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

FORM 8-K

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

Date of Report (Date of earliest event reported): **July 27, 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)

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 July 27, 2018, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal second quarter ended June 30, 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 July 27, 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 July 27, 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: July 27, 2018 By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

Sonic Automotive, Inc. Reports Second Quarter Results - EchoPark Grows Revenue 267%

CHARLOTTE, N.C. – July 27, 2018 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported financial results for the second quarter of 2018.

- Second quarter record revenue and gross profit of \$2.5 billion and \$362.4 million, respectively
- All-time record quarterly pre-owned retail unit sales of 35,779 units
- All-time record quarterly F&I gross profit per retail unit of \$1,572
- All-time record quarterly F&I gross of \$104.1 million
- EchoPark stores retailed 7,459 units during the quarter, up 35.2% sequentially from first quarter 2018

Second Quarter 2018 Results

GAAP Basis

Net income from continuing operations for the second quarter of 2018 was \$17.1 million, or \$0.40 per diluted share. Comparatively, net income from continuing operations for the second quarter of 2017 was \$12.3 million, or \$0.27 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 second quarter of 2018 was \$14.8 million, or \$0.35 per diluted share. The adjustments in the second quarter of 2018 relate to impairment charges, legal and storm damage charges and long-term compensation related charges, offset partially by gains on the disposal of franchises and adjustments to lease exit accruals. Adjusted net income from continuing operations for the second quarter of 2017 was \$17.9 million, or \$0.40 per diluted share. The adjustments in the second quarter of 2017 relate to fixed asset impairments, weather-related physical damage costs, legal matters and lease exit charges.

Commentary

Heath Byrd, the Company’s Chief Financial Officer, noted, “The second quarter of 2018 fell short of our expectations as we experienced new vehicle gross compression in several of our more significant brands. We anticipate this compression to carry into the third quarter of 2018.”

“We remain committed to our pre-owned EchoPark brand and continue to see improvements in that segment’s operating performance. Based on current performance, we will continue to expand the EchoPark brand with new stores opening in Charlotte, North Carolina and Houston, Texas in the fourth quarter of this year.”

“As a result of our performance thus far during 2018 and the current operating environment, we expect full year 2018 GAAP diluted earnings per share from continuing operations to be between \$1.65 and \$1.75. On an adjusted basis, we expect full year earnings per share from continuing operations to be between \$1.90 and \$2.00. The full year adjusted earnings per share range exclude items such as impairment charges, legal and storm damage charges, long-term compensation-related charges and lease exit adjustments, offset partially by gains from the disposal of franchises.”

Dividend

Sonic’s Board of Directors approved a quarterly dividend of \$0.06 per share payable in cash for our stockholders of record on September 14, 2018. The dividend will be payable on October 15, 2018.

Second 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: 2348946

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: 2348946

Presentation materials for the Company's earnings conference call will be accessible beginning the morning of the conference call on the Company's website at www.sonicautomotive.com by clicking on "Our Company," then "Investor Relations," then "Webcasts & Presentations."

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, EchoPark brand expansion and new vehicle gross margin performance in the latter half of 2018. 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 June 30,		Six Months Ended June 30, 2018	
	2018	2017	2018	2017
(Dollars and shares in thousands, except per share amounts)				
Revenues:				
New vehicles	\$ 1,238,571	\$ 1,275,069	\$ 2,419,416	\$ 2,447,001
Used vehicles	762,572	641,891	1,471,618	1,276,364
Wholesale vehicles	53,748	40,765	119,148	87,076
Total vehicles	2,054,891	1,957,725	4,010,182	3,810,441
Parts, service and collision repair	346,754	361,113	698,512	713,156
Finance, insurance and other, net	104,104	86,908	197,829	169,971
Total revenues	2,505,749	2,405,746	4,906,523	4,693,568
Cost of Sales:				
New vehicles	(1,181,303)	(1,212,547)	(2,305,349)	(2,326,201)
Used vehicles	(725,263)	(601,856)	(1,397,538)	(1,195,497)
Wholesale vehicles	(57,105)	(42,682)	(126,929)	(90,163)
Total vehicles	(1,963,671)	(1,857,085)	(3,829,816)	(3,611,861)
Parts, service and collision repair	(179,703)	(188,043)	(361,833)	(370,742)
Total cost of sales	(2,143,374)	(2,045,128)	(4,191,649)	(3,982,603)
Gross profit	362,375	360,618	714,874	710,965
Selling, general and administrative expenses	(277,462)	(293,931)	(582,387)	(586,165)
Impairment charges	(10,317)	(2,605)	(13,960)	(3,115)
Depreciation and amortization	(23,949)	(21,911)	(47,692)	(43,065)
Operating income (loss)	50,647	42,171	70,835	78,620
Other income (expense):				
Interest expense, floor plan	(11,945)	(9,144)	(22,622)	(17,531)
Interest expense, other, net	(13,375)	(12,764)	(26,831)	(26,172)
Other income (expense), net	17	7	106	(14,495)
Total other income (expense)	(25,303)	(21,901)	(49,347)	(58,198)
Income (loss) from continuing operations before taxes	25,344	20,270	21,488	20,422
Provision for income taxes for continuing operations - benefit (expense)	(8,222)	(7,956)	(6,380)	(8,128)
Income (loss) from continuing operations	17,122	12,314	15,108	12,294
Discontinued operations:				
Income (loss) from discontinued operations before taxes	(297)	(301)	(545)	(1,168)
Provision for income taxes for discontinued operations - benefit (expense)	80	119	148	465
Income (loss) from discontinued operations	(217)	(182)	(397)	(703)
Net income (loss)	\$ 16,905	\$ 12,132	\$ 14,711	\$ 11,591
Basic earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.40	\$ 0.28	\$ 0.35	\$ 0.27
Earnings (loss) per share from discontinued operations	—	(0.01)	(0.01)	(0.01)
Earnings (loss) per common share	\$ 0.40	\$ 0.27	\$ 0.34	\$ 0.26
Weighted average common shares outstanding	42,662	44,570	42,725	44,680
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.40	\$ 0.27	\$ 0.35	\$ 0.27
Earnings (loss) per share from discontinued operations	(0.01)	—	(0.01)	(0.01)
Earnings (loss) per common share	\$ 0.39	\$ 0.27	\$ 0.34	\$ 0.26
Weighted average common shares outstanding	42,920	44,810	42,948	44,976
Dividends declared per common share	\$ 0.06	\$ 0.05	\$ 0.12	\$ 0.10

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

Three Months Ended June 30, 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
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	42,662	\$ 17,122		\$ (217)		\$ 16,905	
Effect of participating securities:							
Non-vested restricted stock		(3)		—		(3)	
Basic earnings (loss) and shares	42,662	\$ 17,119	\$ 0.40	\$ (217)	\$ —	\$ 16,902	\$ 0.40
Effect of dilutive securities:							
Stock compensation plans	258						
Diluted earnings (loss) and shares	42,920	\$ 17,119	\$ 0.40	\$ (217)	\$ (0.01)	\$ 16,902	\$ 0.39
Adjustments:							
Impairment charges		\$ 10,315		\$ —		\$ 10,315	
Legal and storm damage charges		3,064		—		3,064	
Long-term compensation-related charges		23,333		—		23,333	
Lease exit adjustments		(2,579)		—		(2,579)	
Gain on disposal of franchises		(38,048)		—		(38,048)	
Total adjustments before taxes		(3,915)		—		(3,915)	
Income tax effect of adjustments		1,067		—		1,067	
Non-recurring tax items		550		—		550	
Effect of adjustments, net of income taxes		\$ (2,298)	(0.05)	\$ —	\$ —	\$ (2,298)	\$ (0.05)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 14,824	\$ 0.35	\$ (217)	\$ (0.01)	\$ 14,607	\$ 0.34

(1) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended June 30, 2018.

Three Months Ended June 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	44,570	\$ 12,314		\$ (182)		\$ 12,132	
Effect of participating securities:							
Non-vested restricted stock		(9)		—		(9)	
Basic earnings (loss) and shares	44,570	\$ 12,305	\$ 0.28	\$ (182)	\$ (0.01)	\$ 12,123	\$ 0.27
Effect of dilutive securities:							
Stock compensation plans	240						
Diluted earnings (loss) and shares	44,810	\$ 12,305	\$ 0.27	\$ (182)	\$ —	\$ 12,123	\$ 0.27
Adjustments:							
Impairment charges		\$ 2,605		\$ —		\$ 2,605	
Legal and storm damage charges		5,618		—		5,618	
Lease exit adjustments		992		—		992	
Total adjustments before taxes		9,215		—		9,215	
Income tax effect of adjustments		(2,982)		—		(2,982)	
Effect of adjustments, net of income taxes		\$ 6,233	\$ 0.13	\$ —	\$ —	\$ 6,233	\$ 0.13
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 18,547	\$ 0.40	\$ (182)	\$ —	\$ 18,365	\$ 0.40

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

Six Months Ended June 30, 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	42,725	\$ 15,108		\$ (397)		\$ 14,711	
Effect of participating securities:							
Non-vested restricted stock		(5)		—		(5)	
Basic earnings (loss) and shares	42,725	\$ 15,103	\$ 0.35	\$ (397)	\$ (0.01)	\$ 14,706	\$ 0.34
Effect of dilutive securities:							
Stock compensation plans	223						
Diluted earnings (loss) and shares	42,948	\$ 15,103	\$ 0.35	\$ (397)	\$ (0.01)	\$ 14,706	\$ 0.34
Adjustments:							
Impairment charges		\$ 13,958		\$ —		\$ 13,958	
Legal and storm damage charges		4,564		—		4,564	
Lease exit adjustments		2,235		—		2,235	
Gain on disposal of franchises		(39,239)		—		(39,239)	
Long-term compensation-related charges		32,522		—		32,522	
Total adjustments before taxes		14,040		—		14,040	
Income tax effect of adjustments		(3,826)		—		(3,826)	
Non-recurring tax items		550		—		550	
Effect of adjustments, net of income taxes		\$ 10,764	\$ 0.25	\$ —	\$ —	\$ 10,764	\$ 0.25
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 25,872	\$ 0.60	\$ (397)	\$ (0.01)	\$ 25,475	\$ 0.59

(1) Net loss attributable to Pre-Owned Stores operations was \$0.17 per fully diluted share in the six months ended June 30, 2018.

