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

FORM 8-K

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

Date of Report (Date of earliest event reported): October 25, 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 October 25, 2018, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal third quarter ended September 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 October 25, 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 October 25, 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: October 25, 2018

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

Sonic Automotive, Inc. Reports Third Quarter Results EchoPark Revenue Up 226% with Volume Up 221%

CHARLOTTE, N.C. – October 25, 2018 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported financial results for the third quarter of 2018.

- Third quarter revenue and gross profit of \$2.5 billion and \$360.5 million, respectively
- Record third quarter pre-owned retail unit sales of 34,952 units
- Record third quarter F&I gross profit per retail unit of \$1,505
- Record third quarter F&I gross of \$98.1 million
- EchoPark stores retailed 7,698 units during the quarter, up 221% from the third quarter of 2017
- GAAP continuing operations earnings per diluted share of \$0.36 per diluted share in the third quarter of 2018
- Adjusted continuing operations earnings per diluted share of \$0.43 per diluted share in the third quarter of 2018

Third Quarter 2018 Results

GAAP Basis

Net income from continuing operations for the third quarter of 2018 was \$15.3 million, or \$0.36 per diluted share. Comparatively, net income from continuing operations for the third quarter of 2017 was \$19.7 million, or \$0.45 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 third quarter of 2018 was \$18.3 million, or \$0.43 per diluted share. The adjustments in the third quarter of 2018 relate to storm damage, executive transition costs and charges related to the disposal of franchises. Adjusted net income from continuing operations for the third quarter of 2017 was \$17.4 million, or \$0.40 per diluted share. The adjustments in the third quarter of 2017 relate to a gain from the disposal of a franchise and charges related to fixed asset impairments, storm damage and legal matters.

Commentary

David Bruton Smith, the Company’s Chief Executive Officer, noted, “Our EchoPark strategy to grow our pre-owned business continued according to plan in the third quarter of 2018. Revenues grew by nearly \$130 million, or 226%, compared to the prior year quarter and we anticipate this upward trajectory to continue into the fourth quarter of 2018 with the opening of two additional EchoPark locations. On October 8, 2018, we opened an EchoPark store in Charlotte, North Carolina, and we expect to open another EchoPark Store in Houston, Texas by the end of 2018. On the franchise side of the business, revenues declined 1.7% on a same store basis primarily due to the strong third quarter comparison in 2017 containing the rebound effects of Hurricane Harvey. Despite this headwind, the franchised dealerships increased total gross profit by 1.1% during the quarter with strong performances in used vehicles and fixed operations. We look forward to a robust selling environment in the fourth quarter.”

Jeff Dyke, the Company’s President, noted, “We continue to work with our manufacturer partners to improve our margins at the store level and to make facility investments that provide the appropriate return for all parties. I am pleased with the progress we are making but believe we have more opportunity for improvement with certain brands. As David mentioned, we are very excited about the performance of EchoPark and our expansion plans.”

Dividend

Sonic's Board of Directors approved a quarterly dividend of \$0.06 per share payable in cash for our stockholders of record on December 14, 2018. The dividend will be payable on January 15, 2019.

Third Quarter 2018 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 the "Earnings Conference Calls" link at the bottom of the page.

Presentation materials for the conference call will be accessible beginning the morning of the conference call on the Company's website at www.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing the "Webcasts & Presentations" link at the bottom of the page.

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: 9177697

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: 9177697

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 EchoPark brand expansion and our performance in the fourth quarter 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 and the Company's other periodic reports and information filed with the Securities and Exchange Commission (the "SEC"). The Company does not undertake any obligation to update forward-looking information, except as required under federal securities laws and the rules and regulations of the SEC.

Non-GAAP Financial Measures

This press release and the attached financial tables contain certain non-GAAP financial measures as defined under SEC rules, such as adjusted net income 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(Dollars and shares in thousands, except per share amounts)				
Revenues:				
New vehicles	\$ 1,235,094	\$ 1,362,301	\$ 3,654,510	\$ 3,809,302
Used vehicles	745,998	659,724	2,217,616	1,936,088
Wholesale vehicles	48,578	43,098	167,726	130,174
Total vehicles	2,029,670	2,065,123	6,039,852	5,875,564
Parts, service and collision repair	343,118	347,717	1,041,630	1,060,873
Finance, insurance and other, net	98,061	92,861	295,890	262,832
Total revenues	2,470,849	2,505,701	7,377,372	7,199,269
Cost of Sales:				
New vehicles	(1,173,453)	(1,296,063)	(3,478,802)	(3,622,264)
Used vehicles	(710,681)	(620,579)	(2,108,219)	(1,816,076)
Wholesale vehicles	(49,877)	(46,390)	(176,806)	(136,555)
Total vehicles	(1,934,011)	(1,963,032)	(5,763,827)	(5,574,895)
Parts, service and collision repair	(176,302)	(180,047)	(538,135)	(550,788)
Total cost of sales	(2,110,313)	(2,143,079)	(6,301,962)	(6,125,683)
Gross profit	360,536	362,622	1,075,410	1,073,586
Selling, general and administrative expenses	(289,022)	(283,974)	(871,410)	(870,139)
Impairment charges	—	(200)	(13,961)	(3,315)
Depreciation and amortization	(23,377)	(22,686)	(71,067)	(65,751)
Operating income (loss)	48,137	55,762	118,972	134,381
Other income (expense):				
Interest expense, floor plan	(12,192)	(8,882)	(34,815)	(26,413)
Interest expense, other, net	(13,313)	(13,028)	(40,144)	(39,200)
Other income (expense), net	—	4	107	(14,490)
Total other income (expense)	(25,505)	(21,906)	(74,852)	(80,103)
Income (loss) from continuing operations before taxes	22,632	33,856	44,120	54,278
Provision for income taxes for continuing operations - benefit (expense)	(7,331)	(14,126)	(13,711)	(22,254)
Income (loss) from continuing operations	15,301	19,730	30,409	32,024
Discontinued operations:				
Income (loss) from discontinued operations before taxes	(252)	(481)	(797)	(1,650)
Provision for income taxes for discontinued operations - benefit (expense)	69	191	218	657
Income (loss) from discontinued operations	(183)	(290)	(579)	(993)
Net income (loss)	\$ 15,118	\$ 19,440	\$ 29,830	\$ 31,031
Basic earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.36	\$ 0.45	\$ 0.71	\$ 0.72
Earnings (loss) per share from discontinued operations	(0.01)	—	(0.01)	(0.02)
Earnings (loss) per common share	\$ 0.35	\$ 0.45	\$ 0.70	\$ 0.70
Weighted average common shares outstanding	42,673	43,496	42,708	44,281
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$ 0.36	\$ 0.45	\$ 0.71	\$ 0.72
Earnings (loss) per share from discontinued operations	(0.01)	(0.01)	(0.02)	(0.02)
Earnings (loss) per common share	\$ 0.35	\$ 0.44	\$ 0.69	\$ 0.70
Weighted average common shares outstanding	42,994	43,811	42,964	44,585
Dividends declared per common share	\$ 0.06	\$ 0.05	\$ 0.18	\$ 0.15

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

Three Months Ended September 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	42,673	\$ 15,301		\$ (183)		\$ 15,118	
Effect of participating securities:							
Non-vested restricted stock		(14)		—		(14)	
Basic earnings (loss) and shares	42,673	\$ 15,287	\$ 0.36	\$ (183)	\$ (0.01)	\$ 15,104	\$ 0.35
Effect of dilutive securities:							
Stock compensation plans	321						
Diluted earnings (loss) and shares	42,994	\$ 15,287	\$ 0.36	\$ (183)	\$ (0.01)	\$ 15,104	\$ 0.35
Adjustments:							
Storm damage charges		\$ 1,185		\$ —		\$ 1,185	
Loss on disposal of franchises		346		—		346	
Executive transition costs		1,581		—		1,581	
Total adjustments before taxes		3,112		—		3,112	
Income tax effect of adjustments		(848)		—		(848)	
Non-recurring tax items		763		—		763	
Effect of adjustments, net of income taxes		\$ 3,027	\$ 0.07	\$ —	\$ —	\$ 3,027	\$ 0.07
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 18,328	\$ 0.43	\$ (183)	\$ (0.01)	\$ 18,145	\$ 0.42

(1) Net loss attributable to EchoPark was \$0.09 per fully diluted share in the three months ended September 30, 2018.

Three Months Ended September 30, 2017							
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	43,496	\$ 19,730		\$ (290)		\$ 19,440	
Effect of participating securities:							
Non-vested restricted stock		(18)		—		(18)	
Basic earnings (loss) and shares	43,496	\$ 19,712	\$ 0.45	\$ (290)	\$ —	\$ 19,422	\$ 0.45
Effect of dilutive securities:							
Stock compensation plans	315						
Diluted earnings (loss) and shares	43,811	\$ 19,712	\$ 0.45	\$ (290)	\$ (0.01)	\$ 19,422	\$ 0.44
Adjustments:							
Impairment charges		\$ 198		\$ —		\$ 198	
Legal and storm damage charges		3,930		—		3,930	
Gain on disposal of franchises		(8,489)		—		(8,489)	
Total adjustments before taxes		(4,361)		—		(4,361)	
Income tax effect of adjustments		2,065		—		2,065	
Effect of adjustments, net of income taxes		\$ (2,296)	\$ (0.05)	\$ —	\$ —	\$ (2,296)	\$ (0.05)
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 17,434	\$ 0.40	\$ (290)	\$ (0.01)	\$ 17,144	\$ 0.39

(2) Net loss attributable to EchoPark was \$0.07 per fully diluted share in the three months ended September 30, 2017.

