
**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): February 21, 2017

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 February 21, 2017, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal fourth quarter and fiscal year ended December 31, 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 February 21, 2017, 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 February 21, 2017

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: February 21, 2017

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 February 21, 2017
99.2	Earnings call presentation materials

Sonic Automotive, Inc. Reports Record Results Continuing Operations Quarterly Earnings Per Share of \$0.84

Fourth Quarter 2016 Results

- Record Q4 pre-owned units and gross profit of 29,621 and \$41.5 million, respectively
- Record Q4 fixed operations gross profit of \$169.9 million, up 0.5% over the prior year quarter
- Record Q4 F&I gross profit and gross profit per retail unit of \$88.3 million and \$1,363, respectively
- Record Q4 total gross profit of \$371.7 million, up 2.2% over the prior year quarter
- EchoPark® stores retailed 1,330 units, up 74.1% over the prior year quarter

Full Year 2016 Results

- Record annual pre-owned units of 119,174, up 1.8% over the prior year
- Record annual fixed operations gross profit of \$674.1 million, up 1.3% over the prior year
- Record annual F&I gross profit and gross profit per retail unit of \$343.3 million and \$1,354, respectively
- Record annual total gross profit of \$1.429 billion, up 1.0% over the prior year
- EchoPark® stores retailed 4,865 units, up 50.9% over the prior year

CHARLOTTE, N.C. – February 21, 2017 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported financial results for the fourth quarter and full year of 2016.

GAAP Basis

Net income from continuing operations for the fourth quarter of 2016 and 2015 was \$38.0 million, or \$0.84 per diluted share, and \$31.5 million, or \$0.63 per diluted share, respectively. Also included in the reported amounts for the fourth quarter of 2016 and 2015 is a net loss from operations related to EchoPark® of \$1.3 million, or \$0.03 per diluted share, and \$2.2 million, or \$0.04 per diluted share, respectively.

Net income from continuing operations for the full year of 2016 and 2015 was \$94.5 million, or \$2.06 per diluted share, and \$88.1 million, or \$1.73 per diluted share, respectively. Also included in the reported amounts for the full year of 2016 and 2015 is a net loss from operations related to EchoPark® of \$7.8 million, or \$0.17 per diluted share, and \$10.8 million, or \$0.21 per diluted share, respectively.

Adjusted Basis

Adjusted net income from continuing operations and related earnings per diluted share are non-GAAP financial measures. The schedules included in this press release reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Adjusted net income from continuing operations for the fourth quarter of 2016 and 2015 was \$29.8 million, or \$0.66 per diluted share, and \$30.9 million, or \$0.61 per diluted share, respectively. The adjustments in the 2016 quarterly period relate to gains for a settlement with an original equipment manufacturer (“OEM”) and the adjustment of physical damage loss accruals offset partially by losses related to fixed asset impairments and lease exit charges. The adjustments in the 2015 quarterly period relate to gains from the disposal of dealership franchises, offset partially by losses related to fixed asset and franchise asset impairments.

Adjusted net income from continuing operations for the full year of 2016 and 2015 was \$92.3 million, or \$2.01 per diluted share, and \$100.2 million, or \$1.97 per diluted share, respectively. The adjustments in the 2016 annual period relate to gains for a settlement with an OEM, partially offset by charges related to physical damage losses, lease exit charges and fixed asset impairments. The adjustments in the 2015 annual period related to charges related to physical damage losses, legal matters, lease exit charges and fixed assets impairments, franchise assets and goodwill, offset partially by gains from the disposal of dealership franchises.

Commentary

Jeff Dyke, Sonic’s EVP of Operations, stated, “We are very proud of our record setting performance in the fourth quarter and throughout 2016. During the year, increases in fixed operations and F&I gross profit have been able to overshadow challenges experienced in the new and used vehicle gross profit categories. We are very proud of our team for how they handled these challenges driven by recalls, over-supply of inventory and softening in the Houston, Texas market. The December month was an all-time record breaking month for us and offset a weaker start to the quarter. We sold, grossed, serviced and profited more in December than in any month in our company’s history. We believe our brand mix, improvements in the Houston economy and our team’s execution of our Playbook strategy helped lead to this record breaking performance. In addition, our stores representing three of our most significant brands, Honda, BMW and Mercedes, were able to outpace industry unit results during the fourth quarter.”

“EchoPark® continues to improve its performance from an operational and financial standpoint. Several of the original stores in Denver were cash flow positive in the fourth quarter at the store operating level and our first store that has been open the longest was profitable for the year. We have an additional store opening in Colorado Springs in the second quarter that will bring our store count total in Colorado to six. Our next market we expect to open will be in Texas, specifically, the San Antonio market where we anticipate openings of at least three new locations in late 2017. We are excited about our EchoPark® performance and the progress we are making from a profit perspective. We also continue to have one of the highest Reputation.com scores for auto retail, and retail in general, as guests continue to tell us that the goal we set of developing the best guest experience in the industry is being met!”

2017 Outlook

B. Scott Smith, the Company's Chief Executive Officer, noted, "The 2016 year proved to be a bit of a roller coaster ride from month-to-month as we believe consumer uncertainty, the effect of recalls and stop-sales made it challenging for all automotive retailers. We expect 2017 to be consistent with the 2016 environment for dealers and anticipate new vehicle industry volume to be between 17.0 million and 17.5 million units. We project diluted earnings per share from continuing operations for 2017 to be between \$2.00 and \$2.10 per share. This range includes the effect of projected EchoPark® results and expansion. We are projecting a loss related to EchoPark® for 2017 of between \$0.23 and \$0.27 per diluted share. We will have additional comments on our 2017 outlook in our earnings call later today."

Dividend

Sonic's Board of Directors approved a quarterly dividend of \$0.05 per share payable in cash for stockholders of record on March 15, 2017. The dividend will be payable on April 14, 2017.

Fourth Quarter Earnings Conference Call

Senior management will host a conference call today at 11:00 A.M. (Eastern) to discuss the quarter's results. To access the live broadcast of the call over the Internet go to: www.sonicautomotive.com, then click on "Our Company," then "Investor Relations," then "Earnings Conference Calls."

Presentation materials for the conference call can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations."

The conference call will also be available live by dialing in 10 minutes prior to the start of the call at:

Domestic: 1.877.450.3867
International: 1.706.643.0958
Conference ID: 57878967

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: 57878967

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.

Forward Looking Statements

Included herein are forward-looking statements, including statements with respect to anticipated expansion of our EchoPark® business, the estimated new vehicle industry volume in 2017 and anticipated diluted earnings per share from continuing operations for the full year ending December 31, 2017. 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 Securities and Exchange Commission (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 from continuing operations and related earnings per diluted share, 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 financial 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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Contact: Heath Byrd, Chief Financial Officer (704) 566-2400
C.G. Saffer, Vice President and Chief Accounting Officer (704) 566-2439

Sonic Automotive, Inc.
Results of Operations (Unaudited)

This release contains certain non-GAAP financial measures (the "Adjusted" 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 December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
(In thousands, except per share and unit data)				
Revenues:				
New retail vehicles	\$ 1,396,413	\$ 1,377,661	\$ 5,180,535	\$ 5,205,688
Fleet vehicles	11,914	22,101	53,970	59,713
Total new vehicles	1,408,327	1,399,762	5,234,505	5,265,401
Used vehicles	651,608	607,430	2,533,122	2,512,024
Wholesale vehicles	57,906	34,579	211,048	155,339
Total vehicles	2,117,841	2,041,771	7,978,675	7,932,764
Parts, service and collision repair	350,726	345,068	1,409,819	1,364,947
Finance, insurance and other, net	88,346	83,796	343,285	326,588
Total revenues	2,556,913	2,470,635	9,731,779	9,624,299
Gross profit	371,735	363,848	1,429,274	1,414,612
Selling, general and administrative expenses	(267,135)	(275,002)	(1,110,856)	(1,110,565)
Impairment charges	(1,824)	(1,257)	(8,063)	(17,955)
Depreciation and amortization	(20,144)	(17,846)	(77,446)	(68,799)
Operating income (loss)	82,632	69,743	232,909	217,293
Other income (expense):				
Interest expense, floor plan	(7,919)	(5,840)	(27,716)	(21,326)
Interest expense, other, net	(12,546)	(12,275)	(50,106)	(50,910)
Other income (expense), net	5	—	125	99
Total other income (expense)	(20,460)	(18,115)	(77,697)	(72,137)
Income (loss) from continuing operations before taxes	62,172	51,628	155,212	145,156
Provision for income taxes for continuing operations - benefit (expense)	(24,131)	(20,121)	(60,696)	(57,065)
Income (loss) from continuing operations	38,041	31,507	94,516	88,091
Income (loss) from discontinued operations	(405)	(449)	(1,323)	(1,780)
Net income (loss)	\$ 37,636	\$ 31,058	\$ 93,193	\$ 86,311
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.84	\$ 0.63	\$ 2.06	\$ 1.73
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	(0.03)	(0.03)
Earnings (loss) per common share	\$ 0.83	\$ 0.62	\$ 2.03	\$ 1.70
Weighted average common shares outstanding	45,341	50,278	45,948	50,883
Gross Margin Data (Continuing Operations):				
New retail vehicles	5.3%	5.4%	5.0%	5.2%
Fleet vehicles	(0.3%)	0.1%	0.3%	(0.3%)
Total new vehicles	5.2%	5.3%	5.0%	5.1%
Used vehicles	6.4%	6.4%	6.3%	6.5%
Wholesale vehicles	(3.3%)	(5.8%)	(3.5%)	(4.7%)
Parts, service and collision repair	48.4%	49.0%	47.8%	48.8%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	14.5%	14.7%	14.7%	14.7%
SG&A Expenses (Continuing Operations):				
Compensation	\$ 167,724	\$ 169,510	\$ 674,617	\$ 666,668
Advertising	15,840	15,470	61,674	61,630
Rent	18,638	18,481	73,903	73,539
Other	64,933	71,541	300,662	308,728
Total SG&A expenses	\$ 267,135	\$ 275,002	\$ 1,110,856	\$ 1,110,565
SG&A expenses as % of gross profit	71.9%	75.6%	77.7%	78.5%
Operating Margin %	3.2%	2.8%	2.4%	2.3%
Unit Data (Continuing Operations):				
New retail units	35,188	35,228	134,288	138,129
Fleet units	374	628	1,715	1,872
Total new units	35,562	35,856	136,003	140,001
Used units	29,621	28,220	119,174	117,123
Wholesale units	9,086	6,594	35,098	30,168

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Three Months Ended December 31, 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	44,764	\$ 38,041		\$ (405)		\$ 37,636	
Effect of participating securities:							
Non-vested restricted stock		(22)		—		(22)	
Basic earnings (loss) and shares	44,764	\$ 38,019	\$ 0.85	\$ (405)	\$ (0.01)	\$ 37,614	\$ 0.84
Effect of dilutive securities:							
Stock compensation plans	577						
Diluted earnings (loss) and shares	45,341	\$ 38,019	\$ 0.84	\$ (405)	\$ (0.01)	\$ 37,614	\$ 0.83
Adjustments:							
OEM Settlement		\$ (14,836)		\$ —		\$ (14,836)	
Impairment charges		1,824		—		1,824	
Storm damage and other		(411)		450		39	
Total adjustments before taxes		(13,423)		450		(12,973)	
Income tax effect of above adjustments		5,210		(153)		5,057	
Effect of adjustments, net of income taxes		\$ (8,213)	\$ (0.18)	\$ 297	\$ 0.01	\$ (7,916)	\$ (0.17)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 29,828	\$ 0.66	\$ (108)	\$ —	\$ 29,720	\$ 0.66

(1) Net loss attributable to EchoPark® operations was \$0.03 per fully diluted share in the three months ended December 31, 2016.

