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

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported): February 20, 2019**

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**SONIC AUTOMOTIVE, INC.**  
(Exact name of registrant as specified in its charter)

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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.)

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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.

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**Item 2.02. Results of Operations and Financial Condition.**

On February 20, 2019, Sonic Automotive, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal fourth quarter and fiscal year ended December 31, 2018 (the “Earnings Press Release”). A copy of the Earnings Press Release is attached hereto as Exhibit 99.1 and a copy of the earnings call presentation materials is attached hereto as Exhibit 99.2.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release of Sonic Automotive, Inc., dated February 20, 2019</a>
99.2	<a href="#">Earnings Call Presentation Materials</a>

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.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SONIC AUTOMOTIVE, INC.**

Date: February 20, 2019

By: /s/ STEPHEN K. COSS

Stephen K. Coss

Senior Vice President and General Counsel

## ***Sonic Automotive, Inc. Reports Fourth Quarter and Full Year Results EchoPark Grows Retail Unit Volume 95%***

**CHARLOTTE, N.C.** – February 20, 2019 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported financial results for the fourth quarter and full year ended December 31, 2018.

- Fourth quarter revenue and gross profit of \$2.6 billion and \$370.7 million, respectively
- Record fourth quarter pre-owned retail unit sales of 35,135 units
- Record quarterly F&I gross profit per retail unit of \$1,659
- Record quarterly F&I gross of \$109.6 million
- EchoPark stores retailed 8,762 units during the fourth quarter, up 94.9% from the fourth quarter of 2017
- GAAP continuing operations earnings per diluted share of \$0.51 per diluted share in the fourth quarter of 2018
- GAAP continuing operations earnings per diluted share of \$1.22 per diluted share for the full year 2018
- Adjusted continuing operations earnings per diluted share of \$0.76 per diluted share in the fourth quarter of 2018
- Adjusted continuing operations earnings per diluted share of \$1.79 per diluted share for the full year 2018
- Increased quarterly cash dividend 67%, to \$0.10 per share

### **Fourth Quarter and Full Year 2018 Results**

#### **GAAP Basis**

Net income from continuing operations for the fourth quarter of 2018 was \$22.0 million, or \$0.51 per diluted share. Comparatively, net income from continuing operations for the fourth quarter of 2017 was \$62.1 million, or \$1.42 per diluted share.

Net income from continuing operations for the full year 2018 was \$52.4 million, or \$1.22 per diluted share. Comparatively, net income from continuing operations for the full year 2017 was \$94.2 million, or \$2.12 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 fourth quarter of 2018 was \$32.7 million, or \$0.76 per diluted share. The adjustments in the fourth quarter of 2018 relate to lease-related matters and fixed asset and franchise asset impairments. Adjusted net income from continuing operations for the fourth quarter of 2017 was \$36.6 million, or \$0.84 per diluted share. The adjustments in the 2017 quarterly period relate to the benefit of the change in the federal income tax rate in future periods, a gain related to the disposal of franchises, adjustments to physical damage accruals and charges related to fixed asset and franchise asset impairments and legal matters.

Adjusted net income from continuing operations for the full year 2018 was \$76.9 million, or \$1.79 per diluted share. The adjustments in the 2018 annual period relate to fixed asset and franchise asset impairments, legal, storm damage and lease exit charges, long-term compensation related charges and executive transition costs, offset partially by gains related to the disposal of franchises. Adjusted net income from continuing operations for the full year 2017 was \$82.2 million, or \$1.85 per diluted share. The adjustments in the 2017 annual period relate to the benefit of the change in the federal income tax rate in future periods, gains related to the disposal of franchises and charges related to fixed asset and franchise asset impairments, debt refinance costs and legal matters.

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## Commentary

David Smith, Sonic's and EchoPark's Chief Executive Officer, commented, "We saw new car volume erode in the fourth quarter of 2018 versus the prior year quarter, driven by difficult year-over-year comparisons in Texas given Hurricane Harvey in 2017. We continue to outperform our internal targets on used vehicles and F&I which both posted records in the fourth quarter of 2018. Our EchoPark platform continues to grow at a rapid pace, up 95% in unit volume in the fourth quarter of 2018, compared to the prior year quarter. We expect to see new car volatility continue over the long term and believe EchoPark growth will add more stability to our future operations. We believe EchoPark will provide Sonic with diversification that will hedge the risk of new vehicle manufacturer driven swings in volume and incentives that can negatively affect the profitability of our franchise operations. We expect 2019 to be a challenging year, given new car volatility, but believe our used vehicle, fixed operations and F&I performance will more than offset this volatility. In addition, our EchoPark platform should significantly improve its profit performance in 2019."

Jeff Dyke, Sonic's and EchoPark's President, commented, "I agree with David Smith's comments, and would add that our exposure to BMW and Honda, which make up on average 40% of our profits, makes it difficult when these brands have challenging years. I am also enthusiastic about our EchoPark performance and look forward to announcing even better results as we move into the next couple of quarters. We expect 2019 to be a very big year for the EchoPark brand. We successfully launched our Charlotte store in the fourth quarter of 2018, which was profitable in the month of December, its second full month of operation, and performed even better in January. Our Houston store opened on December 7, 2018 and was our best EchoPark store opening to date, selling 266 vehicles in the last three weeks of December and selling 373 vehicles in January. We expect Houston volume to continue climbing and ultimately operate in the volume range of our Dallas location, which sells nearly 1,200 vehicles a month. We expect the interest rate environment to remain challenging in 2019, anticipating several rate hikes. Given our luxury mix with higher than average inventory values, rising interest rates considerably erode our profitability. Accordingly, we are actively managing our inventory balances. Our days' supply numbers in both new and used vehicles were 59 days and 31 days, respectively, at the end of 2018. Given this challenging environment, we completed headcount reductions in the first quarter of 2019, reducing our corporate and regional staff by over 6%, and have identified additional savings opportunities to reduce costs in 2019 and will continue to search for additional cost savings measures throughout 2019."

Heath Byrd, Sonic's and EchoPark's Executive Vice President and Chief Financial Officer, added, "Given the volatility in the new car market, coupled with our expansion options for EchoPark, we will discontinue our historical practice of providing annual earnings per share guidance. In addition, starting in the first quarter of 2019, we will report our results on a GAAP basis only."

## **Fourth 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](http://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](http://www.sonicautomotive.com) by clicking on "Our Company," then "Investor Relations," then 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: 5294515

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: 5294515

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## **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](http://www.sonicautomotive.com). More information about EchoPark Automotive can be found at [www.echopark.com](http://www.echopark.com).

## **Forward-Looking Statements**

Included herein are forward-looking statements. 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.

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**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

**Results of Operations**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
(Dollars and shares in thousands, except per share amounts)				
<b>Revenues:</b>				
New vehicles	\$ 1,319,587	\$ 1,485,749	\$ 4,974,097	\$ 5,295,051
Used vehicles	755,882	685,965	2,973,498	2,622,053
Wholesale vehicles	49,899	40,890	217,625	171,064
Total vehicles	2,125,368	2,212,604	8,165,220	8,088,168
Parts, service and collision repair	339,257	355,137	1,380,887	1,416,010
Finance, insurance and other, net	109,633	100,198	405,523	363,030
Total revenues	2,574,258	2,667,939	9,951,630	9,867,208
<b>Cost of Sales:</b>				
New vehicles	(1,253,792)	(1,407,861)	(4,732,595)	(5,030,125)
Used vehicles	(722,291)	(651,074)	(2,830,510)	(2,467,150)
Wholesale vehicles	(52,069)	(43,224)	(228,874)	(179,778)
Total vehicles	(2,028,152)	(2,102,160)	(7,791,979)	(7,677,053)
Parts, service and collision repair	(175,391)	(181,690)	(713,526)	(732,479)
Total cost of sales	(2,203,543)	(2,283,850)	(8,505,505)	(8,409,532)
Gross profit	370,715	384,089	1,446,125	1,457,676
Selling, general and administrative expenses	(273,915)	(277,634)	(1,145,325)	(1,147,773)
Impairment charges	(15,553)	(6,079)	(29,514)	(9,394)
Depreciation and amortization	(22,556)	(23,192)	(93,623)	(88,944)
Operating income (loss)	58,691	77,184	177,663	211,565
<b>Other income (expense):</b>				
Interest expense, floor plan	(13,585)	(9,982)	(48,398)	(36,395)
Interest expense, other, net	(13,914)	(13,324)	(54,059)	(52,524)
Other income (expense), net	—	(32)	106	(14,522)
Total other income (expense)	(27,499)	(23,338)	(102,351)	(103,441)
Income (loss) from continuing operations before taxes	31,192	53,846	75,312	108,124
Provision for income taxes for continuing operations - benefit (expense)	(9,212)	8,282	(22,922)	(13,971)
Income (loss) from continuing operations	21,981	62,128	52,390	94,153
<b>Discontinued operations:</b>				
Income (loss) from discontinued operations before taxes	(221)	(293)	(1,017)	(1,942)
Provision for income taxes for discontinued operations - benefit (expense)	60	117	277	772
Income (loss) from discontinued operations	(161)	(176)	(740)	(1,170)
Net income (loss)	\$ 21,820	\$ 61,952	\$ 51,650	\$ 92,983
<b>Basic earnings (loss) per common share:</b>				
Earnings (loss) per share from continuing operations	\$ 0.51	\$ 1.44	\$ 1.23	\$ 2.14
Earnings (loss) per share from discontinued operations	—	(0.01)	(0.02)	(0.03)
Earnings (loss) per common share	\$ 0.51	\$ 1.43	\$ 1.21	\$ 2.11
Weighted average common shares outstanding	42,710	43,156	42,708	43,997
<b>Diluted earnings (loss) per common share:</b>				
Earnings (loss) per share from continuing operations	\$ 0.51	\$ 1.42	\$ 1.22	\$ 2.12
Earnings (loss) per share from discontinued operations	—	—	(0.02)	(0.03)
Earnings (loss) per common share	\$ 0.51	\$ 1.42	\$ 1.20	\$ 2.09
Weighted average common shares outstanding	42,911	43,682	42,950	44,358
Dividends declared per common share	\$ 0.06	\$ 0.05	\$ 0.24	\$ 0.20

