
**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): April 26, 2018

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)

28,211
(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 April 26, 2018, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal third quarter ended March 31, 2018 (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 April 26, 2018, in the Earnings Press Release, the Company announced the approval of a quarterly cash dividend.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
99.1	Press Release of Sonic Automotive, Inc., dated 4/26/2018.
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: April 26, 2018

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

*Sonic Automotive, Inc. Reports First Quarter Results -
Record Revenue and Gross Profit*

CHARLOTTE, N.C. – April 26, 2018 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported financial results for the first quarter of 2018.

- Record first quarter revenue and gross profit of \$2.4 billion and \$352.5 million, respectively
- All-time record quarterly pre-owned retail unit sales of 33,739 units
- All-time record quarterly F&I gross profit per retail unit of \$1,490
- Record first quarter F&I gross of \$93.7 million
- Record first quarter fixed operations gross profit of \$169.6 million
- Pre-owned segment retailed over 5,500 units during the quarter

First Quarter 2018 Results

GAAP Basis

Net loss from continuing operations for the first quarter of 2018 was \$2.0 million, or \$0.05 per diluted share. Comparatively, net loss from continuing operations for the first quarter of 2017 was \$0.0 million, or \$0.0 per diluted share.

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 first quarter of 2018 was \$11.0 million, or \$0.26 per diluted share. The adjustments in the 2018 quarterly period relate to a gain on the disposal of franchises offset by fixed asset impairments, compensation related charges, lease exit accruals and certain legal matters. Adjusted net income from continuing operations for the first quarter of 2017 was \$10.3 million, or \$0.23 per diluted share. The adjustments in the 2017 quarterly period relate to the redemption of Sonic’s 7.0% Senior Subordinated Notes due 2022 (the “7.0% Notes”), weather-related physical damage costs and fixed asset impairments, offset by net settlement gains related to legal matters.

Commentary

Heath Byrd, the Company’s Chief Financial Officer, noted, “The first quarter met our internal earnings expectations and we remain confident with our full year earnings guidance. We shifted our strategy during the quarter related to the number of used vehicle inventory we are carrying. The decline in used gross per unit and the increase in wholesale loss resulted from us aggressively disposing of units to reduce our overall days’ supply of used vehicles. Additionally, we believe we found a good compromise between volume and gross for new vehicles and we were able to grow both fixed operations and F&I gross profit compared to the first quarter of 2017.”

“We remain committed to growing our franchise store operations and our EchoPark brand. In addition to our dividend of \$0.06 per share distributed during the first quarter, we continue to honor our commitment to return capital to shareholders as we repurchased approximately 1.2 million shares of our common stock for approximately \$23.4 million.”

Dividend

Sonic’s Board of Directors approved a quarterly dividend of \$0.06 per share payable in cash for our stockholders of record on June 15, 2018. The dividend will be payable on July 13, 2018.

First 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: 9399998

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: 9399998

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 2018 earnings expectations, our projected annual effective income tax rate, 2018 new vehicle industry volume, projected results for our EchoPark brand, the anticipated expansion of both our franchised and pre-owned businesses in 2018 and our long-term strategy. 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, 2017. 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

	Three Months Ended March 31,	
	2018	2017
(In thousands, except per share and unit data)		
Revenues:		
New vehicles	\$ 1,180,846	\$ 1,171,932
Used vehicles	709,046	634,474
Wholesale vehicles	65,398	46,310
Total vehicles	1,955,290	1,852,716
Parts, service and collision repair	351,758	352,043
Finance, insurance and other, net	93,725	83,063
Total revenues	2,400,773	2,287,822
Gross profit	352,499	350,346
Selling, general and administrative expenses	(304,925)	(292,234)
Impairment charges	(3,643)	(510)
Depreciation and amortization	(23,743)	(21,153)
Operating income (loss)	20,188	36,449
Other income (expense):		
Interest expense, floor plan	(10,677)	(8,387)
Interest expense, other, net	(13,456)	(13,409)
Other income (expense), net	89	(14,501)
Total other income (expense)	(24,044)	(36,297)
Income (loss) from continuing operations before taxes	(3,856)	152
Provision for income taxes for continuing operations - benefit (expense)	1,842	(172)
Income (loss) from continuing operations	(2,014)	(20)
Income (loss) from discontinued operations	(180)	(521)
Net income (loss)	\$ (2,194)	\$ (541)
Diluted earnings (loss) per common share:		
Earnings (loss) per share from continuing operations	\$ (0.05)	\$ —
Earnings (loss) per share from discontinued operations	—	(0.01)
Earnings (loss) per common share	\$ (0.05)	\$ (0.01)
Weighted average common shares outstanding	42,789	44,791
Gross Margin Data (Continuing Operations):		
New vehicles	4.8 %	5.0 %
Used vehicles	5.2 %	6.4 %
Wholesale vehicles	(6.8)%	(2.5)%
Parts, service and collision repair	48.2 %	48.1 %
Finance, insurance and other	100.0 %	100.0 %
Overall gross margin	14.7 %	15.3 %
SG&A Expenses (Continuing Operations):		
Compensation	185,037	176,547
Advertising	16,016	15,257
Rent	21,868	18,487
Other	82,004	81,943
Total SG&A expenses	304,925	292,234
SG&A expenses as % of gross profit	86.5 %	83.4 %
Operating Margin %	0.8 %	1.6 %
Unit Data (Continuing Operations):		
New units	29,500	30,495
Used units	33,739	30,372
Wholesale units	9,680	8,307

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

	Three Months Ended March 31, 2018						
	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	42,789	\$ (2,014)		\$ (180)		\$ (2,194)	
Effect of participating securities:							
Non-vested restricted stock		—		—		—	
Basic earnings (loss) and shares	42,789	\$ (2,014)	\$ (0.05)	\$ (180)	\$ —	\$ (2,194)	\$ (0.05)
Effect of dilutive securities:							
Stock compensation plans		—					
Diluted earnings (loss) and shares	42,789	\$ (2,014)	\$ (0.05)	\$ (180)	\$ —	\$ (2,194)	\$ (0.05)
Adjustments:							
Impairment charges		\$ 3,643		\$ —		\$ 3,643	
Legal and other		1,500		—		1,500	
Compensation-related charges		9,189		—		9,189	
Lease exit adjustments		4,814		—		4,814	
Gain on disposal		(1,190)		—		(1,190)	
Total adjustments before taxes		17,956		—		17,956	
Income tax effect of adjustments		(4,894)				\$ (4,894)	
Effect of adjustments, net of income taxes		\$ 13,062	\$ 0.31	\$ —	\$ (0.01)	\$ 13,062	\$ 0.30
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 11,048	\$ 0.26	\$ (180)	\$ (0.01)	\$ 10,868	\$ 0.25

(1) Net loss attributable to Pre-Owned Stores operations was \$0.10 per fully diluted share in the three months ended March 31, 2018.