Six Months Ended June 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	44,680	\$ 12,294		\$ (703)		\$ 11,591	
Effect of participating securities:							
Non-vested restricted stock		(9)		—		(9)	
Basic earnings (loss) and shares	44,680	\$ 12,285	\$ 0.27	\$ (703)	\$ (0.01)	\$ 11,582	\$ 0.26
Effect of dilutive securities:							
Stock compensation plans	296						
Diluted earnings (loss) and shares	44,976	\$ 12,285	\$ 0.27	\$ (703)	\$ (0.01)	\$ 11,582	\$ 0.26
Adjustments:							
Impairment charges		\$ 3,115		\$ —		\$ 3,115	
Legal and storm damage charges		6,851		—		6,851	
Lease exit adjustments		992		—		992	
Loss on debt extinguishment		15,268		—		15,268	
Total adjustments before taxes		26,226		—		26,226	
Income tax effect of adjustments		(10,294)		—		(10,294)	
Effect of adjustments, net of income taxes		\$ 15,932	\$ 0.36	\$ —	\$ (0.01)	\$ 15,932	\$ 0.35
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 28,226	\$ 0.63	\$ (703)	\$ (0.02)	\$ 27,523	\$ 0.61

(2) Net loss attributable to Pre-Owned Stores operations was \$0.15 per fully diluted share in the six months ended June 30, 2017.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 1,238,571	\$ 1,275,069	\$ (36,498)	(2.9)%
Gross profit	\$ 57,268	\$ 62,522	\$ (5,254)	(8.4)%
Unit sales	30,877	33,148	(2,271)	(6.9)%
Revenue per unit	\$ 40,113	\$ 38,466	\$ 1,647	4.3 %
Gross profit per unit	\$ 1,855	\$ 1,886	\$ (31)	(1.6)%
Gross profit as a % of revenue	4.6%	4.9%	(30) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 2,419,416	\$ 2,447,001	\$ (27,585)	(1.1)%
Gross profit	\$ 114,067	\$ 120,800	\$ (6,733)	(5.6)%
Unit sales	60,377	63,643	(3,266)	(5.1)%
Revenue per unit	\$ 40,072	\$ 38,449	\$ 1,623	4.2 %
Gross profit per unit	\$ 1,889	\$ 1,898	\$ (9)	(0.5)%
Gross profit as a % of revenue	4.7%	4.9%	(20) bps	

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 1,218,895	\$ 1,199,305	\$ 19,590	1.6 %
Gross profit	\$ 56,911	\$ 60,723	\$ (3,812)	(6.3)%
Unit sales	30,314	30,749	(435)	(1.4)%
Revenue per unit	\$ 40,209	\$ 39,003	\$ 1,206	3.1 %
Gross profit per unit	\$ 1,877	\$ 1,975	\$ (98)	(5.0)%
Gross profit as a % of revenue	4.7%	5.1%	(40) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 2,352,999	\$ 2,301,260	\$ 51,739	2.2 %
Gross profit	\$ 112,719	\$ 117,299	\$ (4,580)	(3.9)%
Unit sales	58,404	58,973	(569)	(1.0)%
Revenue per unit	\$ 40,288	\$ 39,022	\$ 1,266	3.2 %
Gross profit per unit	\$ 1,930	\$ 1,989	\$ (59)	(3.0)%
Gross profit as a % of revenue	4.8%	5.1%	(30) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 762,572	\$ 641,891	\$ 120,681	18.8 %
Gross profit	\$ 37,309	\$ 40,035	\$ (2,726)	(6.8)%
Unit sales	35,779	30,536	5,243	17.2 %
Revenue per unit	\$ 21,313	\$ 21,021	\$ 292	1.4 %
Gross profit per unit	\$ 1,043	\$ 1,311	\$ (268)	(20.4)%
Gross profit as a % of revenue	4.9%	6.2%	(130) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 1,471,618	\$ 1,276,364	\$ 195,254	15.3 %
Gross profit	\$ 74,080	\$ 80,867	\$ (6,787)	(8.4)%
Unit sales	69,518	60,908	8,610	14.1 %
Revenue per unit	\$ 21,169	\$ 20,956	\$ 213	1.0 %
Gross profit per unit	\$ 1,066	\$ 1,328	\$ (262)	(19.7)%
Gross profit as a % of revenue	5.0%	6.3%	(130) bps	

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 653,646	\$ 600,181	\$ 53,465	8.9 %
Gross profit	\$ 36,396	\$ 36,062	\$ 334	0.9 %
Unit sales	30,395	28,165	2,230	7.9 %
Revenue per unit	\$ 21,505	\$ 21,309	\$ 196	0.9 %
Gross profit per unit	\$ 1,197	\$ 1,280	\$ (83)	(6.5)%
Gross profit as a % of revenue	5.6%	6.0%	(40) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 1,266,307	\$ 1,193,826	\$ 72,481	6.1 %
Gross profit	\$ 69,588	\$ 72,738	\$ (3,150)	(4.3)%
Unit sales	59,064	56,111	2,953	5.3 %
Revenue per unit	\$ 21,440	\$ 21,276	\$ 164	0.8 %
Gross profit per unit	\$ 1,178	\$ 1,296	\$ (118)	(9.1)%
Gross profit as a % of revenue	5.5%	6.1%	(60) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 53,748	\$ 40,765	\$ 12,983	31.8 %
Gross profit	\$ (3,357)	\$ (1,917)	\$ (1,440)	(75.1)%
Unit sales	8,442	7,783	659	8.5 %
Revenue per unit	\$ 6,367	\$ 5,238	\$ 1,129	21.6 %
Gross profit per unit	\$ (398)	\$ (246)	\$ (152)	(61.8)%
Gross profit as a % of revenue	(6.2)%	(4.7)%	(150) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 119,148	\$ 87,076	\$ 32,072	36.8 %
Gross profit	\$ (7,781)	\$ (3,087)	\$ (4,694)	(152.1)%
Unit sales	18,122	16,090	2,032	12.6 %
Revenue per unit	\$ 6,575	\$ 5,412	\$ 1,163	21.5 %
Gross profit per unit	\$ (429)	\$ (192)	\$ (237)	(123.4)%
Gross profit as a % of revenue	(6.5)%	(3.5)%	(300) bps	

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 49,160	\$ 37,796	\$ 11,364	30.1 %
Gross profit	\$ (3,455)	\$ (1,692)	\$ (1,763)	(104.2)%
Unit sales	7,644	7,092	552	7.8 %
Revenue per unit	\$ 6,431	\$ 5,329	\$ 1,102	20.7 %
Gross profit per unit	\$ (452)	\$ (239)	\$ (213)	(89.1)%
Gross profit as a % of revenue	(7.0)%	(4.5)%	(250) bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 109,225	\$ 80,848	\$ 28,377	35.1 %
Gross profit	\$ (7,906)	\$ (2,627)	\$ (5,279)	(201.0)%
Unit sales	16,440	14,619	1,821	12.5 %
Revenue per unit	\$ 6,644	\$ 5,530	\$ 1,114	20.1 %
Gross profit per unit	\$ (481)	\$ (180)	\$ (301)	(167.2)%
Gross profit as a % of revenue	(7.2)%	(3.2)%	(400) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
Reported:				
Revenue				
Customer pay	\$ 140,351	\$ 139,194	\$ 1,157	0.8 %
Warranty	63,888	72,661	(8,773)	(12.1)%
Wholesale parts	40,844	42,806	(1,962)	(4.6)%
Internal, sublet and other	101,671	106,452	(4,781)	(4.5)%
Total	\$ 346,754	\$ 361,113	\$ (14,359)	(4.0)%
Gross profit				
Customer pay	\$ 75,100	\$ 74,344	\$ 756	1.0 %
Warranty	35,871	40,319	(4,448)	(11.0)%
Wholesale parts	6,900	7,331	(431)	(5.9)%
Internal, sublet and other	49,180	51,076	(1,896)	(3.7)%
Total	\$ 167,051	\$ 173,070	\$ (6,019)	(3.5)%
Gross profit as a % of revenue				
Customer pay	53.5%	53.4%	10 bps	
Warranty	56.1%	55.5%	60 bps	
Wholesale parts	16.9%	17.1%	(20 bps)	
Internal, sublet and other	48.4%	48.0%	40 bps	
Total	48.2%	47.9%	30 bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
Reported:				
Revenue				
Customer pay	\$ 282,706	\$ 277,328	\$ 5,378	1.9 %
Warranty	131,489	142,579	(11,090)	(7.8)%
Wholesale parts	83,345	86,087	(2,742)	(3.2)%
Internal, sublet and other	200,972	207,162	(6,190)	(3.0)%
Total	\$ 698,512	\$ 713,156	\$ (14,644)	(2.1)%
Gross profit				
Customer pay	\$ 151,449	\$ 147,784	\$ 3,665	2.5 %
Warranty	73,772	78,989	(5,217)	(6.6)%
Wholesale parts	14,165	14,881	(716)	(4.8)%
Internal, sublet and other	97,293	100,760	(3,467)	(3.4)%
Total	\$ 336,679	\$ 342,414	\$ (5,735)	(1.7)%
Gross profit as a % of revenue				
Customer pay	53.6%	53.3%	30 bps	
Warranty	56.1%	55.4%	70 bps	
Wholesale parts	17.0%	17.3%	(30 bps)	
Internal, sublet and other	48.4%	48.6%	(20 bps)	
Total	48.2%	48.0%	20 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same Store:				
Revenue				
Customer pay	\$ 139,871	\$ 131,447	\$ 8,424	6.4 %
Warranty	63,709	69,369	(5,660)	(8.2)%
Wholesale parts	40,288	40,779	(491)	(1.2)%
Internal, sublet and other	97,287	100,114	(2,827)	(2.8)%
Total	<u>\$ 341,155</u>	<u>\$ 341,709</u>	<u>\$ (554)</u>	<u>(0.2)%</u>
Gross profit				
Customer pay	\$ 74,910	\$ 69,979	\$ 4,931	7.0 %
Warranty	35,667	38,582	(2,915)	(7.6)%
Wholesale parts	6,837	6,996	(159)	(2.3)%
Internal, sublet and other	47,674	47,705	(31)	(0.1)%
Total	<u>\$ 165,088</u>	<u>\$ 163,262</u>	<u>\$ 1,826</u>	<u>1.1 %</u>
Gross profit as a % of revenue				
Customer pay	53.6%	53.2%	40 bps	
Warranty	56.0%	55.6%	40 bps	
Wholesale parts	17.0%	17.2%	(20 bps	
Internal, sublet and other	49.0%	47.7%	130 bps	
Total	48.4%	47.8%	60 bps	