Nine Months Ended September 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	42,708	\$ 30,409		\$ (579)		\$ 29,830	
Effect of participating securities:							
Non-vested restricted stock		(29)		—		(29)	
Basic earnings (loss) and shares	42,708	\$ 30,380	\$ 0.71	\$ (579)	\$ (0.01)	\$ 29,801	\$ 0.70
Effect of dilutive securities:							
Stock compensation plans	256						
Diluted earnings (loss) and shares	42,964	\$ 30,380	\$ 0.71	\$ (579)	\$ (0.02)	\$ 29,801	\$ 0.69
Adjustments:							
Impairment charges		\$ 13,958		\$ —		\$ 13,958	
Legal and storm damage charges		5,749		—		5,749	
Lease exit adjustments		2,235		—		2,235	
Gain on disposal of franchises		(38,893)		—		(38,893)	
Long-term compensation-related charges		32,522		—		32,522	
Executive transition costs		1,581		—		1,581	
Total adjustments before taxes		17,152		—		17,152	
Income tax effect of adjustments		(4,674)		—		(4,674)	
Non-recurring tax items		1,313		—		1,313	
Effect of adjustments, net of income taxes		\$ 13,791	\$ 0.32	\$ —	\$ —	\$ 13,791	\$ 0.32
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 44,200	\$ 1.03	\$ (579)	\$ (0.02)	\$ 43,621	\$ 1.01

(3) Net loss attributable to EchoPark was \$0.26 per fully diluted share in the nine months ended September 30, 2018.

Nine Months Ended September 30, 2017							
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
		(In thousands, except per share amounts)					
Reported:							
Earnings (loss) and shares	44,281	\$ 32,024		\$ (993)		\$ 31,031	
Effect of participating securities:							
Non-vested restricted stock		(28)		—		(28)	
Basic earnings (loss) and shares	44,281	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Effect of dilutive securities:							
Stock compensation plans	304						
Diluted earnings (loss) and shares	44,585	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Adjustments:							
Impairment charges		\$ 3,313		\$ —		\$ 3,313	
Legal and storm damage charges		10,781		—		10,781	
Lease exit adjustments		992		—		992	
Loss on debt extinguishment		15,268		—		15,268	
Gain on disposal of franchises		(8,489)		—		(8,489)	
Total adjustments before taxes		21,865		—		21,865	
Income tax effect of adjustments		(8,229)		—		(8,229)	
Effect of adjustments, net of income taxes		\$ 13,636	\$ 0.30	\$ —	\$ —	\$ 13,636	\$ 0.30
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (4)		\$ 45,660	\$ 1.02	\$ (993)	\$ (0.02)	\$ 44,667	\$ 1.00

(4) Net loss attributable to EchoPark was \$0.22 per fully diluted share in the nine months ended September 30, 2017.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

New Vehicles

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 1,235,094	\$ 1,362,301	\$ (127,207)	(9.3) %
Gross profit	\$ 61,641	\$ 66,238	\$ (4,597)	(6.9) %
Unit sales	31,009	35,489	(4,480)	(12.6) %
Revenue per unit	\$ 39,830	\$ 38,387	\$ 1,443	3.8 %
Gross profit per unit	\$ 1,988	\$ 1,866	\$ 122	6.5 %
Gross profit as a % of revenue	5.0 %	4.9 %	10 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported new vehicle:				
Revenue	\$ 3,654,510	\$ 3,809,302	\$ (154,792)	(4.1) %
Gross profit	\$ 175,708	\$ 187,038	\$ (11,330)	(6.1) %
Unit sales	91,386	99,132	(7,746)	(7.8) %
Revenue per unit	\$ 39,990	\$ 38,427	\$ 1,563	4.1 %
Gross profit per unit	\$ 1,923	\$ 1,887	\$ 36	1.9 %
Gross profit as a % of revenue	4.8 %	4.9 %	(10) bps	

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 1,235,103	\$ 1,288,932	\$ (53,829)	(4.2) %
Gross profit	\$ 61,106	\$ 63,590	\$ (2,484)	(3.9) %
Unit sales	31,010	33,162	(2,152)	(6.5) %
Revenue per unit	\$ 39,829	\$ 38,868	\$ 961	2.5 %
Gross profit per unit	\$ 1,971	\$ 1,918	\$ 53	2.8 %
Gross profit as a % of revenue	4.9 %	4.9 %	— bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store new vehicle:				
Revenue	\$ 3,588,102	\$ 3,590,192	\$ (2,090)	(0.1) %
Gross profit	\$ 173,825	\$ 180,889	\$ (7,064)	(3.9) %
Unit sales	89,414	92,135	(2,721)	(3.0) %
Revenue per unit	\$ 40,129	\$ 38,967	\$ 1,162	3.0 %
Gross profit per unit	\$ 1,944	\$ 1,963	\$ (19)	(1.0) %
Gross profit as a % of revenue	4.8 %	5.0 %	(20) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Used Vehicles

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 745,998	\$ 659,724	\$ 86,274	13.1 %
Gross profit	\$ 35,317	\$ 39,145	\$ (3,828)	(9.8) %
Unit sales	34,952	30,841	4,111	13.3 %
Revenue per unit	\$ 21,343	\$ 21,391	\$ (48)	(0.2) %
Gross profit per unit	\$ 1,010	\$ 1,269	\$ (259)	(20.4) %
Gross profit as a % of revenue	4.7 %	5.9 %	(120) bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported used vehicle:				
Revenue	\$ 2,217,616	\$ 1,936,088	\$ 281,528	14.5 %
Gross profit	\$ 109,397	\$ 120,012	\$ (10,615)	(8.8) %
Unit sales	104,470	91,749	12,721	13.9 %
Revenue per unit	\$ 21,227	\$ 21,102	\$ 125	0.6 %
Gross profit per unit	\$ 1,047	\$ 1,308	\$ (261)	(20.0) %
Gross profit as a % of revenue	4.9 %	6.2 %	(130) bps	

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 653,793	\$ 614,894	\$ 38,899	6.3 %
Gross profit	\$ 35,302	\$ 35,270	\$ 32	0.1 %
Unit sales	30,527	28,328	2,199	7.8 %
Revenue per unit	\$ 21,417	\$ 21,706	\$ (289)	(1.3) %
Gross profit per unit	\$ 1,156	\$ 1,245	\$ (89)	(7.1) %
Gross profit as a % of revenue	5.4 %	5.7 %	(30) bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store used vehicle:				
Revenue	\$ 1,913,815	\$ 1,795,568	\$ 118,247	6.6 %
Gross profit	\$ 104,945	\$ 107,503	\$ (2,558)	(2.4) %
Unit sales	89,311	83,873	5,438	6.5 %
Revenue per unit	\$ 21,429	\$ 21,408	\$ 21	0.1 %
Gross profit per unit	\$ 1,175	\$ 1,282	\$ (107)	(8.3) %
Gross profit as a % of revenue	5.5 %	6.0 %	(50) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Wholesale Vehicles

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported wholesale vehicle:				
Revenue	\$ 48,578	\$ 43,098	\$ 5,480	12.7 %
Gross profit	\$ (1,299)	\$ (3,292)	\$ 1,993	60.5 %
Unit sales	7,831	7,832	(1)	—%
Revenue per unit	\$ 6,203	\$ 5,503	\$ 700	12.7 %
Gross profit per unit	\$ (166)	\$ (420)	\$ 254	60.5 %
Gross profit as a % of revenue	(2.7) %	(7.6) %	490 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Reported wholesale vehicle:				
Revenue	\$ 167,726	\$ 130,174	\$ 37,552	28.8 %
Gross profit	\$ (9,080)	\$ (6,381)	\$ (2,699)	(42.3) %
Unit sales	25,953	23,922	2,031	8.5 %
Revenue per unit	\$ 6,463	\$ 5,442	\$ 1,021	18.8 %
Gross profit per unit	\$ (350)	\$ (267)	\$ (83)	(31.1) %
Gross profit as a % of revenue	(5.4) %	(4.9) %	(50) bps	