	Three Months Ended December 31, 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	49,872	\$ 31,507		\$ (449)		\$ 31,058	
Effect of participating securities:							
Non-vested restricted stock		(13)		—		(13)	
Basic earnings (loss) and shares	49,872	\$ 31,494	\$ 0.63	\$ (449)	\$ (0.01)	\$ 31,045	\$ 0.62
Effect of dilutive securities:							
Stock compensation plans	406						
Diluted earnings (loss) and shares	50,278	\$ 31,494	\$ 0.63	\$ (449)	\$ (0.01)	\$ 31,045	\$ 0.62
Adjustments:							
Gain on disposal		\$ (2,323)		\$ —		\$ (2,323)	
Impairment charges		1,257		—		1,257	
Total adjustments before taxes		(1,066)		—		(1,066)	
Income tax effect of above adjustments		415		—		415	
Effect of adjustments, net of income taxes		\$ (651)	\$ (0.02)	\$ —	\$ —	\$ (651)	\$ (0.02)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 30,856	\$ 0.61	\$ (449)	\$ (0.01)	\$ 30,407	\$ 0.60

(2) Net loss attributable to EchoPark® operations was \$0.04 per fully diluted share in the three months ended December 31, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Twelve Months Ended December 31, 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	45,637	\$ 94,516		\$(1,323)		\$ 93,193	
Effect of participating securities:							
Non-vested restricted stock		(52)		—		(52)	
Basic earnings (loss) and shares	45,637	\$ 94,464	\$ 2.07	\$(1,323)	\$ (0.03)	\$ 93,141	\$ 2.04
Effect of dilutive securities:							
Stock compensation plans	311						
Diluted earnings (loss) and shares	45,948	\$ 94,464	\$ 2.06	\$(1,323)	\$ (0.03)	\$ 93,141	\$ 2.03
Adjustments:							
OEM Settlement		\$(14,836)		\$ —		\$(14,836)	
Impairment charges		7,913		—		7,913	
Storm damage and other		3,290		927		4,217	
Total adjustments before taxes		(3,633)		927		(2,706)	
Income tax effect of above adjustments		1,394		(341)		1,053	
Effect of adjustments, net of income taxes		\$ (2,239)	\$ (0.05)	\$ 586	\$ 0.01	\$ (1,653)	\$ (0.04)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 92,277	\$ 2.01	\$ (737)	\$ (0.02)	\$ 91,540	\$ 1.99

(3) Net loss attributable to EchoPark® operations was \$0.17 per fully diluted share in the twelve months ended December 31, 2016.

	Twelve Months Ended December 31, 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	50,489	\$ 88,091		\$(1,780)		\$86,311	
Effect of participating securities:							
Non-vested restricted stock		(36)		—		(36)	
Basic earnings (loss) and shares	50,489	\$ 88,055	\$ 1.74	\$(1,780)	\$ (0.03)	\$86,275	\$ 1.71
Effect of dilutive securities:							
Stock compensation plans	394						
Diluted earnings (loss) and shares	50,883	\$ 88,055	\$ 1.73	\$(1,780)	\$ (0.03)	\$86,275	\$ 1.70
Adjustments:							
Gain on disposal		\$ (3,279)		\$ —		\$(3,279)	
Impairment charges		17,918		—		17,918	
Storm damage and other		5,138		—		5,138	
Total adjustments before taxes		19,777		—		19,777	
Income tax effect of above adjustments		(7,713)		—		(7,713)	
Effect of adjustments, net of income taxes		\$ 12,064	\$ 0.24	\$ —	\$ (0.01)	\$12,064	\$ 0.23
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (4)		\$100,155	\$ 1.97	\$(1,780)	\$ (0.04)	\$98,375	\$ 1.93

(4) Net loss attributable to EchoPark® operations was \$0.19 per fully diluted share in the twelve months ended December 31, 2015.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	Three Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 1,408,327	\$ 1,399,762	\$ 8,565	0.6%
Gross profit	\$ 73,916	\$ 74,209	\$ (293)	(0.4%)
Unit sales	35,562	35,856	(294)	(0.8%)
Revenue per unit	\$ 39,602	\$ 39,038	\$ 564	1.4%
Gross profit per unit	\$ 2,079	\$ 2,070	\$ 9	0.4%
Gross profit as a % of revenue	5.2%	5.3%	(10) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 5,234,505	\$ 5,265,401	\$(30,896)	(0.6%)
Gross profit	\$ 260,594	\$ 267,929	\$ (7,335)	(2.7%)
Unit sales	136,003	140,001	(3,998)	(2.9%)
Revenue per unit	\$ 38,488	\$ 37,610	\$ 878	2.3%
Gross profit per unit	\$ 1,916	\$ 1,914	\$ 2	0.1%
Gross profit as a % of revenue	5.0%	5.1%	(10) bps	

	Three Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 1,393,218	\$ 1,394,423	\$ (1,205)	(0.1%)
Gross profit	\$ 73,391	\$ 74,428	\$ (1,037)	(1.4%)
Unit sales	35,261	35,726	(465)	(1.3%)
Revenue per unit	\$ 39,512	\$ 39,031	\$ 481	1.2%
Gross profit per unit	\$ 2,081	\$ 2,083	\$ (2)	(0.1%)
Gross profit as a % of revenue	5.3%	5.3%	— bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 5,214,210	\$ 5,221,517	\$ (7,307)	(0.1%)
Gross profit	\$ 259,403	\$ 266,632	\$ (7,229)	(2.7%)
Unit sales	135,605	138,901	(3,296)	(2.4%)
Revenue per unit	\$ 38,451	\$ 37,592	\$ 859	2.3%
Gross profit per unit	\$ 1,913	\$ 1,920	\$ (7)	(0.4%)
Gross profit as a % of revenue	5.0%	5.1%	(10) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	<u>Three Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 651,608	\$ 607,430	\$44,178	7.3%
Gross profit	\$ 41,464	\$ 38,772	\$ 2,692	6.9%
Unit sales	29,621	28,220	1,401	5.0%
Revenue per unit	\$ 21,998	\$ 21,525	\$ 473	2.2%
Gross profit per unit	\$ 1,400	\$ 1,374	\$ 26	1.9%
Gross profit as a % of revenue	6.4%	6.4%	—	bps

	<u>Twelve Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 2,533,122	\$ 2,512,024	\$21,098	0.8%
Gross profit	\$ 158,585	\$ 162,042	\$ (3,457)	(2.1%)
Unit sales	119,174	117,123	2,051	1.8%
Revenue per unit	\$ 21,256	\$ 21,448	\$ (192)	(0.9%)
Gross profit per unit	\$ 1,331	\$ 1,384	\$ (53)	(3.8%)
Gross profit as a % of revenue	6.3%	6.5%	(20)	bps

	<u>Three Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 632,856	\$ 603,026	\$29,830	4.9%
Gross profit	\$ 38,591	\$ 38,681	\$ (90)	(0.2%)
Unit sales	28,781	28,000	781	2.8%
Revenue per unit	\$ 21,989	\$ 21,537	\$ 452	2.1%
Gross profit per unit	\$ 1,341	\$ 1,381	\$ (40)	(2.9%)
Gross profit as a % of revenue	6.1%	6.4%	(30)	bps

	<u>Twelve Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	2016	2015	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 2,502,267	\$ 2,481,090	\$21,177	0.9%
Gross profit	\$ 156,841	\$ 161,743	\$ (4,902)	(3.0%)
Unit sales	117,814	115,549	2,265	2.0%
Revenue per unit	\$ 21,239	\$ 21,472	\$ (233)	(1.1%)
Gross profit per unit	\$ 1,331	\$ 1,400	\$ (69)	(4.9%)
Gross profit as a % of revenue	6.3%	6.5%	(20)	bps

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Three Months Ended December 31,</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	\$ 57,906	\$ 34,579	\$23,327	67.5%
Gross profit (loss)	\$ (1,890)	\$ (2,003)	\$ 113	5.6%
Unit sales	9,086	6,594	2,492	37.8%
Revenue per unit	\$ 6,373	\$ 5,244	\$ 1,129	21.5%
Gross profit (loss) per unit	\$ (208)	\$ (304)	\$ 96	31.6%
Gross profit (loss) as a % of revenue	(3.3%)	(5.8%)	250 bps	

	<u>Twelve Months Ended December 31,</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	\$ 211,048	\$ 155,339	\$55,709	35.9%
Gross profit (loss)	\$ (7,316)	\$ (7,368)	\$ 52	0.7%
Unit sales	35,098	30,168	4,930	16.3%
Revenue per unit	\$ 6,013	\$ 5,149	\$ 864	16.8%
Gross profit (loss) per unit	\$ (208)	\$ (244)	\$ 36	14.8%
Gross profit (loss) as a % of revenue	(3.5%)	(4.7%)	120 bps	

	<u>Three Months Ended December 31,</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	\$ 56,696	\$ 34,436	\$22,260	64.6%
Gross profit (loss)	\$ (1,762)	\$ (1,898)	\$ 136	7.2%
Unit sales	8,845	6,569	2,276	34.6%
Revenue per unit	\$ 6,410	\$ 5,242	\$ 1,168	22.3%
Gross profit (loss) per unit	\$ (199)	\$ (289)	\$ 90	31.1%
Gross profit (loss) as a % of revenue	(3.1%)	(5.5%)	240 bps	