	Three Months Ended March 31, 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	44,791	\$ (20)		\$ (521)		\$ (541)	
Effect of participating securities:							
Non-vested restricted stock		—		—		—	
Basic earnings (loss) and shares	44,791	\$ (20)	\$ —	\$ (521)	\$ (0.01)	\$ (541)	\$ (0.01)
Effect of dilutive securities:							
Stock compensation plans		—					
Diluted earnings (loss) and shares (2)	44,791	\$ (20)	\$ —	\$ (521)	\$ (0.01)	\$ (541)	\$ (0.01)
Adjustments:							
Impairment charges		\$ 510		\$ —		\$ 510	
Legal and other		(1,149)		—		(1,149)	
Storm damage		2,382		—		2,382	
Loss on debt extinguishment		15,268		—		15,268	
Total adjustments before taxes		17,011		—		17,011	
Income tax effect of adjustments		(6,677)		—		\$ (6,677)	
Effect of adjustments, net of income taxes		\$ 10,334	\$ 0.23	\$ —	\$ —	\$ 10,334	\$ 0.23
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 10,314	\$ 0.23	\$ (521)	\$ (0.01)	\$ 9,793	\$ 0.22

(2) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended March 31, 2017.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 1,180,846	\$ 1,171,932	\$ 8,914	0.8 %
Gross profit	\$ 56,800	\$ 58,278	\$ (1,478)	(2.5)%
Unit sales	29,500	30,495	(995)	(3.3)%
Revenue per unit	\$ 40,029	\$ 38,430	\$ 1,599	4.2 %
Gross profit per unit	\$ 1,925	\$ 1,911	\$ 14	0.7 %
Gross profit as a % of revenue	4.8%	5.0%	(20) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 1,176,510	\$ 1,151,850	\$ 24,660	2.1 %
Gross profit	\$ 56,757	\$ 57,717	\$ (960)	(1.7)%
Unit sales	29,416	29,865	(449)	(1.5)%
Revenue per unit	\$ 39,996	\$ 38,569	\$ 1,427	3.7 %
Gross profit per unit	\$ 1,929	\$ 1,933	\$ (4)	(0.2)%
Gross profit as a % of revenue	4.8%	5.0%	(20) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 709,046	\$ 634,474	\$ 74,572	11.8 %
Gross profit	\$ 36,771	\$ 40,833	\$ (4,062)	(9.9)%
Unit sales	33,739	30,372	3,367	11.1 %
Revenue per unit	\$ 21,016	\$ 20,890	\$ 126	0.6 %
Gross profit per unit	\$ 1,090	\$ 1,344	\$ (254)	(18.9)%
Gross profit as a % of revenue	5.2%	6.4%	(120) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 629,510	\$ 613,348	\$ 16,162	2.6 %
Gross profit	\$ 34,306	\$ 37,970	\$ (3,664)	(9.6)%
Unit sales	29,690	29,162	528	1.8 %
Revenue per unit	\$ 21,203	\$ 21,032	\$ 171	0.8 %
Gross profit per unit	\$ 1,155	\$ 1,302	\$ (147)	(11.3)%
Gross profit as a % of revenue	5.4%	6.2%	(80) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 65,398	\$ 46,310	\$ 19,088	41.2 %
Gross profit	\$ (4,425)	\$ (1,172)	\$ (3,253)	(277.6)%
Unit sales	9,680	8,307	1,373	16.5 %
Revenue per unit	\$ 6,756	\$ 5,575	\$ 1,181	21.2 %
Gross profit per unit	\$ (457)	\$ (141)	\$ (316)	(224.1)%
Gross profit as a % of revenue	(6.8)%	(2.5)%	(430) bps	

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 62,719	\$ 45,154	\$ 17,565	38.9 %
Gross profit	\$ (4,669)	\$ (1,080)	\$ (3,589)	(332.3)%
Unit sales	9,215	7,991	1,224	15.3 %
Revenue per unit	\$ 6,806	\$ 5,651	\$ 1,155	20.4 %
Gross profit per unit	\$ (507)	\$ (135)	\$ (372)	(275.6)%
Gross profit as a % of revenue	(7.4)%	(2.4)%	(500) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported:				
Revenue				
Customer pay	\$ 142,354	\$ 138,582	\$ 3,772	2.7 %
Warranty	67,601	69,471	(1,870)	(2.7)%
Wholesale parts	42,501	43,281	(780)	(1.8)%
Internal, sublet and other	99,302	100,709	(1,407)	(1.4)%
Total	<u>\$ 351,758</u>	<u>\$ 352,043</u>	<u>\$ (285)</u>	<u>(0.1)%</u>
Gross profit				
Customer pay	\$ 76,350	\$ 73,764	\$ 2,586	3.5 %
Warranty	37,901	38,347	(446)	(1.2)%
Wholesale parts	7,265	7,550	(285)	(3.8)%
Internal, sublet and other	48,112	49,683	(1,571)	(3.2)%
Total	<u>\$ 169,628</u>	<u>\$ 169,344</u>	<u>\$ 284</u>	<u>0.2 %</u>
Gross profit as a % of revenue				
Customer pay	53.6%	53.2%	40 bps	
Warranty	56.1%	55.2%	90 bps	
Wholesale parts	17.1%	17.4%	(30 bps)	
Internal, sublet and other	48.5%	49.3%	(80 bps)	
Total	48.2%	48.1%	10 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same Store:				
Revenue				
Customer pay	\$ 140,928	\$ 136,081	\$ 4,847	3.6 %
Warranty	67,982	67,856	126	0.2 %
Wholesale parts	42,437	42,703	(266)	(0.6)%
Internal, sublet and other	96,597	98,435	(1,838)	(1.9)%
Total	<u>\$ 347,944</u>	<u>\$ 345,075</u>	<u>\$ 2,869</u>	0.8 %
Gross profit				
Customer pay	\$ 75,680	\$ 72,387	\$ 3,293	4.5 %
Warranty	38,072	37,424	648	1.7 %
Wholesale parts	7,249	7,435	(186)	(2.5)%
Internal, sublet and other	47,058	48,022	(964)	(2.0)%
Total	<u>\$ 168,059</u>	<u>\$ 165,268</u>	<u>\$ 2,791</u>	1.7 %
Gross profit as a % of revenue				
Customer pay	53.7%	53.2%	50 bps	
Warranty	56.0%	55.2%	80 bps	
Wholesale parts	17.1%	17.4%	(30 bps)	
Internal, sublet and other	48.7%	48.8%	(10 bps)	
Total	48.3%	47.9%	40 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change