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same Store:				
Revenue				
Customer pay	\$ 276,278	\$ 262,639	\$ 13,639	5.2 %
Warranty	129,554	135,041	(5,487)	(4.1)%
Wholesale parts	81,400	81,770	(370)	(0.5)%
Internal, sublet and other	190,633	194,575	(3,942)	(2.0)%
Total	<u>\$ 677,865</u>	<u>\$ 674,025</u>	<u>\$ 3,840</u>	<u>0.6 %</u>
Gross profit				
Customer pay	\$ 148,092	\$ 139,662	\$ 8,430	6.0 %
Warranty	72,502	74,764	(2,262)	(3.0)%
Wholesale parts	13,872	14,173	(301)	(2.1)%
Internal, sublet and other	93,124	93,773	(649)	(0.7)%
Total	<u>\$ 327,590</u>	<u>\$ 322,372</u>	<u>\$ 5,218</u>	<u>1.6 %</u>
Gross profit as a % of revenue				
Customer pay	53.6%	53.2%	40 bps	
Warranty	56.0%	55.4%	60 bps	
Wholesale parts	17.0%	17.3%	(30 bps	
Internal, sublet and other	48.8%	48.2%	60 bps	
Total	48.3%	47.8%	50 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change

(In thousands, except per unit data)

Reported:							
Revenue	\$	104,104	\$	86,908	\$	17,196	19.8 %
Gross profit per retail unit (excludes fleet)	\$	1,572	\$	1,379	\$	193	14.0 %

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	

(In thousands, except per unit data)

Reported:							
Revenue	\$	197,829	\$	169,971	\$	27,858	16.4 %
Gross profit per retail unit (excludes fleet)	\$	1,532	\$	1,379	\$	153	11.1 %

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	

(In thousands, except per unit data)

Same Store:							
Revenue	\$	89,344	\$	79,575	\$	9,769	12.3 %
Gross profit per retail unit (excludes fleet)	\$	1,481	\$	1,366	\$	115	8.4 %

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	

(In thousands, except per unit data)

Same Store:							
Revenue	\$	169,985	\$	155,646	\$	14,339	9.2 %
Gross profit per retail unit (excludes fleet)	\$	1,456	\$	1,367	\$	89	6.5 %

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 197,641	\$ 171,182	\$ (26,459)	(15.5)%
Advertising	16,270	15,344	(926)	(6.0)%
Rent	13,702	19,110	5,408	28.3 %
Other	49,849	88,295	38,446	43.5 %
Total SG&A expenses	\$ 277,462	\$ 293,931	\$ 16,469	5.6 %
Adjustments:				
Legal and storm damage charges	\$ (3,064)	\$ (5,618)		
Long-term compensation-related charges	(23,333)	—		
Lease exit adjustments	2,579	(992)		
Gain on disposal of franchises	38,048	—		
Total SG&A adjustments	\$ 14,230	\$ (6,610)		
Adjusted:				
Total adjusted SG&A expenses	\$ 291,692	\$ 287,321	\$ (4,371)	(1.5)%
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	54.5 %	47.5 %	(700bps)	
Advertising	4.5 %	4.3 %	(20bps)	
Rent	3.8 %	5.3 %	150 bps	
Other	13.8 %	24.4 %	1,060 bps	
Total SG&A expenses as a % of gross profit	76.6 %	81.5 %	490 bps	
Adjustments:				
Legal and storm damage charges	(0.8)%	(1.5)%		
Long-term compensation-related charges	(6.5)%	— %		
Lease exit adjustments	0.7 %	(0.3)%		
Gain on disposal of franchises	10.5 %	— %		
Total effect of adjustments	3.9 %	(1.8)%		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	80.5 %	79.7 %	(80bps)	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Six Months Ended June 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 382,678	\$ 347,729	\$ (34,949)	(10.1)%
Advertising	32,287	30,602	(1,685)	(5.5)%
Rent	35,570	37,598	2,028	5.4 %
Other	131,852	170,236	38,384	22.5 %
Total SG&A expenses	\$ 582,387	\$ 586,165	\$ 3,778	0.6 %
Adjustments:				
Legal and storm damage charges	\$ (4,564)	\$ (6,851)		
Long-term compensation-related charges	(32,522)	—		
Lease exit adjustments	(2,235)	(992)		
Gain on disposal of franchises	39,239	—		
Total SG&A adjustments	\$ (82)	\$ (7,843)		
Adjusted:				
Total adjusted SG&A expenses	\$ 582,305	\$ 578,322	\$ (3,983)	(0.7)%
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	53.5 %	48.9 %	(460bps)	
Advertising	4.5 %	4.3 %	(20 bps)	
Rent	5.0 %	5.3 %	30 bps	
Other	18.5 %	23.9 %	540 bps	
Total SG&A expenses as a % of gross profit	81.5 %	82.4 %	90 bps	
Adjustments:				
Legal and storm damage charges	(0.7)%	(1.0)%		
Long-term compensation-related charges	(4.5)%	— %		
Lease exit adjustments	(0.3)%	(0.1)%		
Gain on disposal of franchises	5.5 %	— %		
Total effect of adjustments	— %	(1.1)%		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	81.5 %	81.3 %	(20 bps)	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Reconciliation of Other Non-GAAP Financial Measures

	Twelve Months Ending December 31, 2018	
	Low	High
Expected GAAP diluted earnings per share from continuing operations	\$ 1.65	\$ 1.75
Adjustments:		
Impairment charges	\$ 0.24	\$ 0.24
Legal and storm damage charges	\$ 0.08	\$ 0.08
Long-term compensation-related charges	\$ 0.55	\$ 0.55
Lease exit adjustments	\$ 0.04	\$ 0.04
Gain on disposal of franchises	\$ (0.66)	\$ (0.66)
Expected adjusted non-GAAP diluted earnings per share from continuing operations	\$ 1.90	\$ 2.00