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

*Per Share Data*

	Three Months Ended December 31, 2018						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
<b>Reported:</b>							
Earnings (loss) and shares	42,710	\$ 21,981		\$ (161)		\$ 21,820	
Effect of participating securities:							
Non-vested restricted stock		(21)		—		(21)	
Basic earnings (loss) and shares	42,710	\$ 21,960	\$ 0.51	\$ (161)	\$ —	\$ 21,799	\$ 0.51
Effect of dilutive securities:							
Stock compensation plans	201						
Diluted earnings (loss) and shares	42,911	\$ 21,960	\$ 0.51	\$ (161)	\$ —	\$ 21,799	\$ 0.51
<b>Adjustments:</b>							
Impairment charges		\$ 15,553		\$ —		\$ 15,553	
Lease exit adjustments		(800)		—		(800)	
Total adjustments before taxes		14,753		—		14,753	
Income tax effect of adjustments		(4,020)		—		(4,020)	
Effect of adjustments, net of income taxes		\$ 10,733	\$ 0.25	\$ —	\$ —	\$ 10,733	\$ 0.25
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 32,714	\$ 0.76	\$ (161)	\$ —	\$ 32,553	\$ 0.76

(1) Net loss attributable to EchoPark was \$0.08 per fully diluted share in the three months ended December 31, 2018.

	Three Months Ended December 31, 2017						
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
<b>Reported:</b>							
Earnings (loss) and shares	43,156	\$ 62,128		\$ (176)		\$ 61,952	
Effect of participating securities:							
Non-vested restricted stock		(57)		—		(57)	
Basic earnings (loss) and shares	43,156	\$ 62,071	\$ 1.44	\$ (176)	\$ (0.01)	\$ 61,895	\$ 1.43
Effect of dilutive securities:							
Stock compensation plans	526						
Diluted earnings (loss) and shares	43,682	\$ 62,071	\$ 1.42	\$ (176)	\$ —	\$ 61,895	\$ 1.42
<b>Adjustments:</b>							
Impairment charges		\$ 6,080		\$ —		\$ 6,080	
Legal and storm damage adjustments		(1,153)		—		(1,153)	
Long-term compensation-related charges		1,271		—		1,271	
Gain on disposal of franchises		(1,507)		—		(1,507)	
Total adjustments before taxes		4,691		—		4,691	
Income tax effect of adjustments		(1,841)		—		(1,841)	
Non-recurring tax items		(28,409)		—		(28,409)	
Effect of adjustments, net of income taxes		\$ (25,559)	\$ (0.58)	\$ —	\$ (0.01)	\$ (25,559)	\$ (0.59)
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (2)		\$ 36,569	\$ 0.84	\$ (176)	\$ (0.01)	\$ 36,393	\$ 0.83

(2) Net loss attributable to EchoPark was \$0.04 per fully diluted share in the three months ended December 31, 2017.



Twelve Months Ended December 31, 2018							
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
<b>Reported:</b>							
Earnings (loss) and shares	42,708	\$ 52,390		\$ (740)		\$ 51,650	
Effect of participating securities:							
Non-vested restricted stock		(50)		—		(50)	
Basic earnings (loss) and shares	42,708	\$ 52,340	\$ 1.23	\$ (740)	\$ (0.02)	\$ 51,600	\$ 1.21
Effect of dilutive securities:							
Stock compensation plans	242						
Diluted earnings (loss) and shares	42,950	\$ 52,340	\$ 1.22	\$ (740)	\$ (0.02)	\$ 51,600	\$ 1.20
<b>Adjustments:</b>							
Impairment charges		\$ 29,512		\$ —		\$ 29,512	
Legal and storm damage charges		5,749		—		5,749	
Lease exit adjustments		1,435		—		1,435	
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		31,906		—		31,906	
Income tax effect of adjustments		(8,694)		—		(8,694)	
Non-recurring tax items		1,313		—		1,313	
Effect of adjustments, net of income taxes		\$ 24,524	\$ 0.57	\$ —	\$ —	\$ 24,524	\$ 0.57
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (3)		\$ 76,914	\$ 1.79	\$ (740)	\$ (0.02)	\$ 76,174	\$ 1.77

(3) Net loss attributable to EchoPark was \$0.34 per fully diluted share in the twelve months ended December 31, 2018.

Twelve Months Ended December 31, 2017							
	Weighted Average Shares	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)	
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
<b>Reported:</b>							
Earnings (loss) and shares	43,997	\$ 94,153		\$ (1,170)		\$ 92,983	
Effect of participating securities:							
Non-vested restricted stock		(85)		—		(85)	
Basic earnings (loss) and shares	43,997	\$ 94,068	\$ 2.14	\$ (1,170)	\$ (0.03)	\$ 92,898	\$ 2.11
Effect of dilutive securities:							
Stock compensation plans	361						
Diluted earnings (loss) and shares	44,358	\$ 94,068	\$ 2.12	\$ (1,170)	\$ (0.03)	\$ 92,898	\$ 2.09
<b>Adjustments:</b>							
Impairment charges		\$ 9,393		\$ —		\$ 9,393	
Legal and storm damage charges		9,628		—		9,628	
Long-term compensation-related charges		1,271		—		1,271	
Lease exit adjustments		992		—		992	
Gain on disposal of franchises		(9,997)		—		(9,997)	
Loss on debt extinguishment and double-carry interest		15,268		—		15,268	
Total adjustments before taxes		26,555		—		26,555	
Income tax effect of adjustments		(10,423)		—		(10,423)	
Non-recurring tax items		(28,055)		—		(28,055)	
Effect of adjustments, net of income taxes		\$ (11,923)	\$ (0.27)	\$ —	\$ 0.01	\$ (11,923)	\$ (0.26)
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (4)		\$ 82,230	\$ 1.85	\$ (1,170)	\$ (0.02)	\$ 81,060	\$ 1.83

(4) Net loss attributable to EchoPark was \$0.26 per fully diluted share in the twelve months ended December 31, 2017.

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

*New Vehicles*

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported new vehicle:</b>				
Revenue	\$ 1,319,587	\$ 1,485,749	\$ (166,162)	(11.2) %
Gross profit	\$ 65,795	\$ 77,888	\$ (12,093)	(15.5) %
Unit sales	31,331	36,531	(5,200)	(14.2) %
Revenue per unit	\$ 42,118	\$ 40,671	\$ 1,447	3.6 %
Gross profit per unit	\$ 2,100	\$ 2,132	\$ (32)	(1.5) %
Gross profit as a % of revenue	5.0 %	5.2 %	(20) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported new vehicle:</b>				
Revenue	\$ 4,974,097	\$ 5,295,051	\$ (320,954)	(6.1) %
Gross profit	\$ 241,502	\$ 264,926	\$ (23,424)	(8.8) %
Unit sales	122,717	135,663	(12,946)	(9.5) %
Revenue per unit	\$ 40,533	\$ 39,031	\$ 1,502	3.8 %
Gross profit per unit	\$ 1,968	\$ 1,953	\$ 15	0.8 %
Gross profit as a % of revenue	4.9 %	5.0 %	(10) bps	

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store new vehicle:</b>				
Revenue	\$ 1,318,755	\$ 1,414,121	\$ (95,366)	(6.7) %
Gross profit	\$ 65,215	\$ 75,428	\$ (10,213)	(13.5) %
Unit sales	31,314	34,402	(3,088)	(9.0) %
Revenue per unit	\$ 42,114	\$ 41,106	\$ 1,008	2.5 %
Gross profit per unit	\$ 2,083	\$ 2,193	\$ (110)	(5.0) %
Gross profit as a % of revenue	4.9 %	5.3 %	(40) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store new vehicle:</b>				
Revenue	\$ 4,897,389	\$ 4,992,552	\$ (95,163)	(1.9) %
Gross profit	\$ 238,648	\$ 255,795	\$ (17,147)	(6.7) %
Unit sales	120,400	126,101	(5,701)	(4.5) %
Revenue per unit	\$ 40,676	\$ 39,592	\$ 1,084	2.7 %
Gross profit per unit	\$ 1,982	\$ 2,028	\$ (46)	(2.3) %
Gross profit as a % of revenue	4.9 %	5.1 %	(20) bps	

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

*Used Vehicles*

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported used vehicle:</b>				
Revenue	\$ 755,882	\$ 685,965	\$ 69,917	10.2 %
Gross profit	\$ 33,591	\$ 34,891	\$ (1,300)	(3.7) %
Unit sales	35,135	31,740	3,395	10.7 %
Revenue per unit	\$ 21,514	\$ 21,612	\$ (98)	(0.5) %
Gross profit per unit	\$ 956	\$ 1,099	\$ (143)	(13.0) %
Gross profit as a % of revenue	4.4 %	5.1 %	(70) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported used vehicle:</b>				
Revenue	\$ 2,973,498	\$ 2,622,053	\$ 351,445	13.4 %
Gross profit	\$ 142,988	\$ 154,903	\$ (11,915)	(7.7) %
Unit sales	139,605	123,489	16,116	13.1 %
Revenue per unit	\$ 21,299	\$ 21,233	\$ 66	0.3 %
Gross profit per unit	\$ 1,024	\$ 1,254	\$ (230)	(18.3) %
Gross profit as a % of revenue	4.8 %	5.9 %	(110) bps	