(In thousands, except per unit data)

Reported:							
Revenue	\$	93,725	\$	83,063	\$	10,662	12.8 %
Gross profit per retail unit (excludes fleet)	\$	1,490	\$	1,379	\$	111	8.0 %

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change

(In thousands, except per unit data)

Same Store:							
Revenue	\$	84,074	\$	80,139	\$	3,935	4.9 %
Gross profit per retail unit (excludes fleet)	\$	1,430	\$	1,372	\$	58	4.2 %

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Selling, General and Administrative (“SG&A”) Expenses

	Three Months Ended March 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 185,037	\$ 176,547	\$ (8,490)	(4.8)%
Advertising	16,016	15,257	(759)	(5.0)%
Rent	21,868	18,487	(3,381)	(18.3)%
Other	82,004	81,943	(61)	(0.1)%
Total SG&A expenses	\$ 304,925	\$ 292,234	\$ (12,691)	(4.3)%
Adjustments:				
Legal and other	\$ (1,500)	\$ 1,149		
Compensation-related charges	(9,189)	—		
Lease exit adjustments	(4,814)	—		
Storm damage	—	(2,382)		
Gain on disposal	1,190	—		
Total SG&A adjustments	\$ (14,313)	\$ (1,233)		
Adjusted:				
Total adjusted SG&A expenses	\$ 290,612	\$ 291,001	\$ 389	0.1 %
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	52.5 %	50.4 %	(210bps)	
Advertising	4.5 %	4.4 %	(10bps)	
Rent	6.2 %	5.3 %	(90bps)	
Other	23.3 %	23.3 %	—	
Total SG&A expenses as a % of gross profit	86.5 %	83.4 %	(310bps)	
Adjustments:				
Legal and other	(0.4)%	0.3 %		
Compensation-related charges	(2.6)%	— %		
Lease exit adjustments	(1.4)%	— %		
Storm damage	— %	(0.6)%		
Gain on disposal	0.3 %	— %		
Total effect of adjustments	(4.1)%	(0.3)%		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	82.4 %	83.1 %	70 bps	

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

Exhibit 99.2

*Q1 2018
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 2018 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, 2017.

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

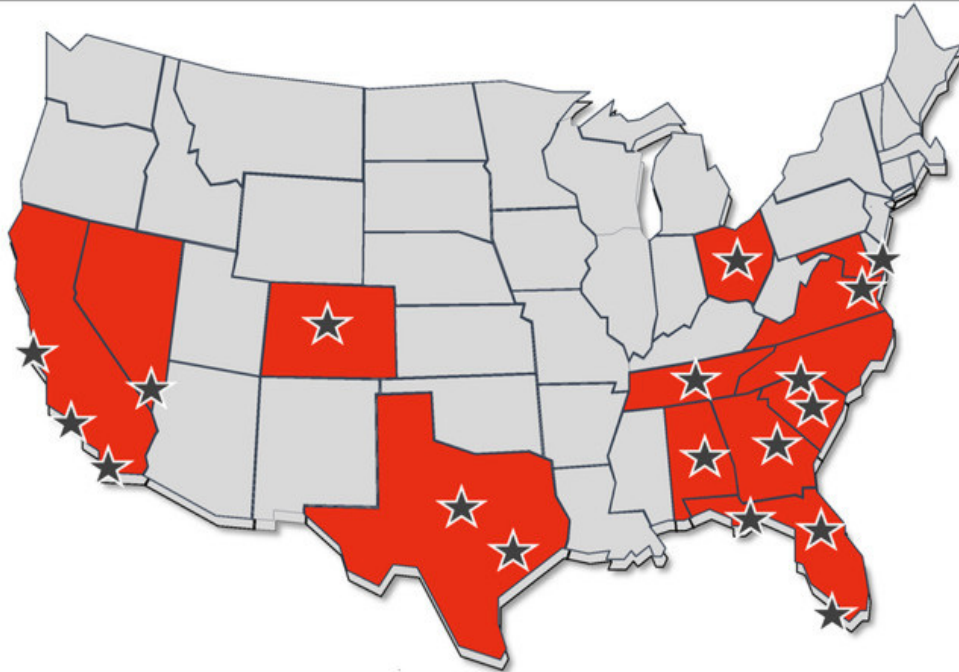
- COMPANY OVERVIEW
- FINANCIAL & OPERATIONS REVIEW
- OUTLOOK

COMPANY OVERVIEW

4



OVERVIEW – FRANCHISED GEOGRAPHIC

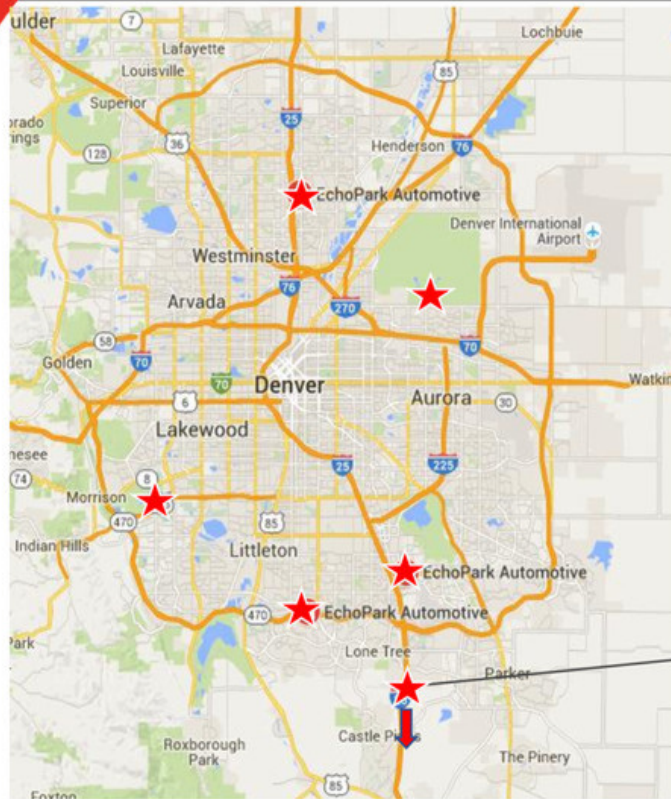


Headquartered in Charlotte, NC
101 Stores, 23 Brands, 18 Collision
Repair Centers
Platforms in Major Metro Markets