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

Exhibit 99.2

Q2 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

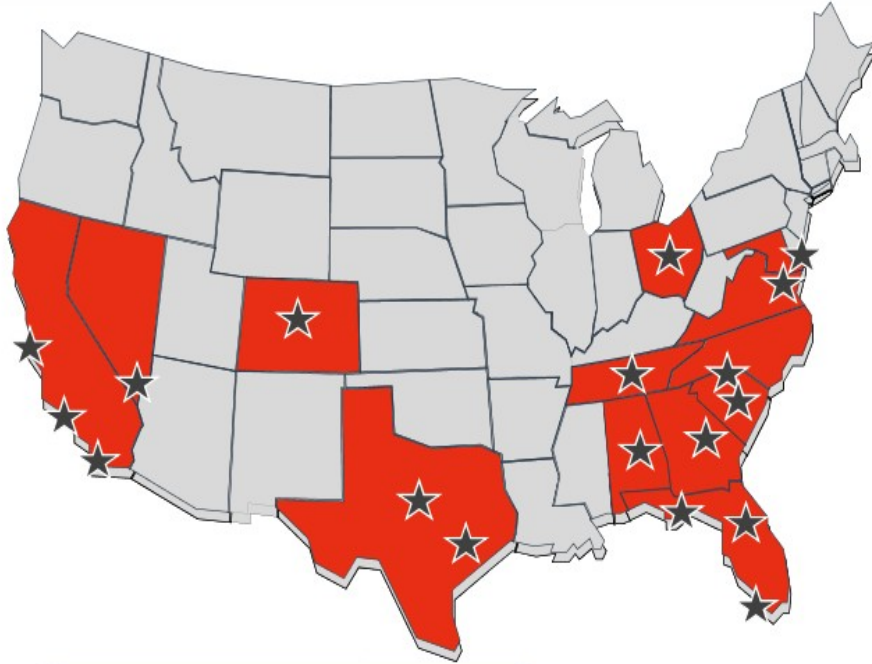
- COMPANY OVERVIEW
- FINANCIAL & OPERATIONS REVIEW
- OUTLOOK

COMPANY OVERVIEW

4



OVERVIEW – FRANCHISED GEOGRAPHIC

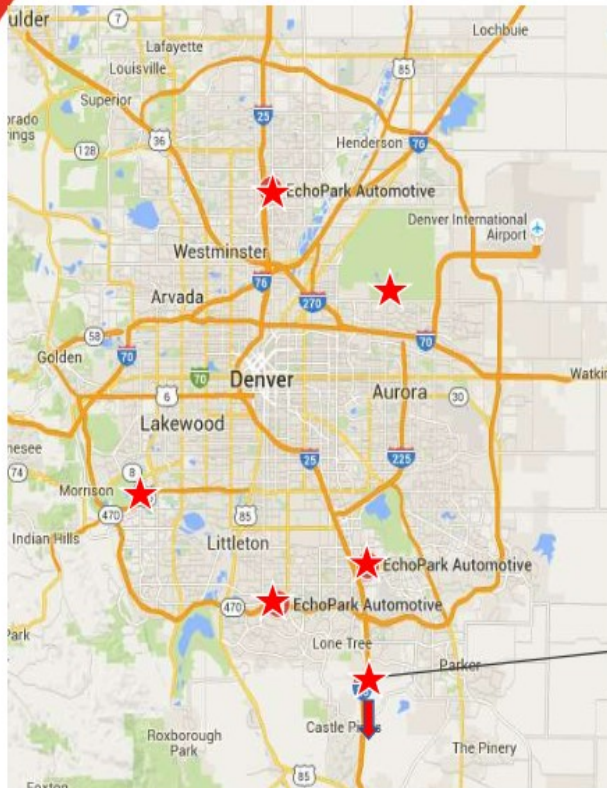


Headquartered in Charlotte, NC
96 Stores, 23 Brands, 15 Collision
Repair Centers
Platforms in Major Metro Markets

5



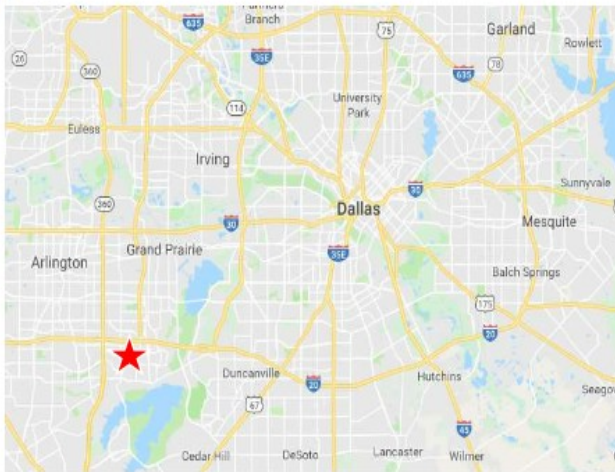
OVERVIEW – ECHOPARK GEOGRAPHIC - CO



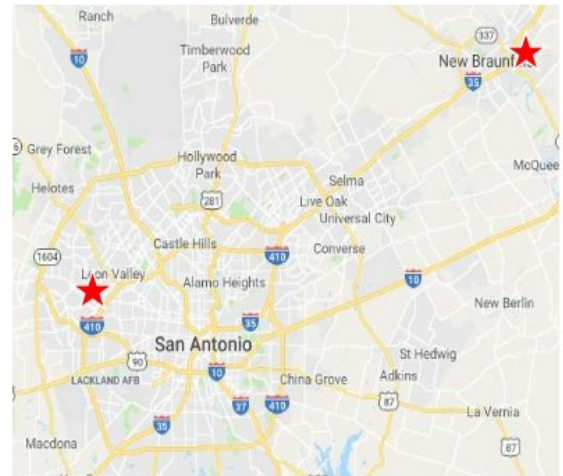
- Have purchased property in the following markets (some are under construction):
 - Dallas/Ft. Worth
 - San Antonio
 - Houston
 - Austin
 - Carolinas

Colorado Springs -
Opened Q2
2017

OVERVIEW – ECHOPARK GEOGRAPHIC - TX

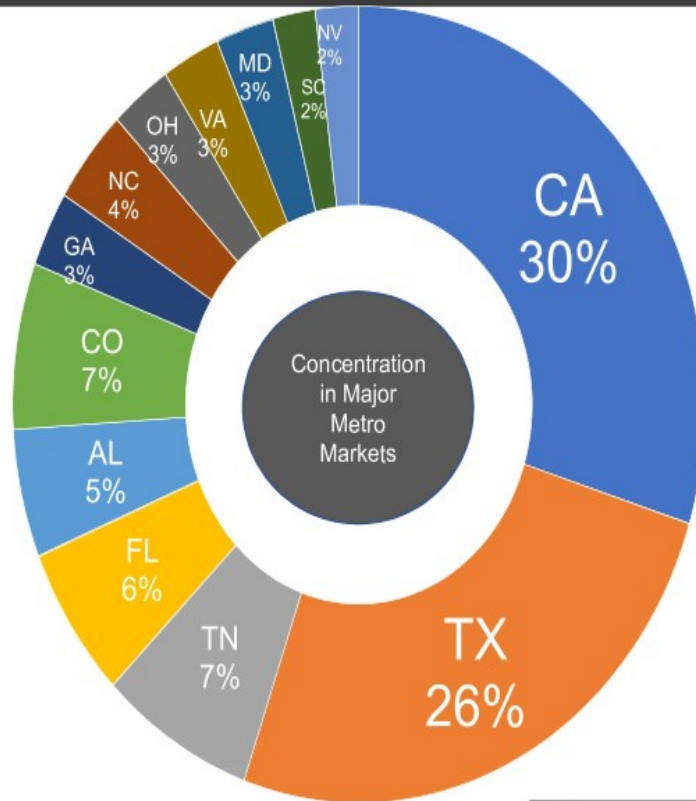


- Grand Prairie Location – Relocated driversselect Operation (purchased in Q3 2017)



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

OVERVIEW - GEOGRAPHIC



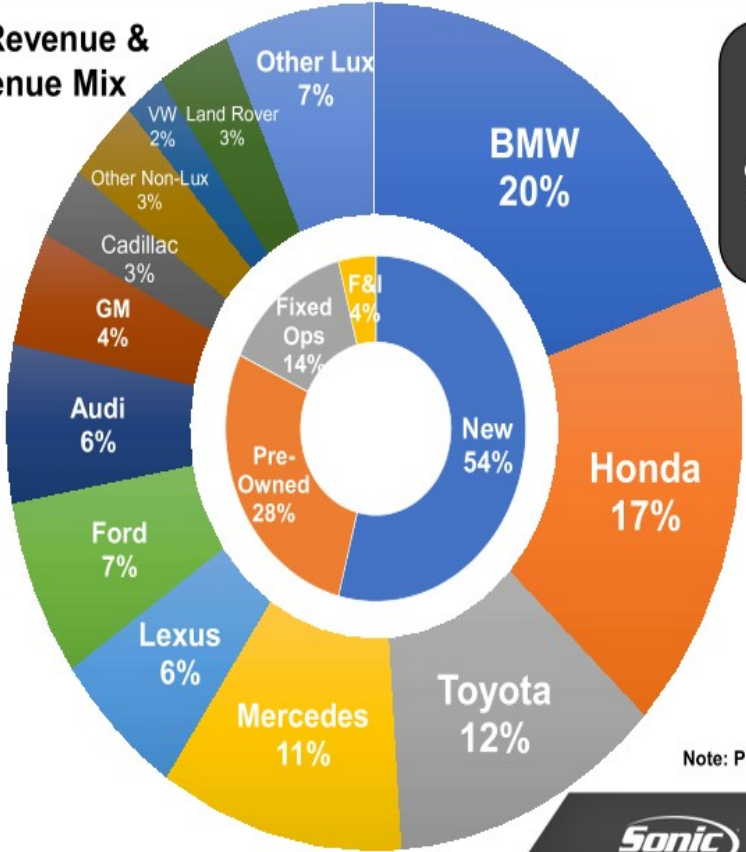
8

Note: Percentages are percent of total revenue for FY 2017.



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.