	<u>Twelve Months Ended December 31,</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	\$ 209,323	\$ 153,705	\$55,618	36.2%
Gross profit (loss)	\$ (7,062)	\$ (6,969)	\$ (93)	(1.3%)
Unit sales	34,798	29,869	4,929	16.5%
Revenue per unit	\$ 6,015	\$ 5,146	\$ 869	16.9%
Gross profit (loss) per unit	\$ (203)	\$ (233)	\$ 30	12.9%
Gross profit (loss) as a % of revenue	(3.4%)	(4.5%)	110 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 139,550	\$ 145,787	\$ (6,237)	(4.3%)
Warranty	67,656	58,923	8,733	14.8%
Wholesale parts	43,337	44,602	(1,265)	(2.8%)
Internal, sublet and other	100,183	95,756	4,427	4.6%
Total	<u>\$ 350,726</u>	<u>\$ 345,068</u>	<u>\$ 5,658</u>	1.6%
Gross profit				
Customer pay	\$ 73,958	\$ 79,475	\$ (5,517)	(6.9%)
Warranty	36,973	31,795	5,178	16.3%
Wholesale parts	7,450	7,917	(467)	(5.9%)
Internal, sublet and other	51,519	49,887	1,632	3.3%
Total	<u>\$ 169,900</u>	<u>\$ 169,074</u>	<u>\$ 826</u>	0.5%
Gross profit as a % of revenue				
Customer pay	53.0%	54.5%	(150) bps	
Warranty	54.6%	54.0%	60 bps	
Wholesale parts	17.2%	17.8%	(60) bps	
Internal, sublet and other	51.4%	52.1%	(70) bps	
Total	48.4%	49.0%	(60) bps	

	<u>Twelve Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 582,557	\$ 577,265	\$ 5,292	0.9%
Warranty	240,415	228,093	12,322	5.4%
Wholesale parts	176,870	181,296	(4,426)	(2.4%)
Internal, sublet and other	409,977	378,293	31,684	8.4%
Total	<u>\$ 1,409,819</u>	<u>\$ 1,364,947</u>	<u>\$44,872</u>	3.3%
Gross profit				
Customer pay	\$ 314,791	\$ 316,026	\$ (1,235)	(0.4%)
Warranty	129,924	126,571	3,353	2.6%
Wholesale parts	30,754	32,249	(1,495)	(4.6%)
Internal, sublet and other	198,657	190,575	8,082	4.2%
Total	<u>\$ 674,126</u>	<u>\$ 665,421</u>	<u>\$ 8,705</u>	1.3%
Gross profit as a % of revenue				
Customer pay	54.0%	54.7%	(70) bps	
Warranty	54.0%	55.5%	(150) bps	
Wholesale parts	17.4%	17.8%	(40) bps	
Internal, sublet and other	48.5%	50.4%	(190) bps	
Total	47.8%	48.8%	(100) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 138,954	\$ 145,057	\$ (6,103)	(4.2%)
Warranty	67,386	58,637	8,749	14.9%
Wholesale parts	43,320	44,353	(1,033)	(2.3%)
Internal, sublet and other	98,692	95,272	3,420	3.6%
Total	<u>\$ 348,352</u>	<u>\$ 343,319</u>	<u>\$ 5,033</u>	1.5%
Gross profit				
Customer pay	\$ 73,667	\$ 79,057	\$ (5,390)	(6.8%)
Warranty	36,802	31,641	5,161	16.3%
Wholesale parts	7,448	7,864	(416)	(5.3%)
Internal, sublet and other	50,876	49,713	1,163	2.3%
Total	<u>\$ 168,793</u>	<u>\$ 168,275</u>	<u>\$ 518</u>	0.3%
Gross profit as a % of revenue				
Customer pay	53.0%	54.5%	(150) bps	
Warranty	54.6%	54.0%	60 bps	
Wholesale parts	17.2%	17.7%	(50) bps	
Internal, sublet and other	51.6%	52.2%	(60) bps	
Total	48.5%	49.0%	(50) bps	

	<u>Twelve Months Ended December 31,</u>		<u>Better / (Worse)</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 581,642	\$ 569,924	\$11,718	2.1%
Warranty	240,065	225,572	14,493	6.4%
Wholesale parts	176,850	178,958	(2,108)	(1.2%)
Internal, sublet and other	407,371	374,003	33,368	8.9%
Total	<u>\$ 1,405,928</u>	<u>\$ 1,348,457</u>	<u>\$57,471</u>	4.3%
Gross profit				
Customer pay	\$ 314,342	\$ 311,926	\$ 2,416	0.8%
Warranty	129,721	125,255	4,466	3.6%
Wholesale parts	30,752	31,770	(1,018)	(3.2%)
Internal, sublet and other	196,758	188,423	8,335	4.4%
Total	<u>\$ 671,573</u>	<u>\$ 657,374</u>	<u>\$14,199</u>	2.2%
Gross profit as a % of revenue				
Customer pay	54.0%	54.7%	(70) bps	
Warranty	54.0%	55.5%	(150) bps	
Wholesale parts	17.4%	17.8%	(40) bps	
Internal, sublet and other	48.3%	50.4%	(210) bps	
Total	47.8%	48.8%	(100) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended December 31,</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	\$ 88,346	\$ 83,796	\$ 4,550	5.4%
Gross profit per retail unit (excludes fleet)	\$ 1,363	\$ 1,321	\$ 42	3.2%

	<u>Twelve Months Ended December 31,</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	\$ 343,285	\$ 326,588	\$16,697	5.1%
Gross profit per retail unit (excludes fleet)	\$ 1,354	\$ 1,279	\$ 75	5.9%

	<u>Three Months Ended December 31,</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	\$ 85,445	\$ 83,393	\$ 2,052	2.5%
Gross profit per retail unit (excludes fleet)	\$ 1,342	\$ 1,322	\$ 20	1.5%

	<u>Twelve Months Ended December 31,</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	\$ 338,733	\$ 323,556	\$15,177	4.7%
Gross profit per retail unit (excludes fleet)	\$ 1,346	\$ 1,281	\$ 65	5.1%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 167,724	\$ 169,510	\$ 1,786	1.1%
Advertising	15,840	15,470	(370)	(2.4%)
Rent	18,638	18,481	(157)	(0.8%)
Other	64,933	71,541	6,608	9.2%
Total SG&A expenses	<u>\$ 267,135</u>	<u>\$ 275,002</u>	<u>\$ 7,867</u>	2.9%
Adjustments:				
OEM Settlement	\$ 14,836	\$ —		
Storm damage and other	411	—		
Gain on disposal	—	2,323		
Total SG&A adjustments	<u>\$ 15,247</u>	<u>\$ 2,323</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 282,382</u>	<u>\$ 277,325</u>	\$ (5,057)	(1.8%)
Reported:				
SG&A expenses as a % of gross profit				
Compensation	45.1%	46.6%	150 bps	
Advertising	4.3%	4.3%	0 bps	
Rent	5.0%	5.1%	10 bps	
Other	17.5%	19.6%	210 bps	
Total SG&A expenses as a % of gross profit	<u>71.9%</u>	<u>75.6%</u>	<u>370 bps</u>	
Adjustments:				
OEM Settlement	4.0%	0.0%		
Storm damage and other	0.1%	0.0%		
Gain on disposal	0.0%	0.6%		
Total effect of adjustments	<u>4.1%</u>	<u>0.6%</u>		
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>76.0%</u>	<u>76.2%</u>	<u>20 bps</u>	
	Twelve Months Ended December 31,		Better / (Worse)	
	2016	2015	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 674,617	\$ 666,668	\$ (7,949)	(1.2%)
Advertising	61,674	61,630	(44)	(0.1%)
Rent	73,903	73,539	(364)	(0.5%)
Other	300,662	308,728	8,066	2.6%
Total SG&A expenses	<u>\$ 1,110,856</u>	<u>\$ 1,110,565</u>	<u>\$ (291)</u>	(0.0%)
Adjustments:				
OEM Settlement	\$ 14,836	\$ —		
Storm damage and other	(3,290)	(5,138)		
Gain on disposal	—	3,279		
Total SG&A adjustments	<u>\$ 11,546</u>	<u>\$ (1,859)</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 1,122,402</u>	<u>\$ 1,108,706</u>	\$ (13,696)	(1.2%)
Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.2%	47.1%	(10) bps	
Advertising	4.3%	4.4%	10 bps	
Rent	5.2%	5.2%	0 bps	
Other	21.0%	21.8%	80 bps	
Total SG&A expenses as a % of gross profit	<u>77.7%</u>	<u>78.5%</u>	<u>80 bps</u>	
Adjustments:				
OEM Settlement	1.0%	0.0%		
Storm damage and other	(0.2%)	(0.3%)		
Gain on disposal	0.0%	0.2%		
Total effect of adjustments	<u>0.8%</u>	<u>(0.1%)</u>		
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>78.5%</u>	<u>78.4%</u>	<u>(10) bps</u>	



Q4 2016 Investor Presentation

February 21, 2017



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 2017 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, 2017. 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

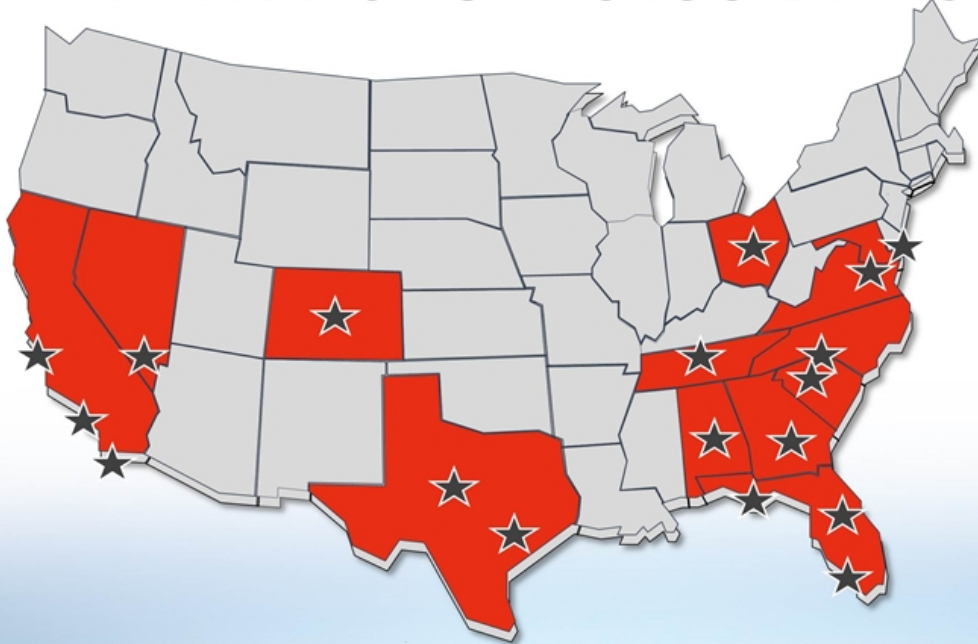
- OVERVIEW
- STRATEGIC FOCUS
- FINANCIAL REVIEW
- OPERATIONS REVIEW
- SUMMARY & OUTLOOK

