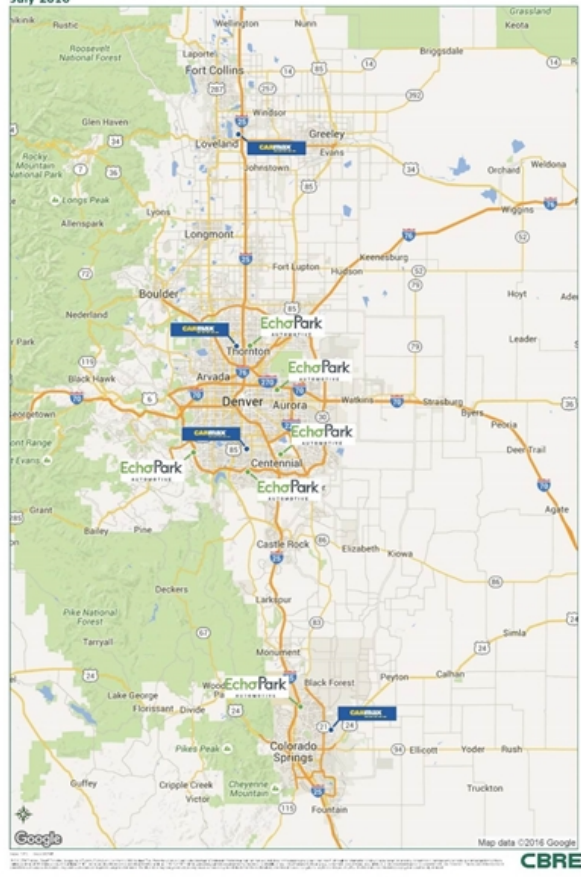
- Repurchased 5.4M shares for \$97.5M YTD 2016
- Dividends Declared of \$6.8M YTD Sept 2016 - \$9.0M for Year
 - Increased to \$0.0375 in Oct 2015
 - Increased to \$0.05 in Feb 2016
- Open Point Revenue
 - McKinney MB – estimate annual revenues >\$100M
 - Pensacola Audi – estimate annual revenues >\$50M
 - Nissan of Cleveland – estimate annual revenues >\$30M
- EP Revenue
 - YTD 2016 revenue of \$94M
 - 83% YOY quarterly revenue growth
 - Five stores now open - two new stores fully operational in Q3
- Increased Equity in Properties from \$201.8M to \$316.7M YTD 2016

STRATEGIC FOCUS

EchoPark®

- Five Locations Open In Denver
 - Thornton Hub
 - Centennial
 - Highlands Ranch
 - Littleton
 - Stapleton
- One Additional Denver Market Location by 1H of 2017
- Acquiring Property in the Texas and Carolinas Markets
 - Expect openings in 2017

Comprehensive Property List
July 2016



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

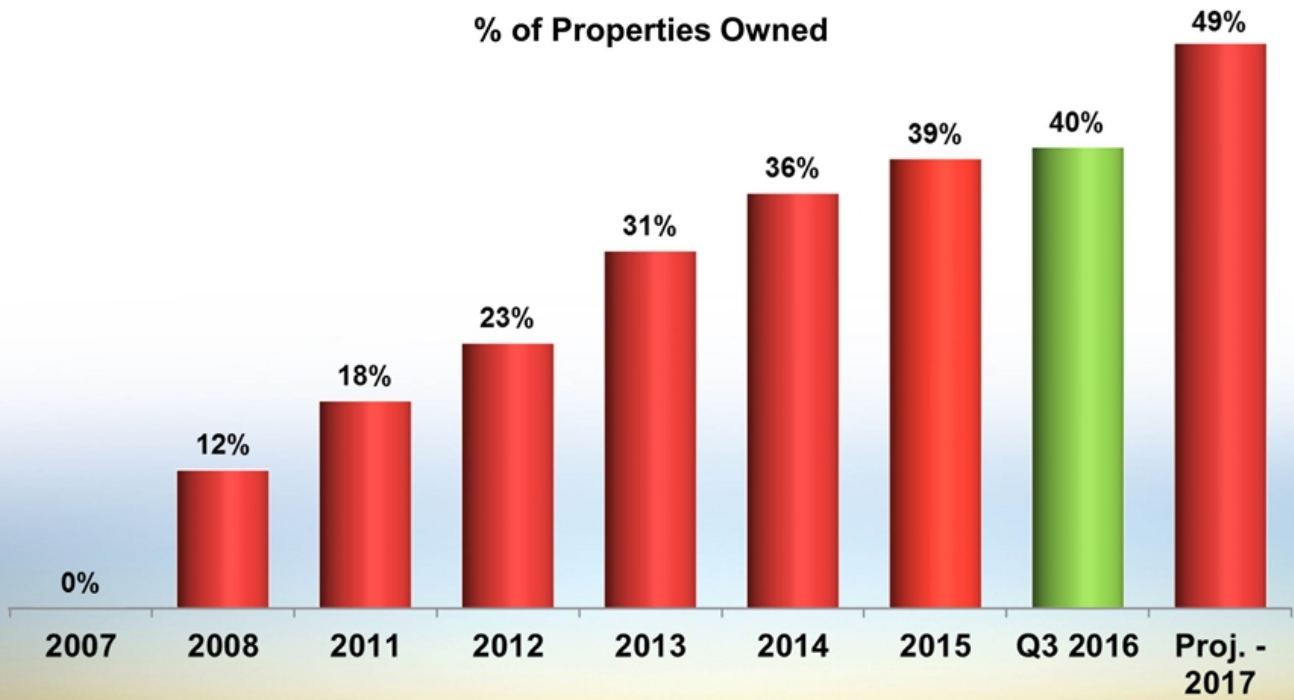
STRATEGIC FOCUS

ACQUISITIONS & OPEN POINTS

- Open Points
 - ❑ Mercedes-Benz in Dallas Market
 - Operational in Q3 2016
 - ❑ Audi in Pensacola Market
 - Operational in 1H of 2017
 - ❑ Nissan in TN Market
 - Operational in Q4 2016
- Exploring Acquisition and Open Point Opportunities in Other Markets