5



OVERVIEW – ECHOPARK GEOGRAPHIC - CO



- Have purchased property in the following markets (some are under construction):
 - Dallas/Ft. Worth
 - San Antonio
 - Houston
 - Austin
 - Carolinas

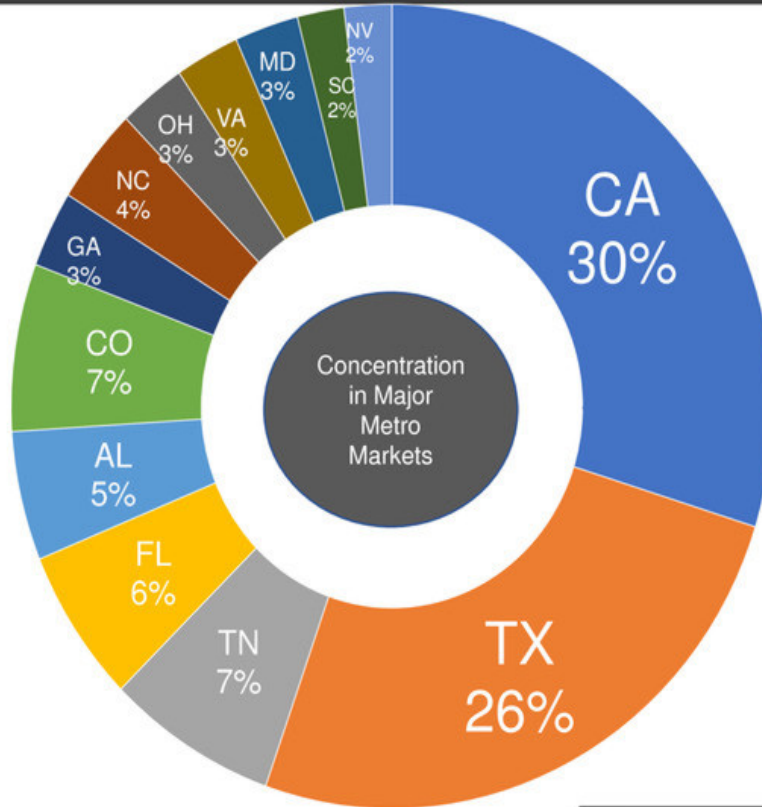
Colorado
Springs -
Opened Q2
2017

OVERVIEW – ECHOPARK GEOGRAPHIC - TX

- West San Antonio Location Opened in Q4 2017
- New Braunfels Location Opened in Q1 2018

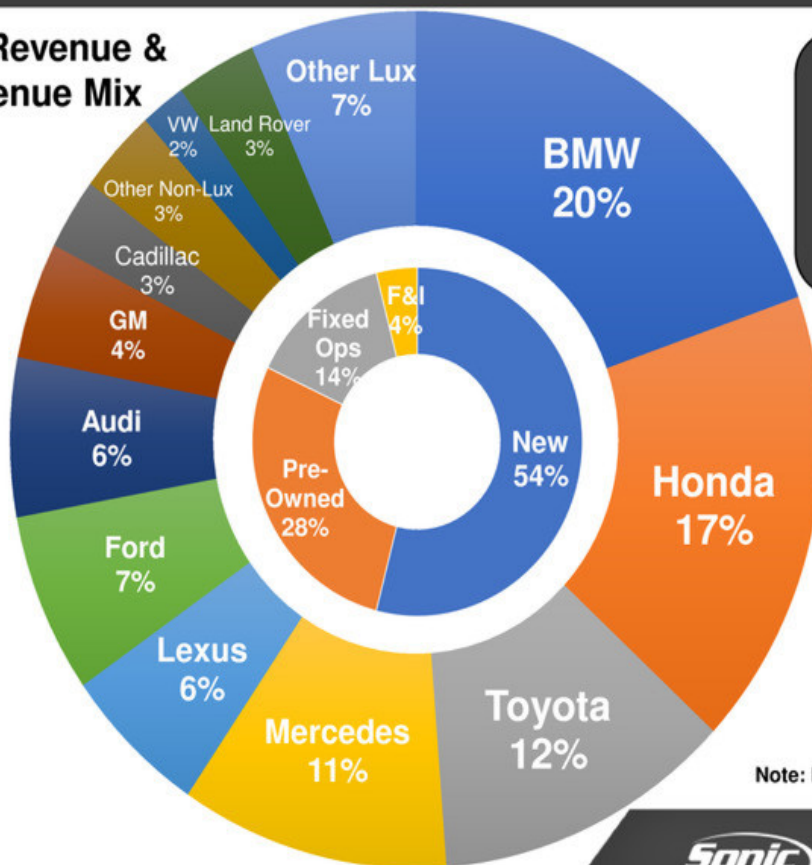


OVERVIEW - GEOGRAPHIC



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 2017.

