
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 24, 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On October 24, 2017, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal third quarter ended September 30, 2017 (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 October 24, 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.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Press Release of Sonic Automotive, Inc., dated October 24, 2017.</u>
99.2	<u>Earnings Call Presentation Materials.</u>

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: October 24, 2017

By: /s/ STEPHEN K. COSS
Stephen K. Coss
Senior Vice President and General Counsel

*Sonic Automotive, Inc. Reports Third Quarter Results -
Record F&I Results and Total Gross Profit*

CHARLOTTE, N.C. – October 24, 2017 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported financial results for the third quarter of 2017.

Third Quarter 2017 Results

- EchoPark units retailed up 37.7% over the prior year quarter
- All-time record quarterly F&I gross profit and gross profit per retail unit of \$92.9 million and \$1,408, respectively
- Record Q3 total gross profit of \$362.6 million, up 1.0% over the prior year quarter
- Repurchased 0.7 million Class A shares (approximately 1.5% of outstanding stock) for \$11.4 million and declared \$0.05/share dividend
- GAAP continuing operations net income of \$19.7 million with EPS of \$0.45 per diluted share
- Adjusted continuing operations net income of \$17.4 million with adjusted EPS of \$0.40 per diluted share

GAAP Basis

Net income from continuing operations for the third quarter of 2017 was \$19.7 million, or \$0.45 per diluted share. These results include a gain related to the disposal of a franchise partially offset by charges related to fixed asset impairments, weather-related physical damage costs and legal matters.

Comparatively, net income from continuing operations for the third quarter of 2016 was \$19.0 million, or \$0.42 per diluted share. These results include charges related to fixed asset impairments and legal matters which were partially offset by favorable weather-related physical damage accrual adjustments.

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 third quarter of 2017 was \$17.4 million, or \$0.40 per diluted share. The adjustments in the 2017 quarterly period relate to a gain related to the disposal of a franchise and charges related to fixed asset impairments, weather-related physical damage costs and legal matters. Adjusted net income from continuing operations for the third quarter of 2016 was \$21.2 million, or \$0.47 per diluted share. The adjustments in the 2016 quarterly period relate to charges for fixed asset impairments and legal matters, which were partially offset by favorable weather-related physical damage accrual adjustments.

Commentary

B. Scott Smith, the Company’s Chief Executive Officer, noted, “We would first like to thank all of the first responders and public officials that prepared people and their communities for the storms and then

have been tirelessly working to help those in need. We know all of the work is not close to being completed and the road to recovery will be challenging. We will continue working with those affected to help them put their lives back together.”

“The retail environment continues to be healthy with what we believe to be an adequate supply of credit and an ample supply of new and pre-owned inventory. We continue to see strong competition between dealers to acquire customers, which is putting pressure on margins notwithstanding the increase in incentives that we have seen in certain brands. Our build-out of EchoPark continues as planned and we anticipate opening in San Antonio, Texas in the first quarter and have an active schedule that will include the opening of approximately 10 additional EchoPark locations by the end of 2018.”

Jeff Dyke, Sonic’s EVP of Operations, stated, “The third quarter was similar to what we have seen for most of the year prior to the hurricanes in the Texas and Florida markets. Our Houston stores continued to struggle and BMW, which is about 30% of our profit structure, continues to be a major challenge. Hurricane Harvey closed all of our stores in the Houston market for about a week. Nearly 20% of our store count and 30% of our profit comes from the Houston market, which made the end of August a challenge. We were able to have the majority of our stores open within a few days, and by September 15, 2017, all of our stores were open and we began to help people replace and repair vehicles damaged by the hurricane. As a result of our national footprint and scale, we were able to ship in vehicles from around the country to ensure we had an adequate supply of inventory. Business was robust in Houston in the final half of September due to recovery efforts. We anticipate the retail activity in the Houston market in the fourth quarter of 2017 to continue to be favorable as those affected replace and repair vehicles.”

“Hurricane Irma’s effects on Sonic were less significant than those of Harvey, but still affected our operations from south Florida up into the Carolinas. We believe the threat of the storm kept customers away as they prepared for a storm that had an uncertain track as it approached and proceeded up the west coast of Florida. We did not see the level of sales activity rebound like we experienced in the Houston market as Irma’s flooding was not as significant. The loss of power affected our south Florida stores and west coast Florida stores from between seven to nine days, but all stores were back in business by September 15.”

“EchoPark continues its robust growth and our six stores combined were cash flow positive during the quarter. Our newest location in Colorado Springs was cash flow positive in its third month of operation, some six months ahead of the original EchoPark stores. We are very excited about the EchoPark brand and what we have been able to accomplish in the Colorado market.”

Scott Smith continued, “We are dedicated to returning capital to our stockholders. We again declared a dividend of \$0.05 per share in the quarter and repurchased approximately 667,000 shares of stock. Together, these two actions returned approximately \$13.6 million to our stockholders.”

“As stated in a previous press release, we estimate the negative impact experienced in the third quarter of fiscal 2017 due to the storms to be offset by a lift of increased automotive retail sales and service activity in the fourth quarter. Accordingly, we expect fiscal 2017 GAAP earnings per share from continuing operations to be between \$1.55 and \$1.65 and expect fiscal 2017 adjusted earnings per share from continuing operations to be between \$1.85 and \$1.95. We can add more color on this during our call today.”

Dividend

Sonic's Board of Directors approved a quarterly dividend of \$0.05 per share payable in cash for our stockholders of record on December 15, 2017. The dividend will be payable on January 12, 2018.

Third Quarter Earnings Conference Call

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

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

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

Domestic: (877) 450-3867
International: (706) 643-0958
Conference ID: 93768785

A conference call replay will be available one hour following the call for seven days and can be accessed by calling:

Domestic: (855) 859-2056
International: (404) 537-3406
Conference ID: 93768785

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. More information about EchoPark Automotive can be found at www.echopark.com.

Forward-Looking Statements

Included herein are forward-looking statements, including statements with respect to our 2017 earnings expectations, our long-term strategy, and the anticipated expansion of our EchoPark business. 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 ended December 31, 2016. 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 non-GAAP financial 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.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Results of Operations

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2017	2016	2017	2016
	(In thousands, except per share and unit data)			
Revenues:				
New retail vehicles	\$ 1,344,941	\$ 1,364,842	\$ 3,739,640	\$ 3,784,122
Fleet vehicles	17,360	10,302	69,662	42,056
Total new vehicles	1,362,301	1,375,144	3,809,302	3,826,178
Used vehicles	659,724	660,974	1,936,088	1,881,514
Wholesale vehicles	43,098	70,522	130,174	153,141
Total vehicles	2,065,123	2,106,640	5,875,564	5,860,833
Parts, service and collision repair	347,717	361,709	1,060,873	1,059,093
Finance, insurance and other, net	92,861	89,579	262,832	254,940
Total revenues	2,505,701	2,557,928	7,199,269	7,174,866
Gross profit	362,622	359,085	1,073,586	1,057,540
Selling, general and administrative expenses	(283,974)	(282,141)	(870,139)	(843,721)
Impairment charges	(200)	(6,089)	(3,315)	(6,240)
Depreciation and amortization	(22,686)	(19,928)	(65,751)	(57,302)
Operating income (loss)	55,762	50,927	134,381	150,277
Other income (expense):				
Interest expense, floor plan	(8,882)	(6,672)	(26,413)	(19,797)
Interest expense, other, net	(13,028)	(13,016)	(39,200)	(37,560)
Other income (expense), net	4	11	(14,490)	120
Total other income (expense)	(21,906)	(19,677)	(80,103)	(57,237)
Income (loss) from continuing operations before taxes	33,856	31,250	54,278	93,040
Provision for income taxes for continuing operations - benefit (expense)	(14,126)	(12,281)	(22,254)	(36,565)
Income (loss) from continuing operations	19,730	18,969	32,024	56,475
Income (loss) from discontinued operations	(290)	(858)	(993)	(918)
Net income (loss)	<u>\$ 19,440</u>	<u>\$ 18,111</u>	<u>\$ 31,031</u>	<u>\$ 55,557</u>
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.45	\$ 0.42	\$ 0.72	\$ 1.22
Earnings (loss) per share from discontinued operations	(0.01)	(0.02)	(0.02)	(0.02)
Earnings (loss) per common share	<u>\$ 0.44</u>	<u>\$ 0.40</u>	<u>\$ 0.70</u>	<u>\$ 1.20</u>
Weighted average common shares outstanding	43,811	45,354	44,585	46,130
Gross Margin Data (Continuing Operations):				
New retail vehicles	4.9%	4.6%	5.0%	4.9%
Fleet vehicles	(0.6%)	0.3%	(1.6%)	0.5%
Total new vehicles	4.9%	4.5%	4.9%	4.9%
Used vehicles	5.9%	6.0%	6.2%	6.2%
Wholesale vehicles	(7.6%)	(3.6%)	(4.9%)	(3.5%)
Parts, service and collision repair	48.2%	47.0%	48.1%	47.6%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	14.5%	14.0%	14.9%	14.7%
SG&A Expenses (Continuing Operations):				
Compensation	\$ 172,691	\$ 171,287	\$ 520,420	\$ 506,894
Advertising	15,846	14,987	46,448	45,834
Rent	17,711	18,037	55,309	55,265
Other	77,726	77,830	247,962	235,728
Total SG&A expenses	\$ 283,974	\$ 282,141	\$ 870,139	\$ 843,721
SG&A expenses as % of gross profit	78.3%	78.6%	81.0%	79.8%
Operating Margin %	2.2%	2.0%	1.9%	2.1%
Unit Data (Continuing Operations):				
New retail units	35,117	35,715	97,453	99,100
Fleet units	372	339	1,679	1,341
Total new units	35,489	36,054	99,132	100,441
Used units	30,841	30,933	91,749	89,553
Wholesale units	7,832	10,377	23,922	26,012

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Three Months Ended September 30, 2017						
	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	43,496	\$ 19,730		\$ (290)		\$ 19,440	
Effect of participating securities:							
Non-vested restricted stock		(18)		—		(18)	
Basic earnings (loss) and shares	43,496	\$ 19,712	\$ 0.45	\$ (290)	\$ —	\$ 19,422	\$ 0.45
Effect of dilutive securities:							
Stock compensation plans	315						
Diluted earnings (loss) and shares	<u>43,811</u>	<u>\$ 19,712</u>	<u>\$ 0.45</u>	<u>\$ (290)</u>	<u>\$ (0.01)</u>	<u>\$ 19,422</u>	<u>\$ 0.44</u>
Adjustments:							
Impairment charges		\$ 198		\$ —		\$ 198	
Storm damage		2,971		—		2,971	
Legal and other accruals		959		—		959	
Gain on disposal		(8,489)		—		(8,489)	
Total adjustments before taxes		(4,361)		—		(4,361)	
Income tax effect of adjustments		2,065		—		2,065	
Effect of adjustments, net of income taxes		\$ (2,296)	\$ (0.05)	\$ —	\$ —	\$ (2,296)	\$ (0.05)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 17,434	<u>\$ 0.40</u>	\$ (290)	<u>\$ (0.01)</u>	\$ 17,144	<u>\$ 0.39</u>

(1) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended September 30, 2017.