Q2 2018 FINANCIAL REVIEW

FRANCHISED SEGMENT

10



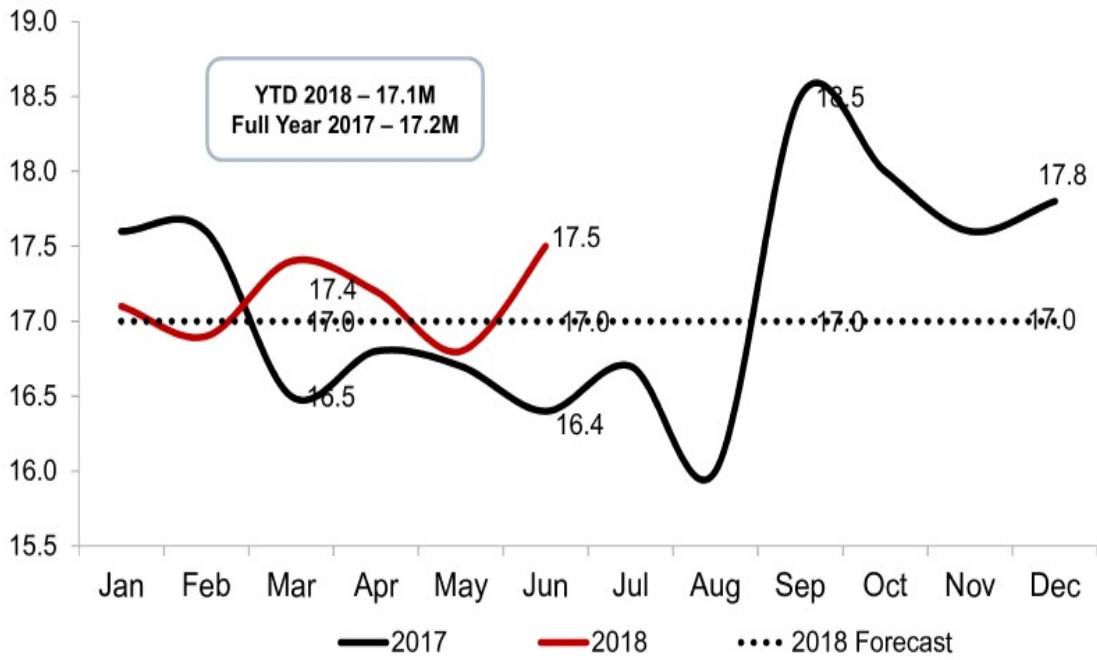
FRANCHISED SEGMENT Q2 2018 RESULTS

(amounts in millions, except per share data)	Q2 2018 ⁽¹⁾	B/(W) than Q2 2017 ⁽¹⁾	
		\$	%
Revenue	\$2,326	(\$31)	(1.3%)
Gross Profit	\$348	(\$7)	(2.1%)
SG&A	\$276	\$3	1.0%
SG&A as % of Gross	79.2%		(80) bps
Depreciation	\$22	(\$1)	(6.9%)
Operating Profit	\$50	(\$6)	(10.8%)
Interest & Other	(\$24)	(\$3)	(13.6%)
Pre-tax	\$26	(\$9)	(25.8%)
Diluted EPS	\$0.42	(\$0.05)	(10.6%)

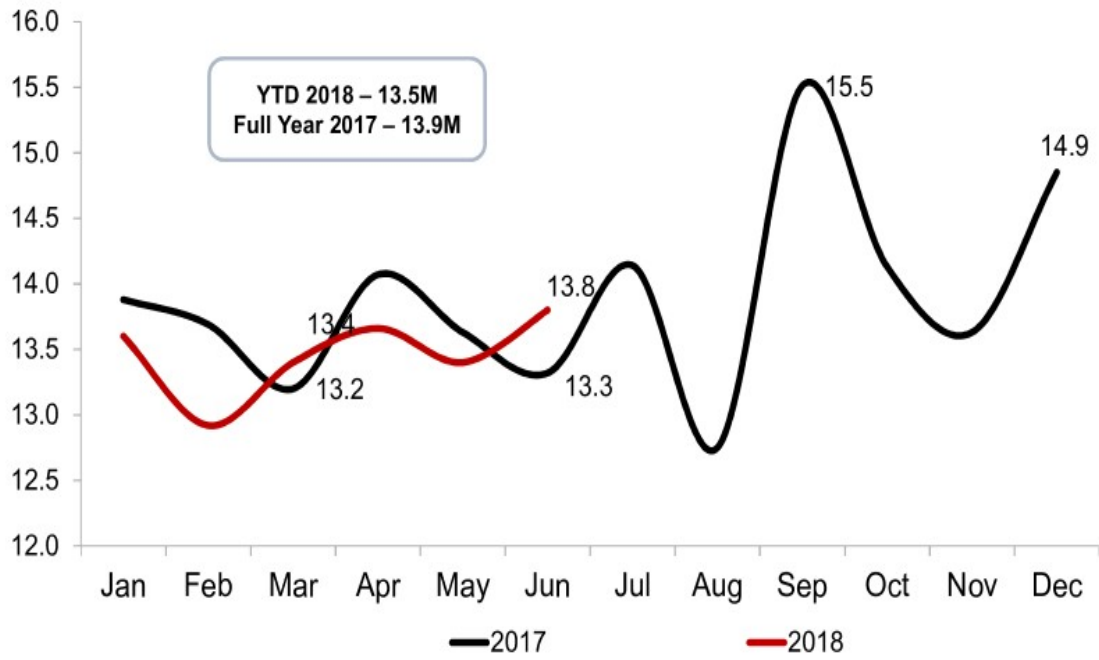
Lower Gross and Higher Interest Negatively Affected the Quarter

(1) – Q2 2018 & Q2 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

NEW VEHICLE SAAR



NEW VEHICLE SAAR - RETAIL



NEW VEHICLE SAME STORE - FRANCHISED

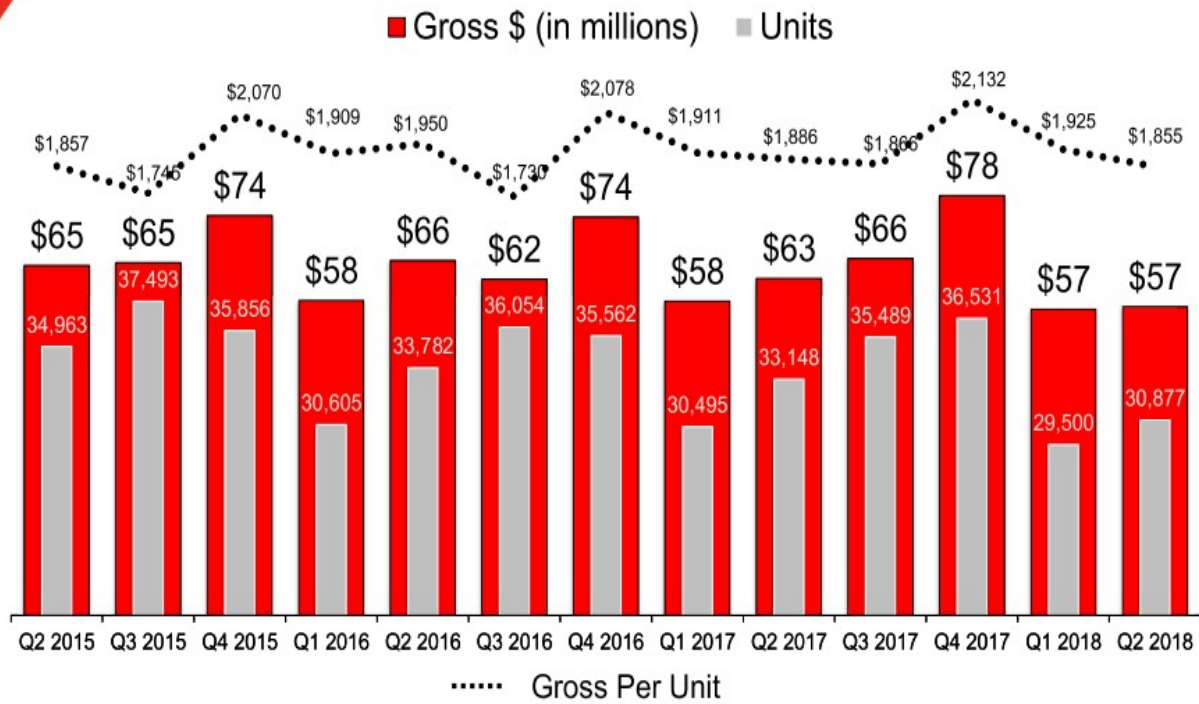
	Q2 2018	Q2 2017	B/(W)
New Volume	30,314	30,749	(1.4%)
Selling Price	\$ 40,209	\$ 39,003	3.1%
Gross Margin %	4.7%	5.1%	(40) bps
GPU	\$ 1,877	\$ 1,975	\$ (97)
Gross Profit (millions)	\$ 56.9	\$ 60.7	(6.3%)
SAAR (millions)	17.2	16.6	3.6%