COMPANY OVERVIEW

4

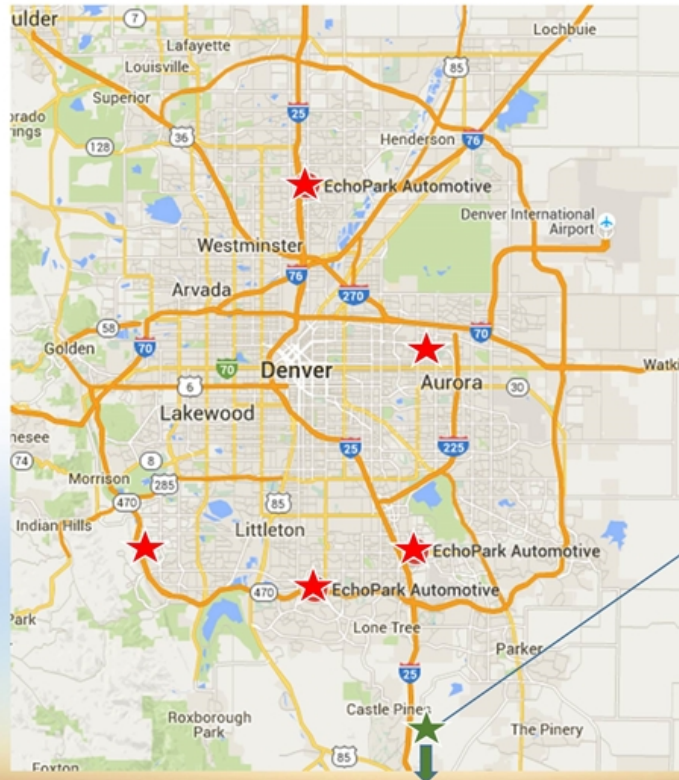


OVERVIEW – FRANCHISED GEOGRAPHIC



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

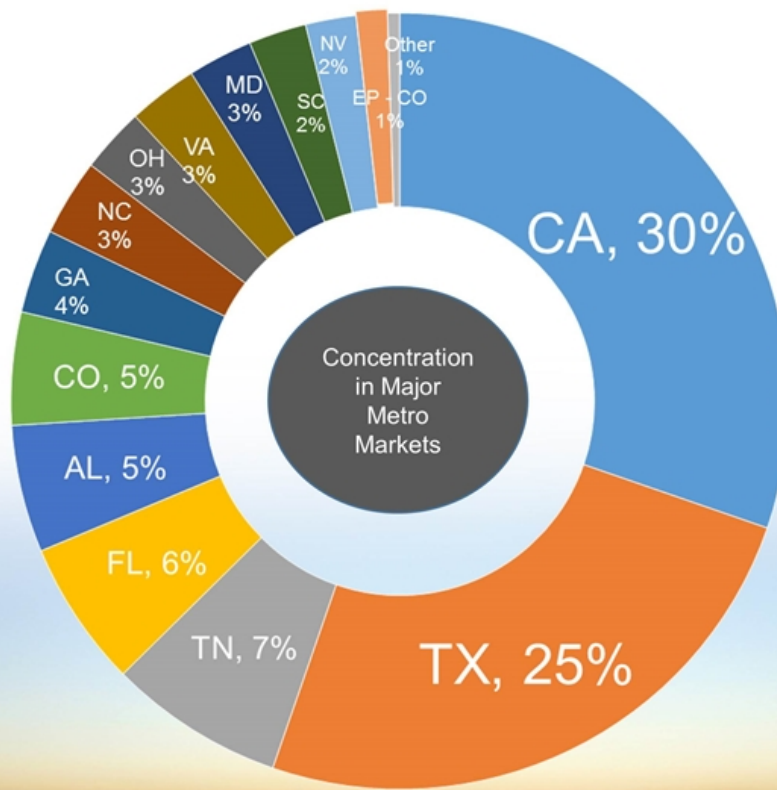
OVERVIEW – ECHOPARK® GEOGRAPHIC



Colorado Springs - Opens First Half of 2017

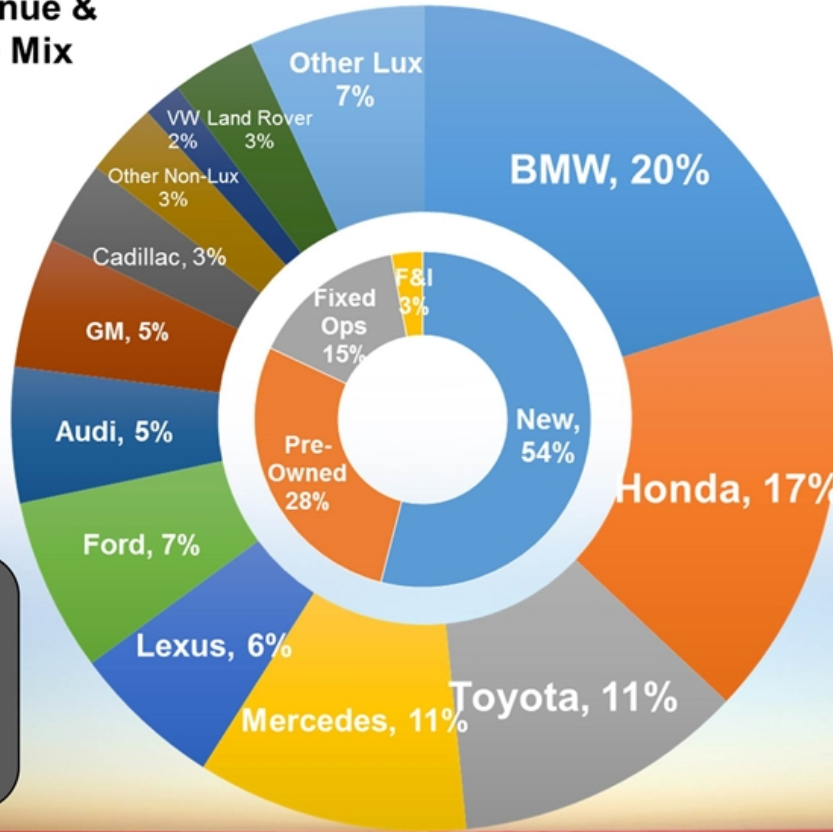


OVERVIEW - GEOGRAPHIC



OVERVIEW – BRAND COMPOSITION

New Retail Revenue & Overall Revenue Mix



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

STRATEGIC FOCUS



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

FY 2016

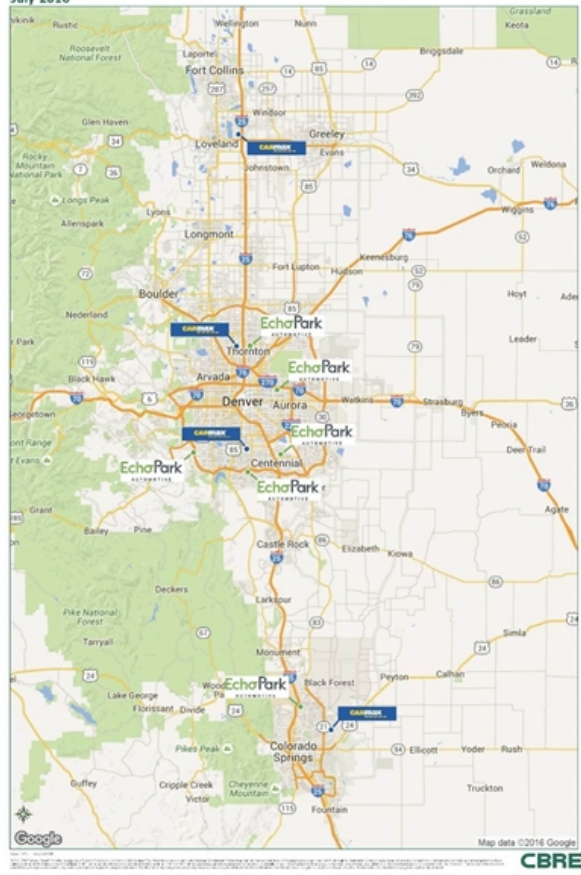
- Repurchased 5.6M shares for \$100.0M YTD 2016
- Dividends Declared of \$9.1M YTD 2016
 - Increased quarterly dividend to \$0.05/share in Feb 2016
- Open Point Revenue
 - McKinney MB – estimate annual revenues >\$100M - OPEN
 - Nissan of Cleveland – estimate annual revenues >\$30M - OPEN
 - Pensacola Audi – estimate annual revenues >\$50M – OPENING 1H 2017
- EP Revenue
 - FY 2016 revenue of \$129M
 - 68% YOY revenue growth
 - Five stores now open - two new stores fully operational in Q3
- Increased Equity in Properties to \$281.3M in 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