	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	Amount	Per Share Amount	Amount	Per Share Amount
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 (2)	<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		(2,341)		1,000		(1,341)	
Total adjustments before taxes		3,748		1,000		4,748	
Income tax effect of 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 (2)		\$ 21,244	<u>\$ 0.47</u>	\$ (248)	<u>\$ (0.01)</u>	\$ 20,996	<u>\$ 0.46</u>

(2) Net loss attributable to Pre-Owned Stores operations was \$0.06 per fully diluted share in the three months ended September 30, 2016.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Nine Months Ended September 30, 2017						
	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	44,281	\$32,024		\$ (993)		\$31,031	
Effect of participating securities:							
Non-vested restricted stock		(28)		—		(28)	
Basic earnings (loss) and shares	44,281	\$31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$31,003	
Effect of dilutive securities:							
Stock compensation plans	304						
Diluted earnings (loss) and shares	44,585	\$31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$31,003	
Adjustments:							
Impairment charges		\$ 3,313		\$ —		\$ 3,313	
Storm damage		9,971		—		9,971	
Legal and other accruals		810		—		810	
Lease exit adjustments		992		—		992	
Gain on disposal		(8,489)		—		(8,489)	
Loss on debt extinguishment		15,268		—		15,268	
Total adjustments before taxes		21,865		—		21,865	
Income tax effect of adjustments		(8,229)		—		(8,229)	
Effect of adjustments, net of income taxes		\$13,636	\$ 0.30	\$ —	\$ —	\$13,636	
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$45,660	\$ 1.02	\$ (993)	\$ (0.02)	\$44,667	

(3) Net loss attributable to Pre-Owned Stores operations was \$0.21 per fully diluted share in the nine months ended September 30, 2017.

	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
(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	
Effect of dilutive securities:							
Stock compensation plans	200						
Diluted earnings (loss) and shares	46,130	\$56,444	\$ 1.22	\$ (918)	\$ (0.02)	\$55,526	
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 adjustments		(3,818)		(187)		(4,005)	
Effect of adjustments, net of income taxes		\$ 5,973	\$ 0.13	\$ 290	\$ 0.01	\$ 6,263	
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (4)		\$62,448	\$ 1.35	\$ (628)	\$ (0.01)	\$61,820	

(4) Net loss attributable to Pre-Owned Stores operations was \$0.15 per fully diluted share in the nine months ended September 30, 2016.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 1,362,301	\$ 1,375,144	\$(12,843)	(0.9%)
Gross profit	\$ 66,238	\$ 62,388	\$ 3,850	6.2%
Unit sales	35,489	36,054	(565)	(1.6%)
Revenue per unit	\$ 38,387	\$ 38,141	\$ 246	0.6%
Gross profit per unit	\$ 1,866	\$ 1,730	\$ 136	7.9%
Gross profit as a % of revenue	4.9%	4.5%	40 bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 3,809,302	\$ 3,826,178	\$(16,876)	(0.4%)
Gross profit	\$ 187,038	\$ 186,678	\$ 360	0.2%
Unit sales	99,132	100,441	(1,309)	(1.3%)
Revenue per unit	\$ 38,427	\$ 38,094	\$ 333	0.9%
Gross profit per unit	\$ 1,887	\$ 1,859	\$ 28	1.5%
Gross profit as a % of revenue	4.9%	4.9%	— bps	

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 1,348,084	\$ 1,365,641	\$(17,557)	(1.3%)
Gross profit	\$ 64,316	\$ 62,202	\$ 2,114	3.4%
Unit sales	35,063	35,639	(576)	(1.6%)
Revenue per unit	\$ 38,447	\$ 38,319	\$ 128	0.3%
Gross profit per unit	\$ 1,834	\$ 1,745	\$ 89	5.1%
Gross profit as a % of revenue	4.8%	4.6%	20 bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 3,749,137	\$ 3,799,558	\$(50,421)	(1.3%)
Gross profit	\$ 183,239	\$ 186,356	\$ (3,117)	(1.7%)
Unit sales	97,348	99,275	(1,927)	(1.9%)
Revenue per unit	\$ 38,513	\$ 38,273	\$ 240	0.6%
Gross profit per unit	\$ 1,882	\$ 1,877	\$ 5	0.3%
Gross profit as a % of revenue	4.9%	4.9%	— bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except units and per unit data)			
Reported:				
Revenue	\$ 659,724	\$ 660,974	\$ (1,250)	(0.2%)
Gross profit	\$ 39,145	\$ 39,622	\$ (477)	(1.2%)
Unit sales	30,841	30,933	(92)	(0.3%)
Revenue per unit	\$ 21,391	\$ 21,368	\$ 23	0.1%
Gross profit per unit	\$ 1,269	\$ 1,281	\$ (12)	(0.9%)
Gross profit as a % of revenue	5.9%	6.0%	(10) bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except units and per unit data)			
Reported:				
Revenue	\$ 1,936,088	\$ 1,881,514	\$ 54,574	2.9%
Gross profit	\$ 120,012	\$ 117,121	\$ 2,891	2.5%
Unit sales	91,749	89,553	2,196	2.5%
Revenue per unit	\$ 21,102	\$ 21,010	\$ 92	0.4%
Gross profit per unit	\$ 1,308	\$ 1,308	\$ —	0.0%
Gross profit as a % of revenue	6.2%	6.2%	0 bps	

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except units and per unit data)			
Same Store:				
Revenue	\$ 640,993	\$ 654,938	\$(13,945)	(2.1%)
Gross profit	\$ 36,541	\$ 37,841	\$ (1,300)	(3.4%)
Unit sales	29,854	30,554	(700)	(2.3%)
Revenue per unit	\$ 21,471	\$ 21,435	\$ 36	0.2%
Gross profit per unit	\$ 1,224	\$ 1,238	\$ (14)	(1.1%)
Gross profit as a % of revenue	5.7%	5.8%	(10) bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
	(In thousands, except units and per unit data)			
Same Store:				
Revenue	\$ 1,867,337	\$ 1,867,041	\$ 296	0.0%
Gross profit	\$ 111,547	\$ 112,153	\$ (606)	(0.5%)
Unit sales	88,211	88,592	(381)	(0.4%)
Revenue per unit	\$ 21,169	\$ 21,075	\$ 94	0.4%
Gross profit per unit	\$ 1,265	\$ 1,266	\$ (1)	(0.1%)
Gross profit as a % of revenue	6.0%	6.0%	0 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 43,098	\$ 70,522	\$(27,424)	(38.9%)
Gross profit (loss)	\$ (3,292)	\$ (2,507)	\$ (785)	(31.3%)
Unit sales	7,832	10,377	(2,545)	(24.5%)
Revenue per unit	\$ 5,503	\$ 6,796	\$ (1,293)	(19.0%)
Gross profit (loss) per unit	\$ (420)	\$ (242)	\$ (178)	(73.6%)
Gross profit (loss) as a % of revenue	(7.6%)	(3.6%)	(400) bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Reported:				
Revenue	\$ 130,174	\$ 153,141	\$(22,967)	(15.0%)
Gross profit (loss)	\$ (6,381)	\$ (5,425)	\$ (956)	(17.6%)
Unit sales	23,922	26,012	(2,090)	(8.0%)
Revenue per unit	\$ 5,442	\$ 5,887	\$ (445)	(7.6%)
Gross profit (loss) per unit	\$ (267)	\$ (209)	\$ (58)	(27.8%)
Gross profit (loss) as a % of revenue	(4.9%)	(3.5%)	(140) bps	

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 41,946	\$ 69,898	\$(27,952)	(40.0%)
Gross profit (loss)	\$ (3,069)	\$ (2,382)	\$ (687)	(28.8%)
Unit sales	7,572	10,240	(2,668)	(26.1%)
Revenue per unit	\$ 5,540	\$ 6,826	\$ (1,286)	(18.8%)
Gross profit (loss) per unit	\$ (405)	\$ (233)	\$ (172)	(73.8%)
Gross profit (loss) as a % of revenue	(7.3%)	(3.4%)	(390) bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	2017	2016	Change	% Change
(In thousands, except units and per unit data)				
Same Store:				
Revenue	\$ 126,330	\$ 152,022	\$(25,692)	(16.9%)
Gross profit (loss)	\$ (6,042)	\$ (5,222)	\$ (820)	(15.7%)
Unit sales	23,111	25,671	(2,560)	(10.0%)
Revenue per unit	\$ 5,466	\$ 5,922	\$ (456)	(7.7%)
Gross profit (loss) per unit	\$ (261)	\$ (203)	\$ (58)	(28.6%)
Gross profit (loss) as a % of revenue	(4.8%)	(3.4%)	(140) 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>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 137,850	\$ 146,365	\$ (8,515)	(5.8%)
Warranty	70,575	60,388	10,187	16.9%
Wholesale parts	40,927	44,202	(3,275)	(7.4%)
Internal, sublet and other	98,365	110,754	(12,389)	(11.2%)
Total	<u>\$ 347,717</u>	<u>\$ 361,709</u>	<u>\$ (13,992)</u>	<u>(3.9%)</u>
Gross profit				
Customer pay	\$ 74,302	\$ 79,153	\$ (4,851)	(6.1%)
Warranty	38,821	32,176	6,645	20.7%
Wholesale parts	6,958	7,566	(608)	(8.0%)
Internal, sublet and other	47,589	51,108	(3,519)	(6.9%)
Total	<u>\$ 167,670</u>	<u>\$ 170,003</u>	<u>\$ (2,333)</u>	<u>(1.4%)</u>
Gross profit as a % of revenue				
Customer pay	53.9%	54.1%	(20) bps	
Warranty	55.0%	53.3%	170 bps	
Wholesale parts	17.0%	17.1%	(10) bps	
Internal, sublet and other	48.4%	46.1%	230 bps	
Total	48.2%	47.0%	120 bps	