New Units

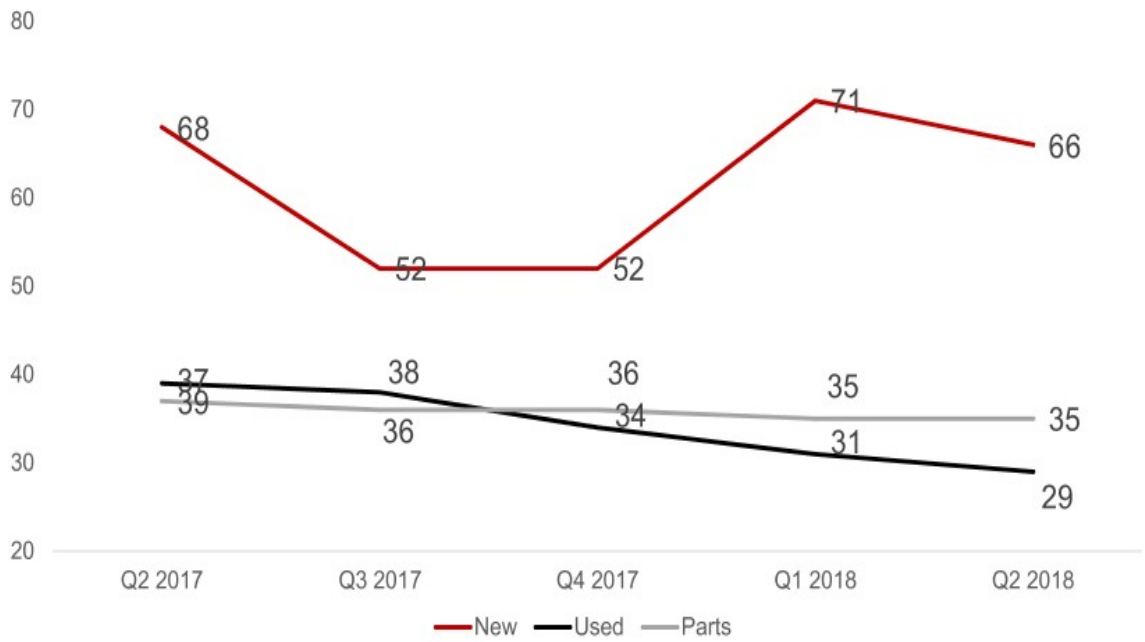
	Apr	May	Jun	Total
2018	9,553	10,998	9,763	30,314
2017	9,658	11,162	9,929	30,749
B/(W)	(105)	(164)	(166)	(435)
% B/(W)	(1.1%)	(1.5%)	(1.7%)	(1.4%)

NEW VEHICLE – GROSS, UNIT & GPU TREND

Continuing Operations - Franchised



DAYS SUPPLY



USED VEHICLE RETAIL

Franchised – Same Store

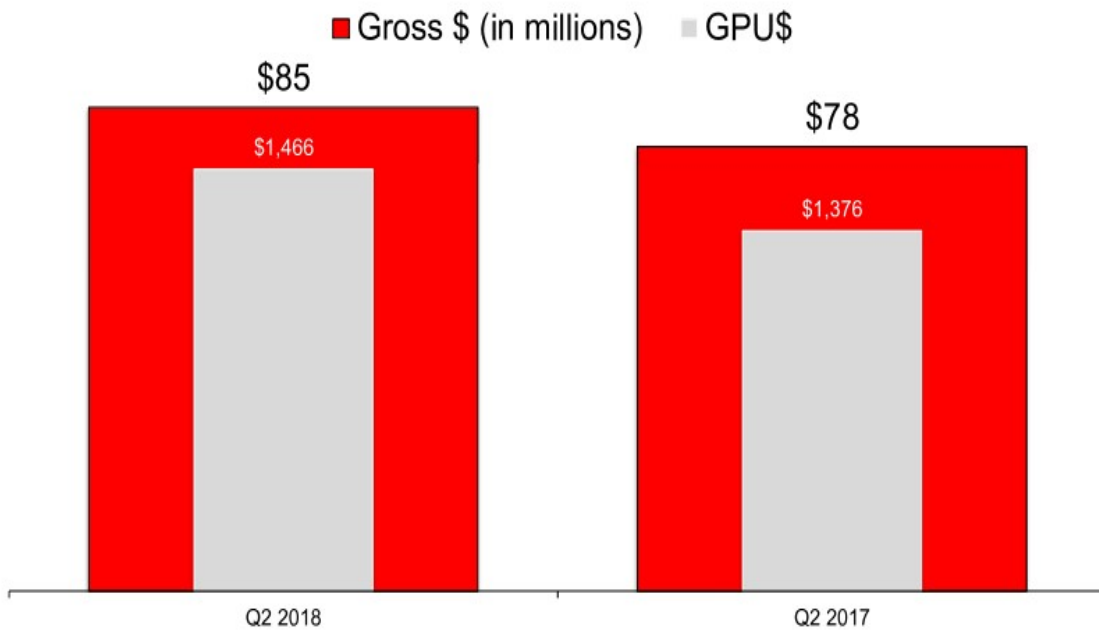
	Q2 2018	Q2 2017	B/(W)
Retail Volume	27,879	26,478	5.3%
GPU	\$ 1,337	\$ 1,305	\$ 32
Used to New	92%	86%	600 bps
Vehicles/Store/Month (95 stores)	98	93	5

Front End Gross and F&I

(in millions)	Apr	May	Jun	Total
2018	\$ 24.8	\$ 25.9	\$ 27.4	\$ 78.2
2017	23.6	24.4	23.0	71.0
B/(W)	\$ 1.2	\$ 1.5	\$ 4.5	\$ 7.2

F&I – GROSS & PUR TREND

Franchised – Same Store



FIXED OPS

Franchised – Same Store

	Q2 2018	Q2 2017	B/(W)
Revenue	\$ 340	\$ 339	0.1%
Gross Profit	\$ 165	\$ 162	2.0%

Q2 2018 FINANCIAL REVIEW

PRE-OWNED SEGMENT

20



PRE-OWNED SEGMENT Q2 2018 RESULTS

(amounts in millions, except per share, unit and per unit data)	Q2 2018 ⁽¹⁾	B/(W) than Q2 2017 ⁽¹⁾	
		\$	%
Revenue	\$180.2	\$131.1	267.3%
Gross Profit	\$14.5	\$9.2	172.2%
SG&A	\$16.1	(\$7.1)	(79.8%)
SG&A as % of Gross	110.8%		5,700 bps
Operating Profit	(\$3.5)	\$1.4	29.4%
Interest & Other	(\$1.0)	(\$0.5)	(90.6%)
Pre-tax	(\$4.5)	\$1.0	17.5%
Diluted EPS	(\$0.07)	\$0.00	0.0%
Retail Units	7,459	5,410	264.0%
Total Front and F&I Gross per Unit Retailed	\$1,826	(89)	(4.7%)

(1) – Q2 2018 & Q2 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

Q2 2018 FINANCIAL REVIEW

TOTAL ENTERPRISE

22



CONSOLIDATED Q2 2018 RESULTS

(amounts in millions, except per share data)	Q2 2018 ⁽¹⁾	B/(W) than Q2 2017 ⁽¹⁾	
		\$	%
Revenue	\$2,506	\$100	4.2%
Gross Profit	\$362	\$2	0.5%
SG&A	\$292	(\$4)	(1.5%)
SG&A as % of Gross	80.5%		(80) bps
Depreciation	\$24	(\$2)	(9.3%)
Operating Profit	\$47	(\$5)	(9.1%)
Interest & Other	(\$25)	(\$3)	(15.5%)
Continuing Ops:			
Profit (after tax)	\$15	(\$3)	(17.2%)
Diluted EPS	\$0.35	(\$0.05)	(12.5%)

Q2 2018 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	Q2 2018	B/(W) than Q2 2017	
		\$	%
New Revenue	\$1,239	(\$36)	(2.9%)
Used Retail Revenue	\$763	\$121	18.8%
Fixed Operations Revenue	\$347	(\$14)	(4.0%)
F&I Revenue	\$104	\$17	19.8%
Total Revenue	\$2,506	\$100	4.2%
New Gross	\$57	(\$5)	(8.4%)
- Units	30,877	(2,271)	(6.9%)
- GPU	\$1,855	(\$31)	(1.7%)
Used Retail Gross	\$37	(\$3)	(6.8%)
- Units ★	35,779	5,243	17.2%
- GPU	\$1,043	(\$268)	(20.5%)
F&I Gross ★	\$104	\$17	19.8%
- GPU ★	\$1,572	\$192	13.9%
Fixed Operations Gross	\$167	(\$6)	(3.5%)
Total Gross ★	\$362	\$2	0.5%

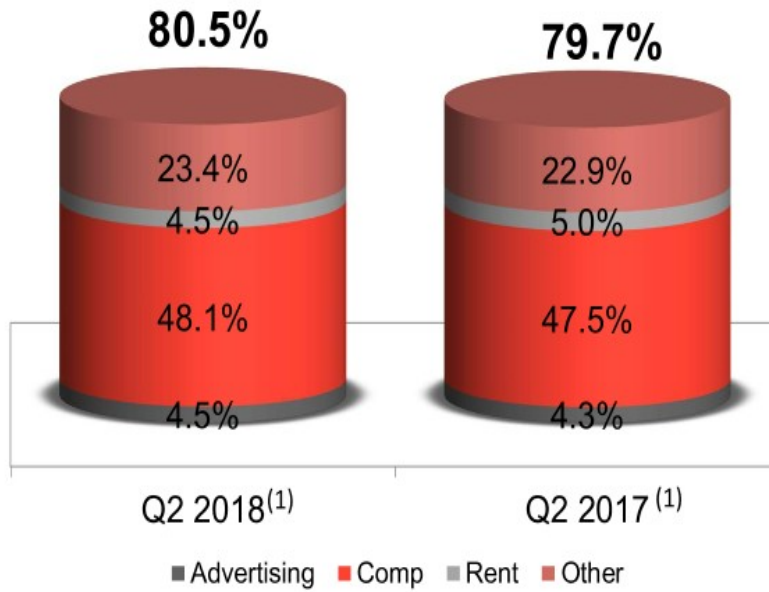
All-Time Record

All-Time Q2 Record

Q2 2018 REVENUE & GROSS PROFIT – SAME STORE

(amounts in millions, except unit and per unit data)	Q2 2018	B/(W) than Q2 2017	
		\$	%
New Revenue	\$1,219	\$20	1.6%
Used Retail Revenue	\$654	\$53	8.9%
Fixed Operations Revenue	\$341	(\$1)	(0.2%)
F&I Revenue	\$89	\$10	12.3%
Total Revenue	\$2,352	\$94	4.1%
New Gross	\$57	(\$4)	(6.3%)
- Units	30,314	(435)	(1.4%)
- GPU	\$1,877	(\$97)	(4.9%)
Used Retail Gross	\$36	\$0	0.9%
- Units	30,395	2,230	7.9%
- GPU	\$1,197	(\$83)	(6.5%)
F&I Gross	\$89	\$10	12.3%
- GPU	\$1,481	\$116	8.5%
Fixed Operations Gross	\$165	\$2	1.1%
Total Gross	\$344	\$6	1.9%