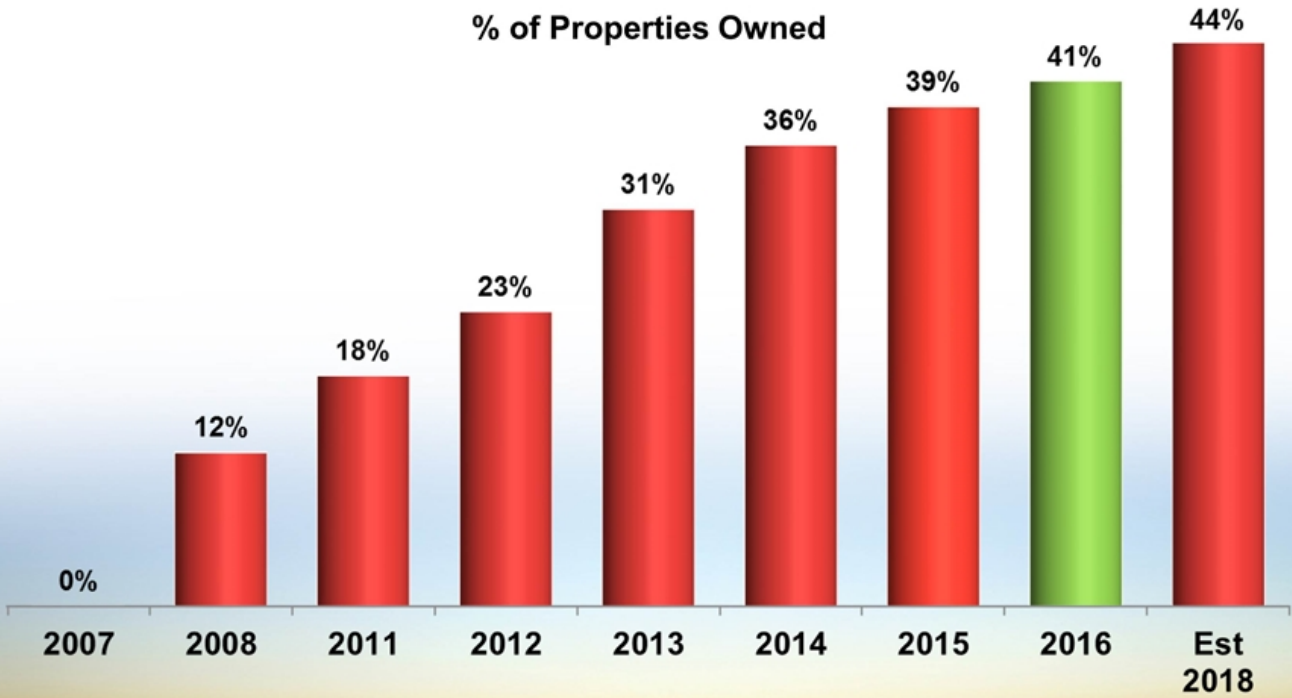
STRATEGIC FOCUS

ACQUISITIONS & OPEN POINTS

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

STRATEGIC FOCUS OWN OUR PROPERTIES

% of Properties Owned



STRATEGIC FOCUS

RETURN CAPITAL TO SHAREHOLDERS

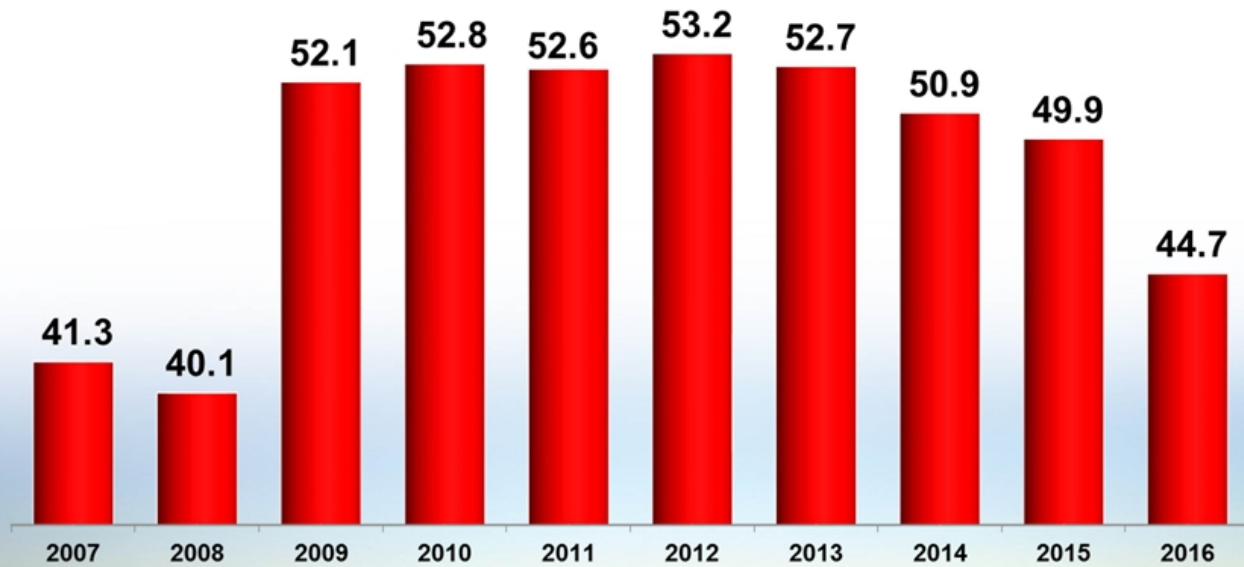
<small>(amounts in thousands, except per share data)</small>	<u>Shares</u>	<u>\$/Share</u>	<u>\$</u>	<u>Availability</u>
Q1 Activity	4,103	\$18.14	\$ 74,415	
Q2 Activity	759	\$17.24	\$ 13,090	
Q3 Activity	579	\$17.23	\$ 9,981	
Q4 Activity	<u>147</u>	<u>\$16.90</u>	<u>\$ 2,485</u>	
YTD	<u>5,588</u>	<u>\$17.89</u>	<u>\$ 99,971</u>	\$ 45,033
Additional Authorization Granted in 2017				<u>\$ 100,000</u>
Total Availability in 2017				<u>\$ 145,033</u>

Acquired 11.2% of OS in 2016
 New Share Count = 44.7M 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.

Q4 2016 FINANCIAL REVIEW

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Q4 2016 FINANCIAL REVIEW FRANCHISED SEGMENT

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FRANCHISED SEGMENT Q4 2016 RESULTS

(amounts in millions, except per share data)	Q4 2016 ⁽¹⁾	B/(W) than Q4 2015 ⁽¹⁾	
		\$	%
Revenue	\$2,522	\$69	2.8%
Gross Profit	\$367	\$5	1.5%
SG&A as % of Gross	75.5%		(10) bps
Operating Profit	\$71	(\$1)	(1.4%)
Interest & Other	(\$20)	(\$2)	(13.1%)
Pretax	\$51	(\$3)	(6.2%)
Diluted EPS	\$0.69	\$0.04	6.2%

(1) – Q4 2016 and Q4 2015 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q4 2016 FINANCIAL REVIEW ECHOPARK[®] SEGMENT

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ECHOPARK® SEGMENT Q4 2016 RESULTS

(amounts in millions, except per share, unit and per unit data)	Q4 2016	B/(W) than Q4 2015	
		\$	%
Revenue	\$35	\$17	92.4%
Gross Profit	\$5	\$3	103.1%
Operating Profit	(\$2)	\$2	47.6%
Interest & Other	(\$0)	(\$0)	(3.2%)
Pretax	(\$2)	\$2	43.0%
Diluted EPS	(\$0.03)	\$0.01	25.0%
Retail Units	1,330	566	74.1%
GPU	\$1,162	(\$71)	(5.8%)
F&I (\$/unit)	\$1,773	\$726	69.4%

Q4 2016 FINANCIAL REVIEW TOTAL ENTERPRISE

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CONSOLIDATED Q4 2016 RESULTS

(amounts in millions, except per share data)	Q4 2016 ⁽¹⁾	B/(W) than Q4 2015 ⁽¹⁾	
		\$	%
Revenue	\$2,557	\$86	3.5%
Gross Profit	\$372	\$8	2.2%
SG&A as % of Gross	76.0%		20 bps
Operating Profit	\$69	\$1	0.8%
Interest & Other	(\$20)	(\$2)	(12.9%)
Continuing Ops:			
Profit (after tax)	\$30	(\$1)	(3.3%)
Diluted EPS	\$0.66	\$0.05	8.2%

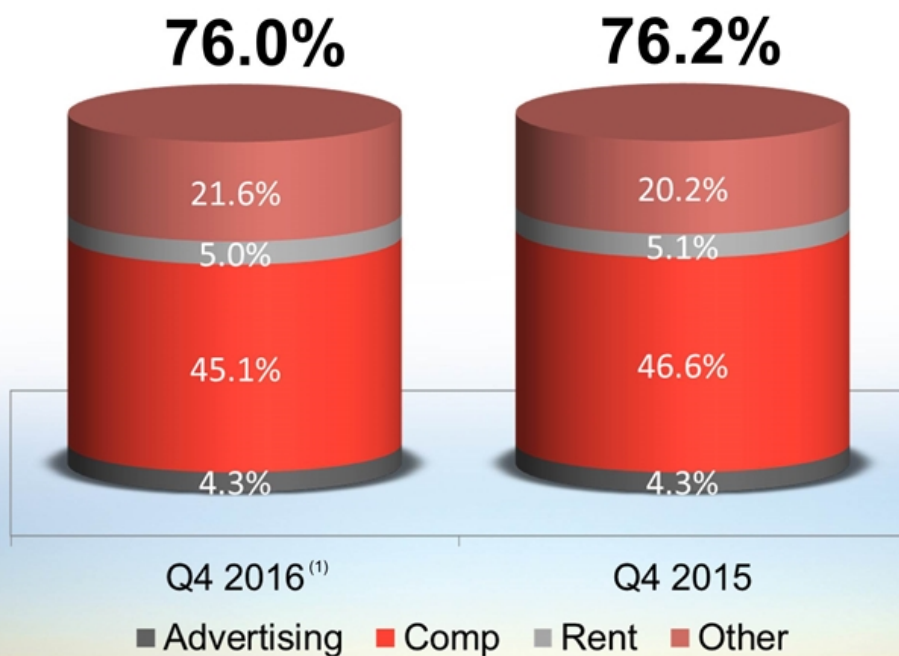
(1) – Q4 2016 and Q4 2015 results are adjusted – See Appendix for reconciliation to GAAP amounts.

Q4 2016 REVENUE & GROSS PROFIT

(amounts in millions)	Q4 2016	B/(W) than Q4 2015	
		\$	%
New Retail Revenue	\$1,396	\$19	1.4%
Used Retail Revenue	\$652	\$44	7.3%
Fixed Operations Revenue	\$351	\$6	1.6%
F&I Revenue	\$88	\$5	5.4%
Total Revenue	\$2,557	\$86	3.5%
New Retail Gross	\$74	(\$0)	(0.3%)
Used Retail Gross	\$41	\$3	6.9%
Fixed Operations Gross	\$170	\$1	0.5%
F&I Gross	\$88	\$5	5.4%
Total Gross	\$372	\$8	2.2%

Growth in Used Vehicle Gross (EchoPark®) and F&I Drove Overall Increase

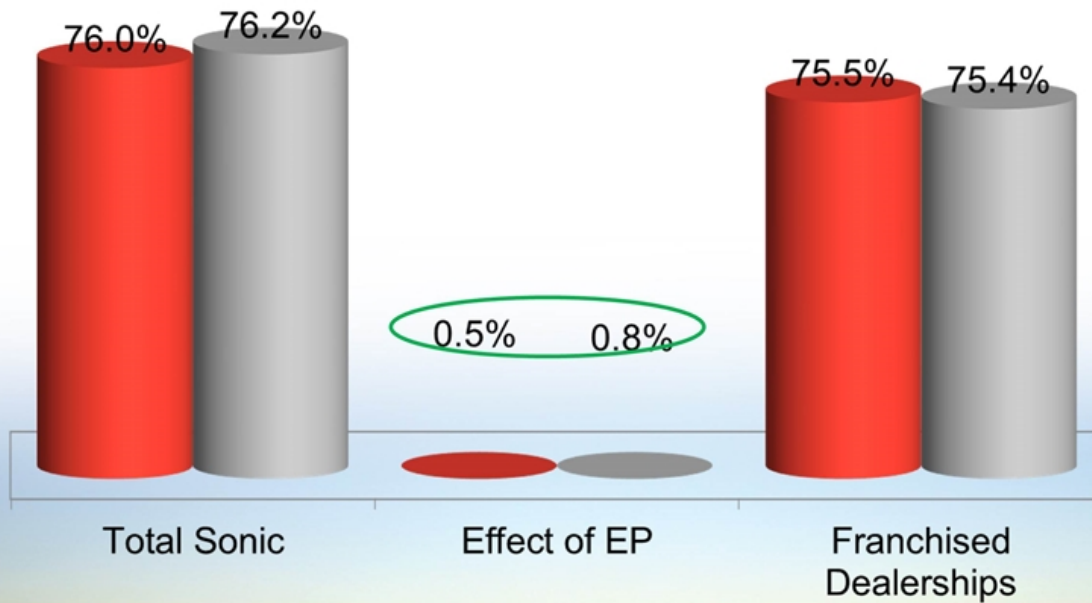
Q4 2016 SG&A TO GROSS ⁽¹⁾



(1) – Q4 2016 & Q4 2015 are adjusted – See appendix for reconciliation to GAAP amounts.