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 415,179	\$ 443,007	\$(27,828)	(6.3%)
Warranty	213,155	172,759	40,396	23.4%
Wholesale parts	127,014	133,533	(6,519)	(4.9%)
Internal, sublet and other	305,525	309,794	(4,269)	(1.4%)
Total	<u>\$ 1,060,873</u>	<u>\$ 1,059,093</u>	<u>\$ 1,780</u>	<u>0.2%</u>
Gross profit				
Customer pay	\$ 222,086	\$ 240,833	\$(18,747)	(7.8%)
Warranty	117,809	92,951	24,858	26.7%
Wholesale parts	21,839	23,305	(1,466)	(6.3%)
Internal, sublet and other	148,351	147,137	1,214	0.8%
Total	<u>\$ 510,085</u>	<u>\$ 504,226</u>	<u>\$ 5,859</u>	<u>1.2%</u>
Gross profit as a % of revenue				
Customer pay	53.5%	54.4%	(90) bps	
Warranty	55.3%	53.8%	150 bps	
Wholesale parts	17.2%	17.5%	(30) bps	
Internal, sublet and other	48.6%	47.5%	110 bps	
Total	48.1%	47.6%	50 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2017	2016	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 136,879	\$ 145,282	\$ (8,403)	(5.8%)
Warranty	69,959	59,924	10,035	16.7%
Wholesale parts	40,790	43,950	(3,160)	(7.2%)
Internal, sublet and other	96,716	109,740	(13,024)	(11.9%)
Total	<u>\$ 344,344</u>	<u>\$ 358,896</u>	<u>\$ (14,552)</u>	<u>(4.1%)</u>
Gross profit				
Customer pay	\$ 73,781	\$ 78,528	\$ (4,747)	(6.0%)
Warranty	38,508	31,893	6,615	20.7%
Wholesale parts	6,935	7,525	(590)	(7.8%)
Internal, sublet and other	46,632	50,388	(3,756)	(7.5%)
Total	<u>\$ 165,856</u>	<u>\$ 168,334</u>	<u>\$ (2,478)</u>	<u>(1.5%)</u>
Gross profit as a % of revenue				
Customer pay	53.9%	54.1%	(20) bps	
Warranty	55.0%	53.2%	180 bps	
Wholesale parts	17.0%	17.1%	(10) bps	
Internal, sublet and other	48.2%	45.9%	230 bps	
Total	48.2%	46.9%	130 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2017	2016	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 411,036	\$ 439,677	\$(28,641)	(6.5%)
Warranty	210,795	171,379	39,416	23.0%
Wholesale parts	126,069	132,758	(6,689)	(5.0%)
Internal, sublet and other	297,807	307,475	(9,668)	(3.1%)
Total	<u>\$ 1,045,707</u>	<u>\$ 1,051,289</u>	<u>\$ (5,582)</u>	<u>(0.5%)</u>
Gross profit				
Customer pay	\$ 219,890	\$ 238,929	\$(19,039)	(8.0%)
Warranty	116,493	92,221	24,272	26.3%
Wholesale parts	21,638	23,181	(1,543)	(6.7%)
Internal, sublet and other	144,116	145,196	(1,080)	(0.7%)
Total	<u>\$ 502,137</u>	<u>\$ 499,527</u>	<u>\$ 2,610</u>	<u>0.5%</u>
Gross profit as a % of revenue				
Customer pay	53.5%	54.3%	(80) bps	
Warranty	55.3%	53.8%	150 bps	
Wholesale parts	17.2%	17.5%	(30) bps	
Internal, sublet and other	48.4%	47.2%	120 bps	
Total	48.0%	47.5%	50 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit data)				
Reported:				
Revenue	\$ 92,861	\$ 89,579	\$3,282	3.7%
Gross profit per retail unit (excludes fleet)	\$ 1,408	\$ 1,344	\$ 64	4.8%

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit data)				
Reported:				
Revenue	\$ 262,832	\$ 254,940	\$7,892	3.1%
Gross profit per retail unit (excludes fleet)	\$ 1,389	\$ 1,351	\$ 38	2.8%

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit data)				
Same Store:				
Revenue	\$ 90,602	\$ 88,254	\$2,348	2.7%
Gross profit per retail unit (excludes fleet)	\$ 1,404	\$ 1,340	\$ 64	4.8%

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands, except per unit data)				
Same Store:				
Revenue	\$ 253,957	\$ 251,204	\$2,753	1.1%
Gross profit per retail unit (excludes fleet)	\$ 1,381	\$ 1,346	\$ 35	2.6%

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Three Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
	(In thousands)			
Reported:				
Compensation	\$ 172,691	\$ 171,287	\$(1,404)	(0.8%)
Advertising	15,846	14,987	(859)	(5.7%)
Rent	17,711	18,037	326	1.8%
Other	<u>77,726</u>	<u>77,830</u>	<u>104</u>	<u>0.1%</u>
Total SG&A expenses	<u>\$ 283,974</u>	<u>\$ 282,141</u>	<u>\$(1,833)</u>	<u>(0.6%)</u>
Adjustments:				
Storm damage	\$ (2,971)	\$ 2,341		
Legal and other accruals	(959)	—		
Gain on disposal	<u>8,489</u>	<u>—</u>		
Total SG&A adjustments	<u>\$ 4,559</u>	<u>\$ 2,341</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 288,533</u>	<u>\$ 284,482</u>	\$(4,051)	(1.4%)
Reported:				
SG&A expenses as a % of gross profit				
Compensation	47.6%	47.7%	10 bps	
Advertising	4.4%	4.2%	(20) bps	
Rent	4.9%	5.0%	10 bps	
Other	<u>21.4%</u>	<u>21.7%</u>	<u>30 bps</u>	
Total SG&A expenses as a % of gross profit	<u>78.3%</u>	<u>78.6%</u>	<u>30 bps</u>	
Adjustments:				
Storm damage	(0.8%)	0.6%		
Legal and other accruals	(0.3%)	0.0%		
Gain on disposal	<u>2.4%</u>	<u>0.0%</u>		
Total effect of adjustments	<u>1.3%</u>	<u>0.6%</u>		
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>79.6%</u>	<u>79.2%</u>	(40) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	<u>Nine Months Ended September 30,</u>		<u>Better / (Worse)</u>	
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
(In thousands)				
Reported:				
Compensation	\$ 520,420	\$ 506,894	\$(13,526)	(2.7%)
Advertising	46,448	45,834	(614)	(1.3%)
Rent	55,309	55,265	(44)	(0.1%)
Other	<u>247,962</u>	<u>235,728</u>	<u>(12,234)</u>	<u>(5.2%)</u>
Total SG&A expenses	<u>\$ 870,139</u>	<u>\$ 843,721</u>	<u>\$(26,418)</u>	<u>(3.1%)</u>
Adjustments:				
Storm damage	\$ (9,971)	\$ (3,702)		
Legal and other accruals	(810)	—		
Gain on disposal	8,489	—		
Lease exit adjustments	<u>(992)</u>	<u>—</u>		
Total SG&A adjustments	<u>\$ (3,284)</u>	<u>\$ (3,702)</u>		
Adjusted:				
Total adjusted SG&A expenses	<u>\$ 866,855</u>	<u>\$ 840,019</u>	\$(26,836)	(3.2%)
Reported:				
SG&A expenses as a % of gross profit				
Compensation	48.5%	47.9%	(60) bps	
Advertising	4.3%	4.3%	0 bps	
Rent	5.2%	5.2%	0 bps	
Other	<u>23.0%</u>	<u>22.4%</u>	<u>(60) bps</u>	
Total SG&A expenses as a % of gross profit	<u>81.0%</u>	<u>79.8%</u>	<u>(120) bps</u>	
Adjustments:				
Storm damage	(0.9%)	(0.4%)		
Legal and other accruals	(0.1%)	0.0%		
Gain on disposal	0.8%	0.0%		
Lease exit adjustments	<u>(0.1%)</u>	<u>0.0%</u>		
Total effect of adjustments	<u>(0.3%)</u>	<u>(0.4%)</u>		
Adjusted:				
Total adjusted SG&A as a % of gross profit	<u>80.7%</u>	<u>79.4%</u>	(130) bps	

###

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



Q3 2017
*Investor
Presentation*



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, earnings expectations, 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 stockholders, 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, 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 ended December 31, 2016.

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, except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission.

CONTENT

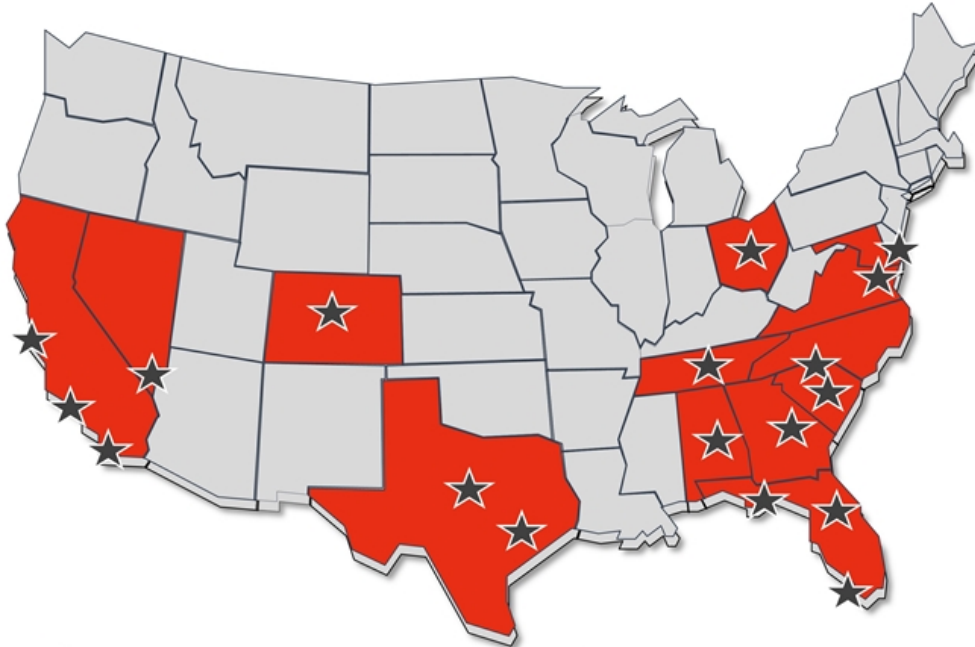
- COMPANY OVERVIEW
- STRATEGIC FOCUS
- FINANCIAL REVIEW
- OPERATIONS REVIEW
- SUMMARY & OUTLOOK

COMPANY OVERVIEW

4



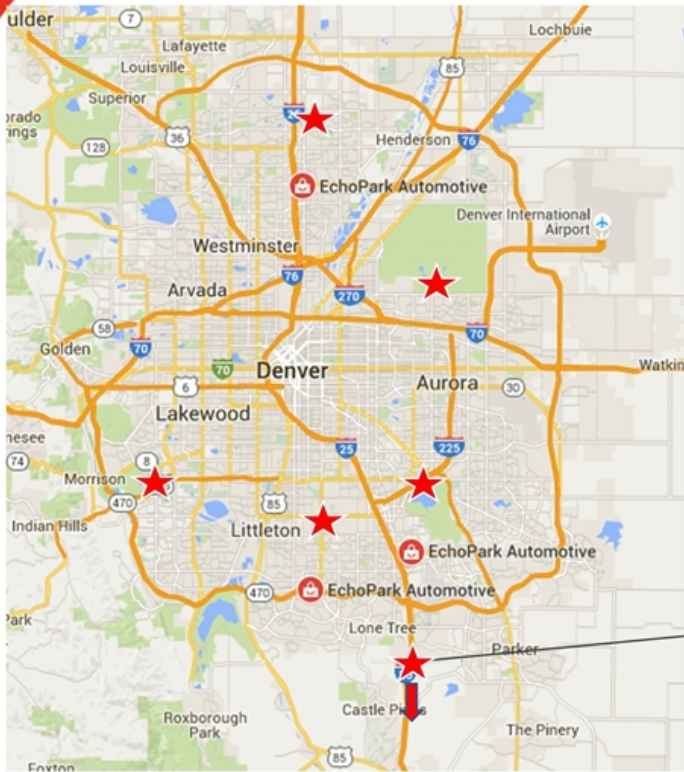
OVERVIEW – FRANCHISED GEOGRAPHIC



Headquartered in Charlotte, NC
104 Stores, 25 Brands, 18 Collision
Repair Centers
Platforms in Major Metro Markets