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store wholesale vehicle:				
Revenue	\$ 46,238	\$ 40,254	\$ 5,984	14.9 %
Gross profit	\$ (1,212)	\$ (2,912)	\$ 1,700	58.4 %
Unit sales	7,377	7,180	197	2.7 %
Revenue per unit	\$ 6,268	\$ 5,606	\$ 662	11.8 %
Gross profit per unit	\$ (164)	\$ (406)	\$ 242	59.6 %
Gross profit as a % of revenue	(2.6) %	(7.2) %	460 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
Same store wholesale vehicle:				
Revenue	\$ 155,463	\$ 121,102	\$ 34,361	28.4 %
Gross profit	\$ (9,118)	\$ (5,539)	\$ (3,579)	(64.6) %
Unit sales	23,817	21,799	2,018	9.3 %
Revenue per unit	\$ 6,527	\$ 5,555	\$ 972	17.5 %
Gross profit per unit	\$ (383)	\$ (254)	\$ (129)	(50.8) %
Gross profit as a % of revenue	(5.9) %	(4.6) %	(130) bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 139,642	\$ 137,850	\$ 1,792	1.3 %
Warranty	66,730	70,575	(3,845)	(5.4) %
Wholesale parts	39,419	40,927	(1,508)	(3.7) %
Internal, sublet and other	97,327	98,365	(1,038)	(1.1) %
Total	<u>\$ 343,118</u>	<u>\$ 347,717</u>	<u>\$ (4,599)</u>	<u>(1.3) %</u>
Gross profit				
Customer pay	\$ 74,994	\$ 74,302	\$ 692	0.9 %
Warranty	38,563	38,821	(258)	(0.7) %
Wholesale parts	6,784	6,958	(174)	(2.5) %
Internal, sublet and other	46,475	47,589	(1,114)	(2.3) %
Total	<u>\$ 166,816</u>	<u>\$ 167,670</u>	<u>\$ (854)</u>	<u>(0.5) %</u>
Gross profit as a % of revenue				
Customer pay	53.7 %	53.9 %	(20) bps	
Warranty	57.8 %	55.0 %	280 bps	
Wholesale parts	17.2 %	17.0 %	20 bps	
Internal, sublet and other	47.8 %	48.4 %	(60) bps	
Total	48.6 %	48.2 %	40 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Revenue				
Customer pay	\$ 422,348	\$ 415,179	\$ 7,169	1.7 %
Warranty	198,219	213,155	(14,936)	(7.0) %
Wholesale parts	122,763	127,014	(4,251)	(3.3) %
Internal, sublet and other	298,300	305,525	(7,225)	(2.4) %
Total	<u>\$ 1,041,630</u>	<u>\$ 1,060,873</u>	<u>\$ (19,243)</u>	<u>(1.8) %</u>
Gross profit				
Customer pay	\$ 226,443	\$ 222,086	\$ 4,357	2.0 %
Warranty	112,335	117,809	(5,474)	(4.6) %
Wholesale parts	20,949	21,839	(890)	(4.1) %
Internal, sublet and other	143,768	148,351	(4,583)	(3.1) %
Total	<u>\$ 503,495</u>	<u>\$ 510,085</u>	<u>\$ (6,590)</u>	<u>(1.3) %</u>
Gross profit as a % of revenue				
Customer pay	53.6 %	53.5 %	10 bps	
Warranty	56.7 %	55.3 %	140 bps	
Wholesale parts	17.1 %	17.2 %	(10) bps	
Internal, sublet and other	48.2 %	48.6 %	(40) bps	
Total	48.3 %	48.1 %	20 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 137,848	\$ 131,453	\$ 6,395	4.9 %
Warranty	65,923	67,182	(1,259)	(1.9) %
Wholesale parts	39,419	38,961	458	1.2 %
Internal, sublet and other	94,652	92,429	2,223	2.4 %
Total	<u>\$ 337,842</u>	<u>\$ 330,025</u>	<u>\$ 7,817</u>	<u>2.4 %</u>
Gross profit				
Customer pay	\$ 74,047	\$ 70,769	\$ 3,278	4.6 %
Warranty	36,605	36,949	(344)	(0.9) %
Wholesale parts	6,782	6,634	148	2.2 %
Internal, sublet and other	45,886	44,529	1,357	3.0 %
Total	<u>\$ 163,320</u>	<u>\$ 158,881</u>	<u>\$ 4,439</u>	<u>2.8 %</u>
Gross profit as a % of revenue				
Customer pay	53.7 %	53.8 %	(10) bps	
Warranty	55.5 %	55.0 %	50 bps	
Wholesale parts	17.2 %	17.0 %	20 bps	
Internal, sublet and other	48.5 %	48.2 %	30 bps	
Total	48.3 %	48.1 %	20 bps	

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Same Store:				
Revenue				
Customer pay	\$ 413,920	\$ 393,933	\$ 19,987	5.1 %
Warranty	195,477	202,223	(6,746)	(3.3) %
Wholesale parts	120,819	120,731	88	0.1 %
Internal, sublet and other	285,025	286,474	(1,449)	(0.5) %
Total	<u>\$ 1,015,241</u>	<u>\$ 1,003,361</u>	<u>\$ 11,880</u>	<u>1.2 %</u>
Gross profit				
Customer pay	\$ 222,048	\$ 210,369	\$ 11,679	5.6 %
Warranty	109,107	111,714	(2,607)	(2.3) %
Wholesale parts	20,654	20,807	(153)	(0.7) %
Internal, sublet and other	138,948	137,930	1,018	0.7 %
Total	<u>\$ 490,757</u>	<u>\$ 480,820</u>	<u>\$ 9,937</u>	<u>2.1 %</u>
Gross profit as a % of revenue				
Customer pay	53.6 %	53.4 %	20 bps	
Warranty	55.8 %	55.2 %	60 bps	
Wholesale parts	17.1 %	17.2 %	(10) bps	
Internal, sublet and other	48.7 %	48.1 %	60 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 September 30,		Better / (Worse)	
2018	2017	Change	% Change

(In thousands, except per unit data)

Reported:					
Revenue	\$	98,061	\$ 92,861	\$ 5,200	5.6 %
Gross profit per retail unit (excludes fleet)	\$	1,505	\$ 1,408	\$ 97	6.9 %

Nine Months Ended September 30,		Better / (Worse)	
2018	2017	Change	% Change

(In thousands, except per unit data)

Reported:					
Revenue	\$	295,890	\$ 262,832	\$ 33,058	12.6 %
Gross profit per retail unit (excludes fleet)	\$	1,523	\$ 1,389	\$ 134	9.6 %

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

(In thousands, except per unit data)

Same Store:					
Revenue	\$	87,697	\$ 85,928	\$ 1,769	2.1 %
Gross profit per retail unit (excludes fleet)	\$	1,444	\$ 1,405	\$ 39	2.8 %

Nine Months Ended September 30,		Better / (Worse)	
2018	2017	Change	% Change

(In thousands, except per unit data)

Same Store:					
Revenue	\$	257,369	\$ 241,018	\$ 16,351	6.8 %
Gross profit per retail unit (excludes fleet)	\$	1,452	\$ 1,381	\$ 71	5.1 %

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Three Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 175,393	\$ 172,691	\$ (2,702)	(1.6) %
Advertising	14,652	15,846	1,194	7.5 %
Rent	14,881	17,711	2,830	16.0 %
Other	84,096	77,726	(6,370)	(8.2) %
Total SG&A expenses	\$ 289,022	\$ 283,974	\$ (5,048)	(1.8) %
Adjustments:				
Legal and storm damage charges	\$ (1,185)	\$ (3,930)		
Executive transition costs	(1,581)	—		
Gain (loss) on disposal of franchises	(346)	8,489		
Total SG&A adjustments	\$ (3,112)	\$ 4,559		
Adjusted:				
Total adjusted SG&A expenses	\$ 285,910	\$ 288,533	\$ 2,623	0.9 %
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	48.6 %	47.6 %	(100) bps	
Advertising	4.1 %	4.4 %	30 bps	
Rent	4.1 %	4.9 %	80 bps	
Other	23.4 %	21.4 %	(200) bps	
Total SG&A expenses as a % of gross profit	80.2 %	78.3 %	(190) bps	
Adjustments:				
Legal and storm damage charges	(0.3) %	(1.1) %		
Executive transition costs	(0.5) %	— %		
Gain (loss) on disposal of franchises	(0.1) %	2.4 %		
Total effect of adjustments	(0.9) %	1.3 %		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	79.3 %	79.6 %	30 bps	

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Nine Months Ended September 30,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
Reported:				
Compensation	\$ 558,071	\$ 520,420	\$ (37,651)	(7.2) %
Advertising	46,938	46,448	(490)	(1.1) %
Rent	50,451	55,309	4,858	8.8 %
Other	215,950	247,962	32,012	12.9 %
Total SG&A expenses	\$ 871,410	\$ 870,139	\$ (1,271)	(0.1) %
Adjustments:				
Legal and storm damage charges	\$ (5,749)	\$ (10,781)		
Long-term compensation-related charges	(32,522)	—		
Executive transition costs	(1,581)	—		
Lease exit adjustments	(2,235)	(992)		
Gain on disposal of franchises	38,893	8,489		
Total SG&A adjustments	\$ (3,194)	\$ (3,284)		
Adjusted:				
Total adjusted SG&A expenses	\$ 868,216	\$ 866,855	\$ (1,361)	(0.2) %
Reported:				
SG&A expenses as a % of gross profit:				
Compensation	51.9 %	48.5 %	(340) bps	
Advertising	4.4 %	4.3 %	(10) bps	
Rent	4.7 %	5.2 %	50 bps	
Other	20.0 %	23.0 %	300 bps	
Total SG&A expenses as a % of gross profit	81.0 %	81.0 %	— bps	
Adjustments:				
Legal and storm damage charges	(0.5) %	(1.0) %		
Long-term compensation-related charges	(3.1) %	— %		
Executive transition costs	(0.1) %	— %		
Lease exit adjustments	(0.2) %	(0.1) %		
Gain on disposal of franchises	3.7 %	0.8 %		
Total effect of adjustments	(0.3) %	(0.3) %		
Adjusted:				
Total adjusted SG&A expenses as a % of gross profit	80.7 %	80.7 %	— bps	

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



Q3 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 and the Company's other periodic reports and information filed with the Securities and Exchange Commission.