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store used vehicle:</b>				
Revenue	\$ 711,830	\$ 647,963	\$ 63,867	9.9 %
Gross profit	\$ 30,837	\$ 32,079	\$ (1,242)	(3.9) %
Unit sales	32,880	29,619	3,261	11.0 %
Revenue per unit	\$ 21,649	\$ 21,877	\$ (228)	(1.0) %
Gross profit per unit	\$ 938	\$ 1,083	\$ (145)	(13.4) %
Gross profit as a % of revenue	4.3 %	5.0 %	(70) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store used vehicle:</b>				
Revenue	\$ 2,593,725	\$ 2,427,306	\$ 166,419	6.9 %
Gross profit	\$ 136,200	\$ 138,677	\$ (2,477)	(1.8) %
Unit sales	120,339	112,605	7,734	6.9 %
Revenue per unit	\$ 21,553	\$ 21,556	\$ (3)	—%
Gross profit per unit	\$ 1,132	\$ 1,232	\$ (100)	(8.1) %
Gross profit as a % of revenue	5.3 %	5.7 %	(40) bps	

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

**Wholesale Vehicles**

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported wholesale vehicle:</b>				
Revenue	\$ 49,899	\$ 40,890	\$ 9,009	22.0 %
Gross profit	\$ (2,170)	\$ (2,334)	\$ 164	7.0 %
Unit sales	8,214	7,463	751	10.1 %
Revenue per unit	\$ 6,075	\$ 5,479	\$ 596	10.9 %
Gross profit per unit	\$ (264)	\$ (313)	\$ 49	15.7 %
Gross profit as a % of revenue	(4.3) %	(5.7) %	140 bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Reported wholesale vehicle:</b>				
Revenue	\$ 217,625	\$ 171,064	\$ 46,561	27.2 %
Gross profit	\$ (11,249)	\$ (8,714)	\$ (2,535)	(29.1) %
Unit sales	34,167	31,385	2,782	8.9 %
Revenue per unit	\$ 6,369	\$ 5,451	\$ 918	16.8 %
Gross profit per unit	\$ (329)	\$ (278)	\$ (51)	(18.3) %
Gross profit as a % of revenue	(5.2) %	(5.1) %	(10) bps	

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store wholesale vehicle:</b>				
Revenue	\$ 49,821	\$ 37,964	\$ 11,857	31.2 %
Gross profit	\$ (2,118)	\$ (1,992)	\$ (126)	(6.3) %
Unit sales	8,205	6,860	1,345	19.6 %
Revenue per unit	\$ 6,072	\$ 5,534	\$ 538	9.7 %
Gross profit per unit	\$ (258)	\$ (290)	\$ 32	11.0 %
Gross profit as a % of revenue	(4.3) %	(5.2) %	90 bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except unit and per unit data)				
<b>Same store wholesale vehicle:</b>				
Revenue	\$ 200,574	\$ 158,787	\$ 41,787	26.3 %
Gross profit	\$ (11,215)	\$ (7,455)	\$ (3,760)	(50.4) %
Unit sales	31,080	28,547	2,533	8.9 %
Revenue per unit	\$ 6,453	\$ 5,562	\$ 891	16.0 %
Gross profit per unit	\$ (361)	\$ (261)	\$ (100)	(38.3) %
Gross profit as a % of revenue	(5.6) %	(4.7) %	(90) bps	

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

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

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
<b>(In thousands)</b>				
<b>Reported Fixed Operations:</b>				
Revenue				
Customer pay	\$ 137,690	\$ 140,285	\$ (2,595)	(1.8) %
Warranty	68,425	69,771	(1,346)	(1.9) %
Wholesale parts	38,302	41,445	(3,143)	(7.6) %
Internal, sublet and other	94,840	103,636	(8,796)	(8.5) %
Total	<u>\$ 339,257</u>	<u>\$ 355,137</u>	<u>\$ (15,880)</u>	<u>(4.5) %</u>
Gross profit				
Customer pay	\$ 73,173	\$ 74,748	\$ (1,575)	(2.1) %
Warranty	38,411	38,273	138	0.4 %
Wholesale parts	6,797	7,149	(352)	(4.9) %
Internal, sublet and other	45,485	53,277	(7,792)	(14.6) %
Total	<u>\$ 163,866</u>	<u>\$ 173,447</u>	<u>\$ (9,581)</u>	<u>(5.5) %</u>
Gross profit as a % of revenue				
Customer pay	53.1 %	53.3 %	(20) bps	
Warranty	56.1 %	54.9 %	120 bps	
Wholesale parts	17.7 %	17.2 %	50 bps	
Internal, sublet and other	48.0 %	51.4 %	(340) bps	
Total	48.3 %	48.8 %	(50) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
<b>(In thousands)</b>				
<b>Reported Fixed Operations:</b>				
Revenue				
Customer pay	\$ 560,037	\$ 555,463	\$ 4,574	0.8 %
Warranty	266,644	282,926	(16,282)	(5.8) %
Wholesale parts	161,066	168,459	(7,393)	(4.4) %
Internal, sublet and other	393,140	409,162	(16,022)	(3.9) %
Total	<u>\$ 1,380,887</u>	<u>\$ 1,416,010</u>	<u>\$ (35,123)</u>	<u>(2.5) %</u>
Gross profit				
Customer pay	\$ 299,616	\$ 296,834	\$ 2,782	0.9 %
Warranty	150,746	156,082	(5,336)	(3.4) %
Wholesale parts	27,746	28,989	(1,243)	(4.3) %
Internal, sublet and other	189,253	201,626	(12,373)	(6.1) %
Total	<u>\$ 667,361</u>	<u>\$ 683,531</u>	<u>\$ (16,170)</u>	<u>(2.4) %</u>
Gross profit as a % of revenue				
Customer pay	53.5 %	53.4 %	10 bps	
Warranty	56.5 %	55.2 %	130 bps	
Wholesale parts	17.2 %	17.2 %	— bps	
Internal, sublet and other	48.1 %	49.3 %	(120) bps	
Total	48.3 %	48.3 %	— bps	

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

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

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
<b>(In thousands)</b>				
<b>Same Store Fixed Operations:</b>				
Revenue				
Customer pay	\$ 137,166	\$ 134,686	\$ 2,480	1.8 %
Warranty	68,607	66,823	1,784	2.7 %
Wholesale parts	38,295	40,015	(1,720)	(4.3) %
Internal, sublet and other	94,026	98,065	(4,039)	(4.1) %
Total	<u>\$ 338,094</u>	<u>\$ 339,589</u>	<u>\$ (1,495)</u>	<u>(0.4) %</u>
Gross profit				
Customer pay	\$ 72,970	\$ 71,740	\$ 1,230	1.7 %
Warranty	38,526	36,647	1,879	5.1 %
Wholesale parts	6,797	6,906	(109)	(1.6) %
Internal, sublet and other	45,483	50,458	(4,975)	(9.9) %
Total	<u>\$ 163,776</u>	<u>\$ 165,751</u>	<u>\$ (1,975)</u>	<u>(1.2) %</u>
Gross profit as a % of revenue				
Customer pay	53.2 %	53.3 %	(10) bps	
Warranty	56.2 %	54.8 %	140 bps	
Wholesale parts	17.7 %	17.3 %	40 bps	
Internal, sublet and other	48.4 %	51.5 %	(310) bps	
Total	48.4 %	48.8 %	(40) bps	

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
<b>(In thousands)</b>				
<b>Same Store Fixed Operations:</b>				
Revenue				
Customer pay	\$ 550,371	\$ 528,163	\$ 22,208	4.2 %
Warranty	263,814	268,800	(4,986)	(1.9) %
Wholesale parts	159,004	160,691	(1,687)	(1.0) %
Internal, sublet and other	377,480	383,326	(5,846)	(1.5) %
Total	<u>\$ 1,350,669</u>	<u>\$ 1,340,980</u>	<u>\$ 9,689</u>	<u>0.7 %</u>
Gross profit				
Customer pay	\$ 294,660	\$ 281,891	\$ 12,769	4.5 %
Warranty	147,507	148,237	(730)	(0.5) %
Wholesale parts	27,429	27,702	(273)	(1.0) %
Internal, sublet and other	183,927	187,709	(3,782)	(2.0) %
Total	<u>\$ 653,523</u>	<u>\$ 645,539</u>	<u>\$ 7,984</u>	<u>1.2 %</u>
Gross profit as a % of revenue				
Customer pay	53.5 %	53.4 %	10 bps	
Warranty	55.9 %	55.1 %	80 bps	
Wholesale parts	17.3 %	17.2 %	10 bps	
Internal, sublet and other	48.7 %	49.0 %	(30) bps	
Total	48.4 %	48.1 %	30 bps	

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

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

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except per unit data)				
<b>Reported F&amp;I:</b>				
Revenue	\$ 109,633	\$ 100,198	\$ 9,435	9.4 %
Unit Sales	66,102	68,015	(1,913)	(2.8) %
Gross profit per retail unit (excludes fleet)	\$ 1,659	\$ 1,473	\$ 186	12.6 %

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except per unit data)				
<b>Reported F&amp;I:</b>				
Revenue	\$ 405,523	\$ 363,030	\$ 42,493	11.7 %
Unit Sales	260,424	257,217	3,207	1.2 %
Gross profit per retail unit (excludes fleet)	\$ 1,557	\$ 1,411	\$ 146	10.3 %