STRATEGIC FOCUS OWN OUR PROPERTIES

% of Properties Owned



STRATEGIC FOCUS

RETURN CAPITAL TO SHAREHOLDERS

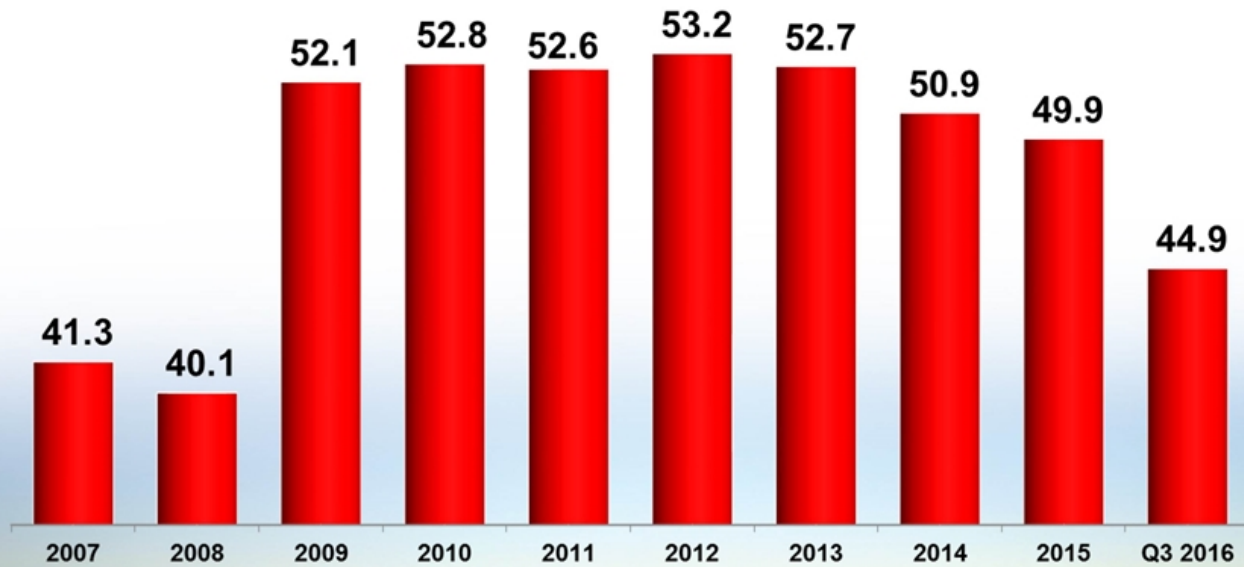
<small>(amounts in thousands, except per share data)</small>	<u>Shares</u>	<u>\$/Share</u>	<u>\$</u>	<u>Availability</u>
Q1 Activity	4,103	\$18.14	\$ 74,415	
Q2 Activity	759	\$17.24	\$ 13,090	
Q3 Activity	579	\$17.23	\$ 9,981	
YTD	<u>5,441</u>	<u>\$17.92</u>	<u>\$ 97,486</u>	<u>\$ 47,518</u>

Acquired 10.2% of OS YTD Q3
 New Share Count = 44.9M 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.

Q3 2016 FINANCIAL REVIEW

18



Q3 2016 FINANCIAL REVIEW FRANCHISED SEGMENT

19



FRANCHISED SEGMENT Q3 2016 RESULTS

(amounts in millions, except per share data)	Q3 2016 ⁽¹⁾	B/(W) than Q3 2015 ⁽¹⁾	
		\$	%
Revenue	\$2,518	\$45	1.8%
Gross Profit	\$355	(\$2)	(0.7%)
SG&A as % of Gross	78.4%		(160) bps
Operating Profit	\$58	(\$8)	(12.6%)
Interest & Other	(\$19)	(\$2)	(10.2%)
Pretax	\$39	(\$10)	(20.7%)
Diluted EPS	\$0.52	(\$0.05)	(8.8%)

(1) – Q3 2016 results are adjusted – See appendix for reconciliation to GAAP amounts.

Note – Continuing operations only, which includes results of sold stores after March 31, 2014.

Q3 2016 FINANCIAL REVIEW ECHOPARK[®] SEGMENT

21



ECHOPARK® SEGMENT Q3 2016 RESULTS

(amounts in millions, except per share, unit and per unit data)	Q3 2016	B/(W) than Q3 2015	
		\$	%
Revenue	\$40.4	\$18.4	83.2%
Gross Profit	\$4.2	\$1.3	44.8%
Operating Profit	(\$3.3)	\$0.1	3.3%
Interest & Other	(\$0.5)	(\$0.2)	(59.5%)
Pretax	(\$3.8)	(\$0.1)	(1.9%)
Diluted EPS	(\$0.05)	(\$0.01)	(25.0%)
Retail Units	1,458	538	58.5%
GPU	\$1,011	(\$458)	(31.2%)
F&I (\$/unit)	\$1,078	\$151	16.3%

Q3 2016 FINANCIAL REVIEW TOTAL ENTERPRISE

23



CONSOLIDATED Q3 2016 RESULTS

(amounts in millions, except per share data)	Q3 2016 ⁽¹⁾	B/(W) than Q3 2015 ⁽¹⁾	
		\$	%
Revenue	\$2,558	\$64	2.5%
Gross Profit	\$359	(\$1)	(0.3%)
SG&A as % of Gross	79.2%		(150) bps
Operating Profit	\$55	(\$8)	(13.1%)
Interest & Other	(\$20)	(\$2)	(11.0%)
Continuing Ops:			
Profit (after tax)	\$21	(\$6)	(21.6%)
Diluted EPS	\$0.47	(\$0.06)	(11.3%)

(1) – Q3 2016 results are adjusted – See Appendix for reconciliation to GAAP amounts.

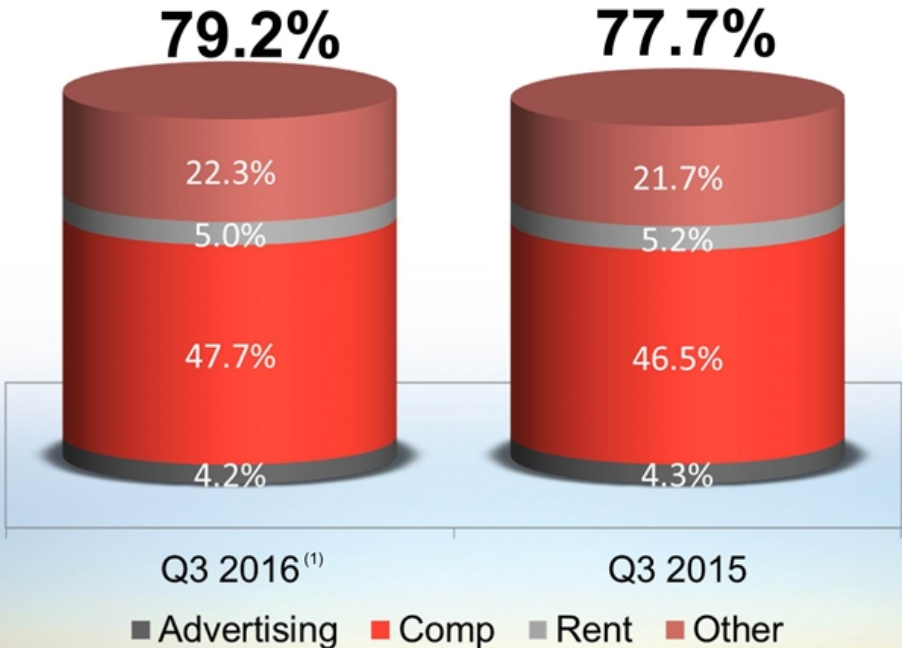
Note – Continuing operations only, which includes results of sold stores after March 31, 2014.