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

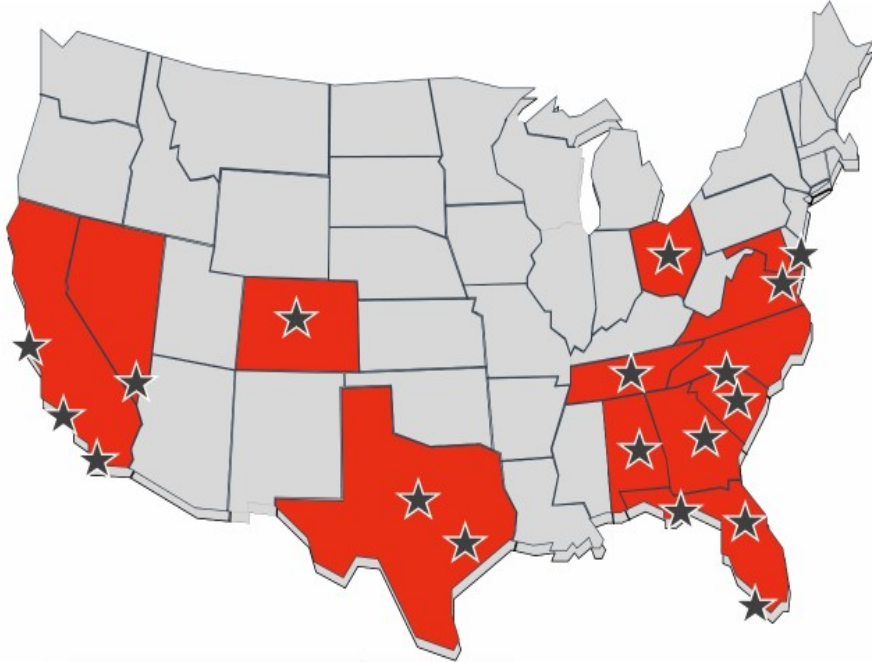
- COMPANY OVERVIEW
- FINANCIAL & OPERATIONS REVIEW
- OUTLOOK

COMPANY OVERVIEW

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OVERVIEW – FRANCHISED GEOGRAPHIC



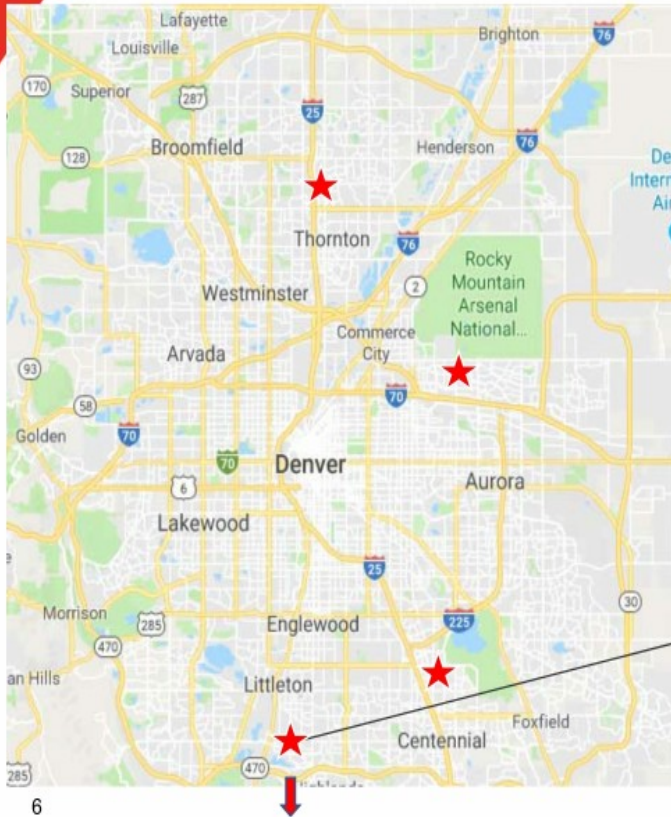
Headquartered in Charlotte, NC
96 Stores, 23 Brands, 15 Collision
Repair Centers
Platforms in Major Metro Markets

5

Sonic
Automotive

EchoPark
AUTOMOTIVE

OVERVIEW – ECHOPARK GEOGRAPHIC - CO



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

Colorado Springs

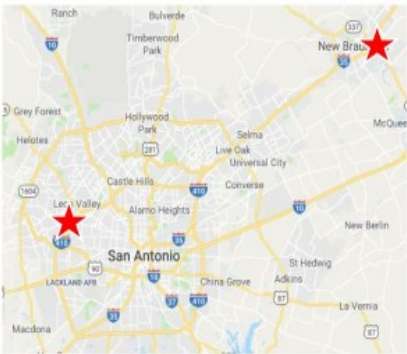
Sonic
Automotive

EchoPark
AUTOMOTIVE

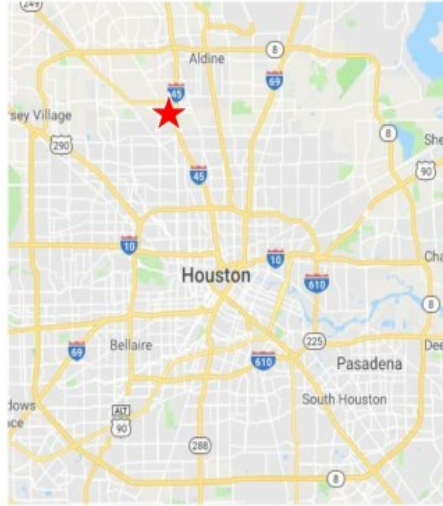
OVERVIEW – ECHOPARK GEOGRAPHIC - TX



- 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



Houston Location
Expected to Open
December 2018

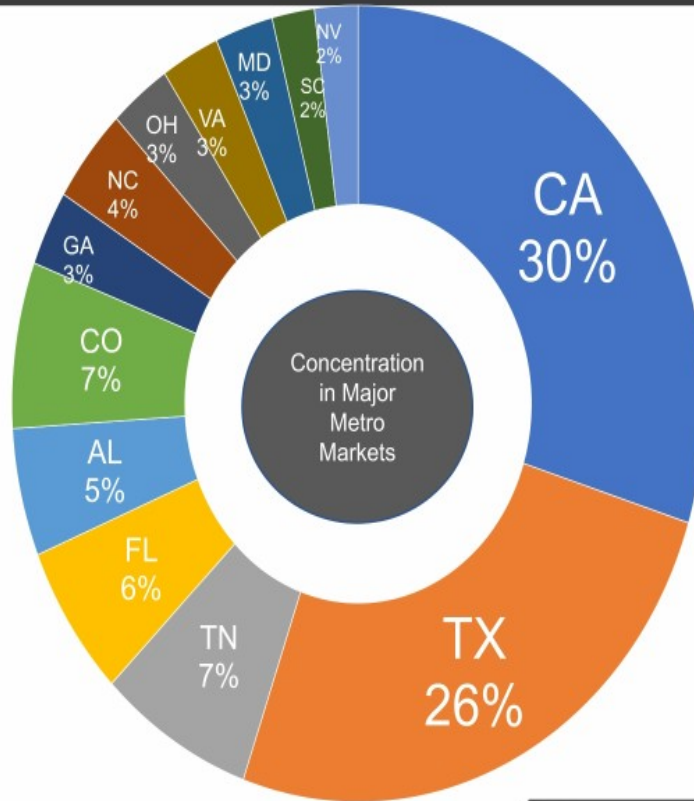


OVERVIEW – ECHOPARK GEOGRAPHIC - NC



- Opened October 8
- Velocity of Sales Increasing Compared to Other New Openings

OVERVIEW - GEOGRAPHIC



9

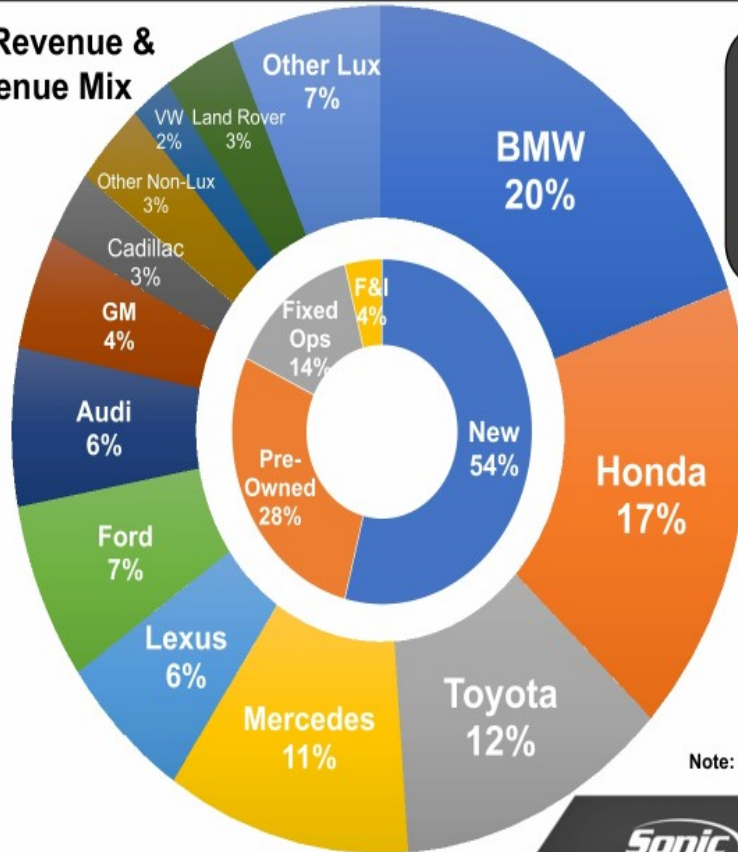
Note: Percentages are percent of total revenue for FY 2017.



EchoPark
AUTOMOTIVE

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.