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except per unit data)				
<b>Same Store F&amp;I:</b>				
Revenue	\$ 101,966	\$ 91,981	\$ 9,985	10.9 %
Unit Sales	63,830	63,805	25	— %
Gross profit per retail unit (excludes fleet)	\$ 1,597	\$ 1,442	\$ 156	10.8 %

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands, except per unit data)				
<b>Same Store F&amp;I:</b>				
Revenue	\$ 356,589	\$ 331,288	\$ 25,301	7.6 %
Unit Sales	238,886	236,961	1,925	0.8 %
Gross profit per retail unit (excludes fleet)	\$ 1,493	\$ 1,398	\$ 95	6.8 %

**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

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

	Three Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
<b>Reported:</b>				
Compensation	\$ 166,950	\$ 172,515	\$ 5,565	3.2 %
Advertising	16,196	15,116	(1,080)	(7.1) %
Rent	13,753	17,713	3,960	22.4 %
Other	77,016	72,290	(4,726)	(6.5) %
Total SG&A expenses	\$ 273,915	\$ 277,634	\$ 3,719	1.3 %
<b>Adjustments:</b>				
Legal and storm damage adjustments	\$ —	\$ 1,153		
Long-term compensation-related charges	—	(1,271)		
Lease exit adjustments	800	—		
Gain on disposal of franchises	—	1,507		
Total SG&A adjustments	\$ 800	\$ 1,389		
<b>Adjusted:</b>				
Total adjusted SG&A expenses	\$ 274,715	\$ 279,023	\$ 4,308	1.5 %
<b>Reported:</b>				
SG&A expenses as a % of gross profit:				
Compensation	45.0 %	44.9 %	(10) bps	
Advertising	4.4 %	3.9 %	(50) bps	
Rent	3.7 %	4.6 %	90 bps	
Other	20.8 %	18.9 %	(190) bps	
Total SG&A expenses as a % of gross profit	73.9 %	72.3 %	(160) bps	
<b>Adjustments:</b>				
Legal and storm damage adjustments	— %	0.2 %		
Long-term compensation-related charges	— %	(0.3) %		
Lease exit adjustments	0.2 %	— %		
Gain on disposal of franchises	— %	0.3 %		
Total effect of adjustments	0.2 %	0.3 %		
<b>Adjusted:</b>				
Total adjusted SG&A expenses as a % of gross profit	74.1 %	72.6 %	(150) bps	



**Sonic Automotive, Inc.**  
**Results of Operations (Unaudited)**

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

	Twelve Months Ended December 31,		Better / (Worse)	
	2018	2017	Change	% Change
(In thousands)				
<b>Reported:</b>				
Compensation	\$ 725,022	\$ 692,935	\$ (32,087)	(4.6) %
Advertising	63,134	61,563	(1,571)	(2.6) %
Rent	64,204	73,022	8,818	12.1 %
Other	292,965	320,253	27,288	8.5 %
Total SG&A expenses	\$ 1,145,325	\$ 1,147,773	\$ 2,448	0.2 %
<b>Adjustments:</b>				
Legal and storm damage charges	\$ (5,749)	\$ (9,628)		
Long-term compensation-related charges	(32,522)	(1,271)		
Executive transition costs	(1,581)	—		
Lease exit adjustments	(1,435)	(992)		
Gain on disposal of franchises	38,893	9,997		
Total SG&A adjustments	\$ (2,394)	\$ (1,894)		
<b>Adjusted:</b>				
Total adjusted SG&A expenses	\$ 1,142,931	\$ 1,145,879	\$ 2,948	0.3 %
<b>Reported:</b>				
SG&A expenses as a % of gross profit:				
Compensation	50.1 %	47.5 %	(260) bps	
Advertising	4.4 %	4.2 %	(20) bps	
Rent	4.4 %	5.0 %	60 bps	
Other	20.3 %	22.0 %	170 bps	
Total SG&A expenses as a % of gross profit	79.2 %	78.7 %	(50) bps	
<b>Adjustments:</b>				
Legal and storm damage charges	(0.5) %	(0.5) %		
Long-term compensation-related charges	(2.7) %	(0.1) %		
Executive transition costs	(0.1) %	— %		
Lease exit adjustments	(0.1) %	(0.1) %		
Gain on disposal of franchises	3.2 %	0.5 %		
Total effect of adjustments	(0.2) %	(0.1) %		
<b>Adjusted:</b>				
Total adjusted SG&A expenses as a % of gross profit	79.0 %	78.6 %	(40) bps	

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

Q4 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

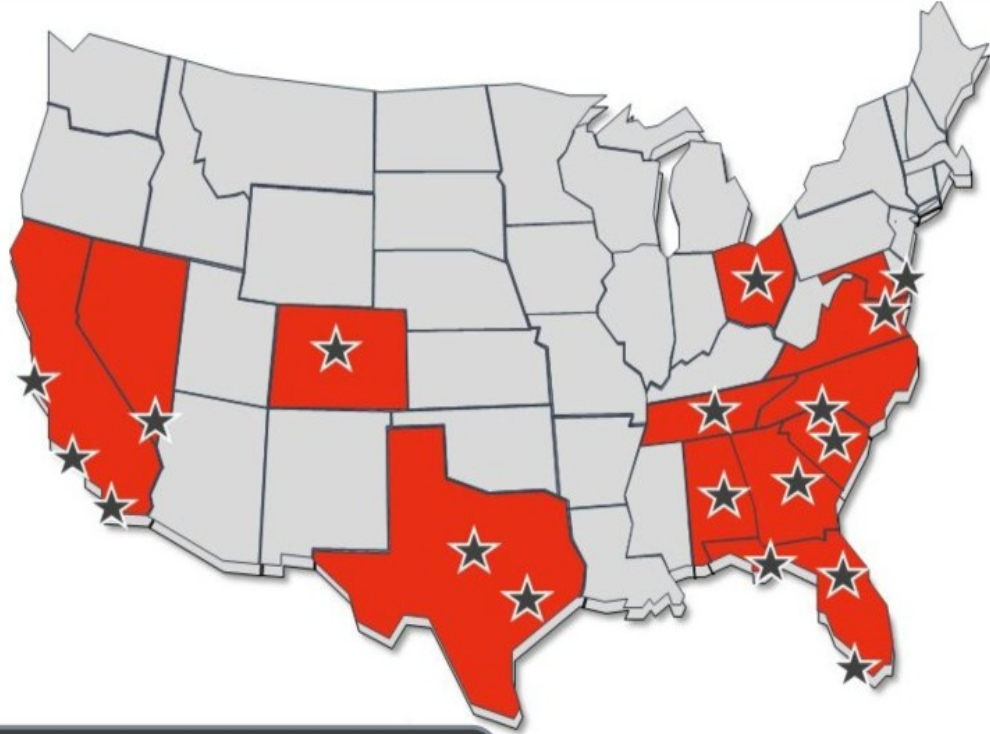
- COMPANY OVERVIEW
- FINANCIAL & OPERATIONS REVIEW
- OUTLOOK

# COMPANY OVERVIEW

4



# OVERVIEW – FRANCHISED GEOGRAPHIC

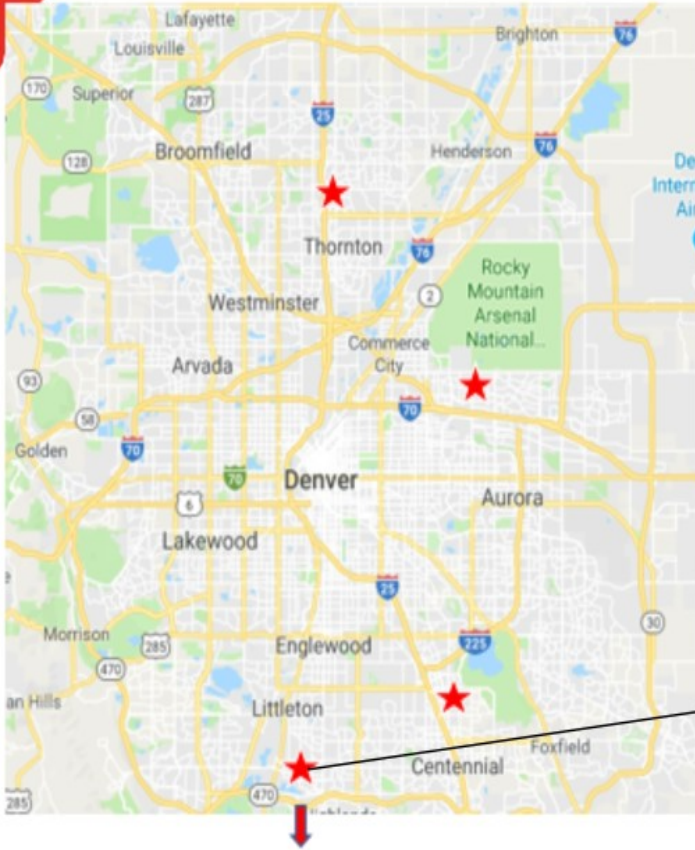


Headquartered in Charlotte, NC  
96 Stores, 23 Brands, 15 Collision  
Repair Centers  
Platforms in Major Metro Markets