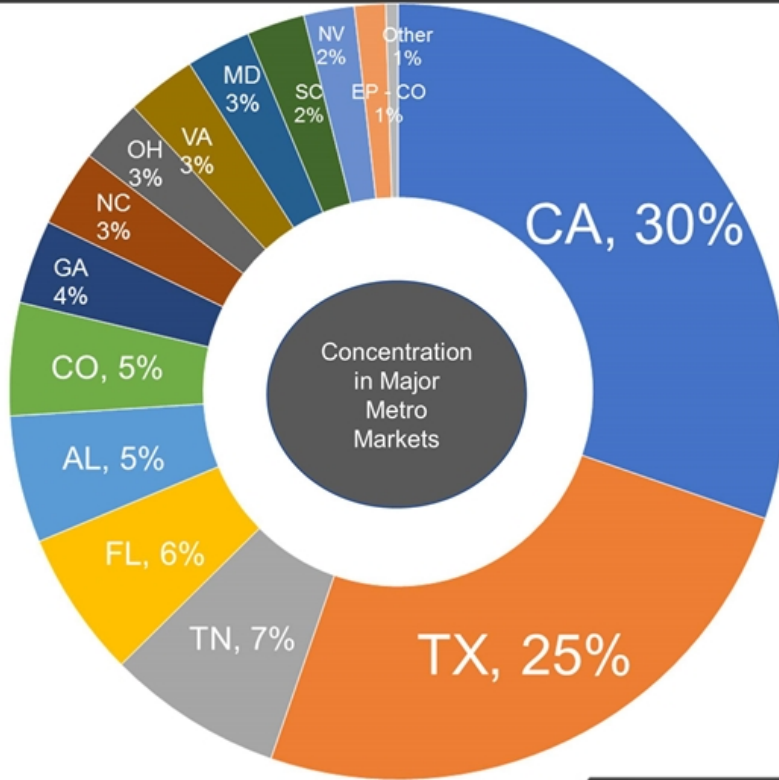
OVERVIEW – ECHOPARK GEOGRAPHIC



- Have purchased property in the following markets (some are under construction):
 - Dallas/Ft. Worth
 - San Antonio
 - Houston
 - Austin
 - Carolinas
- In Process of Converting Jacksonville AutoMatch Store
- Also have property in Savannah, GA that is being developed.

Colorado Springs -
Opened Q2
2017

OVERVIEW - GEOGRAPHIC



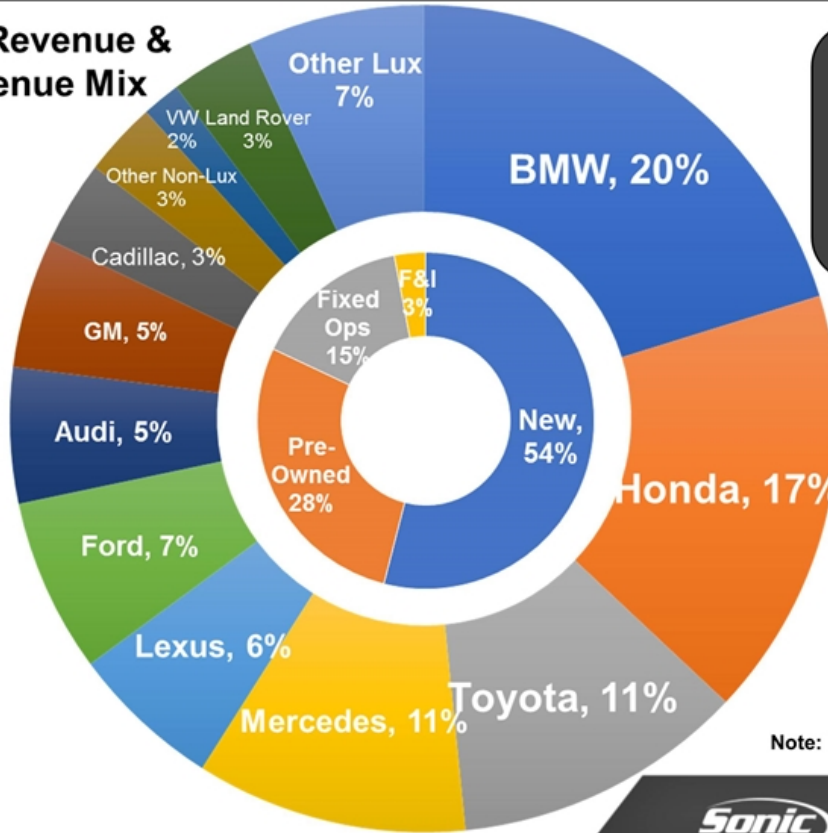
7

Note: Percentages are percent of total revenue for FY 2016.



OVERVIEW – BRAND COMPOSITION

New Retail Revenue & Overall Revenue Mix



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

Note: Percentages are for FY 2016.



STRATEGIC FOCUS

9



STRATEGIC FOCUS

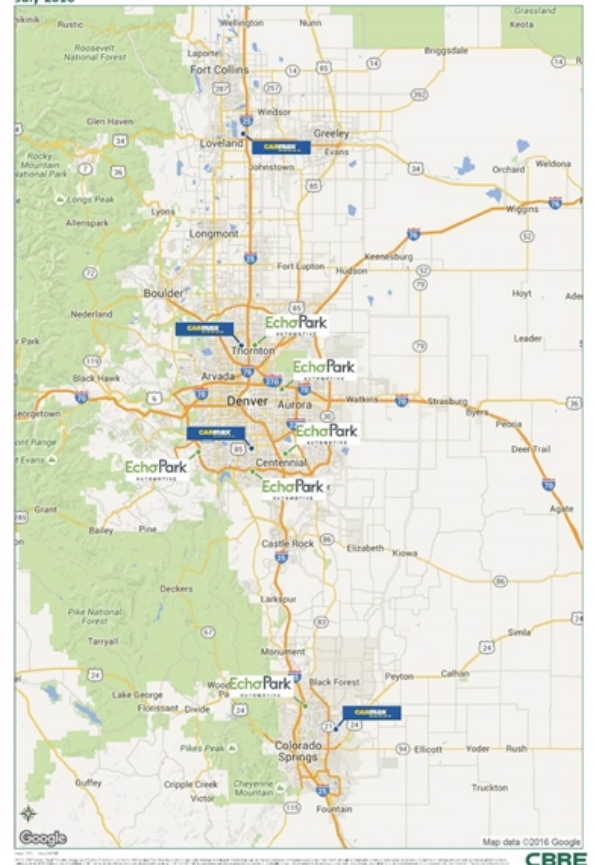
1. Growth
 - EchoPark
 - One Sonic-One Experience
 - Acquisitions & Open Points
2. Own Our Properties
3. Return Capital to Stockholders
 - Share Repurchases
 - Dividends

STRATEGIC FOCUS EchoPark

- EP Revenue
 - FY 2016 revenue of \$129M
 - 68% YOY revenue growth

- Six Locations Open In Colorado
 - Thornton Hub
 - Centennial
 - Highlands Ranch
 - Littleton
 - Stapleton
 - Colorado Springs
- Texas Expansion
 - Expect openings in 2017/2018
- Florida AutoMatch Transition
- Acquiring Property in the Carolinas
 - Expect openings in 2018

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

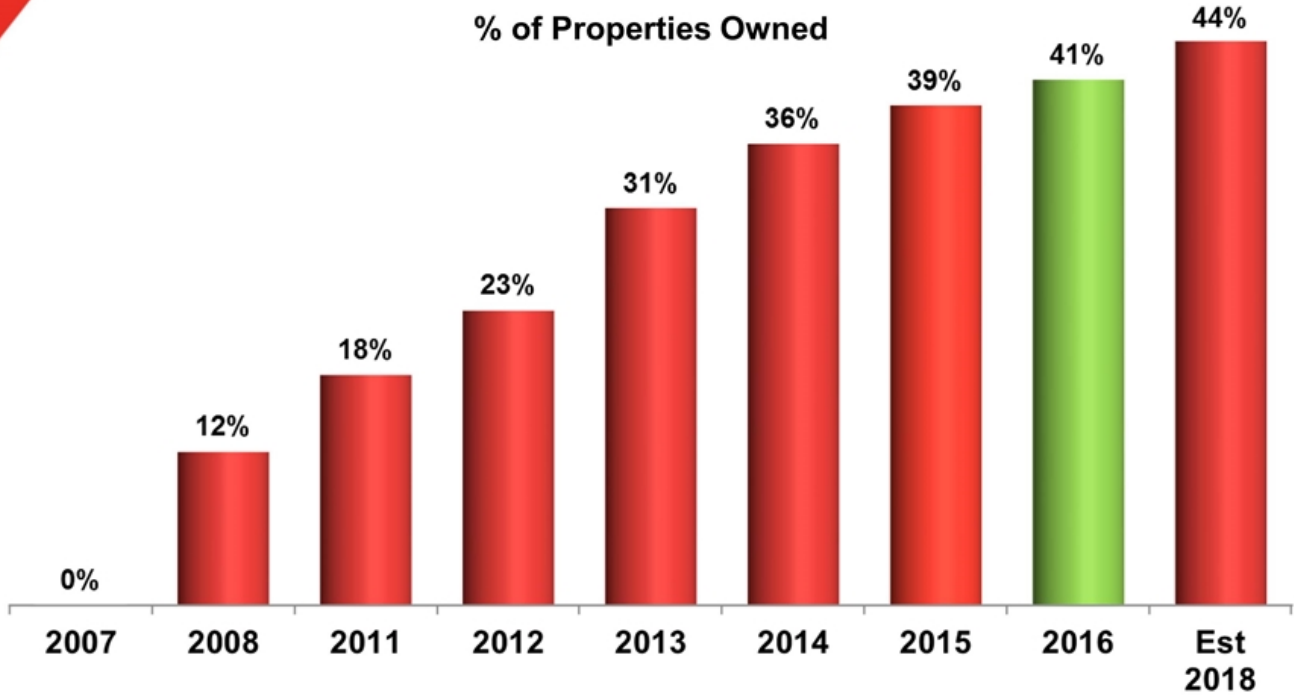
STRATEGIC FOCUS

Acquisitions & Open Points

- Open Points
 - ❑ Mercedes-Benz in Dallas Market
 - Estimated Annual Revenues >\$100M
 - Operational in Q3 2016
 - ❑ Nissan in TN Market
 - Estimated Annual Revenues >\$30M
 - Operational in Q4 2016
 - ❑ Audi in Pensacola Market
 - Estimated Annual Revenues >\$50M
 - Operational in Q2 2017
- Exploring Acquisition and Open Point Opportunities in Other Markets