Q3 2016 REVENUE & GROSS PROFIT

(amounts in millions, except per unit data)	Q3 2016	B/(W) than Q3 2015	
		\$	%
New Retail Revenue	\$1,365	\$13	0.9%
Used Retail Revenue	\$661	\$9	1.4%
Fixed Operations Revenue	\$362	\$11	3.2%
F&I Revenue	\$90	\$4	4.4%
Total Revenue	\$2,558	\$64	2.5%
New Retail Gross	\$62	(\$3)	(4.9%)
Used Retail Gross	\$40	(\$2)	(5.1%)
Fixed Operations Gross	\$170	\$0	0.2%
F&I Gross	\$90	\$4	4.4%
Total Gross	\$359	(\$1)	(0.3%)

New Unit Down 3.2% - GPU Down \$31
 Used Unit Up 1.5% - GPU Down \$89
 Fixed Operations Gross Flat on One Less Day - Up 1.7% Adjusted for Days (2.2% same store)
 F&I Per Unit Up \$70 to \$1,344 or 5.5%

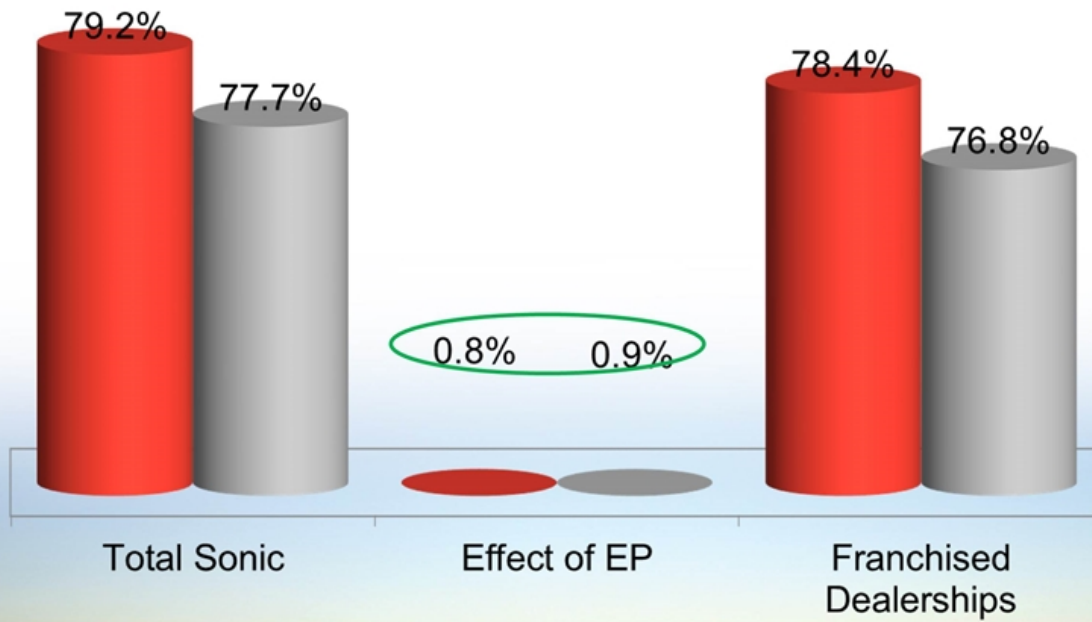
Q3 2016 SG&A TO GROSS ⁽¹⁾



(1) – Q3 2016 is adjusted – See appendix for reconciliation to GAAP amounts.

Q3 2016 SG&A TO GROSS⁽¹⁾

■ Q3 2016⁽¹⁾ ■ Q3 2015



(1) – Q3 2016 is adjusted – See appendix for reconciliation to GAAP amounts.

INTEREST EXPENSE

Q3 2016

(amounts in millions)	Q3 2016	B/(W) than Q3 2015	
		\$	%
Floor Plan Interest Expense	\$7	(\$1)	(24.4%)
Interest Expense, Other	\$13	(\$1)	(5.3%)
Total Interest Expense	\$20	(\$2)	(11.1%)

Increase Primarily Due to Higher Inventory Balances and Mortgages



2016 CAP EX

(amounts in millions)	YTD Q3 2016	Estimated 2016
Real Estate & Facility Related	\$ 132.9	\$ 203.3
All Other Cap Ex	22.2	29.8
Subtotal	\$ 155.1	\$ 233.1
Less: Mortgage Funding	(99.5)	(117.3)
Total Cash Used – Cap Ex	\$ 55.6	\$ 115.7

DEBT COVENANTS

	Covenant	Actual Q3	
		2016	2015
Liquidity Ratio	≥ 1.05	1.16	1.20
Fixed Charge Coverage Ratio	≥ 1.20	1.70	1.78
Total Lease Adjusted Leverage Ratio	≤ 5.50	4.32	4.13

Compliant with all Covenants

OPERATIONS REVIEW

31



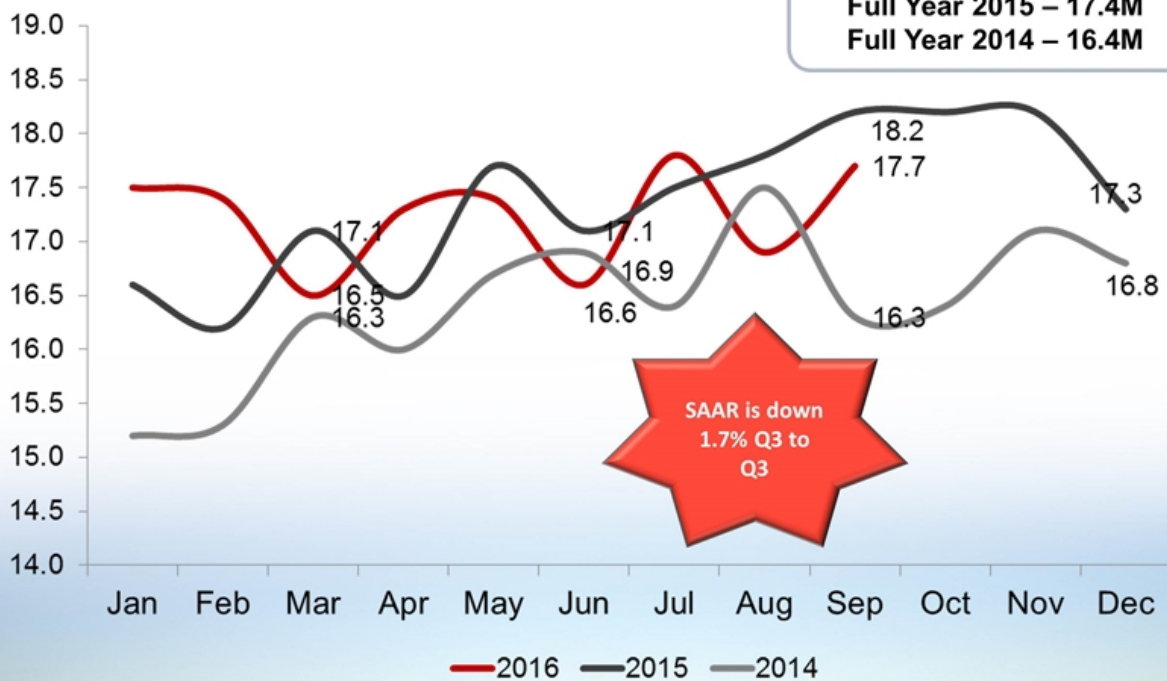
NEW VEHICLE RETAIL SAME STORE

	Q3 2016	Q3 2015	B/(W)
Retail Volume	35,618	36,562	(2.6%)
Selling Price	\$ 38,173	\$ 36,621	4.2%
Gross Margin %	4.5%	4.9%	(40) bps
GPU	\$ 1,734	\$ 1,777	\$ (43)
Gross Profit	\$ 61.8	\$ 65.0	(5.0%)
SAAR (millions)	17.5	17.8	(1.7%)