Q2 2018 ADJUSTED SG&A TO GROSS



(1) – Q2 2018 and Q2 2017 are adjusted for items discussed in appendix

Q2 2018 INTEREST EXPENSE

(amounts in millions)	Q2 2018	B/(W) than Q2 2017	
		\$	%
Floor Plan Interest Expense	\$12	(\$3)	(30.6%)
Interest Expense, Other	\$13	(\$1)	(4.8%)
Total Interest Expense	\$25	(\$3)	(15.6%)

Floor Plan Higher Due to Rate Increases

2018 CAPEX

(amounts in millions)	Q1 2018	Q2 2018	YTD 2018	Estimated 2018
Real Estate & Facility Related	\$ 60.4	\$ 29.4	\$ 89.8	\$ 151.8
All Other Cap Ex	5.3	4.5	9.8	23.7
Subtotal	\$ 65.7	\$ 33.9	\$ 99.6	\$ 175.6
Less: Mortgages	(21.0)	(0.1)	(21.1)	(35.2)
Total Cash Used - Cap Ex	\$ 44.8	\$ 33.8	\$ 78.5	\$ 140.4

DEBT COVENANTS

	<u>Covenant</u>	<u>Q2 2018</u>
Liquidity Ratio	≥ 1.05	1.14
Fixed Charge Coverage Ratio	≥ 1.20	1.43
Total Lease Adjusted Leverage Ratio	≤ 5.75	5.05

Compliant with all Covenants

ADJUSTED EBITDA

<i>(amounts in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	LTM Q2 2018
Net Income	\$ 31,548	\$ 89,929	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 96,103
Non-Floorplan Interest	67,735	68,604	63,576	58,453	55,356	52,269	49,524	48,034	50,531	51,194
Depreciation & Amortization	57,036	45,827	51,164	52,616	58,139	62,161	72,130	81,034	92,127	96,665
Income Taxes	(53,900)	(19,745)	46,907	47,648	43,386	62,346	55,962	59,899	13,198	11,767
Stock Comp	1,931	2,814	3,698	5,160	7,208	7,675	9,814	11,165	11,119	11,407
Lease Exit	33,013	4,266	4,384	4,286	2,915	302	1,848	1,386	2,157	2,895
Impairment	30,038	249	1,151	950	9,872	6,594	17,955	8,063	9,394	20,239
Loss (Gain) on Debt Extinguishment	6,745	7,665	1,107	19,713	28,238	-	-	(6)	14,607	-
LT Comp Arrangements	-	-	-	-	-	-	-	-	-	33,795
Loss (Gain) on Dealership Disposal	102	(2,615)	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)	(49,241)
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>	<u>\$ 274,824</u>

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)
Q2 Activity	-	-	-	-
Total 2018 Activity	<u>1,152</u>	<u>\$20.35</u>	<u>\$ 23,449</u>	<u>\$ 84,237</u>



APPENDIX



NON-GAAP RECONCILIATIONS

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	Pre-Owned Stores	Consolidated	Franchised Dealerships	Pre-Owned Stores	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.84	\$ (0.44)	\$ 0.40	\$ 0.38	\$ (0.11)	\$ 0.27
Adjustments (net of income taxes):						
Impairment charges	0.17	-	0.17	0.01	0.03	0.04
Legal and storm damage charges	0.05	-	0.05	0.08	-	0.08
Long-term compensation-related charges	0.01	0.37	0.38	-	-	-
Lease exit adjustments	(0.04)	-	(0.04)	-	0.01	0.01
Gain on disposal on franchises	(0.61)	-	(0.61)	-	-	-
Effect of adjustments, net of income taxes	(0.42)	0.37	(0.05)	0.09	0.04	0.13
Adjusted:						
Diluted earnings (loss) per share	\$ 0.42	\$ (0.07)	\$ 0.35	\$ 0.47	\$ (0.07)	\$ 0.40

NON-GAAP RECONCILIATIONS

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	Pre-Owned Stores	Consolidated	Franchised Dealerships	Pre-Owned Stores	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 1.05	\$ (0.70)	\$ 0.35	\$ 0.45	\$ (0.18)	\$ 0.27
Adjustments (net of income taxes):						
Impairment charges	0.21	(0.01)	0.20	0.02	0.02	0.04
Legal and storm damage charges	0.06	-	0.06	0.09	-	0.09
Lease exit adjustments	0.03	-	0.03	0.02	-	0.02
Gain on disposal on franchises	(1.04)	0.54	(0.50)	-	-	-
Long-term compensation-related charges	0.46	-	0.46	(0.01)	0.01	-
Loss on debt extinguishment	-	-	-	0.21	-	0.21
Effect of adjustments, net of income taxes	(0.28)	0.53	0.25	0.33	0.03	0.36
Adjusted:						
Diluted earnings (loss) per share	<u>\$ 0.77</u>	<u>\$ (0.17)</u>	<u>\$ 0.60</u>	<u>\$ 0.78</u>	<u>\$ (0.15)</u>	<u>\$ 0.63</u>

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended June 30,		Franchised Dealerships Three Months Ended June 30,		Pre-Owned Stores Three Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
SG&A expenses	\$ 277.5	\$ 293.9	\$ 238.1	\$ 284.3	\$ 39.4	\$ 9.6
Adjustments:						
Legal and storm damage charges	(3.1)	(5.6)	(3.1)	(5.6)	-	-
Long-term compensation-related charges	(23.3)	-	-	-	(23.3)	-
Lease exit adjustments	2.6	(1.0)	2.6	(0.3)	-	(0.7)
Gain on disposal of franchises	38.0	-	38.0	-	-	-
Total SG&A adjustments	14.2	(6.6)	37.6	(5.9)	(23.3)	(0.7)
Adjusted:						
SG&A expenses	\$ 291.7	\$ 287.3	\$ 275.7	\$ 278.4	\$ 16.1	\$ 8.9
Reported:						
SG&A expenses as % of gross profit	76.6%	81.5%	68.4%	80.0%	NM	NM
Adjustments:						
Legal and storm damage charges	(0.8%)	(1.5%)	(0.3%)	(1.5%)	-	-
Long-term compensation-related charges	(6.4%)	0.0%	0.0%	0.0%	-	-
Lease exit adjustments	0.7%	(0.3%)	0.7%	(0.1%)	-	-
Gain on disposal of franchises	10.4%	0.0%	10.4%	0.0%	-	-
Total SG&A adjustments	3.9%	(1.8%)	10.8%	(1.6%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	80.5%	79.7%	79.2%	78.4%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended June 30,		Franchised Dealerships Three Months Ended June 30,		Pre-Owned Stores Three Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
Operating income	\$ 50.6	\$ 42.2	\$ 77.4	\$ 49.5	\$ (26.8)	\$ (7.3)
Adjustments (before income taxes):						
SG&A expenses	(14.2)	6.6	(37.6)	5.9	23.3	0.7
Impairment charges	10.3	2.6	10.3	0.9	-	1.7
Total adjustments before taxes	(3.9)	9.2	(27.3)	6.8	23.3	2.4
Adjusted:						
Operating income	\$ 46.7	\$ 51.4	\$ 50.1	\$ 56.3	\$ (3.5)	\$ (4.9)
Reported:						
Income (loss) from continuing operations before taxes	\$ 25.3	\$ 20.3	\$ 53.1	\$ 28.1	\$ (27.8)	\$ (7.8)
Adjustments (before income taxes):						
SG&A expenses	(14.2)	6.6	(37.6)	5.9	23.3	0.7
Impairment charges	10.3	2.6	10.3	0.9	-	1.7
Total adjustments before taxes	(3.9)	9.2	(27.3)	6.8	23.3	2.4
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 21.4	\$ 29.5	\$ 25.8	\$ 34.9	\$ (4.5)	\$ (5.4)
Reported:						
Income (loss) from continuing operations	\$ 17.1	\$ 12.3				
Adjustments (net of income taxes):						
SG&A expenses	(9.8)	4.2				
Impairment charges	7.5	1.4				
Total adjustments, net of income taxes	(2.3)	5.6				
Adjusted:						
Income (loss) from continuing operations	\$ 14.8	\$ 17.9				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Six Months Ended June 30,		Franchised Dealerships Six Months Ended June 30,		Pre-Owned Stores Six Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
SG&A expenses	\$ 582.4	\$ 586.2	\$ 518.8	\$ 568.0	\$ 63.6	\$ 18.2
Adjustments:						
Legal and storm damage charges	(4.6)	(6.9)	(4.6)	(6.9)	-	-
Long-term compensation-related charges	(32.5)	-	-	-	(32.5)	-
Lease exit adjustments	(2.2)	(1.1)	(2.2)	(0.4)	-	(0.7)
Gain on disposal of franchises	39.2	-	39.2	-	-	-
Total SG&A adjustments	(0.1)	(7.9)	32.4	(7.2)	(32.5)	(0.7)
Adjusted:						
SG&A expenses	\$ 582.3	\$ 578.3	\$ 551.2	\$ 560.8	\$ 31.1	\$ 17.5
Reported:						
SG&A expenses as % of gross profit	81.5%	82.4%	75.4%	81.0%	NM	NM
Adjustments:						
Legal and storm damage charges	0.0%	(1.0%)	0.0%	(1.0%)	-	-
Long-term compensation-related charges	0.0%	0.0%	0.0%	0.0%	-	-
Lease exit adjustments	0.0%	(0.00)	0.0%	(0.00)	-	-
Gain on disposal of franchises	0.0%	-	0.0%	-	-	-
Total SG&A adjustments	0.0%	(1.1%)	0.0%	(1.1%)	-	-
Adjusted:						
SG&A expenses as % of gross profit	81.5%	81.3%	75.4%	79.9%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