5



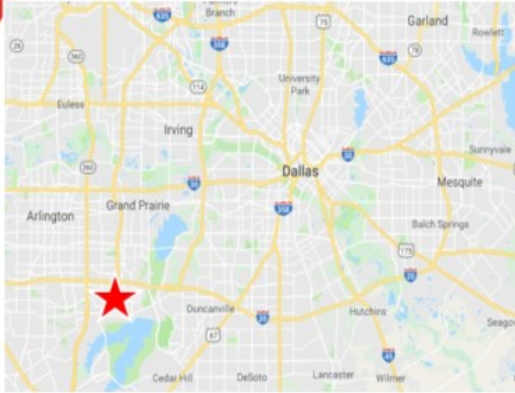
# OVERVIEW – ECHOPARK GEOGRAPHIC - CO



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

Colorado Springs

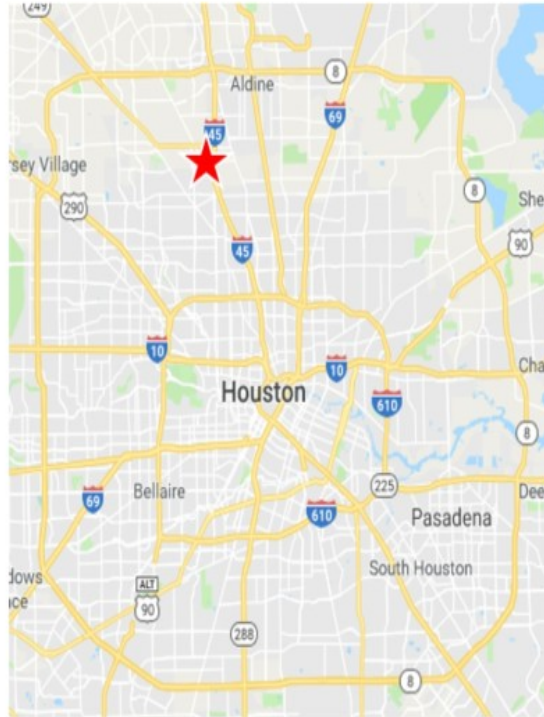
# OVERVIEW – ECHOPARK GEOGRAPHIC - TX



- 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  
Opened in Q4  
2018

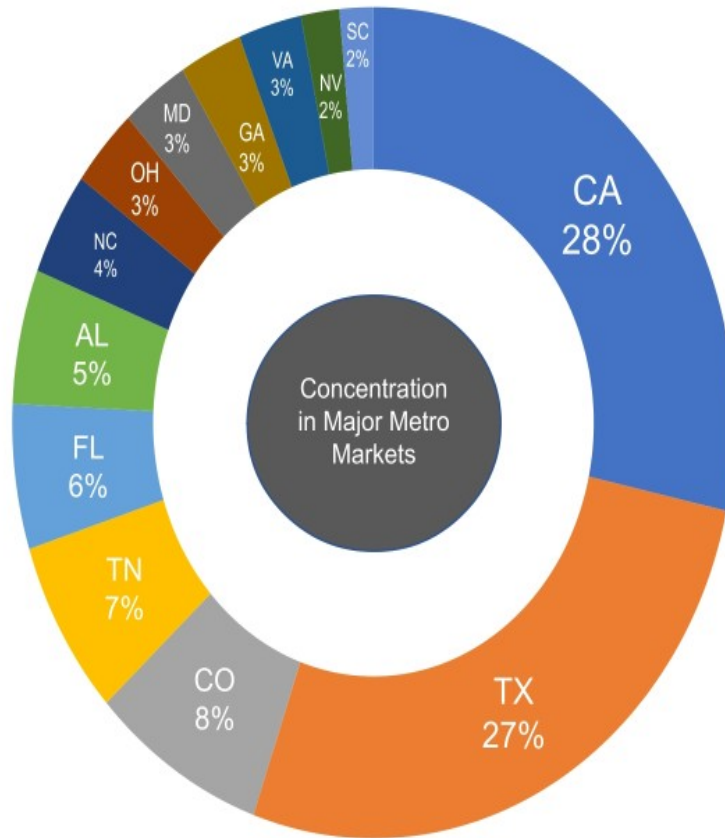


# OVERVIEW – ECHOPARK GEOGRAPHIC - NC



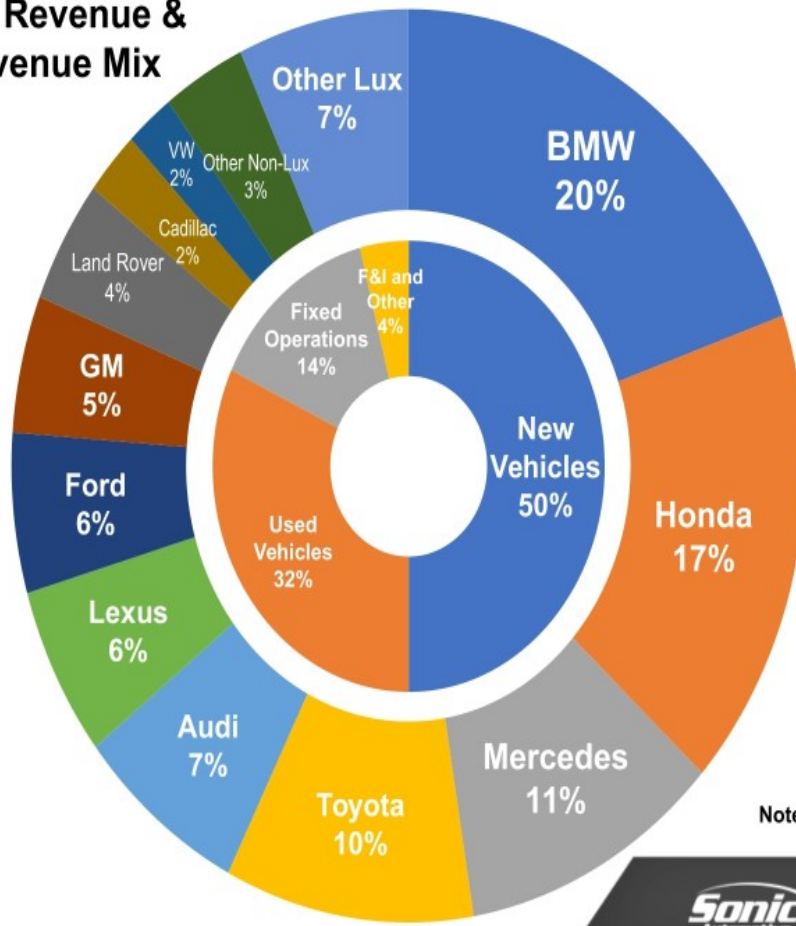
- Opened October 8
- Velocity of Sales Increasing Compared to Other New Openings

# OVERVIEW - GEOGRAPHIC



# OVERVIEW - BRAND COMPOSITION

## New Retail Revenue & Overall Revenue Mix



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

Note: Percentages are for FY 2018.

# Q4 2018 FINANCIAL REVIEW

*FRANCHISED SEGMENT*



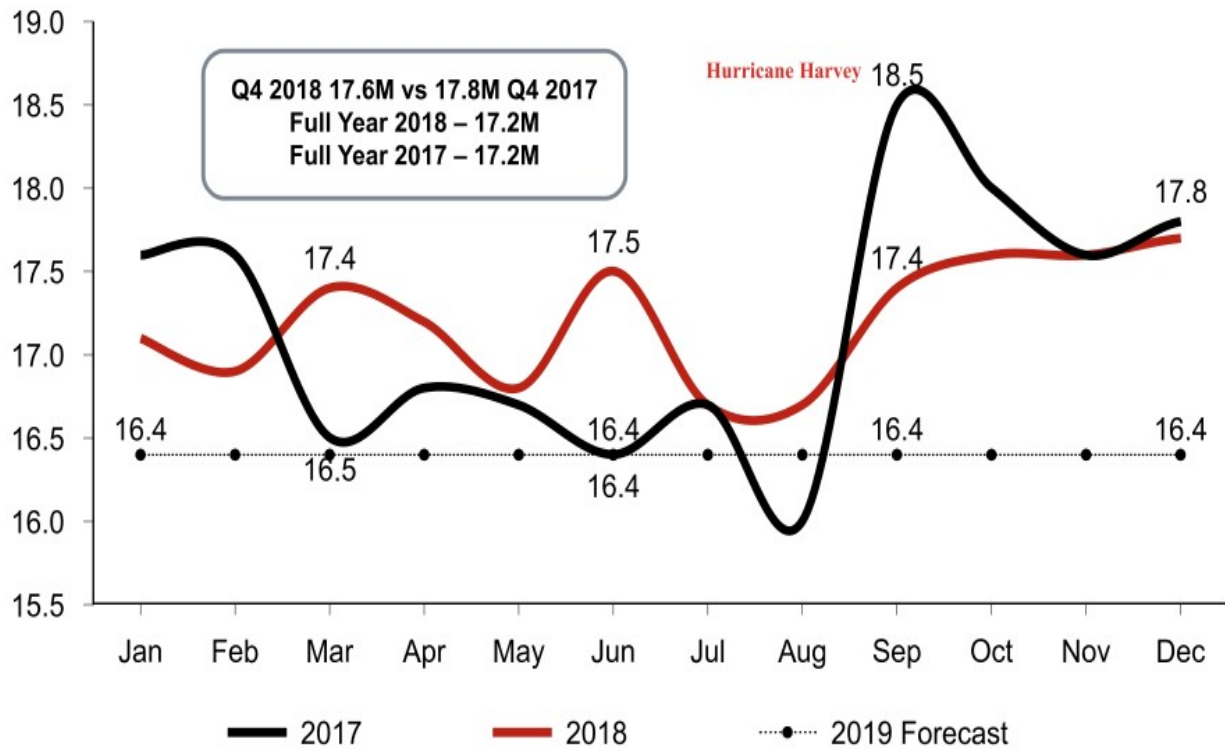
## FRANCHISED SEGMENT Q4 2018 RESULTS

(amounts in millions, except per share data)	Q4 2018 <sup>(1)</sup>	B/(W) than Q4 2017 <sup>(1)</sup>	
		\$	%
Revenue	\$ 2,372	\$ (190)	(7.4)%
Gross Profit	\$ 354	\$ (19)	(5.1)%
SG&A	\$ 256	\$ 10	3.9 %
SG&A as % of Gross	72.5%		(90) bps
Depreciation	\$ 20	\$ 1	6.8 %
Operating Profit	\$ 77	\$ (7)	(8.4)%
Interest & Other	\$ (26)	\$ (4)	(16.4)%
Pre-tax	\$ 51	\$ (11)	(17.6)%
Diluted EPS	\$ 0.87	\$ (0.01)	(1.1)%