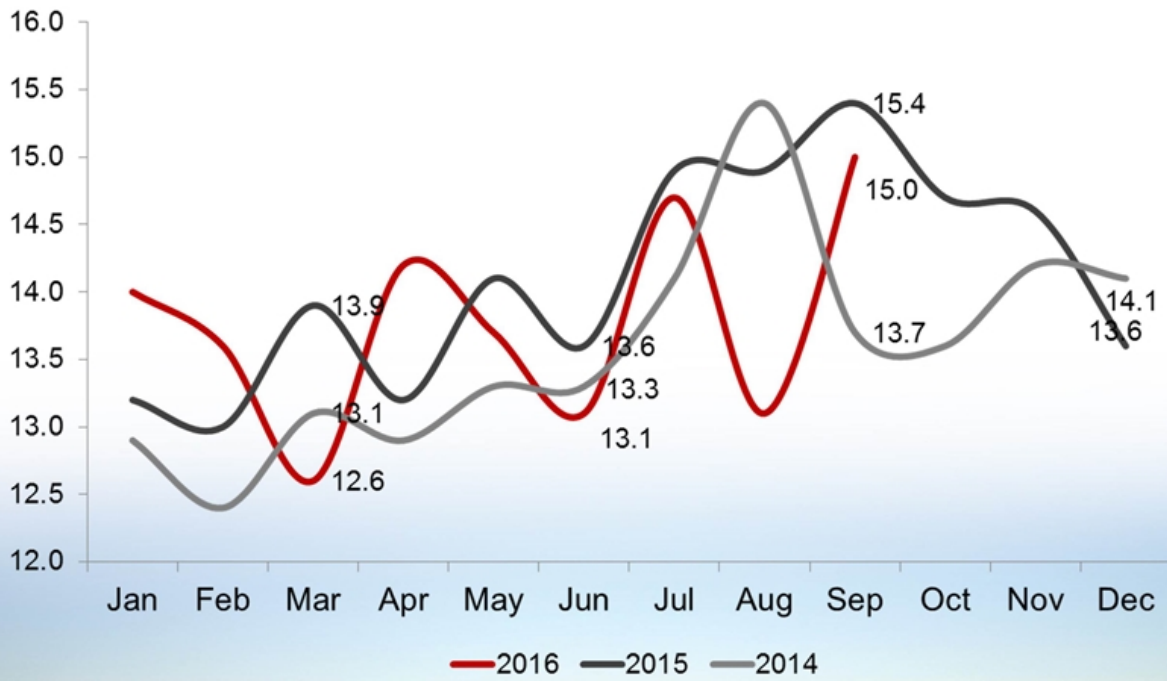
Both Retail Volume and GPU Declines Driven by BMW Brand, Weakness in Texas and Stop-Sale Units