Q3 2018 FINANCIAL REVIEW

FRANCHISED SEGMENT

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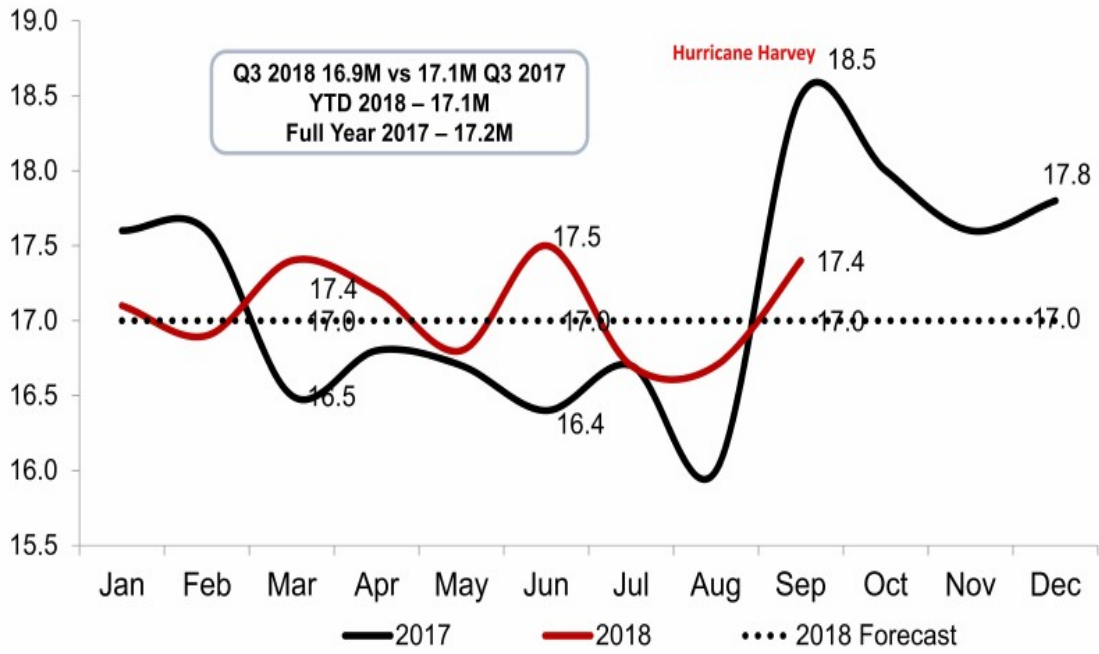
FRANCHISED SEGMENT Q3 2018 RESULTS

(amounts in millions, except per share data)	Q3 2018 ⁽¹⁾	B/(W) than Q3 2017 ⁽¹⁾	
		\$	%
Revenue	\$2,285	(\$164)	(6.7%)
Gross Profit	\$346	(\$10)	(2.8%)
SG&A	(\$269)	\$10	3.7%
SG&A as % of Gross	77.7%		70 bps
Depreciation	(\$21)	(\$0)	(0.3%)
Operating Profit	\$56	\$0	0.1%
Interest & Other	(\$24)	(\$3)	(15.0%)
Pre-tax	\$31	(\$3)	(9.2%)
Diluted EPS	\$0.52	\$0.05	10.6%

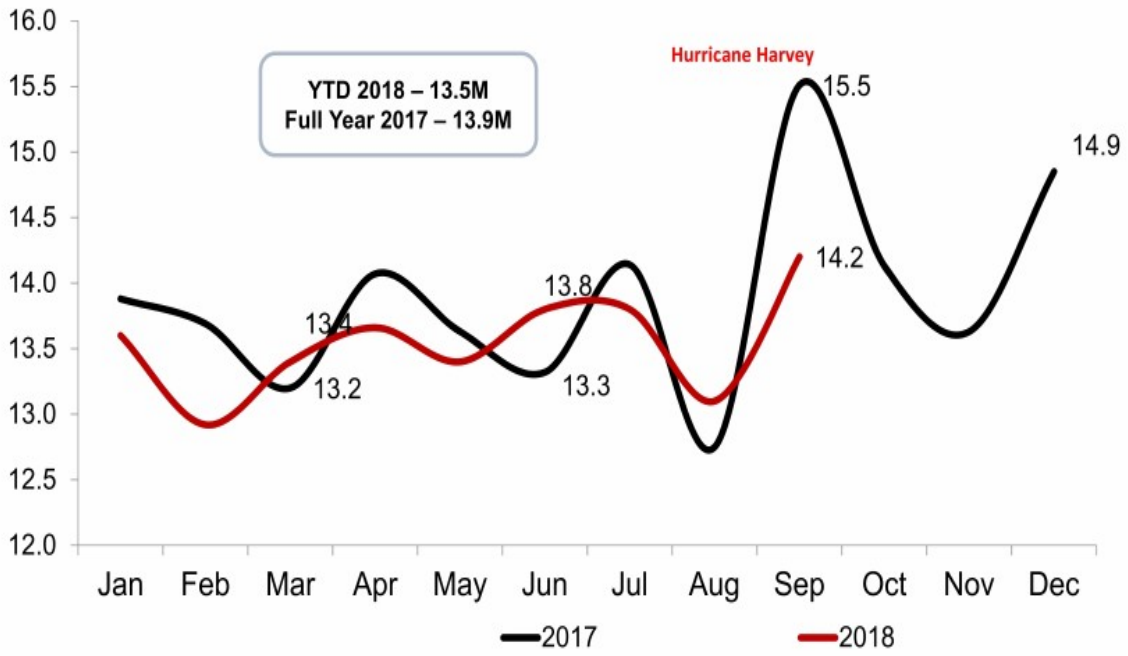
Tax Rate Change and Cost Control Drove Overall Increase in EPS

(1) – Q3 2018 & Q3 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.

NEW VEHICLE SAAR



NEW VEHICLE SAAR - RETAIL



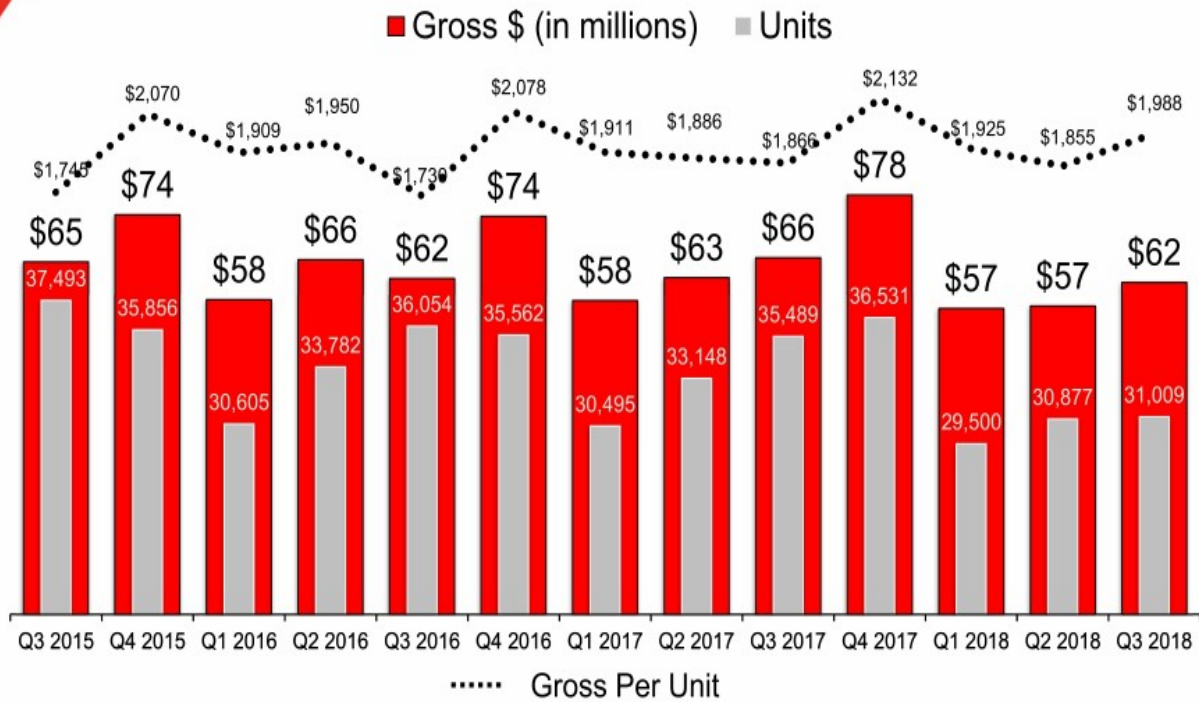
NEW VEHICLE SAME STORE - FRANCHISED

	Q3 2018	Q3 2017	B/(W)
New Volume	31,010	33,162	(6.5%)
Selling Price	\$ 39,829	\$ 38,868	2.5%
Gross Margin %	4.9%	4.9%	0 bps
GPU	\$ 1,971	\$ 1,918	\$ 53
Gross Profit (millions)	\$ 61.1	\$ 63.6	(3.9%)
Retail SAAR (millions)	13.7	14.1	(2.8%)

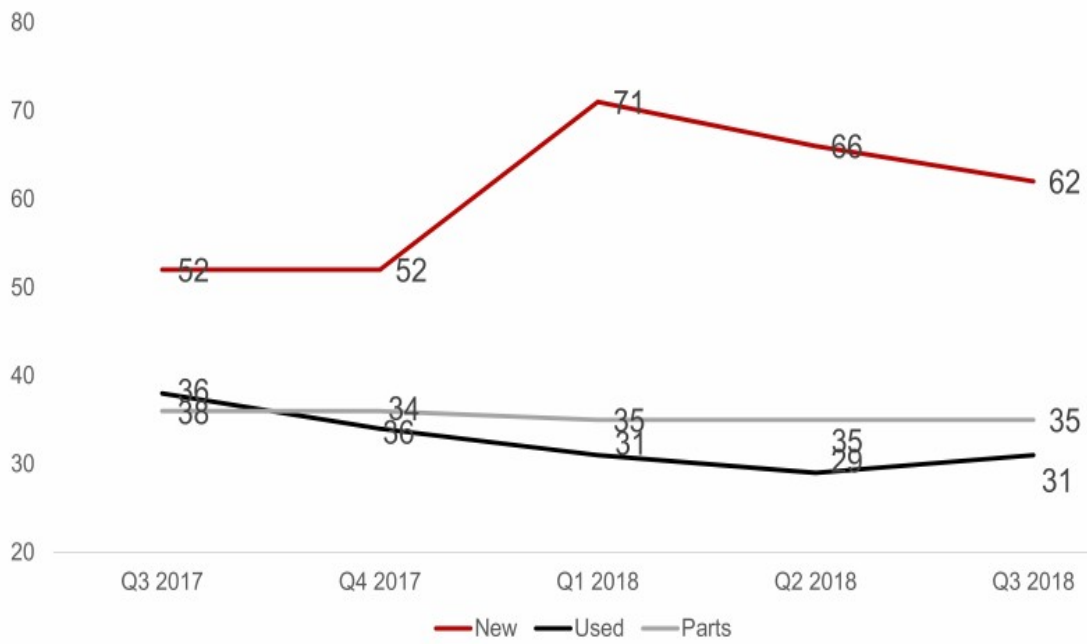
	New Units			
	Jul	Aug	Sep	Total
2018	10,417	10,647	9,946	31,010
2017	10,789	10,307	12,066	33,162
B/(W)	(372)	340	(2,120)	(2,152)
% B/(W)	(3.4%)	3.3%	(17.6%)	(6.5%)