	Consolidated Six Months Ended June 30,		Franchised Dealerships Six Months Ended June 30,		Pre-Owned Stores Six Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
(In millions)						
Continuing Operations						
Reported:						
Operating income	\$ 70.8	\$ 78.6	\$ 111.5	\$ 91.0	\$ (40.7)	\$ (12.4)
Adjustments (before income taxes):						
SG&A expenses	0.1	7.9	(32.4)	7.2	32.5	0.7
Impairment charges	14.0	3.1	13.9	1.4	0.1	1.7
Total adjustments before taxes	14.1	11.0	(18.5)	8.6	32.6	2.4
Adjusted:						
Operating income	\$ 84.9	\$ 89.6	\$ 93.0	\$ 99.6	\$ (8.1)	\$ (10.0)
Reported:						
Income (loss) from continuing operations before taxes	\$ 21.5	\$ 20.4	\$ 64.0	\$ 33.8	\$ (42.5)	\$ (13.4)
Adjustments (before income taxes):						
SG&A expenses	0.1	7.9	(32.4)	7.2	32.5	0.7
Impairment charges	14.0	3.1	13.9	1.4	0.1	1.7
Loss on debt extinguishment	-	15.3	-	15.3	-	-
Total adjustments before taxes	14.1	26.3	(18.5)	23.9	32.6	2.4
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 35.6	\$ 46.7	\$ 45.5	\$ 57.7	\$ (9.9)	\$ (11.0)
Reported:						
Income (loss) from continuing operations	\$ 15.1	\$ 12.3				
Adjustments (net of income taxes):						
SG&A expenses	0.1	4.8				
Impairment charges	10.7	1.9				
Loss on debt extinguishment	-	9.2				
Non-recurring tax items	-	-				
Total adjustments, net of income taxes	10.8	15.9				
Adjusted:						
Income (loss) from continuing operations	\$ 25.9	\$ 28.2				

38



NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended June 30,		Consolidated Six Months Ended June 30,	
	2018	2017	2018	2017
	(In millions)		(In millions)	
Reported:				
Interest Expense - Other	\$ 13.4	\$ 12.8	\$ 26.8	\$ 26.2
Adjustments:				
Double-carry interest - 7.0% Notes	-	-	-	(0.7)
Total other income adjustments	-	-	-	(0.7)
Adjusted:				
Total Interest Expense - Other	\$ 13.4	\$ 12.8	\$ 26.8	\$ 25.5

Continuing Operations	Consolidated Three Months Ended June 30,		Consolidated Six Months Ended June 30,	
	2018	2017	2018	2017
	(In millions)		(In millions)	
Reported:				
Other Expense / (Income)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ 14.5
Adjustments:				
Debt extinguishment - 7.0% Notes	-	-	-	(14.6)
Total other income adjustments	-	-	-	(14.6)
Adjusted:				
Total Other Expense (Income)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ (0.1)

NON-GAAP RECONCILIATIONS

Three Months Ended June 30, 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	42,662	\$ 17,122		\$ (217)		\$ 16,905	
Effect of participating securities:							
Non-vested restricted stock		(3)		-		(3)	
Basic earnings (loss) and shares	42,662	\$ 17,119	\$ 0.40	\$ (217)	\$ -	\$ 16,902	\$ 0.40
Effect of dilutive securities:							
Stock compensation plans	258						
Diluted earnings (loss) and shares	42,920	\$ 17,119	\$ 0.40	\$ (217)	\$ (0.01)	\$ 16,902	\$ 0.39
Adjustments:							
Impairment charges		\$ 10,315		\$ -		\$ 10,315	
Legal and storm damage charges		3,064		-		3,064	
Long-term compensation-related charges		23,333		-		23,333	
Lease exit adjustments		(2,579)		-		(2,579)	
Gain on disposal of franchises		(38,048)		-		(38,048)	
Total adjustments before taxes		(3,915)		-		(3,915)	
Income tax effect of adjustments		1,067		-		1,067	
Non-recurring tax items		550		-		550	
Effect of adjustments net of income taxes		\$ (2,298)	\$ (0.05)	\$ -	\$ -	\$ (2,298)	\$ (0.05)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 14,824	\$ 0.35	\$ (217)	\$ (0.01)	\$ 14,607	\$ 0.34

(1) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended June 30, 2018.

NON-GAAP RECONCILIATIONS

	Three Months Ended June 30, 2017						
	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	44,570	\$ 12,314		\$ (182)		\$ 12,132	
Effect of participating securities:							
Non-vested restricted stock		(9)		-		(9)	
Basic earnings (loss) and shares	44,570	\$ 12,305	\$ 0.28	\$ (182)	\$ (0.01)	\$ 12,123	\$ 0.27
Effect of dilutive securities:							
Stock compensation plans	240						
Diluted earnings (loss) and shares	44,810	\$ 12,305	\$ 0.27	\$ (182)	\$ -	\$ 12,123	\$ 0.27
Adjustments:							
Impairment charges		\$ 2,605		\$ -		\$ 2,605	
Legal and storm damage charges		5,618		-		5,618	
Lease exit adjustments		992		-		992	
Total adjustments before taxes		9,215		-		9,215	
Income tax effect of adjustments		(3,617)		-		(3,617)	
Effect of adjustments, net of income taxes		\$ 5,598	\$ 0.13	\$ -	\$ -	\$ 5,598	\$ 0.13
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 17,912	\$ 0.40	\$ (182)	\$ -	\$ 17,730	\$ 0.40

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

NON-GAAP RECONCILIATIONS

	Six Months Ended June 30, 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	42,725	\$ 15,108		\$ (397)		\$ 14,711	
Effect of participating securities:							
Non-vested restricted stock		(5)		-		(5)	
Basic earnings (loss) and shares	42,725	\$ 15,103	\$ 0.35	\$ (397)	\$ (0.01)	\$ 14,706	\$ 0.34
Effect of dilutive securities:							
Stock compensation plans	223						
Diluted earnings (loss) and shares	42,948	\$ 15,103	\$ 0.35	\$ (397)	\$ (0.01)	\$ 14,706	\$ 0.34
Adjustments:							
Impairment charges		\$ 13,958		\$ -		\$ 13,958	
Legal and storm damage charges		4,564		-		4,564	
Lease exit adjustments		2,235		-		2,235	
Gain on disposal of franchises		(39,239)		-		(39,239)	
Long-term compensation-related charges		32,522		-		32,522	
Total adjustments before taxes		14,040		-		14,040	
Income tax effect of adjustments		(3,826)		-		(3,826)	
Non-recurring tax items		550		-		550	
Effect of adjustments, net of income taxes		\$ 10,764	\$ 0.25	\$ -	\$ -	\$ 10,764	\$ 0.25
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 25,872	\$ 0.60	\$ (397)	\$ (0.01)	\$ 25,475	\$ 0.59

(3) Net loss attributable to Pre-Owned Stores operations was \$0.17 per fully diluted share in the six months ended June 30, 2018.

NON-GAAP RECONCILIATIONS

	Six Months Ended June 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	44,680	\$ 12,294		\$ (703)		\$ 11,591	
Effect of participating securities:							
Non-vested restricted stock		(9)		-		(9)	
Basic earnings (loss) and shares	44,680	\$ 12,285	\$ 0.27	\$ (703)	\$ (0.01)	\$ 11,582	\$ 0.26
Effect of dilutive securities:							
Stock compensation plans	296						
Diluted earnings (loss) and shares	44,976	\$ 12,285	\$ 0.27	\$ (703)	\$ (0.01)	\$ 11,582	\$ 0.26
Adjustments:							
Impairment charges		\$ 3,115		\$ -		\$ 3,115	
Legal and storm damage charges		6,851		-		6,851	
Lease exit adjustments		992		-		992	
Loss on debt extinguishment		15,268		-		15,268	
Total adjustments before taxes		26,226		-		26,226	
Income tax effect of adjustments		(10,294)		-		(10,294)	
Effect of adjustments, net of income taxes		\$ 15,932	\$ 0.36	\$ -	\$ (0.01)	\$ 15,932	\$ 0.35
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (4)		\$ 28,226	\$ 0.63	\$ (703)	\$ (0.02)	\$ 27,523	\$ 0.61

(4) Net loss attributable to Pre-Owned Stores operations was \$0.15 per fully diluted share in the six months ended June 30, 2017.



Sonic
Automotive

EchoPark
AUTOMOTIVE