NEW VEHICLE SAAR

YTD Q3 2016 – 17.2M
 Full Year 2015 – 17.4M
 Full Year 2014 – 16.4M



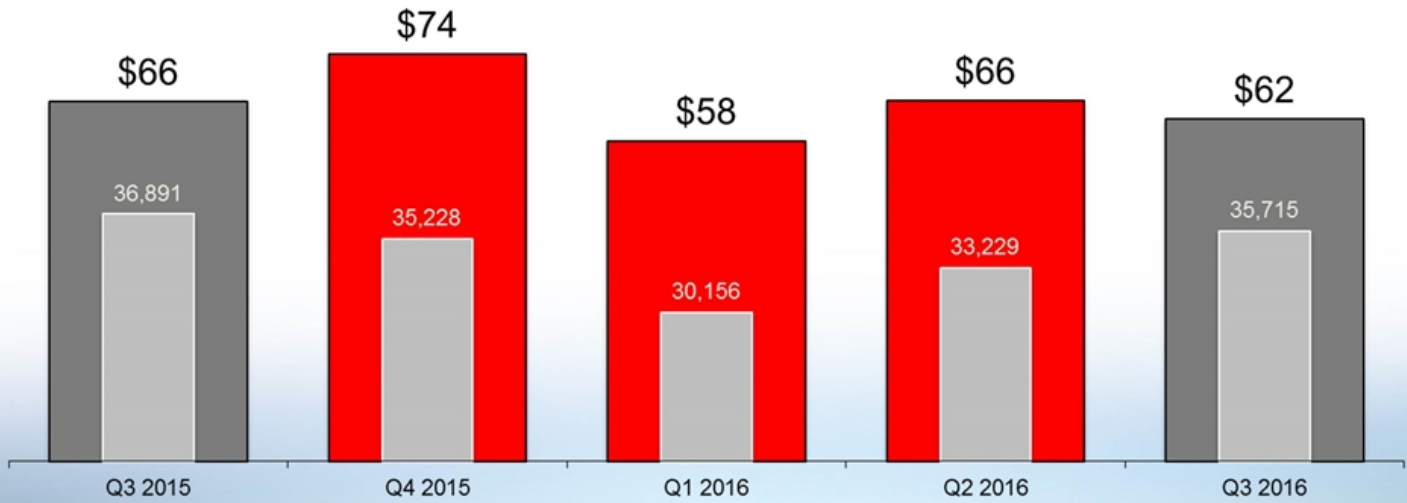
NEW VEHICLE SAAR - RETAIL



RETAIL NEW VEHICLE – GROSS & UNIT TREND

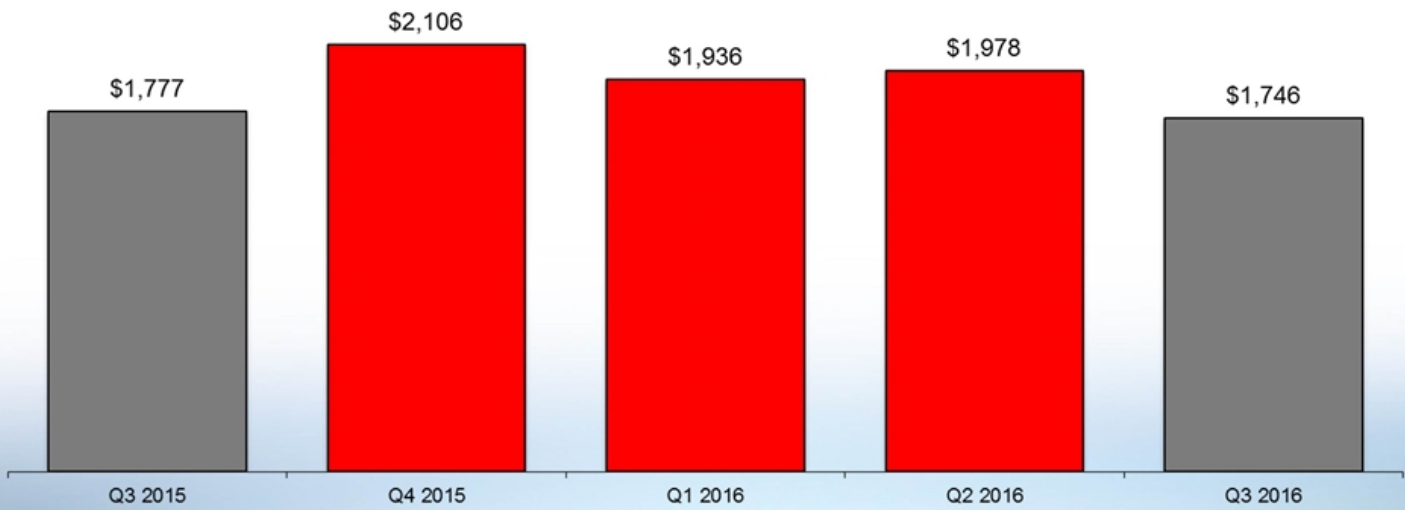
Continuing Operations

■ Gross \$ (in millions) ■ Units

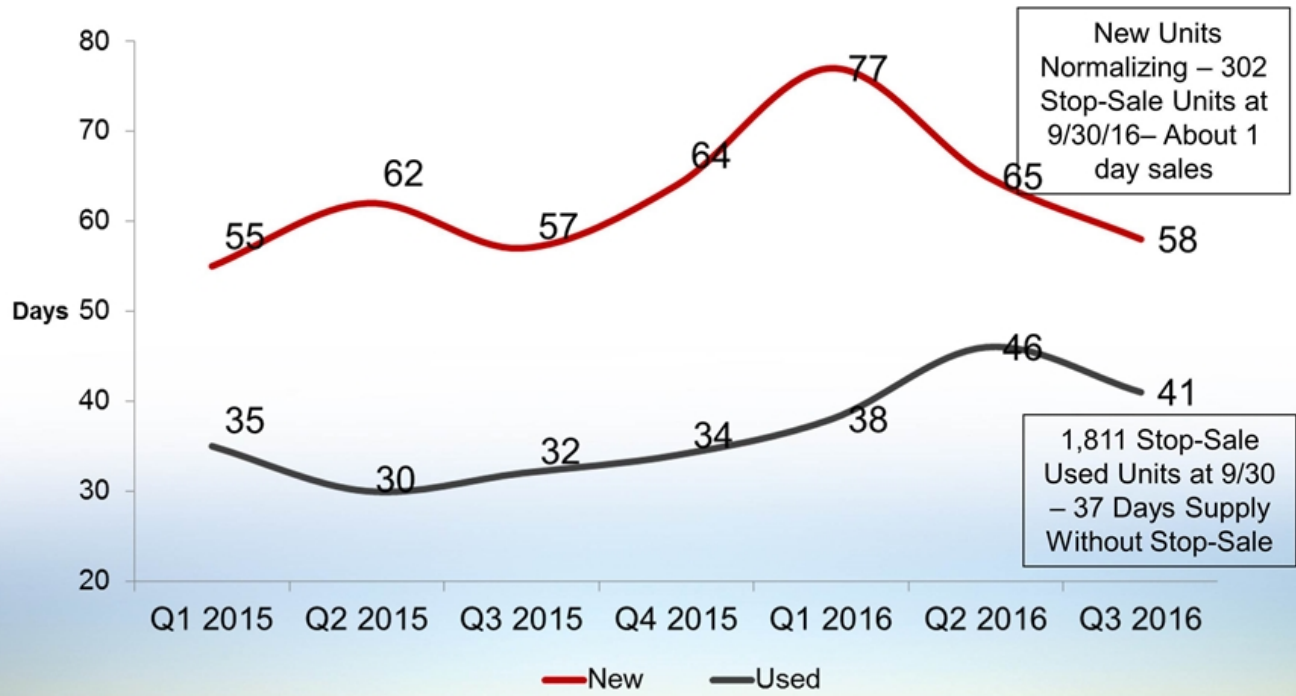


NEW VEHICLE – GROSS PER UNIT

Continuing Operations



VEHICLE DAYS SUPPLY



USED VEHICLE RETAIL

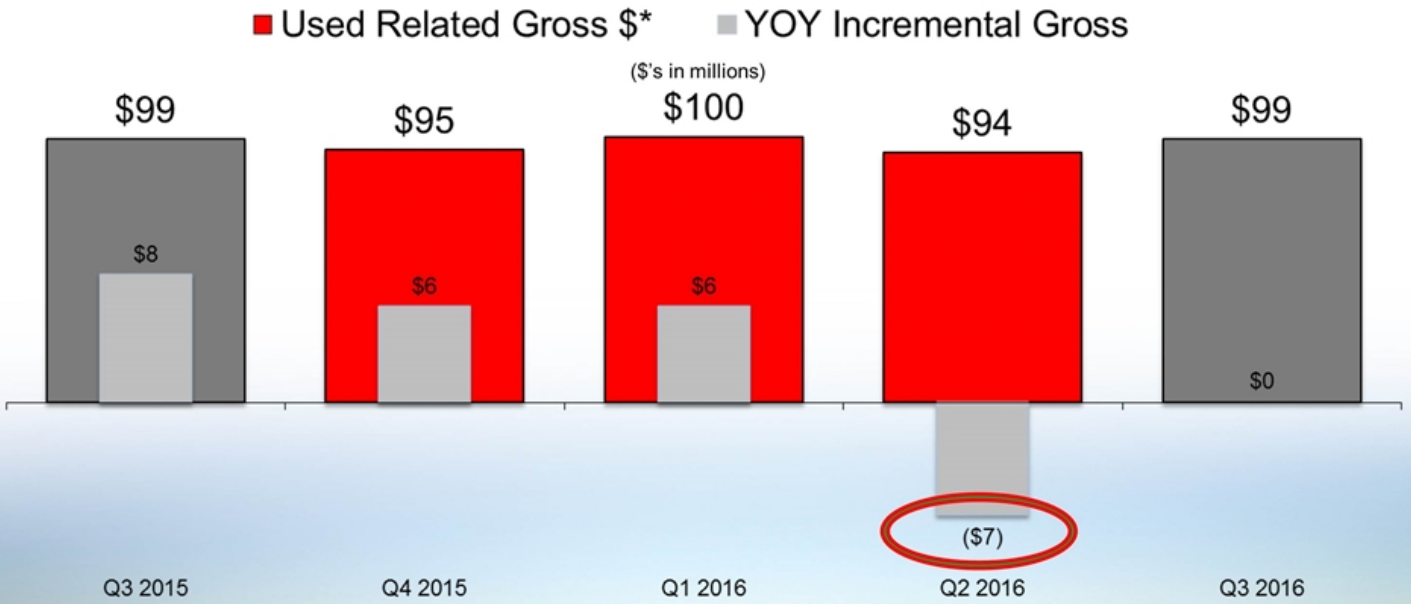
SAME STORE

	Q3 2016	Q3 2015	B/(W)
Retail Volume	30,433	30,053	1.3%
GPU	\$ 1,310	\$ 1,388	\$ (79)
Gross Profit	\$ 39.9	\$ 41.7	\$ (1.9)
Used to New	0.85 to 1.00	0.82 to 1.00	3.7%
Stores	108	108	-
Vehicles/Store/Mth	94	93	1