NEW VEHICLE – GROSS, UNIT & GPU TREND

Continuing Operations - Franchised



DAYS' SUPPLY



USED VEHICLE RETAIL

Franchised – Same Store

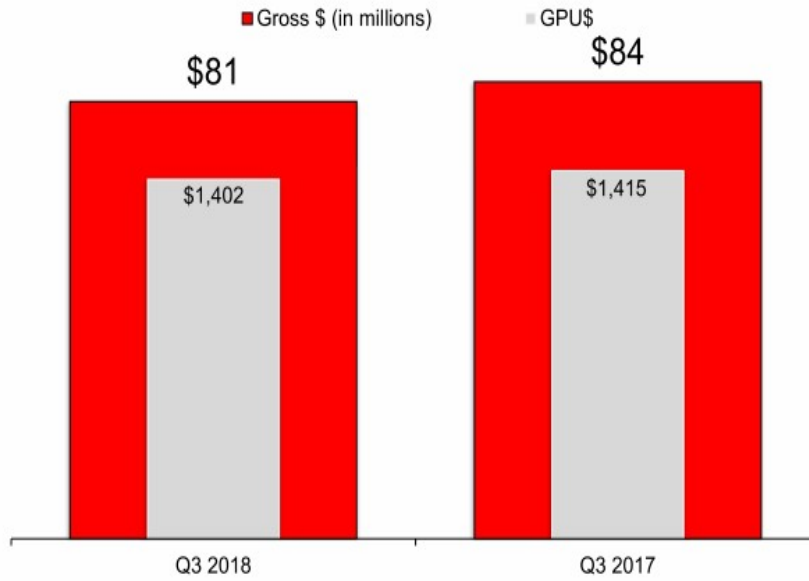
	Q3 2018	Q3 2017	B/(W)
Retail Volume	27,254	26,657	2.2%
GPU	\$ 1,325	\$ 1,264	\$ 61
Used to New	88%	80%	800 bps
Vehicles/Store/Month (96 stores)	95	93	2

Front-End Gross and F&I

(in millions)	Jul	Aug	Sep	Total
2018	\$ 25.4	\$ 25.5	\$ 23.5	\$ 74.3
2017	23.3	21.5	26.6	71.4
B/(W)	\$ 2.1	\$ 4.0	\$ (3.1)	\$ 3.0

F&I – GROSS & GPU

Franchised – Same Store



FIXED OPERATIONS

Franchised – Same Store

(amounts in millions)	Q3 2018	Q3 2017	B/(W)
Revenue	\$ 337	\$ 327	2.8%
Gross Profit	\$ 163	\$ 158	3.7%

FIXED OPERATIONS GROSS

Franchised – Same Store

(amounts in millions)	Q3 2018	Q3 2017	\$ B/(W)	% B/(W)
Customer Pay	\$ 74	\$ 71	\$ 3	4.7%
Warranty	37	37	(0)	(0.9%)
Wholesale Parts	7	7	0	2.2%
Internal, Sublet & Other	46	43	3	6.1%
Total Gross Profit	<u>\$ 163</u>	<u>\$ 158</u>	<u>\$ 6</u>	<u>3.7%</u>

Q3 2018 FINANCIAL REVIEW

ECHOPARK SEGMENT

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ECHOPARK SEGMENT Q3 2018 RESULTS

	Q3 2018 ⁽¹⁾	B/(W) than Q3 2017 ⁽¹⁾	
		\$	%
<small>(amounts in millions, except per share, unit and per unit data)</small>			
Revenue	\$185.9	\$128.8	225.5%
Gross Profit	\$14.3	\$8.0	129.4%
SG&A	(\$16.7)	(\$7.6)	(83.2%)
SG&A as % of Gross	117.2%		2,960 bps
Depreciation Expense	(\$2.0)	(\$0.6)	(46.8%)
Operating Profit	(\$4.4)	(\$0.2)	(4.2%)
Interest & Other	(\$1.0)	(\$0.4)	(68.1%)
Pre-tax	(\$5.5)	(\$0.6)	(12.1%)
Diluted EPS	(\$0.09)	(\$0.02)	(28.6%)
Retail Units	7,698	5,298	220.8%
Total Front-End Gross and F&I Gross per Unit Retailed	\$1,794	(113)	(5.9%)

23 (1) – Q3 2018 & Q3 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.



EchoPark
AUTOMOTIVE

Q3 2018 FINANCIAL REVIEW

TOTAL ENTERPRISE

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CONSOLIDATED Q3 2018 RESULTS

(amounts in millions, except per share data)	Q3 2018 ⁽¹⁾	B/(W) than Q3 2017 ⁽¹⁾	
		\$	%
Revenue	\$2,471	(\$35)	(1.4%)
Gross Profit	\$361	(\$2)	(0.6%)
SG&A	(\$286)	\$3	0.9%
SG&A as % of Gross	79.3%		30 bps
Depreciation	(\$23)	(\$1)	(3.0%)
Operating Profit	\$51	(\$0)	(0.3%)
Interest & Other	(\$26)	(\$4)	(16.4%)
Continuing Ops:			
Profit (after tax)	\$18	\$1	5.1%
Diluted EPS	\$0.43	\$0.03	7.5%

25 (1) – Q3 2018 & Q3 2017 results are adjusted – See appendix for reconciliation to GAAP amounts.



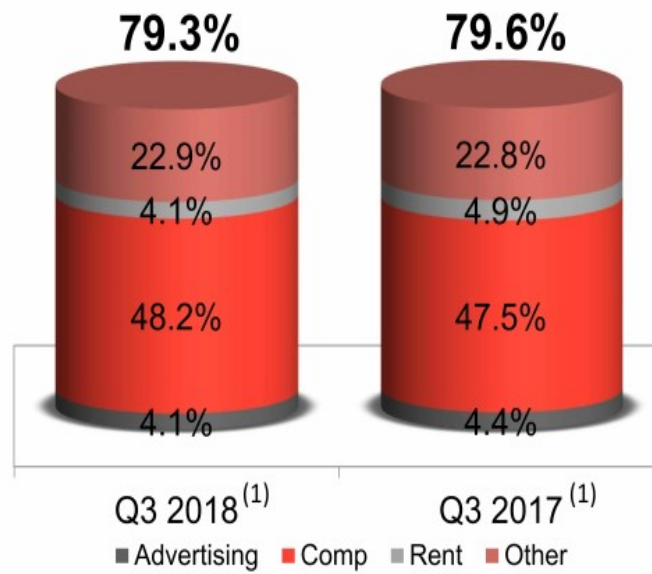
CONSOLIDATED Q3 2018 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	Q3 2018	B/(W) than Q3 2017	
		\$	%
New Revenue	\$1,235	(\$127)	(9.3%)
Used Retail Revenue	\$746	\$86	13.1%
Fixed Operations Revenue	\$343	(\$5)	(1.3%)
F&I Revenue	\$98	\$5	5.6%
Total Revenue	\$2,471	(\$35)	(1.4%)
New Gross	\$62	(\$5)	(6.9%)
- Units	31,009	(4,480)	(12.6%)
- GPU	\$1,988	\$121	6.5%
Used Retail Gross	\$35	(\$4)	(9.8%)
- Units	34,952	4,111	13.3%
- GPU	\$1,010	(\$259)	(20.4%)
F&I Gross	\$98	\$5	5.6%
- GPU	\$1,505	\$97	6.9%
Fixed Operations Gross	\$167	(\$1)	(0.5%)
Total Gross	\$361	(\$2)	(0.6%)

CONSOLIDATED Q3 2018 REVENUE & GROSS PROFIT – SAME STORE

(amounts in millions, except unit and per unit data)	Q3 2018	B/(W) than Q3 2017	
		\$	%
New Revenue	\$1,235	(\$54)	(4.2%)
Used Retail Revenue	\$654	\$39	6.3%
Fixed Operations Revenue	\$338	\$8	2.4%
F&I Revenue	\$88	\$2	2.1%
Total Revenue	\$2,361	\$1	0.0%
New Gross	\$61	(\$2)	(3.9%)
- Units	31,010	(2,152)	(6.5%)
- GPU	\$1,971	\$53	2.8%
Used Retail Gross	\$35	\$0	0.1%
- Units	30,527	2,199	7.8%
- GPU	\$1,156	(\$89)	(7.1%)
F&I Gross	\$88	\$2	2.1%
- GPU	\$1,444	\$39	2.8%
Fixed Operations Gross	\$163	\$4	2.8%
Total Gross	\$346	\$5	1.6%