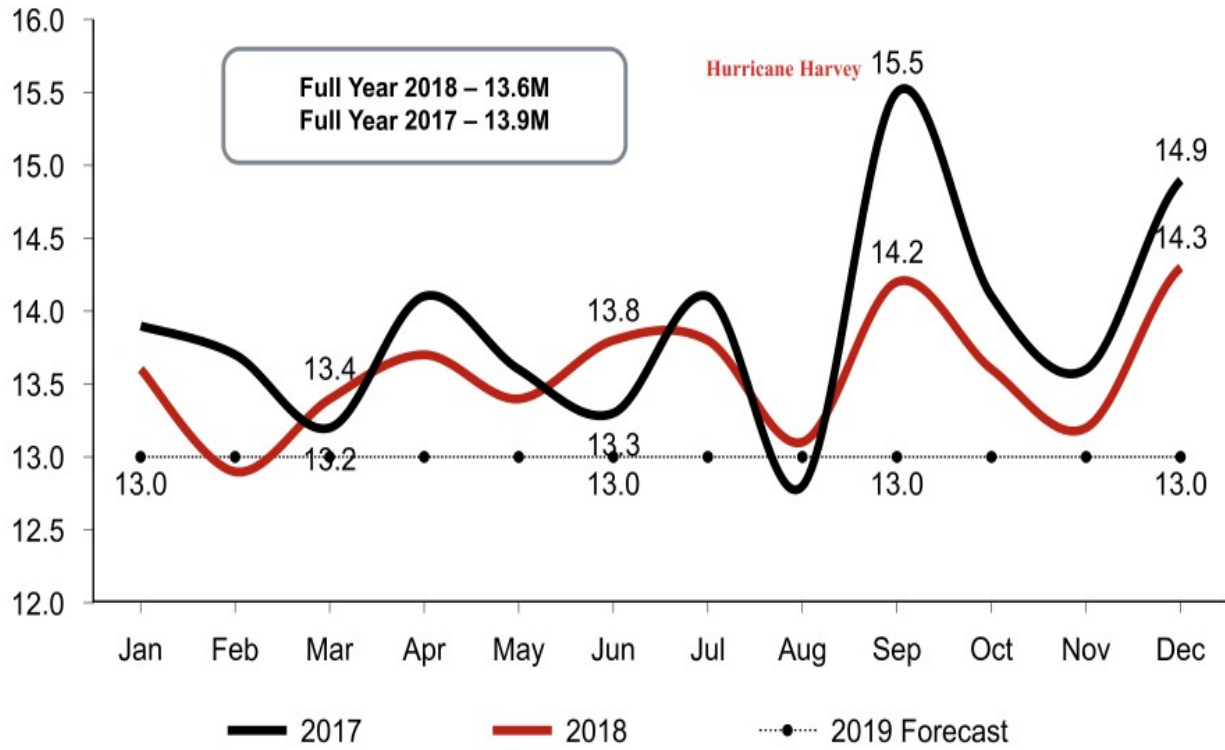
**Lower Operating Profit and Higher Interest Offset Benefits from Tax Rate Change**

(1) – Q4 2018 & Q4 2017 results are adjusted - See appendix for reconciliation to GAAP amounts.

# NEW VEHICLE SAAR



# NEW VEHICLE SAAR - RETAIL



## NEW VEHICLE SAME STORE - Franchised

	Q4 2018		Q4 2017		B/(W)
New Volume	31,314		34,402		(9.0)%
Selling Price	\$	42,114	\$	41,106	2.5%
Gross Margin %	4.9%		5.3%		(40) bps
GPU	\$	2,083	\$	2,193	\$ (110)
Gross Profit (millions)	\$	65.2	\$	75.4	(13.5)%
Retail SAAR (millions)	13.7		14.2		(3.5)%

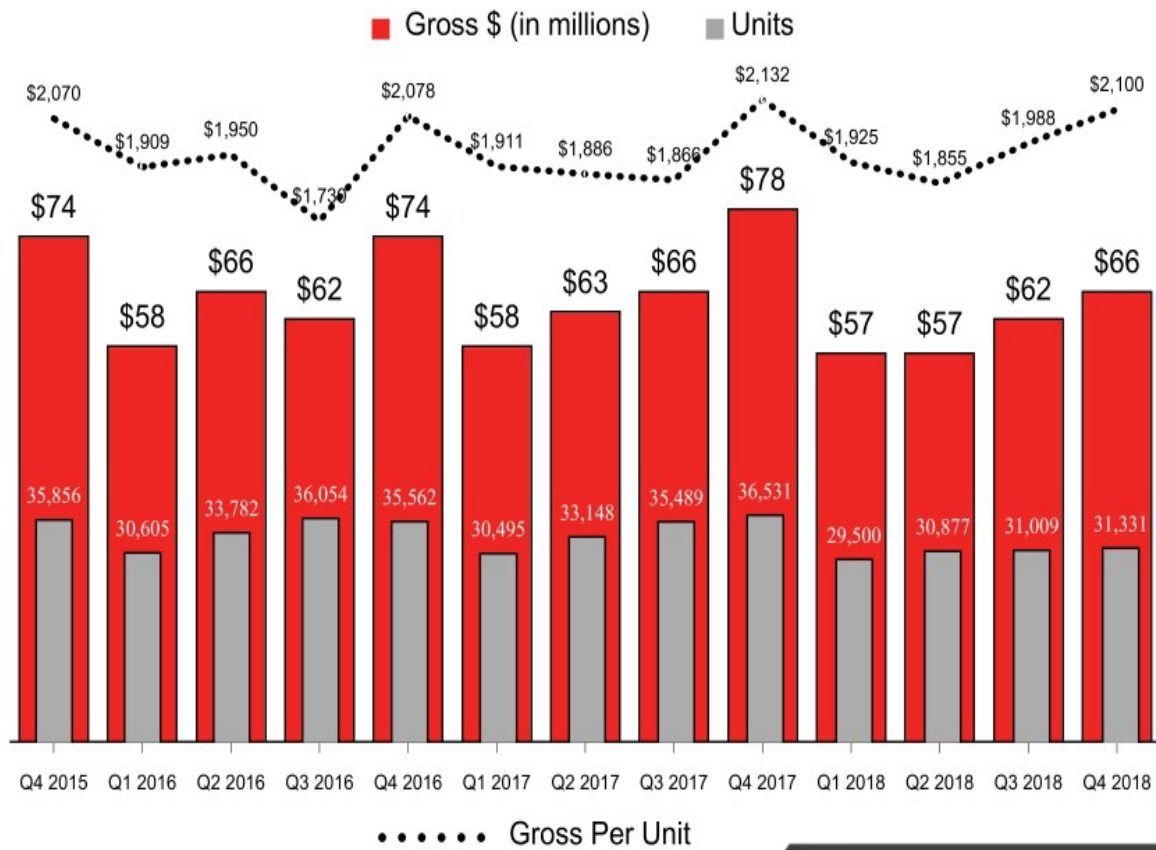
### New Units

	Oct	Nov	Dec	Total
2018	9,175	9,720	12,419	31,314
2017	10,165	10,708	13,529	34,402
B/(W)	(990)	(988)	(1,110)	(3,088)
% B/(W)	(9.7)%	(9.2)%	(8.2)%	(9.0)%