Stop-Sale Vehicles Hurting Volume and Gross

USED VEHICLE – GROSS TREND

Continuing Operations

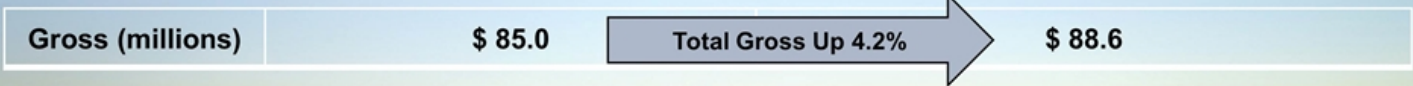
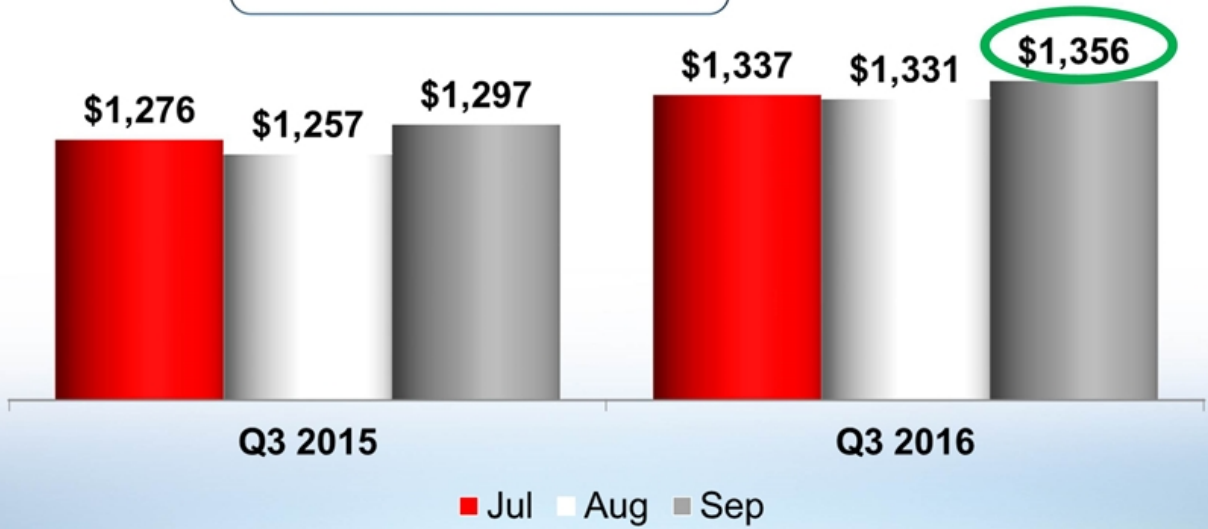


Volume and Gross Hurt By Stop-Sale in Largest Brands (BMW & Honda)

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

F&I SAME STORE

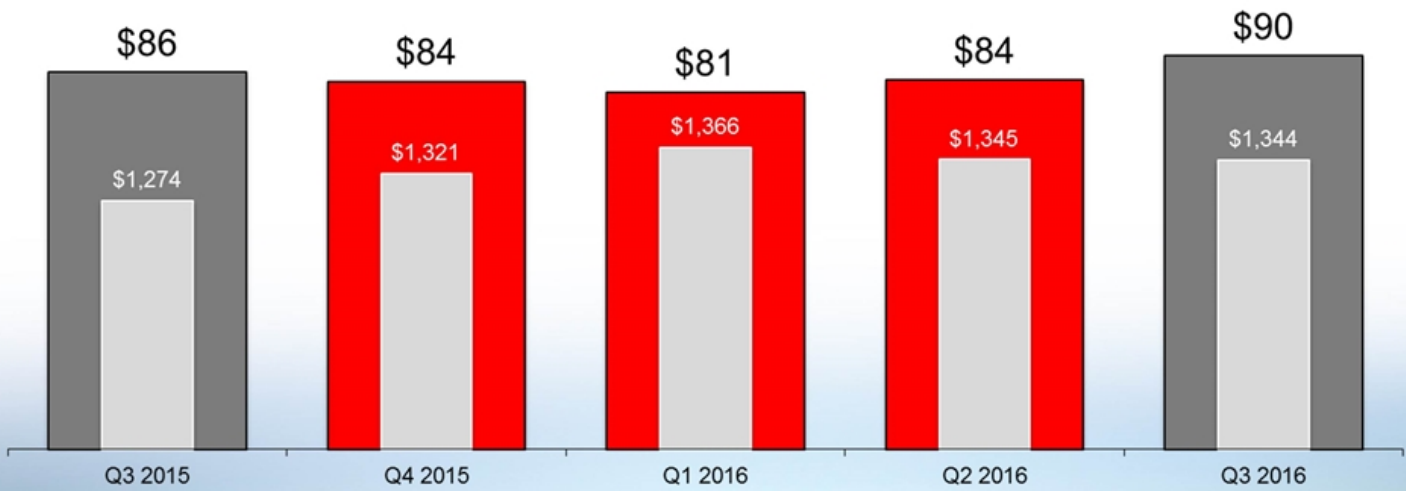
Higher PUR Accounted All of the Increase in F&I Gross