Q4 2016 SG&A TO GROSS⁽¹⁾

■ Q4 2016⁽¹⁾ ■ Q4 2015⁽¹⁾



(1) – Q4 2016 and Q4 2015 are adjusted – See appendix for reconciliation to GAAP amounts.

INTEREST EXPENSE

Q4 2016

(amounts in millions)	Q4 2016	B/(W) than Q4 2015	
		\$	%
Floor Plan Interest Expense	\$8	(\$2)	(35.6%)
Interest Expense, Other	\$13	(\$0)	(2.2%)
Total Interest Expense	\$20	(\$2)	(13.0%)

Floor Plan Increase Due to Higher Balances and Rates



2016 CAP EX

(amounts in millions)	FY 2016	Estimated 2017
Real Estate & Facility Related	\$ 174.3	\$ 204.6
All Other Cap Ex	31.9	36.6
Subtotal	\$ 206.2	\$ 241.2
Less: Mortgage Funding	(103.4)	(123.1)
Total Cash Used – Cap Ex	\$ 102.8	\$ 118.1

DEBT COVENANTS

	<u>Covenant</u>	<u>Q4 2016</u>
Liquidity Ratio	≥ 1.05	1.17
Fixed Charge Coverage Ratio	≥ 1.20	1.92
Total Lease Adjusted Leverage Ratio	≤ 5.75	4.08

Compliant with all Covenants

OPERATIONS REVIEW

31

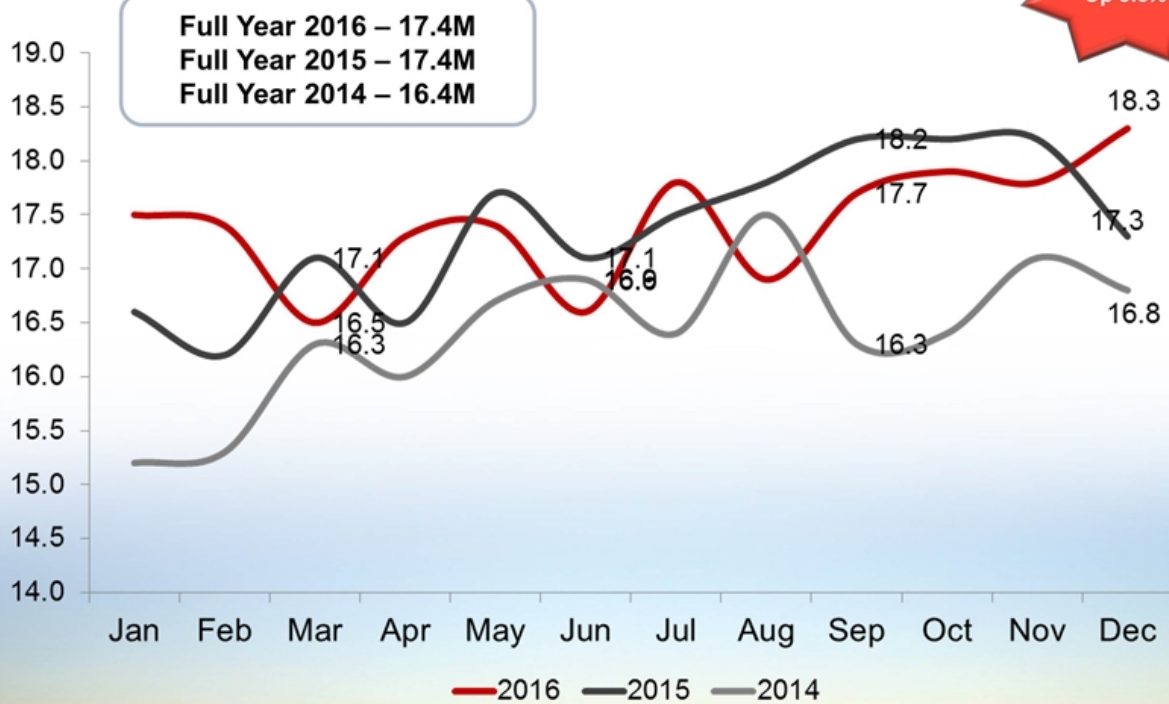


NEW VEHICLE RETAIL SAME STORE

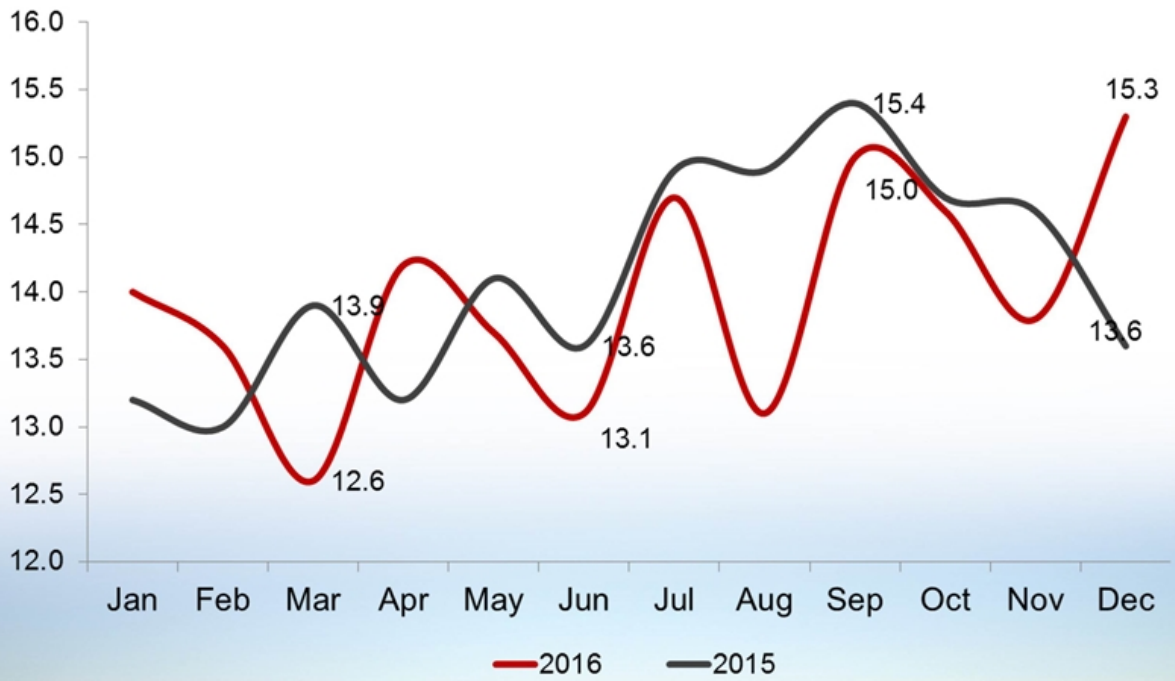
	Q4 2016	Q4 2015	B/(W)
Retail Volume	34,887	35,098	(0.6%)
Selling Price	\$ 39,594	\$ 39,100	1.3%
Gross Margin %	5.3%	5.4%	(11) bps
GPU	\$ 2,105	\$ 2,120	\$ (15)
Gross Profit (millions)	\$ 73.4	\$ 74.4	(1.3%)
SAAR (millions)	18.0	17.9	0.6%