Q1 2018 FINANCIAL REVIEW

FRANCHISED SEGMENT

10

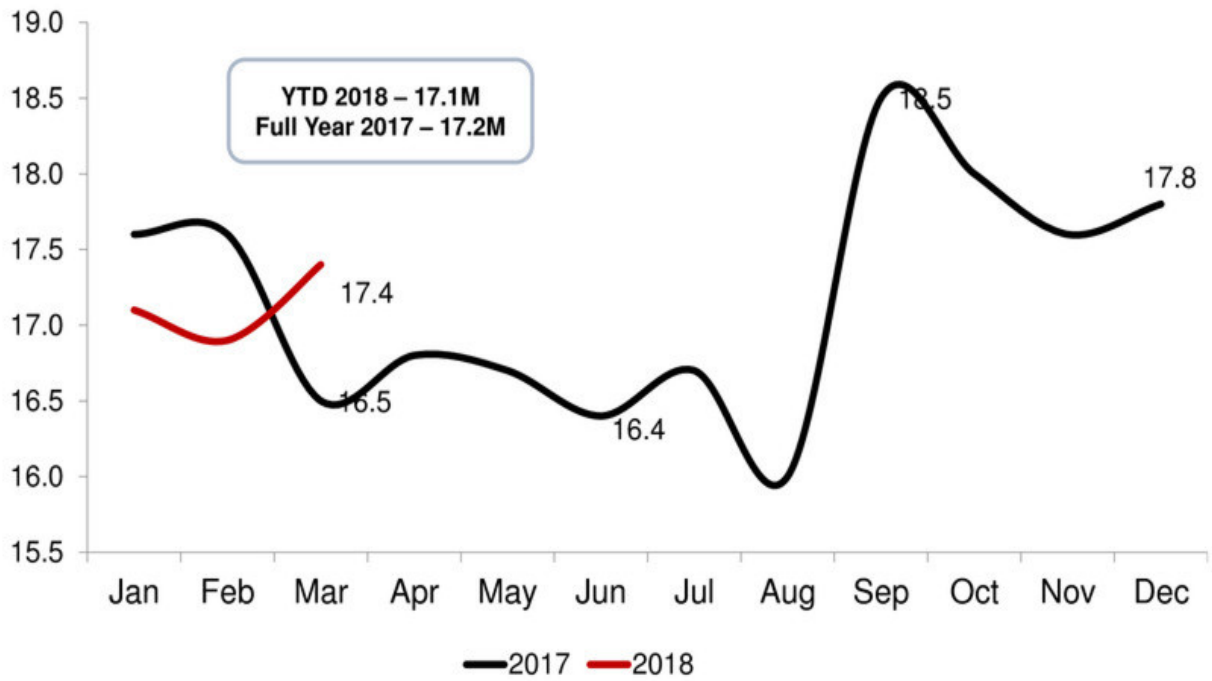


FRANCHISED SEGMENT Q1 2018 RESULTS

(amounts in millions, except per share data)	Q1 2018 ⁽¹⁾	B/(W) than Q1 2017 ⁽¹⁾	
		\$	%
Revenue	\$2,269	\$23	1.0%
Gross Profit	\$340	(\$5)	(1.5%)
SG&A	\$276	\$7	2.4%
SG&A as % of Gross	81.0%		70 bps
Depreciation	\$22	(\$2)	(10.6%)
Operating Profit	\$43	(\$1)	(1.5%)
Interest & Other	(\$23)	(\$3)	(12.8%)
Pre-tax	\$19	(\$3)	(14.5%)
Diluted EPS	\$0.36	\$0.06	20.0%

(1) – Q1 2018 and Q1 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

NEW VEHICLE SAAR



NEW VEHICLE SAME STORE - FRANCHISED

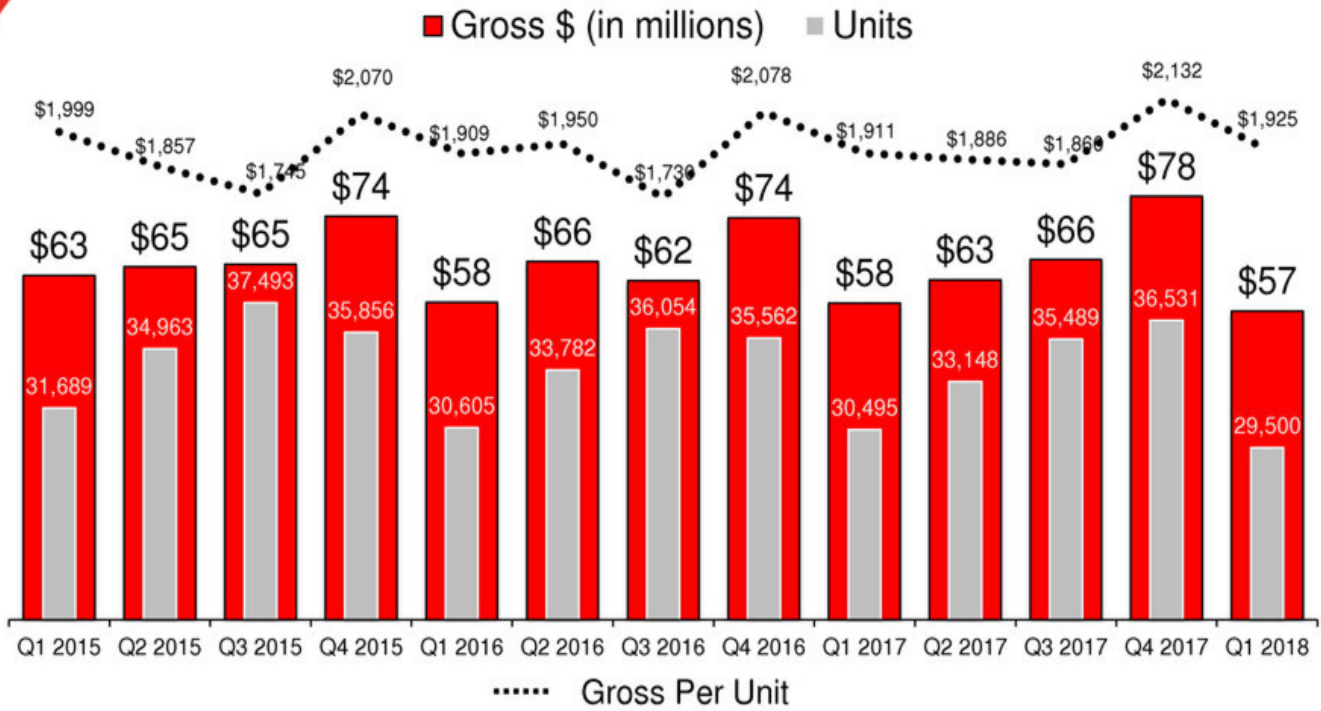
	Q1 2018	Q1 2017	B/(W)
New Volume	29,416	29,865	(1.5%)
Selling Price	\$ 39,996	\$ 38,569	3.7%
Gross Margin %	4.8%	5.0%	(20) bps
GPU	\$ 1,929	\$ 1,933	\$ (3)
Gross Profit	\$ 56.8	\$ 57.7	(1.7%)
SAAR (millions)	17.1	17.2	(0.6%)