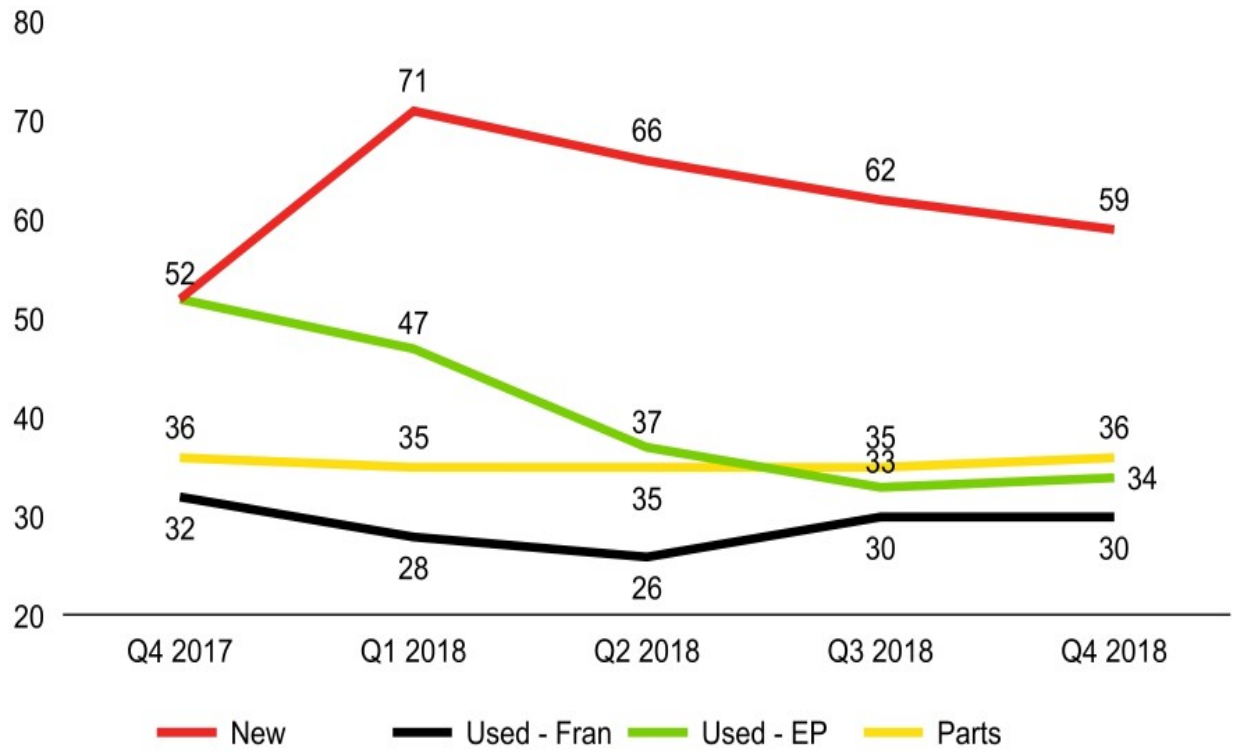


# NEW VEHICLE – GROSS, UNIT & GPU TREND

Continuing Operations - Franchised



# DAYS' SUPPLY



## USED VEHICLE RETAIL Franchised – Same Store

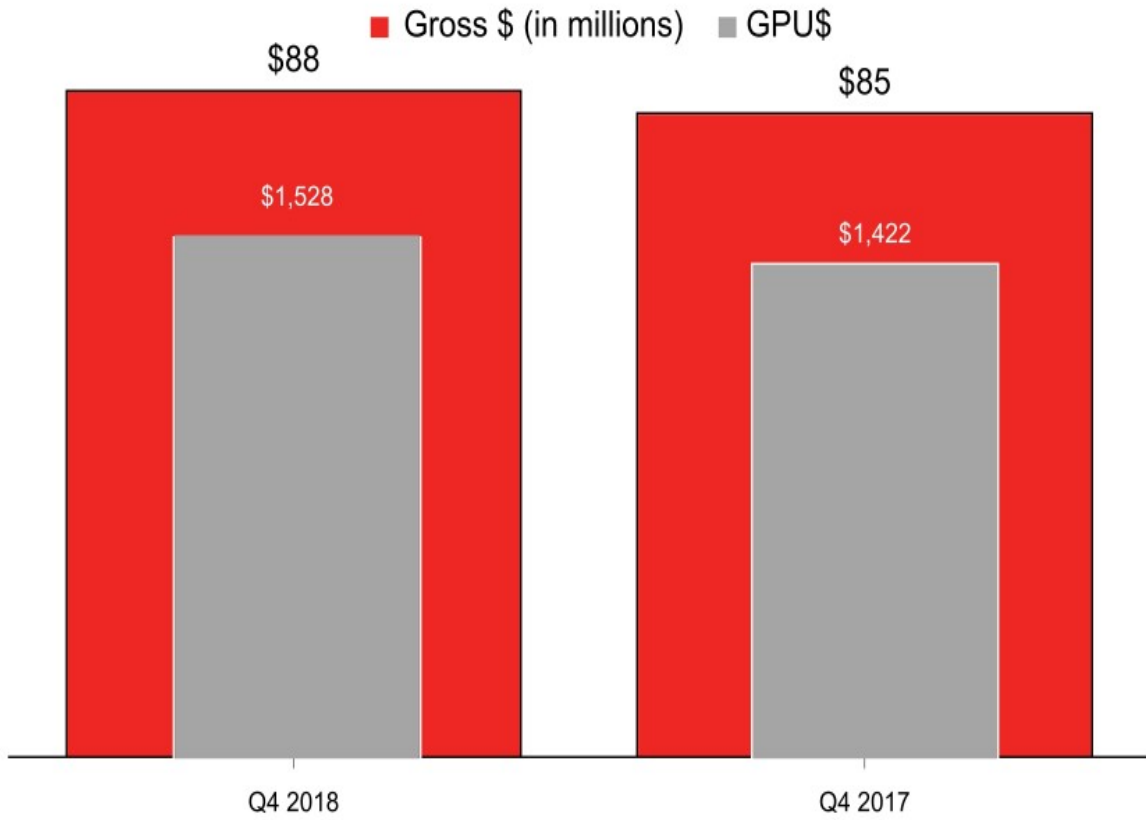
	Q4 2018	Q4 2017	B/(W)
Retail Volume	26,345	25,819	2.0%
GPU	\$ 1,219	\$ 1,201	\$ 18
Used to New	84.0%	75.0%	900 bps
Vehicles/Store/Month (96 stores)	92	91	1

### Front-End Gross and F&I

(in millions)	Oct	Nov	Dec	Total
2018 \$	23.1	\$ 21.8	\$ 27.4	\$ 72.3
2017	22.0	21.6	24.1	67.7
B/(W) \$	1.0	\$ 0.2	\$ 3.3	\$ 4.5

## F&I – GROSS & GPU

Franchised – Same Store



## FIXED OPERATIONS

Franchised – Same Store

(amounts in millions)		Q4 2018		Q4 2017		B/(W)
Revenue	\$	336	\$	336		0.0%
Gross Profit	\$	164	\$	164		(0.3)%

## FIXED OPERATIONS GROSS

Franchised – Same Store

(amounts in millions)	Q4 2018	Q4 2017	\$ B/(W)	% B/(W)
Customer Pay	\$ 72,952	\$ 71,664	\$ 1,288	1.8 %
Warranty	38,526	36,647	1,879	5.1 %
Wholesale Parts	6,797	6,906	(109)	(1.6)%
Internal, Sublet & Other	45,607	49,081	(3,474)	(7.1)%
Total Gross Profit	<u>\$ 163,882</u>	<u>\$ 164,298</u>	<u>\$ (416)</u>	<u>(0.3)%</u>

# Q4 2018 FINANCIAL REVIEW

*ECHOPARK SEGMENT*

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## ECHOPARK SEGMENT Q4 2018 RESULTS

	Q4 2018 <sup>(1)</sup>	B/(W) than Q4 2017 <sup>(1)</sup>	
		\$	%
<small>(amounts in millions, except per share, unit and per unit data)</small>			
Revenue	\$ 202.6	\$ 96.3	90.5 %
Gross Profit	\$ 17.2	\$ 5.7	49.4 %
SG&A	\$ 18.5	\$ (6.2)	(49.9)%
SG&A as % of Gross	108.0%		(40) bps
Depreciation Expense	\$ 2.2	\$ (0.9)	(63.0)%
Operating Profit	\$ (3.6)	\$ (1.3)	(60.6)%
Interest & Other	\$ (1.1)	\$ (0.4)	(63.7)%
Pre-tax	\$ (4.7)	\$ (1.8)	(61.3)%
Diluted EPS	\$ (0.08)	\$ (0.04)	(100.0)%
Retail Units	8,762	4,266	94.9 %
Total Front-End Gross and F&I Gross per Unit Retailed	\$ 1,997	\$ (140)	(6.5)%

- Continue to Drive Top-Line Revenue and Gross Growth
- Total Per Unit Gross Decline Driven by Front-End - Down \$498, F&I Up \$359

(1) – Q4 2018 & Q4 2017 results are adjusted - See appendix for reconciliation to GAAP amounts.



# Q4 2018 FINANCIAL REVIEW

*TOTAL ENTERPRISE*



## CONSOLIDATED Q4 2018 RESULTS

(amounts in millions, except per share data)	Q4 2018 <sup>(1)</sup>	B/(W) than Q4 2017 <sup>(1)</sup>	
		\$	%
Revenue	\$ 2,574	\$ (94)	(3.5)%
Gross Profit	\$ 371	\$ (13)	(3.5)%
SG&A	\$ 275	\$ 4	1.5 %
SG&A as % of Gross	74.1%		(150) bps
Depreciation	\$ 23	\$ 1	2.7 %
Operating Profit	\$ 73	\$ (8)	(10.3)%
Interest & Other	\$ (27)	\$ (4)	(17.8)%
Continuing Ops:			
Profit (after tax)	\$ 34	\$ (2)	(6.8)%
Diluted EPS	\$ 0.79	\$ (0.05)	(6.0)%

(1) – Q4 2018 & Q4 2017 results are adjusted - See appendix for reconciliation to GAAP amounts.