All-Time
Record Sales
in December
Month –
14,114 Units

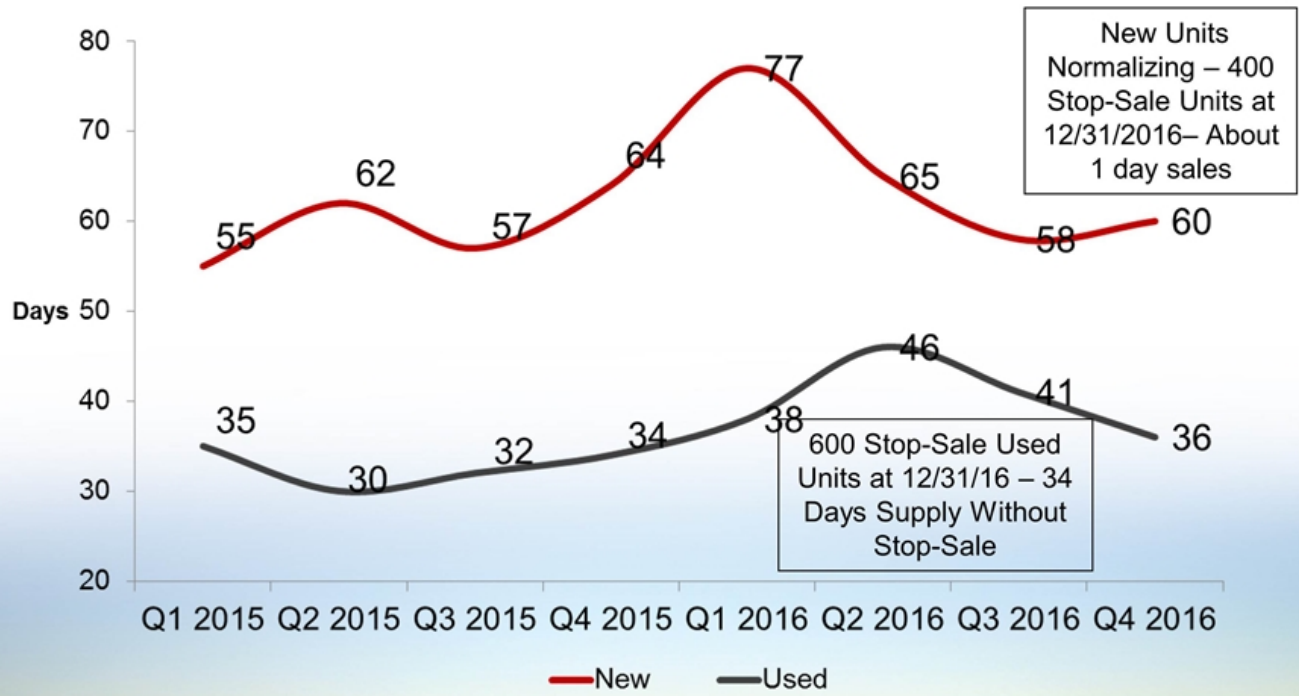
NEW VEHICLE SAAR



NEW VEHICLE SAAR - RETAIL



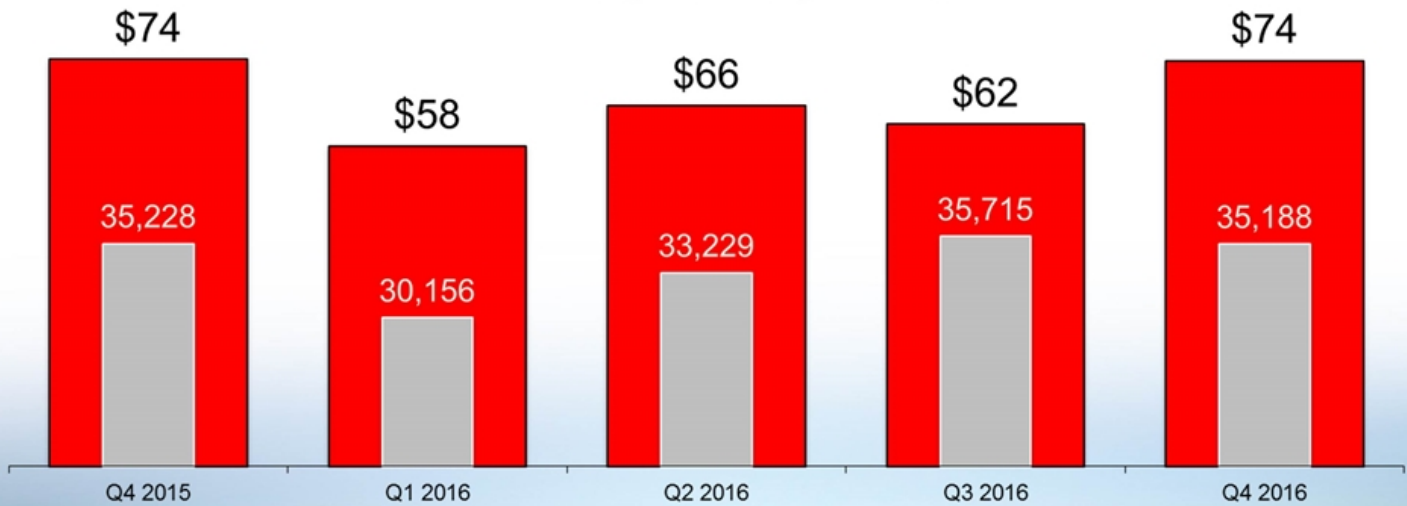
VEHICLE DAYS SUPPLY



NEW VEHICLE RETAIL – GROSS & UNIT TREND

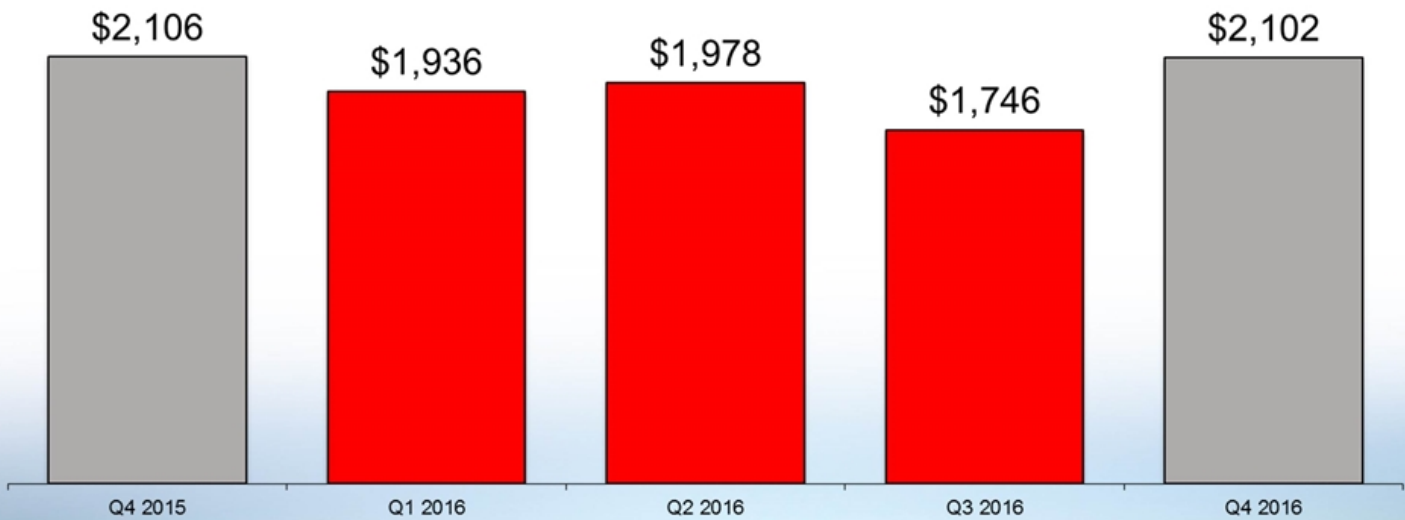
Continuing Operations

■ Gross \$ (in millions) ■ Units



NEW VEHICLE RETAIL – GROSS PER UNIT

Continuing Operations



USED VEHICLE RETAIL

SAME STORE

	Q4 2016	Q4 2015	B/(W)
Retail Volume	28,781	28,000	2.8%
GPU	\$ 1,341	\$ 1,381	\$ (41)
Used to New	0.82 to 1.00	0.80 to 1.00	0.02
Vehicles/Store/Mth (105 stores)	91	89	2

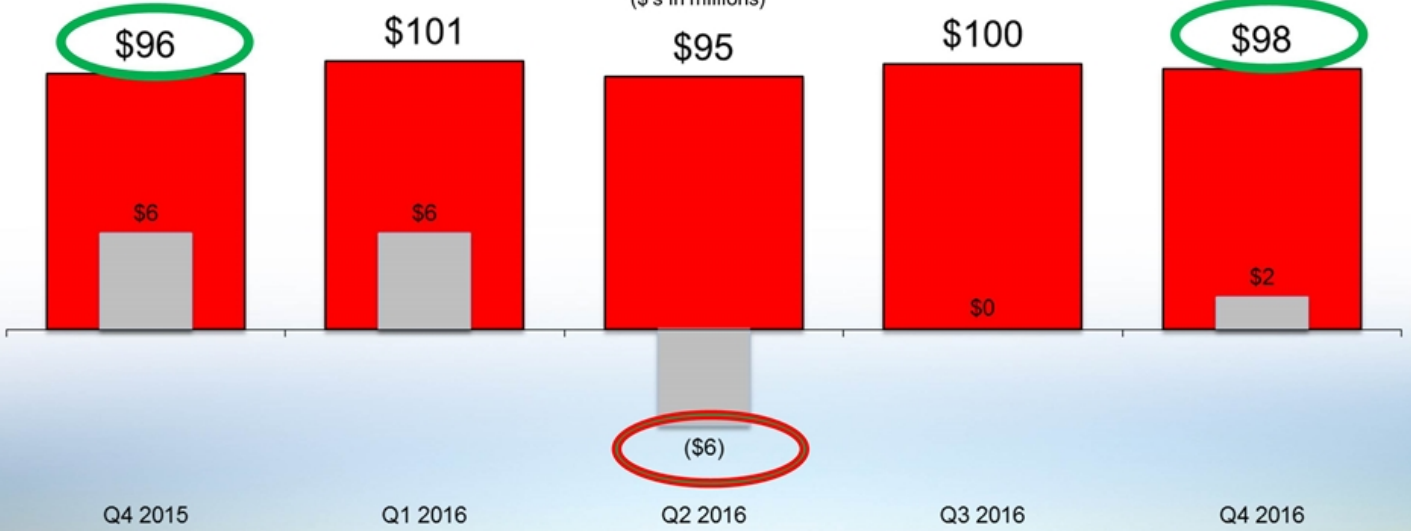
Stop-sale units were a headwind on Honda, BMW, MB, Audi and VW in 2016.

USED VEHICLE – GROSS TREND

Continuing Operations

■ Used Related Gross \$* ■ YOY Incremental Gross

(\$'s in millions)



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

F&I SAME STORE

Record F&I
PUR For
the YEAR!

Higher PUR accounted for \$1.3M
of the overall \$2.1M increase in
F&I Gross



Total Gross Up 2.5%

Q4 2015

Q4 2016

Gross (millions)	\$ 83	\$ 85
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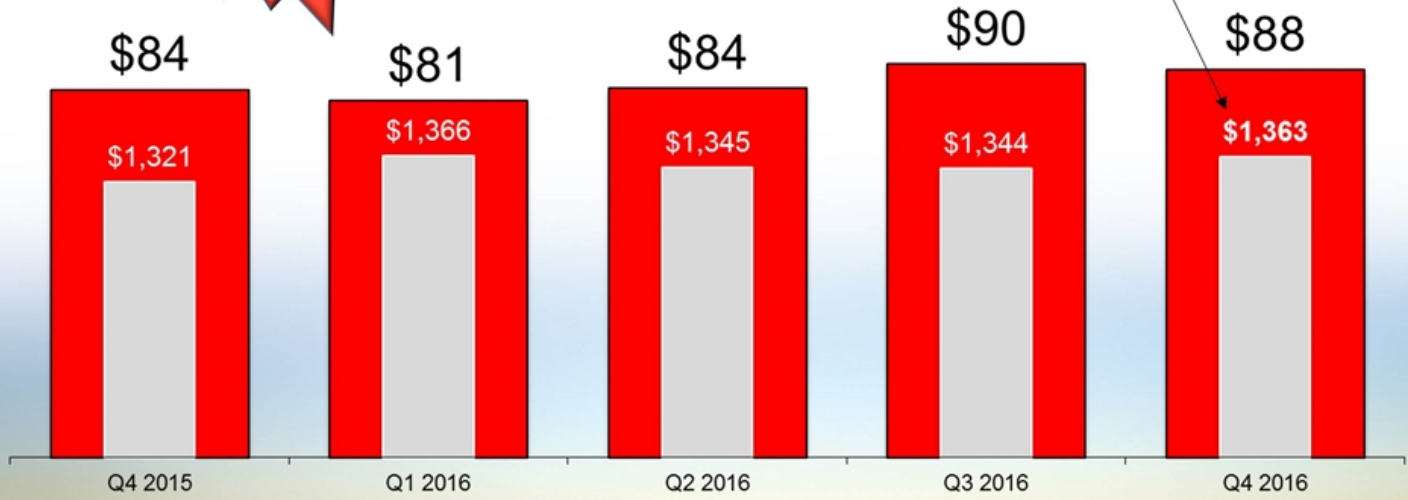
F&I – GROSS & PUR TREND

Continuing Operations

Record
F&I
Gross
YEAR!