Total New Units

	Jan	Feb	Mar	Total
2018	8,949	9,059	11,408	29,416
2017	9,571	9,075	11,219	29,865
B/(W)	(622)	(16)	189	(449)
% B/(W)	(6.5%)	(0.2%)	1.7%	(1.5%)

NEW VEHICLE – GROSS, UNIT & GPU TREND

Continuing Operations - Franchised



USED VEHICLE RETAIL

Franchised – Same Store

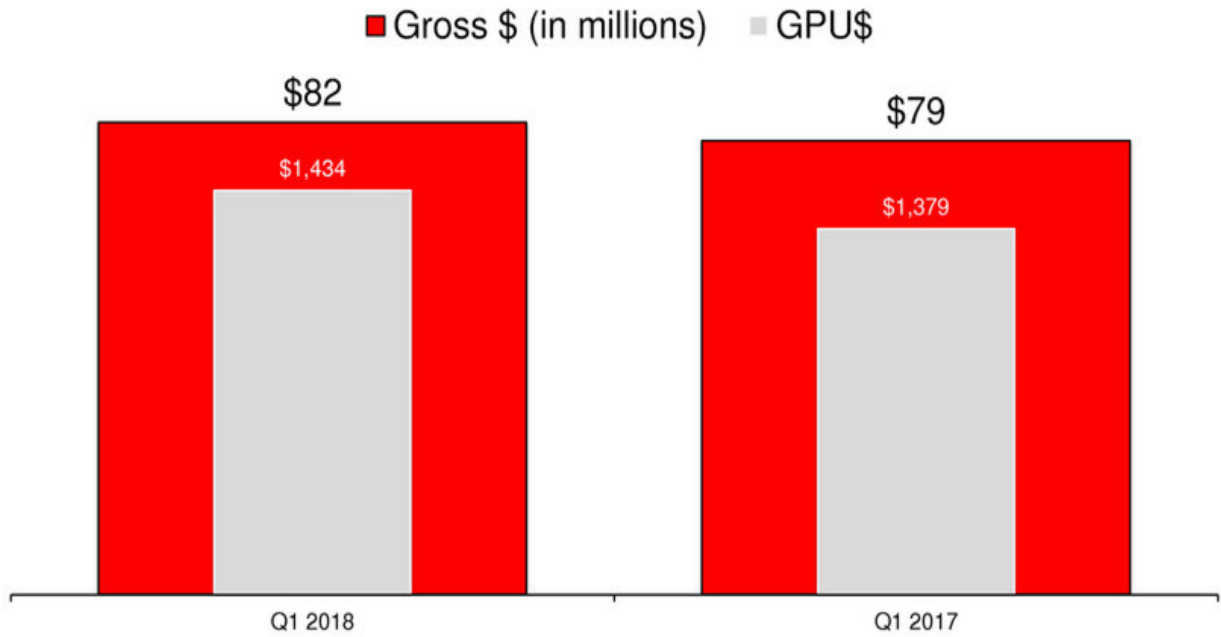
	Q1 2018	Q1 2017	B/(W)
Retail Volume	28,014	27,849	0.6%
GPU	\$ 1,213	\$ 1,313	\$ (100)
Used to New	96%	95%	100 bps
Vehicles/Store/Month (100 stores)	93	93	-

Front End Gross and F&I

(in millions)	Jan	Feb	Mar	Total
2018	\$ 21.0	\$ 20.8	\$ 26.9	\$ 68.6
2017	21.6	21.9	25.7	69.2
B/(W)	\$ (0.6)	\$ (1.2)	\$ 1.2	\$ (0.6)

F&I – GROSS & PUR TREND

Franchised – Same Store



FIXED OPS
Franchised – Same Store

	<u>Q1 2018</u>	<u>Q1 2017</u>	<u>B/(W)</u>
Revenue	\$ 346	\$ 343	0.8%
Gross Profit	\$ 167	\$ 164	1.9%

Growth Achieved With One Less Selling Day

Q1 2018 FINANCIAL REVIEW

PRE-OWNED SEGMENT



PRE-OWNED SEGMENT Q1 2018 RESULTS

	Q1 2018 ⁽¹⁾	B/(W) than Q1 2017 ⁽¹⁾	
		\$	%
<small>(amounts in millions, except per share, unit and per unit data)</small>			
Revenue	\$131.5	\$89.7	214.6%
Gross Profit	\$12.1	\$7.4	159.4%
SG&A	\$15.0	(\$6.4)	(73.8%)
SG&A as % of Gross	123.7%		6,090 bps
Operating Profit	(\$4.5)	\$0.6	11.8%
Interest & Other	(\$0.8)	(\$0.4)	(85.0%)
Pre-tax	(\$5.3)	\$0.2	4.1%
Diluted EPS	(\$0.10)	(\$0.03)	(42.9%)
Retail Units	5,518	3,845	229.8%
Total Front and F&I Gross per Unit Retailed	\$1,888	(333)	(15.0%)

(1) – Q1 2018 and Q1 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q1 2018 FINANCIAL REVIEW

TOTAL ENTERPRISE



CONSOLIDATED Q1 2018 RESULTS

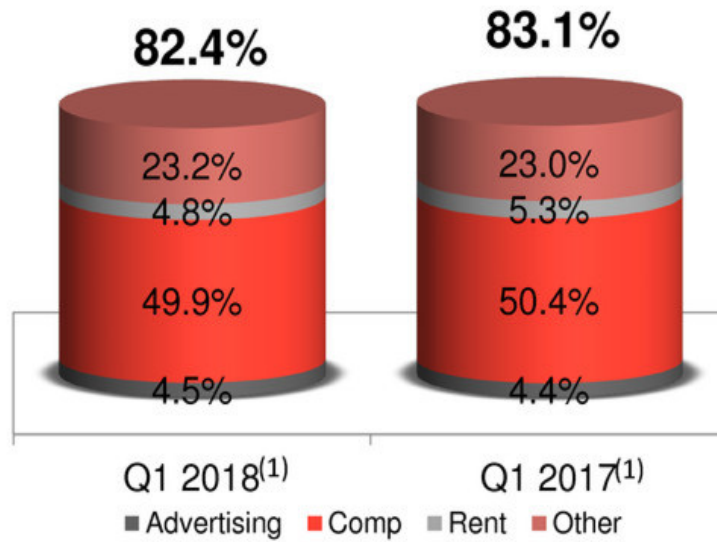
(amounts in millions, except per share data)	Q1 2018 (1)	B/(W) than Q1 2017 (1)	
		\$	%
Revenue	\$2,401	\$113	4.9%
Gross Profit	\$352	\$2	0.6%
SG&A	\$291	\$0	0.1%
SG&A as % of Gross	82.4%		70 bps
Depreciation	\$24	(\$3)	(12.2%)
Operating Profit	\$38	(\$0)	(0.1%)
Interest & Other	(\$24)	(\$3)	(14.3%)
Continuing Ops:			
Profit (after tax)	\$11	\$1	7.1%
Diluted EPS	\$ 0.26	\$ 0.03	13.0%