F&I – GROSS & GPU TREND

Continuing Operations

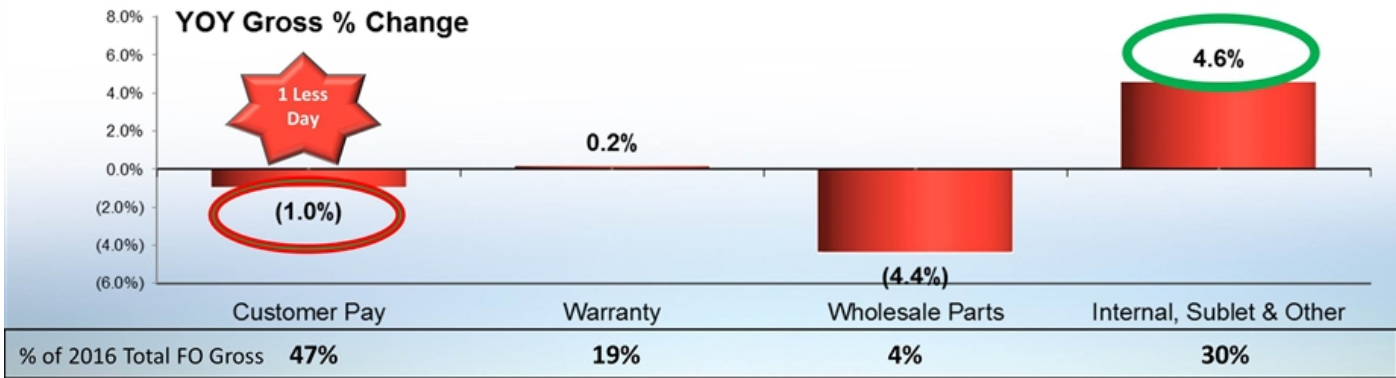
■ Gross \$ (in millions) ■ GPU \$



FIXED OPERATIONS

SAME STORE

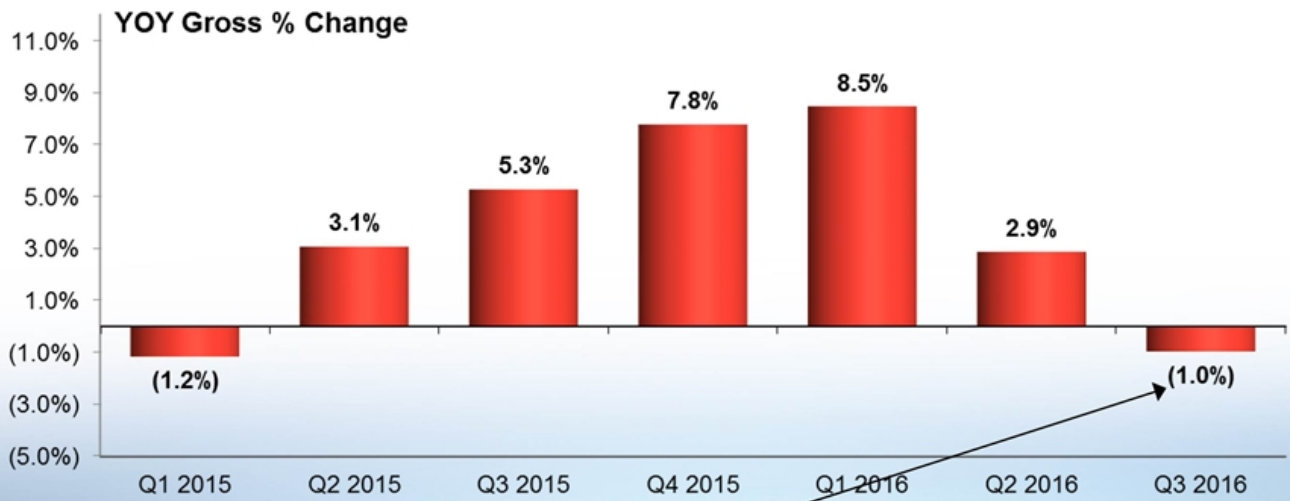
	Q3 2016	Q3 2015	B/(W)
Revenue	\$ 360	\$ 347	3.9%
Gross Profit	\$ 169	\$ 168	0.7%



One Less Day in Q3 2016

FIXED OPERATIONS

SAME STORE – CUSTOMER PAY

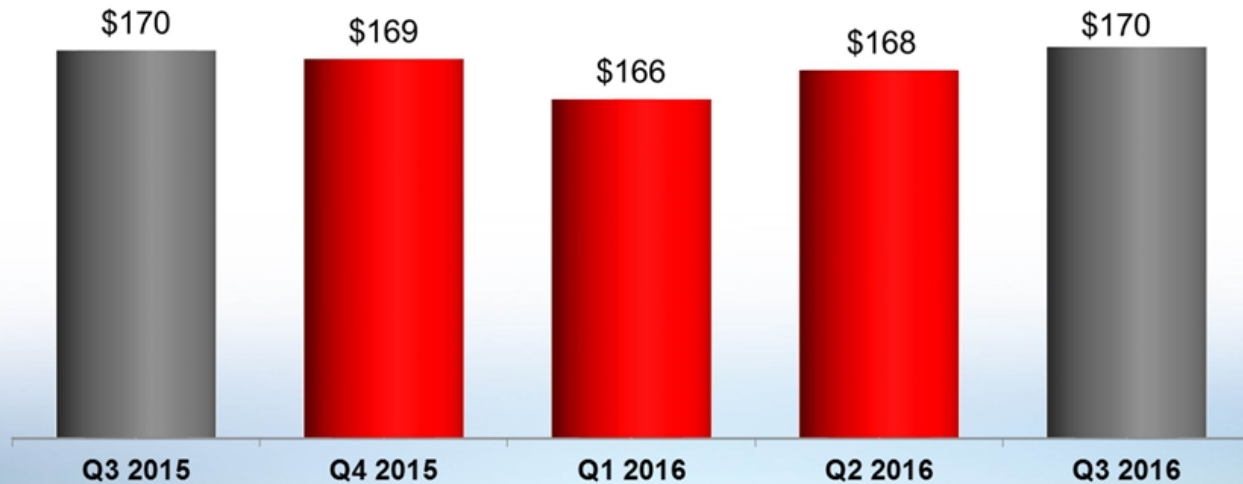


One Less Day in Q3 2016 – Up 0.5% YOY on Same Day Basis

FIXED OPERATIONS – GROSS TREND

Continuing Operations

(\$'s in millions)



One Less Day in Q3 2016 – Up 1.7% YOY on Same Day Basis

SUMMARY

- ❑ Plateauing top-line revenue and gross
- ❑ GPU pressure continues on new and used vehicles
- ❑ Fixed operations and F&I continue to show strength
- ❑ First three EchoPark® locations combined are cash flow positive for the quarter
- ❑ Rolled out the OSOE Technologies to 14 Additional Stores continues (Chattanooga, Birmingham and Los Angeles Markets) – Will also be applying to a BMW store starting in late 2016 / early 2017
- ❑ Houston market continues to be challenging
- ❑ Returned capital through stock purchases and dividend
- ❑ Fixed operations and F&I continue to show strength

Q4 2016 Adjusted Continuing Ops EPS Guidance of \$0.59 - \$0.69

FY 2016 Adjusted Continuing Ops EPS Guidance of \$1.95 - \$2.05

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 September 30, 2016			Three Months Ended September 30, 2015		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark®	Consolidated	Franchised Dealerships	EchoPark®	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.47	\$ (0.05)	\$ 0.42	\$ 0.57	\$ (0.04)	\$ 0.53
Adjustments (net of income taxes):						
Storm damage and other	(0.03)	-	(0.03)	-	-	-
Impairment charges	0.08	-	0.08	-	-	-
Effect of adjustments, net of income taxes	0.05	-	0.05	-	-	-
Adjusted:						
Diluted earnings (loss) per share	\$ 0.52	\$ (0.05)	\$ 0.47	\$ 0.57	\$ (0.04)	\$ 0.53
	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark®	Consolidated	Franchised Dealerships	EchoPark®	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 1.36	\$ (0.14)	\$ 1.22	\$ 1.28	\$ (0.17)	\$ 1.11
Adjustments (net of income taxes):						
Gain on disposal	-	-	-	(0.01)	-	(0.01)
Storm damage and other	0.05	-	0.05	0.06	-	0.06
Impairment charges	0.08	-	0.08	0.18	0.02	0.20
Effect of adjustments, net of income taxes	0.13	-	0.13	0.23	0.02	0.25
Adjusted:						
Adjusted diluted earnings (loss) per share	\$ 1.49	\$ (0.14)	\$ 1.35	\$ 1.51	\$ (0.15)	\$ 1.36

NON-GAAP RECONCILIATIONS

	Three Months Ended September 30, 2016						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share	Amount	Per Share	Amount	Per Share
			Amount		Amount		Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	45,118	\$ 18,969		\$ (858)		\$ 18,111	
Effect of participating securities:							
Non-vested restricted stock		(11)		-		(11)	
Basic earnings (loss) and shares	45,118	\$ 18,958	\$ 0.42	\$ (858)	\$ (0.02)	\$ 18,100	\$ 0.40
Effect of dilutive securities:							
Stock compensation plans	236						
Diluted earnings (loss) and shares	45,354	\$ 18,958	\$ 0.42	\$ (858)	\$ (0.02)	\$ 18,100	\$ 0.40
Adjustments:							
Impairment charges		\$ 6,089		\$ -		\$ 6,089	
Storm damage and other		(2,341)		1,000		(1,341)	
Total adjustments before taxes		3,748		1,000		4,748	
Income tax effect of above adjustments		(1,473)		(390)		(1,863)	
Effect of adjustments net of income taxes ..		\$ 2,275	\$ 0.05	\$ 610	\$ 0.01	\$ 2,885	\$ 0.06
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 21,244	\$ 0.47	\$ (248)	\$ (0.01)	\$ 20,996	\$ 0.46

(1) Net loss attributable to EchoPark® operations was \$0.05 per fully diluted share in the three months ended September 30, 2016.