Q4 F&I
PUR
record

■ Gross \$ (in millions) ■ GPU\$



FIXED OPERATIONS SAME STORE



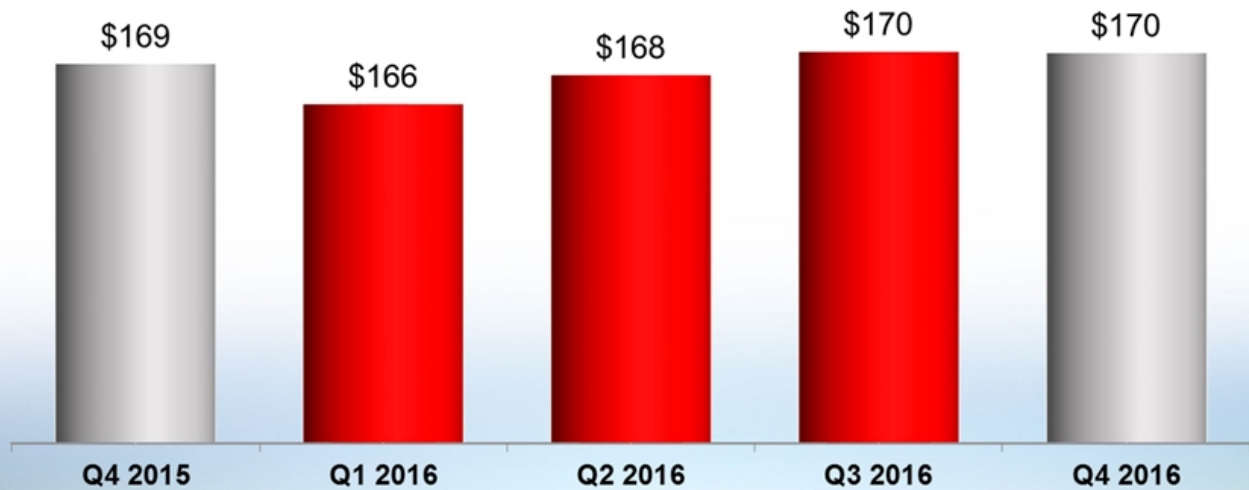
	Q4 2016	Q4 2015	B/(W)
Revenue	\$ 348	\$ 343	1.5%
Gross Profit	\$ 169	\$ 168	0.3%



FIXED OPERATIONS – GROSS TREND

Continuing Operations

(\$'s in millions)



SUMMARY

- ❑ New vehicles affected by supply, stop-sale and competitive pricing
- ❑ Used vehicles affected by stop-sale of high demand models with price support through lower supply available for sale
- ❑ Fixed operations continues to grow, however, operational and customer satisfaction challenges due to lack of recall replacement parts
- ❑ F&I was able to capitalize on overall retail unit growth and higher penetration rates
- ❑ Significant milestones / achievements in 2016
 - EchoPark® continues to grow and add stores
 - OSOE technology rolled out to additional stores
 - Gained ground on owning properties – now at 41%
 - Returned \$109 million to shareholders through share repurchases and dividends

2017 PLAN

- ❑ 2017 Plan
 - ❖ Expect new car industry volume to be between 17.0M to 17.5M units
 - ❖ Expect incentives to drive behavior in 2017
 - ❖ We intend to increase pre-owned volume in the mid-single digits
 - ❖ Expect fixed operations to grow at mid-single digits
 - ❖ Additional opportunity in F&I through increased penetration
 - ❖ Costs related to EchoPark®, OSOE to continue

2017 Continued Ops EPS Guidance:

- | | |
|------------------------------|---------------------|
| • New Car Franchise Business | \$2.23 - \$2.37 |
| • Effect of EchoPark® | (\$0.23) – (\$0.27) |
| • Total Sonic | \$2.00 - \$2.10 |

APPENDIX



NON-GAAP RECONCILIATIONS

<i>(amounts in thousands)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Income	\$ 31,548	\$ 89,929	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193
Non-Floorplan Interest	67,735	68,604	63,576	58,453	55,356	52,269	49,524	48,034
Depreciation & Amort	57,036	45,827	51,164	52,616	58,139	62,161	72,130	81,034
Income Taxes	(53,900)	(19,745)	46,907	47,648	43,386	62,346	55,962	59,899
Stock Comp	1,931	2,814	3,698	5,160	7,208	7,675	9,814	11,165
Lease Exit	33,013	4,266	4,384	4,286	2,915	302	1,848	1,386
Impairment	30,038	249	1,151	950	9,872	6,594	17,955	8,063
Loss (Gain) on Debt Exting	6,745	7,665	1,107	19,713	28,238	-	-	(6)
Loss (Gain) on Dealership Disposal	<u>102</u>	<u>(2,615)</u>	<u>386</u>	<u>(10,343)</u>	<u>457</u>	<u>(11,279)</u>	<u>(2,748)</u>	<u>48</u>
Adjusted EBITDA	<u>\$ 174,248</u>	<u>\$ 196,994</u>	<u>\$ 248,627</u>	<u>\$ 267,584</u>	<u>\$ 287,189</u>	<u>\$ 277,285</u>	<u>\$ 290,796</u>	<u>\$ 302,816</u>

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended December 31,		Franchised Dealerships Three Months Ended December 31,		EchoPark® Three Months Ended December 31,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
SG&A expenses	\$ 267.1	\$ 275.0	\$ 261.6	\$ 270.1	\$ 5.5	\$ 4.9
Adjustments:						
OEM settlement	14.8	-	14.8	-	-	-
Storm damage and other	0.4	-	0.4	-	-	-
Gain on disposal	-	2.3	-	2.3	-	-
Total SG&A adjustments	15.2	2.3	15.2	2.3	-	-
Adjusted:						
SG&A expenses	\$ 282.3	\$ 277.3	\$ 276.8	\$ 272.4	\$ 5.5	\$ 4.9
Reported:						
SG&A expenses as % of gross profit	71.9%	75.6%	71.3%	74.7%	NM	NM
Adjustments:						
OEM settlement	4.0%	-	4.0%	-	-	-
Storm damage and other	0.1%	-	0.2%	-	-	-
Gain on disposal	-	0.6%	-	0.7%	-	-
Total SG&A adjustments	4.1%	0.6%	4.2%	0.7%	-	-
Adjusted:						
SG&A expenses as % of gross profit	76.0%	76.2%	75.5%	75.4%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended December 31,		Franchised Dealerships Three Months Ended December 31,		EchoPark® Three Months Ended December 31,	
	2016	2015	2016	2015	2016	2015
	(In millions)					
Reported:						
Operating income	\$ 82.6	\$ 69.7	\$ 84.3	\$ 73.0	\$ (1.7)	\$ (3.3)
Adjustments (before income taxes):						
SG&A expenses	(15.2)	(2.3)	(15.2)	(2.3)	-	-
Impairment charges	1.7	1.3	1.7	1.3	-	-
Total adjustments before taxes	(13.5)	(1.0)	(13.5)	(1.0)	-	-
Adjusted:						
Operating income	\$ 69.1	\$ 68.7	\$ 70.8	\$ 72.0	\$ (1.7)	\$ (3.3)
Reported:						
Income (loss) from continuing operations before taxes	\$ 62.2	\$ 51.6	\$ 64.2	\$ 55.1	\$ (2.0)	\$ (3.5)
Adjustments (before income taxes):						
SG&A expenses	(15.2)	(2.3)	(15.2)	(2.3)	-	-
Impairment charges	1.7	1.3	1.7	1.3	-	-
Total adjustments before taxes	(13.5)	(1.0)	(13.5)	(1.0)	-	-
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 48.7	\$ 50.6	\$ 50.7	\$ 54.1	\$ (2.0)	\$ (3.5)
Reported:						
Income (loss) from continuing operations	\$ 38.0	\$ 31.5				
Adjustments (net of income taxes):						
SG&A expenses	(9.3)	(1.4)				
Impairment charges	1.1	0.8				
Total adjustments, net of income taxes	(8.2)	(0.6)				
Adjusted:						
Income (loss) from continuing operations	\$ 29.8	\$ 30.9				

NON-GAAP RECONCILIATIONS

Three Months Ended December 31, 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	44,764	\$ 38,041		\$ (405)		\$ 37,636	
Effect of participating securities:							
Non-vested restricted stock		(22)		-		(22)	
Basic earnings (loss) and shares	44,764	\$ 38,019	\$ 0.85	\$ (405)	\$ (0.01)	\$ 37,614	\$ 0.84
Effect of dilutive securities:							
Stock compensation plans	577						
Diluted earnings (loss) and shares	45,341	\$ 38,019	\$ 0.84	\$ (405)	\$ (0.01)	\$ 37,614	\$ 0.83
Adjustments:							
OEM Settlement		\$ (14,836)		\$ -		\$ (14,836)	
Impairment charges		1,824		-		1,824	
Storm damage and other		(411)		450		39	
Total adjustments before taxes		(13,423)		450		(12,973)	
Income tax effect of above adjustments		5,210		(153)		5,057	
Effect of adjustments, net of income taxes		\$ (8,213)	\$ (0.18)	\$ 297	\$ 0.01	\$ (7,916)	\$ (0.17)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 29,828	\$ 0.66	\$ (108)	\$ -	\$ 29,720	\$ 0.66

(1) Net loss attributable to EchoPark[®] operations was \$0.03 per fully diluted share in the three months ended December 31, 2016.

NON-GAAP RECONCILIATIONS

Three Months Ended December 31, 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	49,872	\$ 31,507		\$ (449)		\$ 31,058	
Effect of participating securities:							
Non-vested restricted stock		(13)		-		(13)	
Basic earnings (loss) and shares	49,872	\$ 31,494	\$ 0.63	\$ (449)	\$ (0.01)	\$ 31,045	\$ 0.62
Effect of dilutive securities:							
Stock compensation plans	406						
Diluted earnings (loss) and shares	50,278	\$ 31,494	\$ 0.63	\$ (449)	\$ (0.01)	\$ 31,045	\$ 0.62
Adjustments:							
Gain on disposal		\$ (2,323)		\$ -		\$ (2,323)	
Impairment charges		1,257		-		1,257	
Total adjustments before taxes		(1,066)		-		(1,066)	
Income tax effect of above adjustments		415		-		415	
Effect of adjustments, net of income taxes		\$ (651)	\$ (0.02)	\$ -	\$ -	\$ (651)	\$ (0.02)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 30,856	\$ 0.61	\$ (449)	\$ (0.01)	\$ 30,407	\$ 0.60

(2) Net loss attributable to EchoPark[®] operations was \$0.04 per fully diluted share in the three months ended December 31, 2015.

NON-GAAP RECONCILIATIONS

	Three Months Ended December 31, 2016			Three Months Ended December 31, 2015		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark®	Consolidated	Franchised Dealerships	EchoPark®	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.87	\$ (0.03)	\$ 0.84	\$ 0.67	\$ (0.04)	\$ 0.63
Adjustments (net of income taxes):						
OEM Settlement	(0.20)	-	(0.20)	-	-	-
Impairment charges	0.02	-	0.02	0.01	-	0.01
Storm damage and other	-	-	-	-	-	-
Gain on disposal	-	-	-	(0.03)	-	(0.03)
Effect of adjustments, net of income taxes	(0.18)	-	(0.18)	(0.02)	-	(0.02)
Adjusted:						
Diluted earnings (loss) per share	<u>\$ 0.69</u>	<u>\$ (0.03)</u>	<u>\$ 0.66</u>	<u>\$ 0.65</u>	<u>\$ (0.04)</u>	<u>\$ 0.61</u>