(1) – Q1 2018 and Q1 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q1 2018 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	Q1 2018	B/(W) than Q1 2017	
		\$	%
New Revenue	\$1,181	\$9	0.8%
Used Retail Revenue	\$709	\$75	11.8%
Fixed Operations Revenue	\$352	(\$0)	(0.1%)
F&I Revenue	\$94	\$11	12.8%
Total Revenue	\$2,401	\$113	4.9%
New Gross	\$57	(\$1)	(2.5%)
- Units	29,500	(995)	(3.3%)
- GPU	\$1,925	\$14	0.8%
Used Retail Gross	\$37	(\$4)	(9.9%)
- Units	33,739	3,367	11.1%
- GPU	\$1,090	(\$255)	(18.9%)
F&I Gross	\$94	\$11	12.8%
- GPU	\$1,490	\$111	8.0%
Fixed Operations Gross	\$170	\$0	0.2%
Total Gross	\$352	\$2	0.6%

Q1 2018 ADJUSTED SG&A TO GROSS



(1) – Q1 2018 and Q1 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q1 2018 INTEREST EXPENSE

(amounts in millions)	Q1 2018	B/(W) than Q1 2017 (1)	
		\$	%
Floor Plan Interest Expense	\$11	(\$2)	(27.3%)
Interest Expense, Other	\$13	(\$1)	(5.6%)
Total Interest Expense	\$24	(\$3)	(14.2%)

Floor Plan Higher Due to Rate Increases

(1) – Q1 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

2018 CAP EX

	YTD Q1 2018	Estimated 2018
Real Estate & Facility Related	\$ 60.4	\$ 118.5
All Other Cap Ex	5.3	23.7
Subtotal	\$ 65.7	\$ 142.3
Less: Mortgages	(21.0)	(35.7)
Total Cash Used - Cap Ex	<u>\$ 44.7</u>	<u>\$ 106.6</u>

DEBT COVENANTS

	<u>Covenant</u>	<u>Q4 2017</u>	<u>Q1 2018</u>
Liquidity Ratio	≥ 1.05	1.13	1.09
Fixed Charge Coverage Ratio	≥ 1.20	1.65	1.70
Total Lease Adjusted Leverage Ratio	≤ 5.75	4.72	4.90

SHARE REPURCHASES

	(000's) Shares	\$/Share	(000's) \$	(000's) Availability
EOY - 2017				\$ 107,686
Q1 Activity	1,152	\$20.35	\$ 23,449	(23,449)
Total 2018 Activity	<u>1,152</u>	<u>\$20.35</u>	<u>\$ 23,449</u>	<u>\$ 84,237</u>

APPENDIX



NON-GAAP RECONCILIATIONS

<i>(amounts in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Income	\$ 31,548	\$ 89,929	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983
Non-Floorplan Interest	67,735	68,604	63,576	58,453	55,356	52,269	49,524	48,034	50,531
Depreciation & Amortization	57,036	45,827	51,164	52,616	58,139	62,161	72,130	81,034	92,127
Income Taxes	(53,900)	(19,745)	46,907	47,648	43,386	62,346	55,962	59,899	13,198
Stock Comp	1,931	2,814	3,698	5,160	7,208	7,675	9,814	11,165	11,119
Lease Exit	33,013	4,266	4,384	4,286	2,915	302	1,848	1,386	2,157
Impairment	30,038	249	1,151	950	9,872	6,594	17,955	8,063	9,394
Loss (Gain) on Debt Extinguishment	6,745	7,665	1,107	19,713	28,238	-	-	(6)	14,607
Loss (Gain) on Dealership Disposal	102	(2,615)	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)
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>	<u>\$ 276,136</u>

NON-GAAP RECONCILIATIONS

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	Pre-Owned Stores	Consolidated	Franchised Dealerships	Pre-Owned Stores	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.20	\$ (0.25)	\$ (0.05)	\$ 0.07	\$ (0.07)	\$ -
Adjustments (net of income taxes):						
Impairment charges	0.07	-	0.07	(0.02)	-	(0.02)
Legal and other	0.03	-	0.03	0.01	-	0.01
Compensation-related charges	-	0.15	0.15	-	-	-
Lease exit adjustments	0.08	-	0.08	-	-	-
Gain on disposal	(0.02)	-	(0.02)	-	-	-
Storm damage	-	-	-	0.03	-	0.03
Loss on debt extinguishment	-	-	-	0.21	-	0.21
Effect of adjustments, net of income taxes	0.16	0.15	0.31	0.23	-	0.23
Adjusted:						
Diluted earnings (loss) per share	<u>\$ 0.36</u>	<u>\$ (0.10)</u>	<u>\$ 0.26</u>	<u>\$ 0.30</u>	<u>\$ (0.07)</u>	<u>\$ 0.23</u>