NON-GAAP RECONCILIATIONS

	Nine Months Ended September 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	45,930	\$ 56,475		\$ (918)		\$ 55,557	
Effect of participating securities:							
Non-vested restricted stock		(31)		-		(31)	
Basic earnings (loss) and shares	45,930	\$ 56,444	\$ 1.23	\$ (918)	\$ (0.02)	\$ 55,526	\$ 1.21
Effect of dilutive securities:							
Stock compensation plans	200						
Diluted earnings (loss) and shares	46,130	\$ 56,444	\$ 1.22	\$ (918)	\$ (0.02)	\$ 55,526	\$ 1.20
Adjustments:							
Impairment charges		\$ 6,089		\$ -		\$ 6,089	
Storm damage		3,702		477		4,179	
Total adjustments before taxes		9,791		477		10,268	
Income tax effect of above adjustments		(3,818)		(187)		(4,005)	
Effect of adjustments, net of income taxes ..		\$ 5,973	\$ 0.13	\$ 290	\$ 0.01	\$ 6,263	\$ 0.14
Adjusted:							
Earnings (loss) and Diluted earnings (loss) per share (2)		\$ 62,448	\$ 1.35	\$ (628)	\$ (0.01)	\$ 61,820	\$ 1.34

(2) Net loss attributable to EchoPark® operations was \$0.14 per fully diluted share in the nine months ended September 30, 2016.

NON-GAAP RECONCILIATIONS

Nine Months Ended September 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	50,697	\$ 56,584		\$ (1,331)		\$ 55,253	
Effect of participating securities:							
Non-vested restricted stock		(27)		-		(27)	
Basic earnings (loss) and shares	50,697	\$ 56,557	\$ 1.12	\$ (1,331)	\$ (0.03)	\$ 55,226	\$ 1.09
Effect of dilutive securities:							
Stock compensation plans	389						
Diluted earnings (loss) and shares	51,086	\$ 56,557	\$ 1.11	\$ (1,331)	\$ (0.03)	\$ 55,226	\$ 1.08
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 (3)		\$ 69,299	\$ 1.36	\$ (1,331)	\$ (0.03)	\$ 67,968	\$ 1.33

(3) Net loss attributable to EchoPark® operations was \$0.15 per fully diluted share in the nine months ended September 30, 2015.

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		EchoPark® Three Months Ended September 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
SG&A expenses	\$ 282.1	\$ 280.0	\$ 275.7	\$ 274.5	\$ 6.4	\$ 5.5
Adjustments:						
Storm damage and other	2.4	-	2.4	-	-	-
Total SG&A adjustments	2.4	-	2.4	-	-	-
Adjusted:						
SG&A expenses	\$ 284.5	\$ 280.0	\$ 278.1	\$ 274.5	\$ 6.4	\$ 5.5
Reported:						
SG&A expenses as % of gross profit	78.6%	77.7%	77.7%	76.8%	NM	NM
Adjustments:						
Storm damage and other	0.6%	-	0.7%	-	-	-
Total adjustments	0.6%	-	0.7%	-	-	-
Adjusted:						
SG&A expenses as % of gross profit	79.2%	77.7%	78.4%	76.8%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		EchoPark® Three Months Ended September 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
Operating income	\$ 50.9	\$ 62.9	\$ 54.2	\$ 66.3	\$ (3.3)	\$ (3.4)
Adjustments (before income taxes):						
SG&A expenses	(2.4)	-	(2.4)	-	-	-
Impairment charges	6.1	-	6.1	-	-	-
Total adjustments before taxes	3.7	-	3.7	-	-	-
Adjusted:						
Operating income	\$ 54.6	\$ 62.9	\$ 57.9	\$ 66.3	\$ (3.3)	\$ (3.4)
Reported:						
Income (loss) from continuing operations before taxes ...	\$ 31.3	\$ 45.2	\$ 35.1	\$ 48.9	\$ (3.8)	\$ (3.7)
Adjustments (before income taxes):						
SG&A expenses	(2.4)	-	(2.4)	-	-	-
Impairment charges	6.1	-	6.1	-	-	-
Total adjustments before taxes	3.7	-	3.7	-	-	-
Adjusted:						
Income (loss) from continuing operations before taxes ...	\$ 35.0	\$ 45.2	\$ 38.8	\$ 48.9	\$ (3.8)	\$ (3.7)
Reported:						
Income (loss) from continuing operations	\$ 19.0	\$ 27.1				
Adjustments (net of income taxes):						
SG&A expenses	(1.5)	-				
Impairment charges	3.7	-				
Total adjustments, net of income taxes	2.2	-				
Adjusted:						
Income (loss) from continuing operations	\$ 21.2	\$ 27.1				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		EchoPark® Nine Months Ended September 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
SG&A expenses	\$ 843.7	\$ 835.6	\$ 826.1	\$ 818.6	\$ 17.6	\$ 17.0
Adjustments:						
Gain on disposal	-	0.9	-	0.9	-	-
Storm damage and other	(3.7)	(5.1)	(3.7)	(5.1)	-	-
Total SG&A adjustments	(3.7)	(4.2)	(3.7)	(4.2)	-	-
Adjusted:						
SG&A expenses	\$ 840.0	\$ 831.4	\$ 822.4	\$ 814.4	\$ 17.6	\$ 17.0
Reported:						
SG&A expenses as % of gross profit	79.8%	79.5%	78.9%	78.4%	NM	NM
Adjustments:						
Gain on disposal	-	0.1%	-	0.2%	-	-
Storm damage and other	(0.4%)	(0.5%)	(0.3%)	(0.6%)	-	-
Total adjustments	(0.4%)	(0.4%)	(0.3%)	(0.4%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	79.4%	79.1%	78.6%	78.0%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		EchoPark® Nine Months Ended September 30,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
Operating income	\$ 150.3	\$ 147.5	\$ 159.8	\$ 160.9	\$ (9.5)	\$ (13.4)
Adjustments (before income taxes):						
SG&A expenses	3.7	4.2	3.7	4.2	-	-
Impairment charges	6.1	16.7	6.1	15.3	-	1.4
Total adjustments before taxes	9.8	20.9	9.8	19.5	-	1.4
Adjusted:						
Operating income	\$ 160.1	\$ 168.4	\$ 169.6	\$ 180.4	\$ (9.5)	\$ (12.0)
Reported:						
Income (loss) from continuing operations before taxes ...	\$ 93.0	\$ 93.5	\$ 103.7	\$ 107.6	\$ (10.7)	\$ (14.1)
Adjustments (before income taxes):						
SG&A expenses	3.7	4.2	3.7	4.2	-	-
Impairment charges	6.1	16.7	6.1	15.3	-	1.4
Total adjustments before taxes	9.8	20.9	9.8	19.5	-	1.4
Adjusted:						
Income (loss) from continuing operations before taxes ...	\$ 102.8	\$ 114.4	\$ 113.5	\$ 127.1	\$ (10.7)	\$ (12.7)
Reported:						
Income (loss) from continuing operations	\$ 56.5	\$ 56.6				
Adjustments (net of income taxes):						
SG&A expenses	2.3	2.6				
Impairment charges	3.6	10.1				
Total adjustments, net of income taxes	5.9	12.7				
Adjusted:						
Income (loss) from continuing operations	\$ 62.4	\$ 69.3				