STRATEGIC FOCUS

Own Our Properties



Increased Equity in Properties to \$281M in 2016

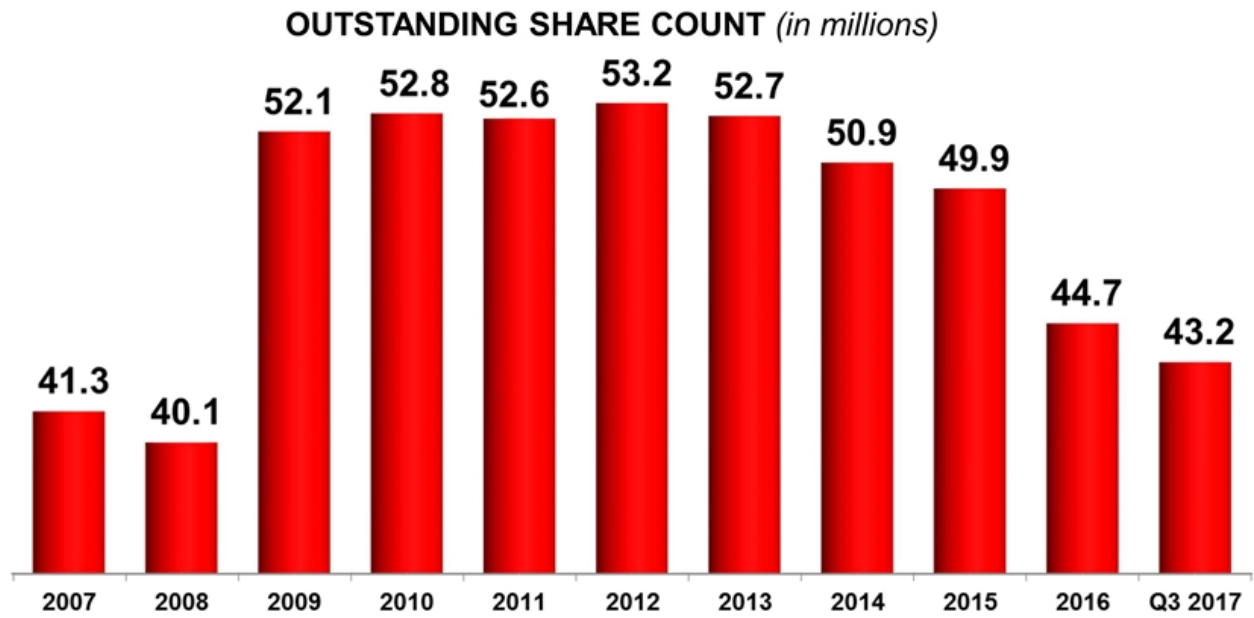
SHARE REPURCHASES

	(000's) Shares	\$/Share	(000's) \$	(000's) Availability
EOY - 2016				\$ 45,033
Q1 Activity	178	\$22.51	\$ 3,996	(3,996)
Additional BOD Authorization				100,000
Q2 Activity	1,183	\$18.56	21,951	(21,951)
Q3 Activity	667	\$17.09	11,399	(11,399)
Total 2017 Activity	<u>2,027</u>	<u>\$18.42</u>	<u>\$ 37,347</u>	<u>\$ 107,686</u>

- Quarterly Dividend at \$0.05/Share in Q1, Q2 & Q3 of 2017
- Acquired 11.2% of OS in 2016, 4.5% of OS in 2017 YTD
- New Share Count = 43.2M Down from High of 53.2M (Dec 2012)
- Dividends Declared of \$9.1M in 2016

STRATEGIC FOCUS

Return Capital to Stockholders



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 2017 Financial
Review*
FRANCHISED DEALERSHIPS



Q3 2017 RESULTS

Franchised Dealerships

(amounts in millions, except per share data)	Q3 2017 (1)	B/(W) than Q3 2016 (1)	
		\$	%
Revenue	\$2,449	(\$66)	(2.6%)
Gross Profit	\$356	\$2	0.6%
SG&A	\$280	(\$2)	(0.8%)
SG&A as % of Gross	78.4%		(20) bps
Depreciation	\$21	(\$3)	(13.3%)
Operating Profit	\$56	(\$3)	(4.7%)
Interest & Other	(\$21)	(\$2)	(11.2%)
Pre-tax	\$34	(\$5)	(12.5%)
Diluted EPS	\$0.47	(\$0.06)	(11.3%)

(1) – Q3 2017 & Q3 2016 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q3 2017 Financial Review

PRE-OWNED STORES



Q3 2017 RESULTS

Pre-Owned Stores

(amounts in millions, except per share, unit and per unit data)	Q3 2017 ⁽¹⁾	B/(W) than Q3 2016 ⁽¹⁾	
		\$	%
Revenue	\$57	\$13	30.8%
Gross Profit	\$6	\$2	32.5%
SG&A	\$9	(\$2)	(24.6%)
SG&A as % of Gross	145.2%		910 bps
Operating Profit	(\$4)	(\$1)	(13.9%)
Interest & Other	(\$1)	(\$0)	(15.5%)
Pre-tax	(\$5)	(\$1)	(14.1%)
Diluted EPS	(\$0.07)	(\$0.01)	(16.7%)
Retail Units	2,400	815	51.4%
GPU	\$830	(\$267)	(24.3%)
F&I (\$/unit)	\$1,077	\$10	1.0%

(1) – Q3 2017 & Q3 2016 results are adjusted – See appendix for reconciliation to GAAP amounts.

ECHOPARK - COLORADO STORES

	Q3 2017	
	Colorado Stores	
(amounts in thousands, except unit and per unit data)		
Retail Units		2,007
Used GPU	\$	935
F&I GPU	\$	1,033
Total Gross	\$	5,409
Pre-tax	\$	(989)
Cash Flow	\$	354

Q3 2017 Financial Review

TOTAL ENTERPRISE



Q3 2017 RESULTS

Total Enterprise

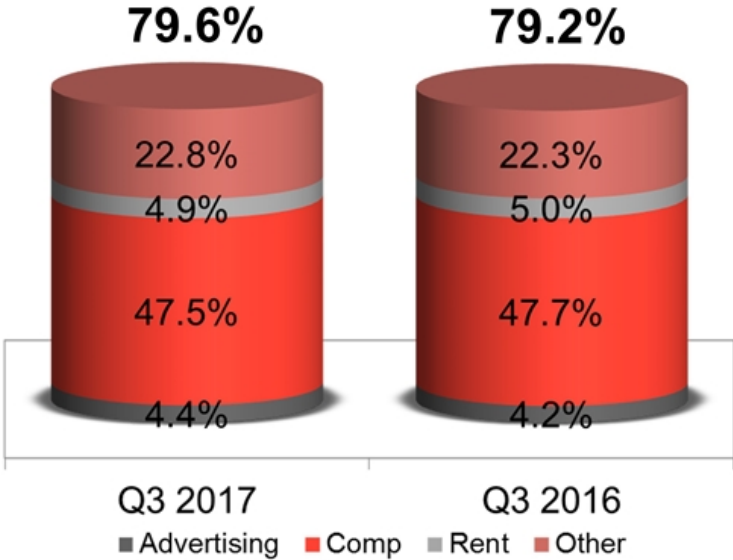
(amounts in millions, except per share data)	Q3 2017 ⁽¹⁾	B/(W) than Q3 2016 ⁽¹⁾	
		\$	%
Revenue	\$2,506	(\$52)	(2.0%)
Gross Profit	\$363	\$4	1.0%
SG&A	\$289	(\$4)	(1.4%)
SG&A as % of Gross	79.6%		(40) bps
Depreciation	\$23	(\$3)	(13.8%)
Operating Profit	\$51	(\$3)	(6.0%)
Interest & Other	(\$22)	(\$2)	(11.3%)
Continuing Ops:			
Profit (after tax)	\$17	(\$4)	(17.9%)
Diluted EPS	\$ 0.40	\$ (0.07)	(14.9%)

(1) – Q3 2017 & Q3 2016 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q3 2017 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	Q3 2017	B/(W) than Q3 2016	
		\$	%
New Retail Revenue	\$1,345	(\$20)	(1.5%)
Used Retail Revenue	\$660	(\$1)	(0.2%)
Fixed Operations Revenue	\$348	(\$14)	(3.9%)
F&I Revenue	\$93	\$3	3.7%
Total Revenue	\$2,506	(\$52)	(2.0%)
New Retail Gross	\$66	\$4	6.4%
- Units	35,117	(598)	(1.7%)
- GPU	\$1,889	\$143	8.2%
Used Retail Gross	\$39	(\$0)	(1.2%)
- Units	30,841	(92)	(0.3%)
- GPU	\$1,269	(\$12)	(0.9%)
F&I Gross	\$93	\$3	3.7%
- GPU	\$1,408	\$64	4.7%
Fixed Operations Gross	\$168	(\$2)	(1.4%)
Total Gross	\$363	\$4	1.0%

Q3 2017 ADJUSTED⁽¹⁾ SG&A TO GROSS



(1) – Q3 2017 & Q3 2016 results are adjusted – See appendix for reconciliation to GAAP amounts.



Q3 2017 INTEREST EXPENSE

(amounts in millions)	Q3 2017	B/(W) than Q3 2016	
		\$	%
Floor Plan Interest Expense	\$9	(\$2)	(33.1%)
Interest Expense, Other	\$13	(\$0)	(0.1%)
Total Interest Expense	\$22	(\$2)	(11.3%)

Floor Plan Higher Due to Rate Increases

2017 CAP EX

	YTD	Estimated
	Q3 2017	2017
(amounts in millions)		
Real Estate & Facility Related	\$ 154.0	\$ 229.9
All Other Cap Ex	27.9	18.3
Subtotal	\$ 181.9	\$ 248.2
Less: Mortgages	(38.4)	(55.0)
Total Cash Used - Cap Ex	\$ 143.5	\$ 193.2

DEBT COVENANTS

	<u>Covenant</u>	<u>Q3 2017</u>
Liquidity Ratio	≥ 1.05	1.13
Fixed Charge Coverage Ratio	≥ 1.20	1.75
Total Lease Adjusted Leverage Ratio	≤ 5.75	4.84