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended March 31,		Franchised Dealerships Three Months Ended March 31,		Pre-Owned Stores Three Months Ended March 31,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
SG&A expenses	\$ 304.9	\$ 292.2	\$ 280.7	\$ 283.6	\$ 24.2	\$ 8.6
Adjustments:						
Legal and other	(1.5)	1.1	(1.5)	1.1	-	-
Compensation-related charges	(9.2)	-	-	-	(9.2)	-
Lease exit adjustments	(4.8)	-	(4.8)	-	-	-
Storm damage	-	(2.4)	-	(2.4)	-	-
Gain on disposal	1.2	-	1.2	-	-	-
Total SG&A adjustments	(14.3)	(1.2)	(5.1)	(1.2)	(9.2)	-
Adjusted:						
SG&A expenses	\$ 290.6	\$ 291.0	\$ 275.6	\$ 282.4	\$ 15.0	\$ 8.6
Reported:						
SG&A expenses as % of gross profit	86.5%	83.4%	82.5%	82.0%	NM	NM
Adjustments:						
Legal and other	(0.4%)	0.3%	2.2%	0.3%	-	-
Compensation-related charges	(2.6%)	0.0%	0.0%	0.0%	-	-
Lease exit adjustments	(1.5%)	0.0%	(1.5%)	0.0%	-	-
Storm damage	0.0%	(0.6%)	0.0%	(0.6%)	-	-
Gain on disposal	0.4%	0.0%	0.4%	0.0%	-	-
Total SG&A adjustments	(4.1%)	(0.3%)	1.1%	(0.3%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	82.4%	83.1%	83.6%	81.7%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended March 31,		Franchised Dealerships Three Months Ended March 31,		Pre-Owned Stores Three Months Ended March 31,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
Operating income	\$ 20.2	\$ 36.4	\$ 34.0	\$ 41.5	\$ (13.8)	\$ (5.1)
Adjustments (before income taxes):						
SG&A expenses	14.3	1.2	5.1	1.2	9.2	-
Impairment charges	3.6	0.5	3.6	0.5	0.1	-
Total adjustments before taxes	17.9	1.7	8.7	1.7	9.3	-
Adjusted:						
Operating income	\$ 38.1	\$ 38.1	\$ 42.7	\$ 43.2	\$ (4.5)	\$ (5.1)
Reported:						
Income (loss) from continuing operations before taxes	\$ (3.9)	\$ 0.2	\$ 10.7	\$ 5.8	\$ (14.6)	\$ (5.6)
Adjustments (before income taxes):						
SG&A expenses	14.3	1.1	5.1	1.1	9.2	-
Loss on debt extinguishment	-	15.3	-	15.3	-	-
Impairment charges	3.6	0.5	3.5	0.5	0.1	-
Total adjustments before taxes	17.9	16.9	8.6	16.9	9.3	-
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 14.0	\$ 17.1	\$ 19.3	\$ 22.7	\$ (5.3)	\$ (5.6)
Reported:						
Income (loss) from continuing operations	\$ (2.0)	\$ -				
Adjustments (net of income taxes):						
SG&A expenses	10.4	0.8				
Loss on debt extinguishment	-	9.1				
Impairment charges	2.6	0.4				
Total adjustments, net of income taxes	13.0	10.3				
Adjusted:						
Income (loss) from continuing operations	\$ 11.0	\$ 10.3				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended March 31,	
	2018	2017
	(In millions)	
Reported:		
Interest Expense - Other.....	\$ 13.5	\$ 13.4
Adjustments:		
Double-carry interest - 7.0% Notes.....	-	(0.7)
Total other income adjustments.....	-	(0.7)
Adjusted:		
Total Interest Expense - Other.....	<u>\$ 13.5</u>	<u>\$ 12.7</u>

Continuing Operations	Consolidated Three Months Ended March 31,	
	2018	2017
	(In millions)	
Reported:		
Other Expense / (Income).....	\$ (0.1)	\$ 14.5
Adjustments:		
Debt extinguishment - 7.0% Notes.....	-	(14.6)
Total other income adjustments.....	-	(14.6)
Adjusted:		
Total Other Expense (Income).....	<u>\$ (0.1)</u>	<u>\$ (0.1)</u>

NON-GAAP RECONCILIATIONS

Three Months Ended March 31, 2018						
Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
		Amount		Amount		Amount
(In thousands, except per share amounts)						
Reported:						
Earnings (loss) and shares	42,789	\$ (2,014)	\$ (180)		\$ (2,194)	
Effect of participating securities:						
Non-vested restricted stock		-	-		-	
Basic earnings (loss) and shares	42,789	\$ (2,014)	\$ (0.05)	\$ (180)	\$ -	\$ (2,194) \$ (0.05)
Effect of dilutive securities:						
Stock compensation plans		-	-		-	
Diluted earnings (loss) and shares	42,789	\$ (2,014)	\$ (0.05)	\$ (180)	\$ -	\$ (2,194) \$ (0.05)
Adjustments:						
Impairment charges		\$ 3,643		\$ -		\$ 3,643
Legal and other		1,500		-		1,500
Compensation-related charges		9,189		-		9,189
Lease exit adjustments		4,814		-		4,814
Gain on disposal		(1,190)		-		(1,190)
Total adjustments before taxes		17,956		-		17,956
Income tax effect of adjustments		(4,894)		-		(4,894)
Effect of adjustments net of income taxes ...		\$ 13,062	\$ 0.31	\$ -	\$ (0.01)	\$ 13,062 \$ 0.30
Adjusted:						
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 11,048	\$ 0.26	\$ (180)	\$ (0.01)	\$ 10,868 \$ 0.25

(1) Net loss attributable to Pre-Owned Stores operations was \$0.10 per fully diluted share in the three months ended March 31, 2018.

NON-GAAP RECONCILIATIONS

	Three Months Ended March 31, 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	44,791	\$ (20)		\$ (521)		\$ (541)	
Effect of participating securities:							
Non-vested restricted stock		-		-		-	
Basic earnings (loss) and shares	44,791	\$ (20)	\$ -	\$ (521)	\$ (0.01)	\$ (541)	\$ (0.01)
Effect of dilutive securities:							
Stock compensation plans	-						
Diluted earnings (loss) and shares	44,791	\$ (20)	\$ -	\$ (521)	\$ (0.01)	\$ (541)	\$ (0.01)
Adjustments:							
Impairment charges		\$ 510		\$ -		\$ 510	
Legal and other		(1,149)		-		(1,149)	
Storm damage		2,382		-		2,382	
Loss on debt extinguishment		15,268		-		15,268	
Total adjustments before taxes		17,011		-		17,011	
Income tax effect of adjustments		(6,677)		-		(6,677)	
Effect of adjustments, net of income taxes ...		\$ 10,334	\$ 0.23	\$ -	\$ -	\$ 10,334	\$ 0.23
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)	\$ 10,314	\$ 0.23	\$ (521)	\$ (0.01)	\$ 9,793	\$ 0.22	

(2) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended March 31, 2017.



Sonic
Automotive

EchoPark
AUTOMOTIVE