CONSOLIDATED Q3 2018 ADJUSTED SG&A TO GROSS



CONSOLIDATED Q3 2018 INTEREST EXPENSE

(amounts in millions)	Q3 2018	B/(W) than Q3 2017	
		\$	%
Floor Plan Interest Expense	\$12	(\$3)	(37.3%)
Interest Expense, Other	\$13	(\$0)	(2.2%)
Total Interest Expense	\$26	(\$4)	(16.4%)

Floor Plan Higher Due to Rate Increases

- New Up 76 bps
- Used Up 36 bps

Fed Funds Rate Increases

- March 21 – 0.25%
- June 13 – 0.25%
- September 26 – 0.25%
- Expect One Additional 0.25% Increase in 2018
- Expect Three 0.25% Increases in 2019 and One 0.25% Increase in 2020

CONSOLIDATED Q3 2018 DEPRECIATION EXPENSE

(amounts in millions)	Q3 2018	B/(W) than Q3 2017	
		\$	%
Depreciation Expense - Franchised	\$21	(\$0)	(0.3%)
Depreciation Expense - EchoPark	\$2	(\$1)	(46.8%)
Total	\$23	(\$1)	(3.0%)

New EchoPark Texas Builds Driving Increase

2018 CAPEX

(amounts in millions)	FY 2017	Q1 2018	Q2 2018	Q3 2018	Forecast Q4 2018	Forecast FY 2018
Real Estate & Facility Related	\$ 199.3	\$ 60.4	\$ 29.4	\$ 32.8	\$ 25.6	\$ 148.2
All Other Cap Ex	34.9	5.3	4.5	1.5	12.4	23.7
Subtotal	\$ 234.2	\$ 65.7	\$ 33.9	\$ 34.3	\$ 38.1	\$ 172.0
Less: Mortgages	(52.5)	(21.0)	(0.1)	-	-	(21.1)
Total Cash Used - Cap Ex	<u>\$ 181.8</u>	<u>\$ 44.8</u>	<u>\$ 33.8</u>	<u>\$ 34.3</u>	<u>\$ 38.1</u>	<u>\$ 150.9</u>

DEBT COVENANTS

	<u>Covenant</u>	<u>Q3 2018</u>
Liquidity Ratio	≥ 1.05	1.14
Fixed Charge Coverage Ratio	≥ 1.20	1.45
Total Lease Adjusted Leverage Ratio	≤ 5.75	5.11

Compliant with all Covenants

ADJUSTED EBITDA

(amounts in thousands)	2009	2010	2011	2012	2013	2014	2015	2016	2017	LTM Q3 2018
Net Income	\$ 31,548	\$ 89,929	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 91,782
Non-Floor Plan Interest	67,735	68,604	63,576	58,453	55,356	52,269	49,524	48,034	50,531	51,483
Depreciation & Amortization	57,036	45,827	51,164	52,616	58,139	62,161	72,130	81,034	92,127	97,309
Income Taxes	(53,900)	(19,745)	46,907	47,648	43,386	62,346	55,962	59,899	13,198	5,093
Stock Compensation	1,931	2,814	3,698	5,160	7,208	7,675	9,814	11,165	11,119	12,806
Lease Exit Charges	33,013	4,266	4,384	4,286	2,915	302	1,848	1,386	2,157	2,258
Impairment	30,038	249	1,151	950	9,872	6,594	17,955	8,063	9,394	20,039
Loss (Gain) on Debt Extinguishment	6,745	7,665	1,107	19,713	28,238	-	-	(6)	14,607	-
Long-Term Compensation Arrangements	-	-	-	-	-	-	-	-	-	33,795
Loss (Gain) on Dealership Disposal	102	(2,615)	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)	(40,662)
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>\$ 273,903</u>

SHARE REPURCHASES

	(000's) Shares	\$/Share	(000's) \$	(000's) Availability
EOY - 2017				\$ 107,686
Q1 Activity	1,153	20.35	\$ 23,468	(23,468)
Q2 Activity	-	-	-	-
Q3 Activity	32	19.95	643	(643)
Total 2018 Activity	<u>1,186</u>	<u>\$20.34</u>	<u>\$ 24,111</u>	<u>\$ 83,575</u>

APPENDIX



NON-GAAP RECONCILIATIONS

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark	Consolidated	Franchised Dealerships	EchoPark	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 0.45	\$ (0.09)	\$ 0.36	\$ 0.52	\$ (0.07)	\$ 0.45
Adjustments (net of income taxes):						
Impairment charges	-	-	-	0.01	-	0.01
Legal and storm damage charges	0.02	-	0.02	0.05	-	0.05
Loss (gain) on disposal of franchises	-	-	-	(0.11)	-	(0.11)
Executive transition costs	0.03	-	0.03	-	-	-
Non-recurring tax items	0.02	-	0.02	-	-	-
Effect of adjustments, net of income taxes	0.07	-	0.07	(0.05)	-	(0.05)
Adjusted:						
Diluted earnings (loss) per share	\$ 0.52	\$ (0.09)	\$ 0.43	\$ 0.47	\$ (0.07)	\$ 0.40

NON-GAAP RECONCILIATIONS

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark	Consolidated	Franchised Dealerships	EchoPark	Consolidated
Reported:						
Diluted earnings (loss) per share	\$ 1.52	\$ (0.81)	\$ 0.71	\$ 0.97	\$ (0.25)	\$ 0.72
Adjustments (net of income taxes):						
Impairment charges	0.24	-	0.24	0.03	0.02	0.05
Legal and storm damage charges	0.10	-	0.10	0.15	-	0.15
Long-term compensation-related charges	-	0.55	0.55	-	-	-
Loss (gain) on disposal of franchises	(0.66)	-	(0.66)	(0.12)	-	(0.12)
Executive transition costs	0.03	-	0.03	-	-	-
Lease exit adjustments	0.04	-	0.04	-	0.01	0.01
Loss on debt extinguishment	-	-	-	0.21	-	0.21
Non-recurring tax items	0.02	-	0.02	-	-	-
Effect of adjustments, net of income taxes	(0.23)	0.55	0.32	0.27	0.03	0.30
Adjusted:						
Diluted earnings (loss) per share	<u>\$ 1.29</u>	<u>\$ (0.26)</u>	<u>\$ 1.03</u>	<u>\$ 1.24</u>	<u>\$ (0.22)</u>	<u>\$ 1.02</u>

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		EchoPark Three Months Ended September 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
SG&A expenses	\$ 289.0	\$ 284.0	\$ 272.3	\$ 274.9	\$ 16.7	\$ 9.1
Adjustments:						
Legal and storm damage charges	(1.2)	(3.9)	(1.2)	(3.9)	-	-
Executive transition costs	(1.6)	-	(1.6)	-	-	-
Gain (loss) on disposal of franchises	(0.3)	8.5	(0.3)	8.5	-	-
Total SG&A adjustments	(3.1)	4.6	(3.1)	4.6	-	-
Adjusted:						
SG&A expenses	\$ 285.9	\$ 288.5	\$ 269.2	\$ 279.5	\$ 16.7	\$ 9.1
Reported:						
SG&A expenses as % of gross profit	80.2%	78.3%	78.6%	77.1%	NM	NM
Adjustments:						
Legal and storm damage charges	(0.3%)	(1.1%)	0.2%	(1.1%)	-	-
Executive transition costs	(0.5%)	0.0%	(0.5%)	0.2%	-	-
Gain (loss) on disposal of franchises	(0.1%)	2.4%	(0.1%)	2.4%	-	-
Total SG&A adjustments	(0.9%)	1.3%	(0.4%)	1.5%	-	-
Adjusted:						
SG&A expenses as % of gross profit	79.3%	79.6%	78.2%	78.6%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Franchised Dealerships Three Months Ended September 30,		EchoPark Three Months Ended September 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
Operating income	\$ 48.1	\$ 55.8	\$ 52.5	\$ 60.1	\$ (4.4)	\$ (4.3)
Adjustments (before income taxes):						
SG&A expenses	3.1	(4.6)	3.1	(4.6)	-	-
Impairment charges	-	0.2	-	0.2	-	-
Total adjustments before taxes	3.1	(4.4)	3.1	(4.4)	-	-
Adjusted:						
Operating income	\$ 51.2	\$ 51.4	\$ 55.6	\$ 55.7	\$ (4.4)	\$ (4.3)
Reported:						
Income (loss) from continuing operations before taxes	\$ 22.6	\$ 33.9	\$ 28.1	\$ 38.8	\$ (5.5)	\$ (4.9)
Adjustments (before income taxes):						
SG&A expenses	3.1	(4.6)	3.1	(4.6)	-	-
Impairment charges	-	0.2	-	0.2	-	-
Total adjustments before taxes	3.1	(4.4)	3.1	(4.4)	-	-
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 25.7	\$ 29.5	\$ 31.2	\$ 34.4	\$ (5.5)	\$ (4.9)
Reported:						
Income (loss) from continuing operations	\$ 15.3	\$ 19.7				
Adjustments (net of income taxes):						
SG&A expenses	2.2	(2.5)				
Impairment charges	-	0.2				
Non-recurring tax items	0.8	-				
Total adjustments, net of income taxes	3.0	(2.3)				
Adjusted:						
Income (loss) from continuing operations	\$ 18.3	\$ 17.4				