Q3 2017 *Operations Review*



NEW VEHICLE RETAIL

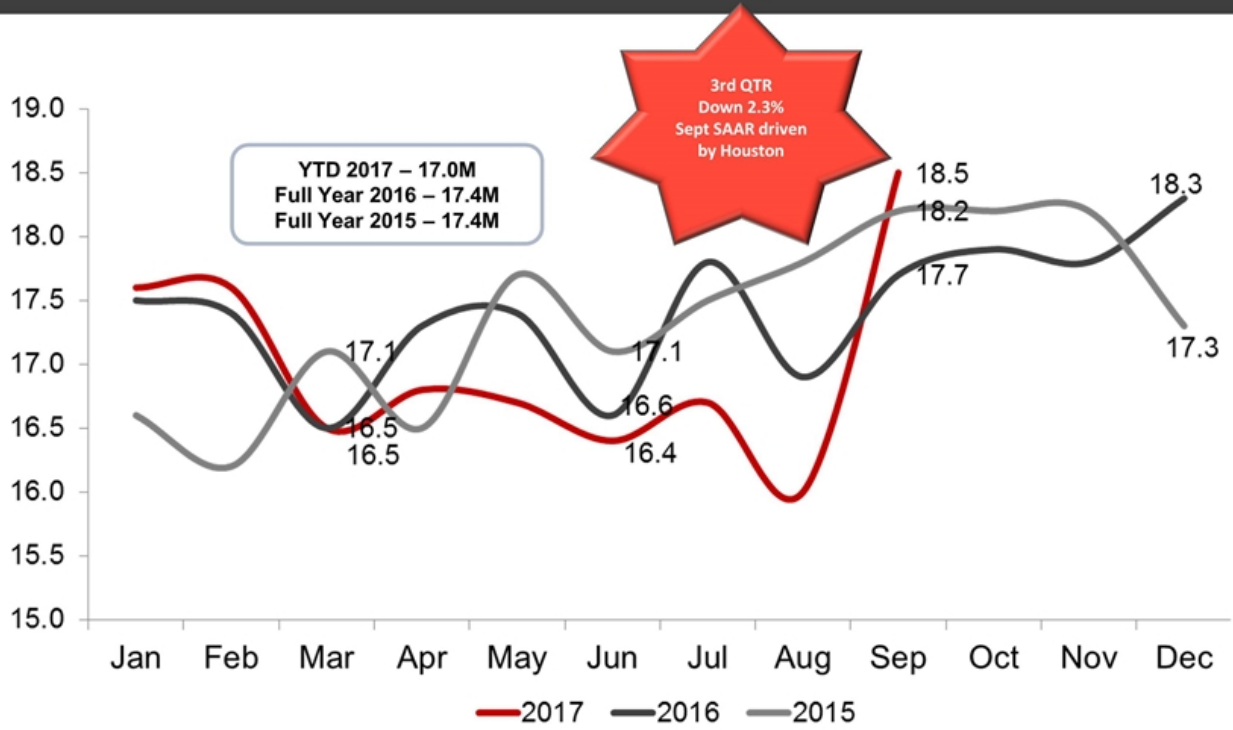
Same Store – Franchised Dealerships

	Q3 2017	Q3 2016	B/(W)
Retail Volume	34,696	35,306	(1.7%)
Selling Price	\$ 38,357	\$ 38,394	(0.1%)
Gross Margin %	4.8%	4.6%	20 bps
GPU	\$ 1,856	\$ 1,761	\$ 96
Gross Profit (in millions) \$	64.4	\$ 62.2	3.6%
SAAR (in millions)	17.1	17.5	(2.3%)

Retail Units

	Jul	Aug	Sep	Total
2017	11,292	10,792	12,612	34,696
2016	11,629	12,295	11,382	35,306
B/(W)	(337)	(1,503)	1,230	(610)

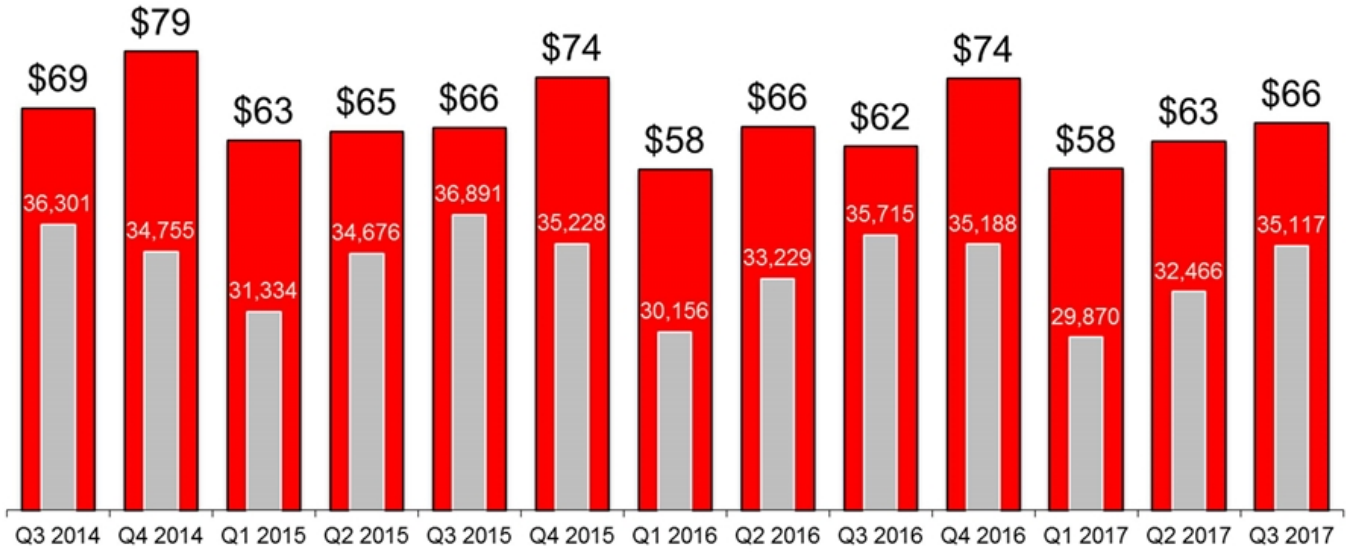
NEW VEHICLE SAAR



NEW VEHICLE – GROSS & UNIT TREND

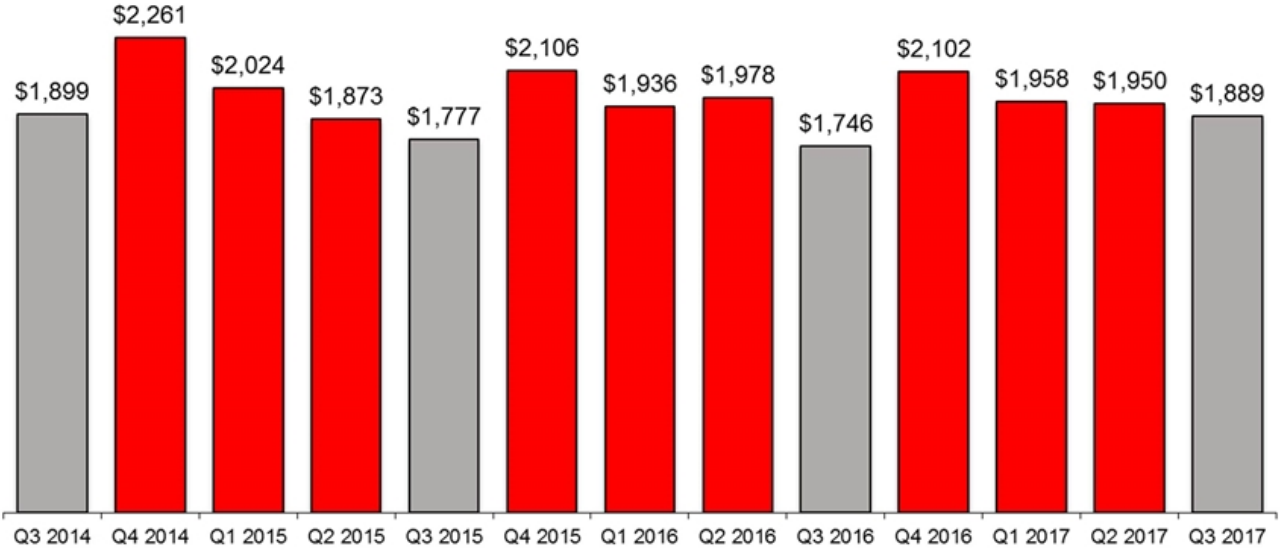
Continuing Operations – Franchised Dealerships

■ Gross \$ (in millions) ■ Units



NEW VEHICLE – GROSS PER UNIT

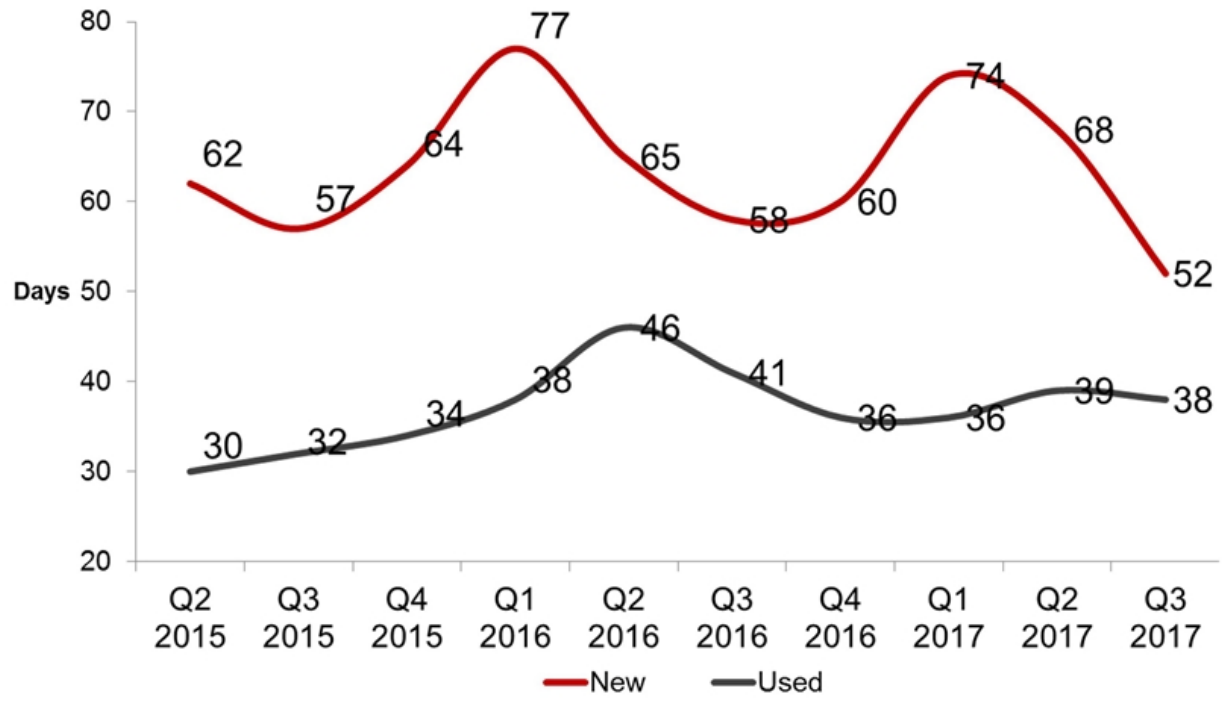
Continuing Operations – Franchised Dealerships



GPU Lift From Houston Stores Contributed to Q3 Results



VEHICLE DAYS' SUPPLY



USED VEHICLE RETAIL Franchised Dealerships

Same Store:

	Q3 2017	Q3 2016	B/(W)
Retail Volume	27,988	29,054	(3.7%)
GPU	\$ 1,245	\$ 1,243	\$ 2
Used to New	81%	82%	(100) bps
Vehicles/Store/Mth (102 stores)	91	95	(3)

Continuing:

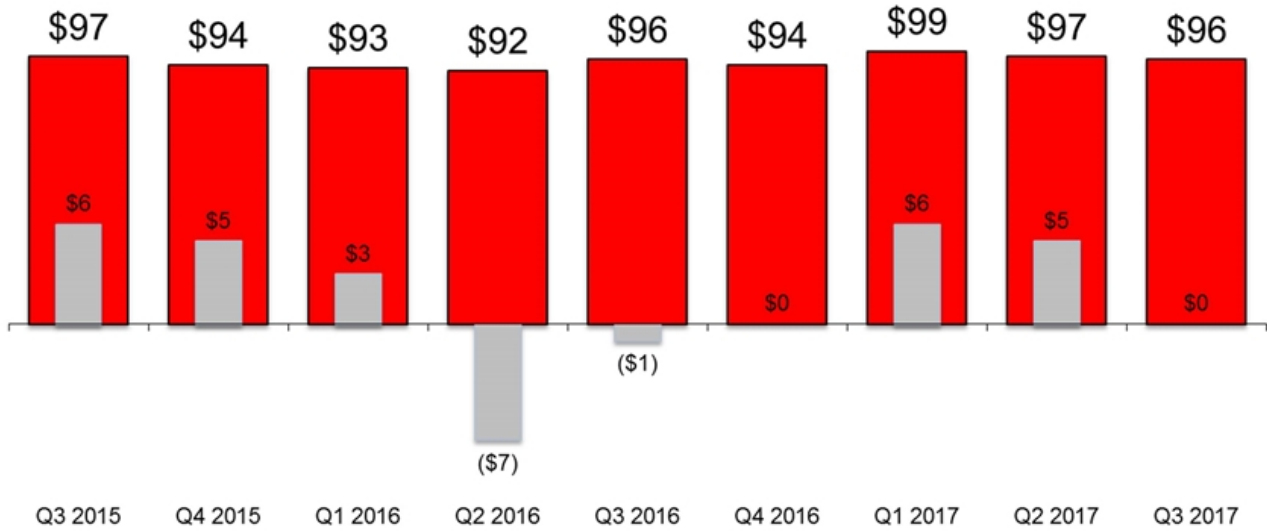
	Q3 2017	Q3 2016	B/(W)
Retail Volume	28,441	29,348	(3.1%)
GPU	\$ 1,306	\$ 1,291	\$ 15
Used to New	81%	82%	(100) bps
Vehicles/Store/Mth (104/96 stores)	91	95	(4)

USED VEHICLE – GROSS TREND

Continuing Operations – Franchised Dealerships

(\$'s in millions)

■ Used Related Gross \$* ■ YOY Incremental Gross



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



USED VEHICLE GROSS CONTRIBUTION

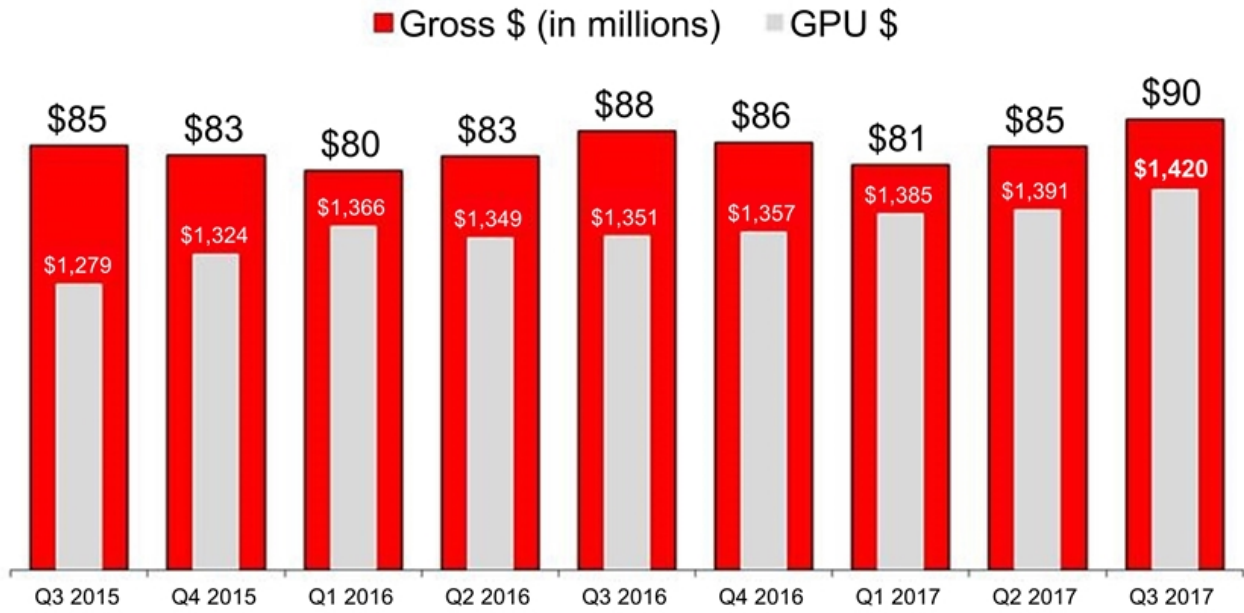
Continuing Operations – Franchised Dealerships

Front End Gross and F&I

(in millions)	Jul	Aug	Sep	Total
2017	\$ 25.7	\$ 23.2	\$ 28.6	\$ 77.5
2016	26.1	26.2	25.3	77.5
B/(W)	\$ (0.4)	\$ (3.0)	\$ 3.4	\$ (0.0)

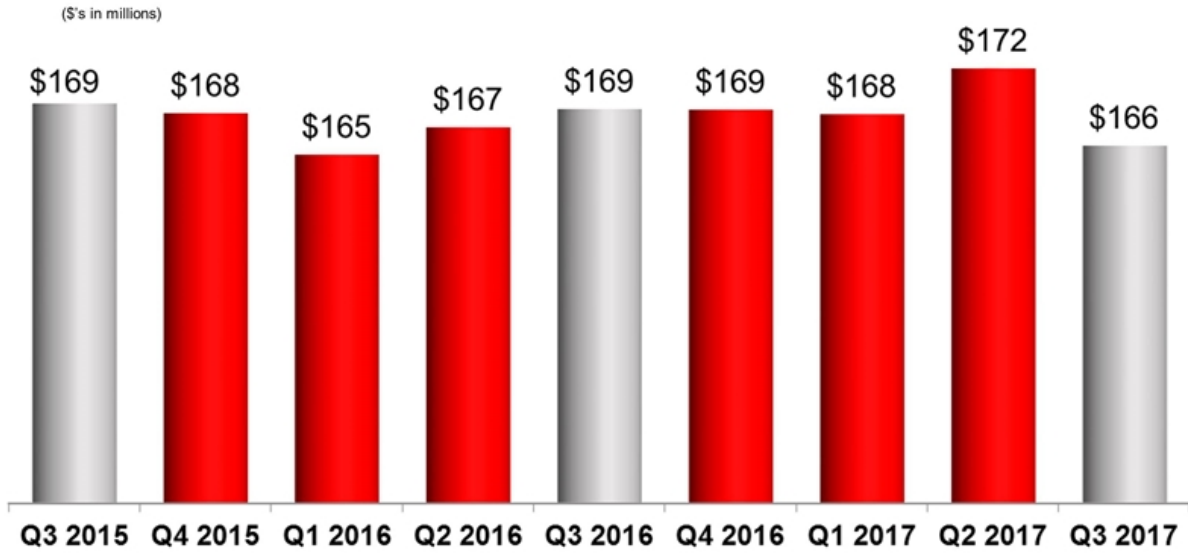
F&I – GROSS & PUR TREND

Continuing Operations – Franchised Dealerships



FIXED OPERATIONS – GROSS TREND

Continuing Operations – Franchised Dealerships



One Less Fixed Day in Addition to Hurricane Disruption

FIXED OPERATIONS Franchised Dealerships

(amounts in millions)

<u>Continuing:</u>	<u>Q3 2017</u>	<u>Q3 2016</u>	<u>B/(W)</u>
Revenue	\$ 344	\$ 359	(4.0%)
Gross Profit	\$ 166	\$ 169	(1.6%)

<u>Same Store:</u>	<u>Q3 2017</u>	<u>Q3 2016</u>	<u>B/(W)</u>
Revenue	\$ 341	\$ 356	(4.1%)
Gross Profit	\$ 164	\$ 167	(1.6%)

One Less Selling Day + Hurricane Effects

SUMMARY & OUTLOOK

- EchoPark Continues Expansion – Ramp up for 2018 – Additional 10 Stores by the End of 2018
 - San Antonio
 - Dallas / Fort Worth
 - Houston
 - Austin
 - Carolinas
 - Georgia
- Houston Region Expected to Have Higher Repair and Replace Through Q1 2018
- Continuing to Challenge Cost Structure to Gain Efficiencies
- Used Vehicle Valuations Fairly Consistent - Slight Margin Pressure
- Fixed Operations Stable – Expect Growth to Continue – Lost Days From Hurricanes
- Update of Earnings Guidance:
 - Projected Adjusted Diluted EPS from Continuing Ops for 2017 of \$1.85 - \$1.95 Per Share (\$1.55 to \$1.65, on a GAAP basis)
 - Range Includes Effect of Projected EchoPark® Results and Expansion

APPENDIX



NON-GAAP RECONCILIATIONS

<i>(amounts in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016
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 & Amortization	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 Extinguishment	6,745	7,665	1,107	19,713	28,238	-	-	(6)
Loss (Gain) on Dealership Disposal	102	(2,615)	386	(10,343)	457	(11,279)	(2,748)	48
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

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	Pre-Owned Stores	Consolidated	Franchised Dealerships	Pre-Owned Stores	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.52	\$ (0.07)	\$ 0.45	\$ 0.48	\$ (0.06)	\$ 0.42
Adjustments (net of income taxes):						
Impairment charges	-	-	-	0.08	-	0.08
Storm damage	0.04	-	0.04	(0.03)	-	(0.03)
Legal and other accruals	0.01	-	0.01	-	-	-
Gain on disposal	(0.10)	-	(0.10)	-	-	-
Effect of adjustments, net of income taxes	(0.05)	-	(0.05)	0.05	-	0.05
Adjusted:						
Diluted earnings (loss) per share	\$ 0.47	\$ (0.07)	\$ 0.40	\$ 0.53	\$ (0.06)	\$ 0.47
	Nine Months Ended September 30, 2017			Nine Months Ended September 30, 2016		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	Pre-Owned Stores	Consolidated	Franchised Dealerships	Pre-Owned Stores	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.97	\$ (0.25)	\$ 0.72	\$ 1.37	\$ (0.15)	\$ 1.22
Adjustments (net of income taxes):						
Impairment charges	0.02	0.03	0.05	0.08	-	0.08
Storm damage	0.14	-	0.14	0.05	-	0.05
Legal and other accruals	0.01	-	0.01	-	-	-
Lease exit adjustments	-	0.01	0.01	-	-	-
Gain on disposal	(0.12)	-	(0.12)	-	-	-
Loss on debt extinguishment	0.21	-	0.21	-	-	-
Effect of adjustments, net of income taxes	0.26	0.04	0.30	0.13	-	0.13
Adjusted:						
Diluted earnings (loss) per share	\$ 1.23	\$ (0.21)	\$ 1.02	\$ 1.50	\$ (0.15)	\$ 1.35



NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		Pre-Owned Stores Three Months Ended September 30,	
	2017	2016	2017	2016	2017	2016
	(In millions)					
Reported:						
SG&A expenses	\$ 284.0	\$ 282.1	\$ 275.0	\$ 274.9	\$ 9.0	\$ 7.2
Adjustments:						
Storm damage	(3.0)	2.4	(3.0)	2.4	-	-
Legal and other accruals	(1.1)	-	(1.1)	-	-	-
Lease exit adjustments	8.5	-	8.5	-	-	-
Total SG&A adjustments	4.5	2.4	4.5	2.4	-	-
Adjusted:						
SG&A expenses	\$ 288.5	\$ 284.5	\$ 279.5	\$ 277.3	\$ 9.0	\$ 7.2
Reported:						
SG&A expenses as % of gross profit	78.3%	78.6%	77.1%	77.6%	NM	NM
Adjustments:						
Storm damage	(0.8%)	0.6%	(0.8%)	0.6%	-	-
Legal and other accruals	(0.3%)	-	(0.3%)	-	-	-
Lease exit adjustments	2.4%	-	2.4%	-	-	-
Total SG&A adjustments	1.3%	0.6%	1.3%	0.6%	-	-
Adjusted:						
SG&A expenses as % of gross profit	79.6%	79.2%	78.4%	78.2%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		Pre-Owned Stores Three Months Ended September 30,	
	2017	2016	2017	2016	2017	2016
	(In millions)					
Reported:						
Operating income	\$ 55.8	\$ 50.9	\$ 60.0	\$ 54.6	\$ (4.2)	\$ (3.7)
Adjustments (before income taxes):						
SG&A expenses	(4.5)	(2.4)	(4.5)	(2.4)	-	-
Impairment charges	0.1	6.1	0.1	6.1	-	-
Total adjustments before taxes	(4.4)	3.7	(4.4)	3.7	-	-
Adjusted:						
Operating income	\$ 51.4	\$ 54.6	\$ 55.6	\$ 58.3	\$ (4.2)	\$ (3.7)
Reported:						
Income (loss) from continuing operations before taxes	\$ 33.9	\$ 31.3	\$ 38.7	\$ 35.5	\$ (4.8)	\$ (4.2)
Adjustments (before income taxes):						
SG&A expenses	(4.5)	(2.4)	(4.5)	(2.4)	-	-
Impairment charges	0.1	6.1	0.1	6.1	-	-
Total adjustments before taxes	(4.4)	3.7	(4.4)	3.7	-	-
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 29.5	\$ 35.0	\$ 34.3	\$ 39.2	\$ (4.8)	\$ (4.2)
Reported:						
Income (loss) from continuing operations	\$ 19.7	\$ 19.0				
Adjustments (net of income taxes):						
SG&A expenses	(2.7)	(1.5)				
Impairment charges	0.4	3.7				
Total adjustments, net of income taxes	(2.3)	2.2				
Adjusted:						
Income (loss) from continuing operations	\$ 17.4	\$ 21.2				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		Pre-Owned Stores Nine Months Ended September 30,	
	2017	2016	2017	2016	2017	2016
	(In millions)					
Reported:						
SG&A expenses	\$ 870.1	\$ 843.7	\$ 842.9	\$ 825.2	\$ 27.2	\$ 18.5
Adjustments:						
Storm damage	(10.0)	(3.7)	(10.0)	(3.7)	-	-
Legal and other accruals	(0.7)	-	(0.7)	-	-	-
Gain on disposal	8.5	-	8.5	-	-	-
Lease exit adjustments	(1.0)	-	(0.4)	-	(0.6)	-
Total SG&A adjustments	(3.2)	(3.7)	(2.6)	(3.7)	(0.6)	-
Adjusted:						
SG&A expenses	\$ 866.9	\$ 840.0	\$ 840.3	\$ 821.5	\$ 26.6	\$ 18.5
Reported:						
SG&A expenses as % of gross profit	81.0%	79.8%	79.7%	78.9%	NM	NM
Adjustments:						
Storm damage	(0.9%)	(0.4%)	(0.9%)	(0.4%)	-	-
Legal and other accruals	(0.1%)	-	(0.1%)	-	-	-
Gain on disposal	0.8%	-	0.8%	-	-	-
Lease exit adjustments	(0.1%)	-	(0.1%)	-	-	-
Total SG&A adjustments	(0.3%)	(0.4%)	(0.3%)	(0.4%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	80.7%	79.4%	79.4%	78.5%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		Pre-Owned Stores Nine Months Ended September 30,	
	2017	2016	2017	2016	2017	2016
	(In millions)					
Reported:						
Operating income	\$ 134.4	\$ 150.3	\$ 150.9	\$ 160.2	\$ (16.5)	\$ (9.9)
Adjustments (before income taxes):						
SG&A expenses	3.2	3.7	2.6	3.7	0.6	-
Impairment charges	3.3	6.1	1.6	6.1	1.7	-
Total adjustments before taxes	6.5	9.8	4.2	9.8	2.3	-
Adjusted:						
Operating income	<u>\$ 140.9</u>	<u>\$ 160.1</u>	<u>\$ 155.1</u>	<u>\$ 170.0</u>	<u>\$ (14.2)</u>	<u>\$ (9.9)</u>
Reported:						
Income (loss) from continuing operations before taxes	\$ 54.3	\$ 93.0	\$ 72.4	\$ 104.1	\$ (18.1)	\$ (11.1)
Adjustments (before income taxes):						
SG&A expenses	3.2	3.7	2.6	3.7	0.6	-
Impairment charges	3.3	6.1	1.6	6.1	1.7	-
Loss on debt extinguishment	15.3	-	15.3	-	-	-
Total adjustments before taxes	21.8	9.8	19.5	9.8	2.3	-
Adjusted:						
Income (loss) from continuing operations before taxes	<u>\$ 76.1</u>	<u>\$ 102.8</u>	<u>\$ 91.9</u>	<u>\$ 113.9</u>	<u>\$ (15.8)</u>	<u>\$ (11.1)</u>
Reported:						
Income (loss) from continuing operations	\$ 32.0	\$ 56.5				
Adjustments (net of income taxes):						
SG&A expenses	2.1	2.3				
Impairment charges	2.2	3.7				
Loss on debt extinguishment	9.3	-				
Total adjustments, net of income taxes	13.6	6.0				
Adjusted:						
Income (loss) from continuing operations	<u>\$ 45.6</u>	<u>\$ 62.5</u>				

NON-GAAP RECONCILIATIONS

Three Months Ended September 30, 2017							
Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		Per Share Amount
	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount	
Reported:							
Earnings (loss) and shares	43,496	\$ 19,730		\$ (290)		\$ 19,440	
Effect of participating securities:							
Non-vested restricted stock		(18)		-		(18)	
Basic earnings (loss) and shares	43,496	\$ 19,712	\$ 0.45	\$ (290)	\$ -	\$ 19,422	\$ 0.45
Effect of dilutive securities:							
Stock compensation plans	315						
Diluted earnings (loss) and shares	43,811	\$ 19,712	\$ 0.45	\$ (290)	\$ (0.01)	\$ 19,422	\$ 0.44
Adjustments:							
Impairment charges		\$ 198		\$ -		\$ 198	
Storm damage		2,971		-		2,971	
Legal and other accruals		959		-		959	
Gain on disposal		(8,489)		-		(8,489)	
Total adjustments before taxes		(4,361)		-		(4,361)	
Income tax effect of adjustments		2,065		-		2,065	
Effect of adjustments net of income taxes ...		\$ (2,296)	\$ (0.05)	\$ -	\$ -	\$ (2,296)	\$ (0.05)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 17,434	\$ 0.40	\$ (290)	\$ (0.01)	\$ 17,144	\$ 0.39

(1) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended September 30, 2017.

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	Amount	Per Share Amount	Amount	Per Share 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		(2,341)		1,000		(1,341)	
Total adjustments before taxes		3,748		1,000		4,748	
Income tax effect of 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 (2)		\$ 21,244	\$ 0.47	\$ (248)	\$ (0.01)	\$ 20,996	\$ 0.46

(2) Net loss attributable to Pre-Owned Stores operations was \$0.06 per fully diluted share in the three months ended September 30, 2016.

NON-GAAP RECONCILIATIONS

Nine Months Ended September 30, 2017							
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	44,281	\$ 32,024		\$ (993)		\$ 31,031	
Effect of participating securities:							
Non-vested restricted stock		(28)		-		(28)	
Basic earnings (loss) and shares	44,281	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Effect of dilutive securities:							
Stock compensation plans	304						
Diluted earnings (loss) and shares	44,585	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Adjustments:							
Impairment charges		\$ 3,313		\$ -		\$ 3,313	
Storm damage		9,971		-		9,971	
Legal and other accruals		810		-		810	
Lease exit adjustments		992		-		992	
Gain on disposal		(8,489)		-		(8,489)	
Loss on debt extinguishment		15,268		-		15,268	
Total adjustments before taxes		21,865		-		21,865	
Income tax effect of adjustments		(8,229)		-		(8,229)	
Effect of adjustments, net of income taxes ..		\$ 13,636	\$ 0.30	\$ -	\$ -	\$ 13,636	\$ 0.30
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 45,660	\$ 1.02	\$ (993)	\$ (0.02)	\$ 44,667	\$ 1.00

(3) Net loss attributable to Pre-Owned Stores operations was \$0.21 per fully diluted share in the nine months ended September 30, 2017.

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 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 (4)		\$ 62,448	\$ 1.35	\$ (628)	\$ (0.01)	\$ 61,820	\$ 1.34

(4) Net loss attributable to Pre-Owned Stores operations was \$0.15 per fully diluted share in the nine months ended September 30, 2016.

NON-GAAP RECONCILIATION OF GUIDANCE

	Year Ending	
	December 31, 2017	
	From	To
GAAP:		
Expected earnings per diluted share from continuing operations	\$ 1.55	\$ 1.65
Adjustments:		
Gain on disposal	(0.12)	(0.12)
Impairment charges	0.05	0.05
Storm damage	0.14	0.14
Legal and other accruals	0.01	0.01
Lease exit adjustments	0.01	0.01
Loss on debt extinguishment	0.21	0.21
Adjusted:		
Expected earnings per diluted share from continuing operations	<u>\$ 1.85</u>	<u>\$ 1.95</u>