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		EchoPark Nine Months Ended September 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
SG&A expenses	\$ 871.4	\$ 870.1	\$ 791.1	\$ 842.8	\$ 80.3	\$ 27.3
Adjustments:						
Legal and storm damage charges	(5.7)	(10.7)	(5.7)	(10.7)	-	-
Long-term compensation-related charges	(32.6)	-	-	-	(32.6)	-
Executive transition costs	(1.6)	-	(1.6)	-	-	-
Lease exit adjustments	(2.2)	(1.0)	(2.2)	(0.4)	-	(0.6)
Gain (loss) on disposal of franchises	38.9	8.5	38.9	8.5	-	-
Total SG&A adjustments	(3.2)	(3.2)	29.4	(2.6)	(32.6)	(0.6)
Adjusted:						
SG&A expenses	\$ 868.2	\$ 866.9	\$ 820.5	\$ 840.2	\$ 47.7	\$ 26.7
Reported:						
SG&A expenses as % of gross profit	81.0%	81.0%	76.5%	79.7%	NM	NM
Adjustments:						
Legal and storm damage charges	(0.5%)	(1.0%)	(0.5%)	(1.0%)	-	-
Long-term compensation-related charges	(3.1%)	-	-	-	(3.1%)	-
Executive transition costs	(0.1%)	-	(0.1%)	-	-	-
Lease exit adjustments	(0.2%)	(0.1%)	(0.2%)	(0.1%)	-	-
Gain (loss) on disposal of franchises	3.7%	0.8%	3.7%	0.8%	-	-
Total SG&A adjustments	(0.3%)	(0.3%)	2.8%	(0.3%)	(3.1%)	-
Adjusted:						
SG&A expenses as % of gross profit	80.7%	80.7%	79.3%	79.4%	NM	NM

NM = Not meaningful

NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Nine Months Ended September 30,		Franchised Dealerships Nine Months Ended September 30,		EchoPark Nine Months Ended September 30,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
Reported:						
Operating income	\$ 119.0	\$ 134.4	\$ 164.1	\$ 151.1	\$ (45.1)	\$ (16.7)
Adjustments (before income taxes):						
SG&A expenses	3.2	3.2	(29.4)	2.6	32.6	0.6
Impairment charges	14.0	3.3	13.9	1.6	0.1	1.7
Total adjustments before taxes	17.2	6.5	(15.5)	4.2	32.7	2.3
Adjusted:						
Operating income	\$ 136.2	\$ 140.9	\$ 148.6	\$ 155.3	\$ (12.4)	\$ (14.4)
Reported:						
Income (loss) from continuing operations before taxes	\$ 44.1	\$ 54.3	\$ 92.1	\$ 72.6	\$ (48.0)	\$ (18.3)
Adjustments (before income taxes):						
SG&A expenses	3.2	3.2	(29.4)	2.6	32.6	0.6
Impairment charges	14.0	3.3	13.9	1.6	0.1	1.7
Loss on debt extinguishment	-	15.3	-	15.3	-	-
Total adjustments before taxes	17.2	21.8	(15.5)	19.5	32.7	2.3
Adjusted:						
Income (loss) from continuing operations before taxes	\$ 61.3	\$ 76.1	\$ 76.6	\$ 92.1	\$ (15.3)	\$ (16.0)
Reported:						
Income (loss) from continuing operations	\$ 30.4	\$ 32.0				
Adjustments (net of income taxes):						
SG&A expenses	2.3	2.0				
Impairment charges	10.2	2.1				
Loss on debt extinguishment	-	9.6				
Non-recurring tax items	1.3	-				
Total adjustments, net of income taxes	13.8	13.7				
Adjusted:						
Income (loss) from continuing operations	\$ 44.2	\$ 45.7				

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NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended September 30,		Consolidated Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In millions)		(In millions)	
Reported:				
Interest Expense - Other	\$ 13.3	\$ 13.0	\$ 40.1	\$ 39.2
Adjustments:				
Double-carry interest - 7.0% Notes	-	-	-	(0.7)
Total other income adjustments	-	-	-	(0.7)
Adjusted:				
Total Interest Expense - Other	\$ 13.3	\$ 13.0	\$ 40.1	\$ 38.5

Continuing Operations	Consolidated Three Months Ended September 30,		Consolidated Nine Months Ended September 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 September 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	42,673	\$ 15,301		\$ (183)		\$ 15,118	
Effect of participating securities:							
Non-vested restricted stock		(14)		-		(14)	
Basic earnings (loss) and shares	42,673	\$ 15,287	\$ 0.36	\$ (183)	\$ (0.01)	\$ 15,104	\$ 0.35
Effect of dilutive securities:							
Stock compensation plans	321						
Diluted earnings (loss) and shares	42,994	\$ 15,287	\$ 0.36	\$ (183)	\$ (0.01)	\$ 15,104	\$ 0.35
Adjustments:							
Legal and storm damage charges		\$ 1,185		\$ -		\$ 1,185	
Loss on disposal of franchises		346		-		346	
Executive transition costs		1,581		-		1,581	
Total adjustments before taxes		3,112		-		3,112	
Income tax effect of adjustments		(848)		-		(848)	
Non-recurring tax items		763		-		763	
Effect of adjustments net of income taxes		\$ 3,027	\$ 0.07	\$ -	\$ -	\$ 3,027	\$ 0.07
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 18,328	\$ 0.43	\$ (183)	\$ (0.01)	\$ 18,145	\$ 0.42

(1) Net loss attributable to EchoPark was \$0.09 per fully diluted share in the three months ended September 30, 2018.

NON-GAAP RECONCILIATIONS

Three Months Ended September 30, 2017							
Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		
	Amount	Per Share	Amount	Per Share	Amount	Per Share	
		Amount		Amount		Amount	Amount
(In thousands, except per share amounts)							
Reported:							
Earnings (loss) and shares	43,496	\$ 19,730		\$ (290)		\$ 19,440	
Effect of participating securities:							
Non-vested restricted stock		(18)		-		(18)	
Basic earnings (loss) and shares	43,496	\$ 19,712	\$ 0.45	\$ (290)	\$ -	\$ 19,422	\$ 0.45
Effect of dilutive securities:							
Stock compensation plans	315						
Diluted earnings (loss) and shares	43,811	\$ 19,712	\$ 0.45	\$ (290)	\$ (0.01)	\$ 19,422	\$ 0.44
Adjustments:							
Impairment charges	\$ 198		\$ -		\$ 198		
Legal and storm damage charges	3,930		-		3,930		
Loss on disposal of franchises	(8,489)		-		(8,489)		
Total adjustments before taxes	(4,361)		-		(4,361)		
Income tax effect of adjustments	2,065		-		2,065		
Effect of adjustments, net of income taxes	\$ (2,296)	\$ (0.05)	\$ -	\$ -	\$ (2,296)	\$ (0.05)	
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (2)	\$ 17,434	\$ 0.40	\$ (290)	\$ (0.01)	\$ 17,144	\$ 0.39	

(2) Net loss attributable to EchoPark was \$0.07 per fully diluted share in the three months ended September 30, 2017.

NON-GAAP RECONCILIATIONS

Nine Months Ended September 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	42,708	\$ 30,409		\$ (579)		\$ 29,830	
Effect of participating securities:							
Non-vested restricted stock		(29)		-		(29)	
Basic earnings (loss) and shares	42,708	\$ 30,380	\$ 0.71	\$ (579)	\$ (0.01)	\$ 29,801	\$ 0.70
Effect of dilutive securities:							
Stock compensation plans	256						
Diluted earnings (loss) and shares	42,964	\$ 30,380	\$ 0.71	\$ (579)	\$ (0.02)	\$ 29,801	\$ 0.69
Adjustments:							
Impairment charges		\$ 13,958		\$ -		\$ 13,958	
Legal and storm damage charges		5,749		-		5,749	
Lease exit adjustments		2,235		-		2,235	
Gain on disposal of franchises		(38,893)		-		(38,893)	
Long-term compensation-related charges		32,522		-		32,522	
Executive transition costs		1,581		-		1,581	
Total adjustments before taxes		17,152		-		17,152	
Income tax effect of adjustments		(4,674)		-		(4,674)	
Non-recurring tax items		1,313		-		1,313	
Effect of adjustments, net of income taxes ..		\$ 13,791	\$ 0.32	\$ -	\$ -	\$ 13,791	\$ 0.32
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 44,200	\$ 1.03	\$ (579)	\$ (0.02)	\$ 43,621	\$ 1.01

(3) Net loss attributable to EchoPark was \$0.26 per fully diluted share in the nine months ended September 30, 2018.

NON-GAAP RECONCILIATIONS

Nine Months Ended September 30, 2017

	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
Reported:							
Earnings (loss) and shares	44,281	\$ 32,024		\$ (993)		\$ 31,031	
Effect of participating securities:							
Non-vested restricted stock		(28)		-		(28)	
Basic earnings (loss) and shares	44,281	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Effect of dilutive securities:							
Stock compensation plans	304						
Diluted earnings (loss) and shares	44,585	\$ 31,996	\$ 0.72	\$ (993)	\$ (0.02)	\$ 31,003	\$ 0.70
Adjustments:							
Impairment charges		\$ 3,313		\$ -		\$ 3,313	
Legal and storm damage charges		10,781		-		10,781	
Lease exit adjustments		992		-		992	
Gain on disposal of franchises		(8,489)		-		(8,489)	
Loss on debt extinguishment		15,268		-		15,268	
Total adjustments before taxes		21,865		-		21,865	
Income tax effect of adjustments		(8,229)		-		(8,229)	
Effect of adjustments, net of income taxes ..		\$ 13,636	\$ 0.30	\$ -	\$ -	\$ 13,636	\$ 0.30
Adjusted:							
Earnings (loss) and diluted earnings (loss) per share (4)		\$ 45,660	\$ 1.02	\$ (993)	\$ (0.02)	\$ 44,667	\$ 1.00

(4) Net loss attributable to EchoPark was \$0.22 per fully diluted share in the nine months ended September 30, 2017.



Sonic
Automotive

EchoPark
AUTOMOTIVE