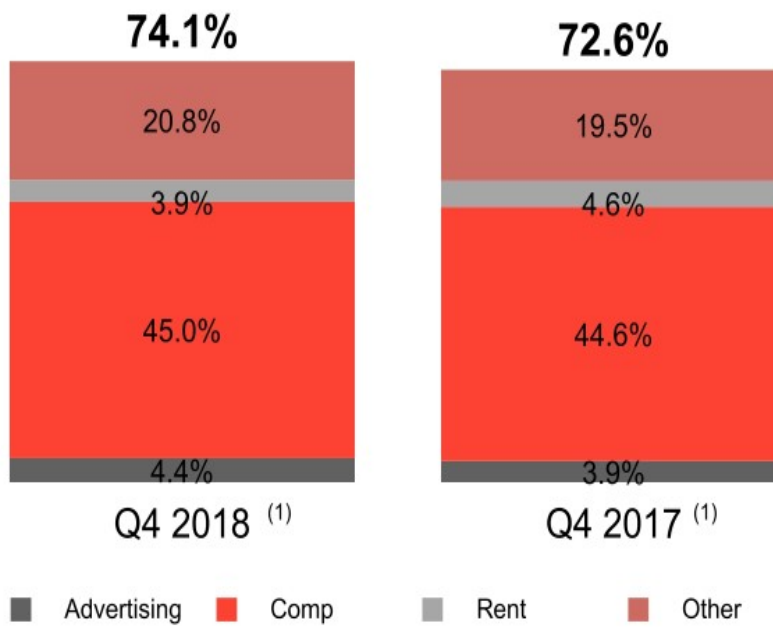
## CONSOLIDATED Q4 2018 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	Q4 2018	B/(W) than Q4 2017	
		\$	%
New Revenue	\$ 1,320	\$ (166)	(11.2)%
Used Retail Revenue	\$ 756	\$ 70	10.2 %
Fixed Operations Revenue	\$ 339	\$ (16)	(4.5)%
F&I Revenue	\$ 110	\$ 9	9.4 %
Total Revenue	\$ 2,574	\$ (94)	(3.5)%
New Gross	\$ 66	\$ (12)	(15.5)%
- Units	31,331	(5,200)	(14.2)%
- GPU	\$ 2,100	\$ (32)	(1.5)%
Used Retail Gross	\$ 34	\$ (1)	(3.7)%
- Units	35,135	3,395	10.7 %
- GPU	\$ 956	\$ (143)	(13.0)%
F&I Gross	\$ 110	\$ 9	9.4 %
- GPU	\$ 1,659	\$ 185	12.6 %
Fixed Operations Gross	\$ 164	\$ (10)	(5.5)%
Total Gross	\$ 371	\$ (13)	(3.5)%

## CONSOLIDATED Q4 2018 REVENUE & GROSS PROFIT - SAME STORE

(amounts in millions, except unit and per unit data)	Q4 2018	B/(W) than Q4 2017	
		\$	%
New Revenue	\$ 1,319	\$ (95)	(6.7)%
Used Retail Revenue	\$ 712	\$ 64	9.9 %
Fixed Operations Revenue	\$ 338	\$ (1)	(0.4)%
F&I Revenue	\$ 102	\$ 10	10.9 %
Total Revenue	\$ 2,520	\$ (11)	(0.4)%
New Gross	\$ 65	\$ (10)	(13.5)%
- Units	31,314	(3,088)	(9.0)%
- GPU	\$ 2,083	\$ (110)	(5.0)%
Used Retail Gross	\$ 31	\$ (1)	(3.9)%
- Units	32,880	3,261	11.0 %
- GPU	\$ 938	\$ (145)	(13.4)%
F&I Gross	\$ 102	\$ 10	10.9 %
- GPU	\$ 1,597	\$ 156	10.8 %
Fixed Operations Gross	\$ 164	\$ (2)	(1.2)%
Total Gross	\$ 360	\$ (4)	(1.0)%

## Q4 2018 ADJUSTED SG&A TO GROSS



(1) – Q4 2018 & Q4 2017 results are adjusted - See appendix for reconciliation to GAAP amounts.

## Q4 2018 INTEREST EXPENSE

(amounts in millions)	Q4 2018	B/(W) than Q4 2017	
		\$	%
Floor Plan Interest Expense	\$ 14	\$ (4)	(36.1)%
Interest Expense, Other	\$ 14	\$ (1)	(4.4)%
Total Interest Expense	\$ 28	\$ (5)	(18.0)%

## Q4 2018 DEPRECIATION EXPENSE

(amounts in millions)	Q4 2018	B/(W) than Q4 2017	
		\$	%
Depreciation Expense - Franchised	\$ 20	\$ 1	6.8 %
Depreciation Expense - EchoPark	\$ 2	\$ (1)	(63.0)%
Total	\$ 22	\$ —	2.7 %

New EchoPark Texas Builds Driving Increase in Depreciation Expense

# FY 2018 FINANCIAL REVIEW

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# FY 2018 FINANCIAL REVIEW

*FRANCHISED  
SEGMENT*

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## FRANCHISED SEGMENT FY 2018 RESULTS

(amounts in millions, except per share data)	FY 2018 <sup>(1)</sup>	B/(W) than FY 2017 <sup>(1)</sup>	
		\$	%
Revenue	\$ 9,251	\$ (361)	(3.8)%
Gross Profit	\$ 1,388	\$ (42)	(2.9)%
SG&A	\$ 1,077	\$ 30	2.7 %
SG&A as % of Gross	77.6%		(20) bps
Depreciation	\$ 86	\$ (2)	(2.5)%
Operating Profit	\$ 226	\$ (14)	(5.7)%
Interest & Other	\$ (98)	\$ (12)	(14.5)%
Pre-tax	\$ 127	\$ (26)	(17.1)%
Diluted EPS	\$ 2.16	\$ 0.05	2.4 %

Lower Operating Profit Driven by Gross and Depreciation  
Higher Interest Offset Benefits from Tax Rate Change

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

# FY 2018 FINANCIAL REVIEW

*ECHOPARK SEGMENT*

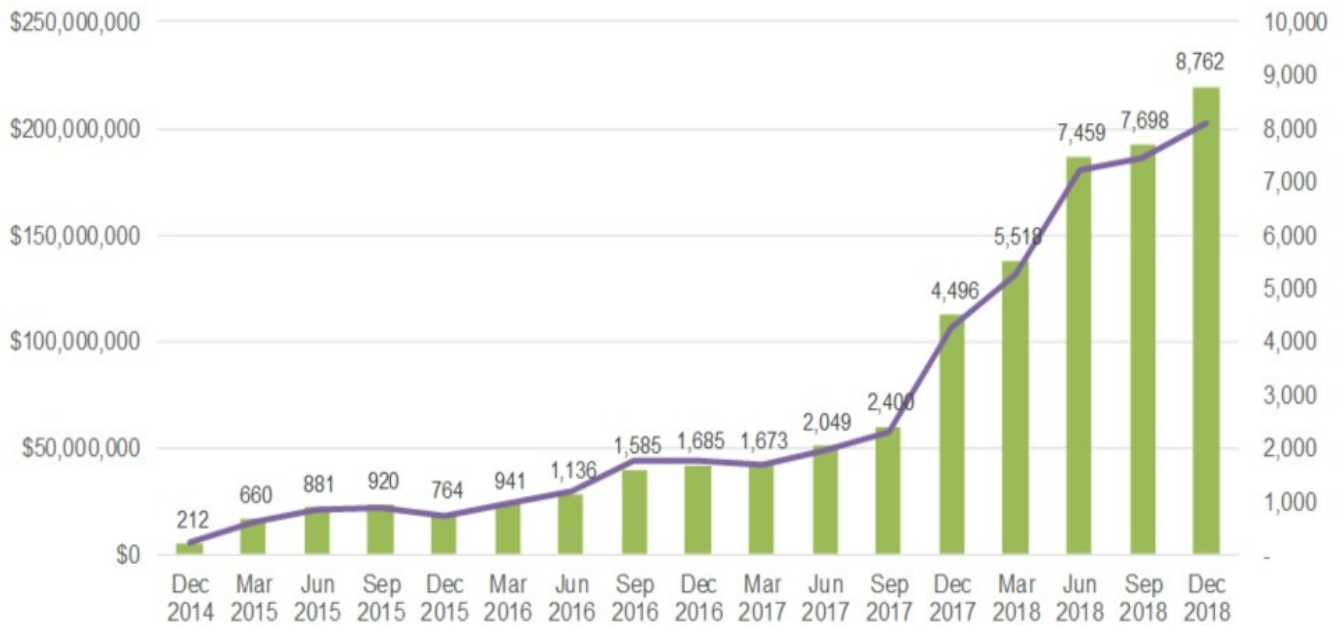


## ECHOPARK SEGMENT FY 2018 RESULTS

(amounts in millions, except per share, unit and per unit data)	FY 2018 <sup>(1)</sup>	B/(W) than FY 2017 <sup>(1)</sup>	
		\$	%
Revenue	\$ 700	\$ 446	175.3 %
Gross Profit	\$ 58	\$ 30	109.5 %
SG&A	\$ 66	\$ (27)	(70.0)%
SG&A as % of Gross	114.3%		2,660 bps
Operating Profit	\$ (16)	\$ 0	2.7 %
Interest & Other	\$ (4)	\$ (2)	(75.4)%
Pre-tax	\$ (20)	\$ (1)	(6.7)%
Diluted EPS	\$ (0.34)	\$ (0.08)	(30.8)%
Retail Units	29,437	18,819	177.2 %
Total Front and F&I Gross per Unit Retailed	\$ 1,880	\$ (175)	(8.5)%

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

# ECHOPARK RETAIL UNIT SALES GROWTH



# FY 2018 FINANCIAL REVIEW

*TOTAL  
ENTERPRISE*

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## CONSOLIDATED FY 2018 RESULTS

(amounts in millions, except per share data)	FY 2018 <sup>(1)</sup>	B/(W) than FY 2017 <sup>(1)</sup>	
		\$	%
Revenue	\$ 9,952	\$ 84	0.9 %
Gross Profit	\$ 1,446	\$ (12)	(0.8)%
SG&A	\$ 1,143	\$ 3	0.3 %
SG&A as % of Gross	79.0%		(40) bps
Depreciation	\$ 94	\$ (5)	(5.3)%
Operating Profit	\$ 210	\$ (13)	(6.0)%
Interest & Other	\$ (102)	\$ (14)	(16.1)%
Continuing Ops:			
Profit (after tax)	\$ 78	\$ (4)	(4.8)%
Diluted EPS	\$ 1.82	\$ (0.03)	(1.6)%

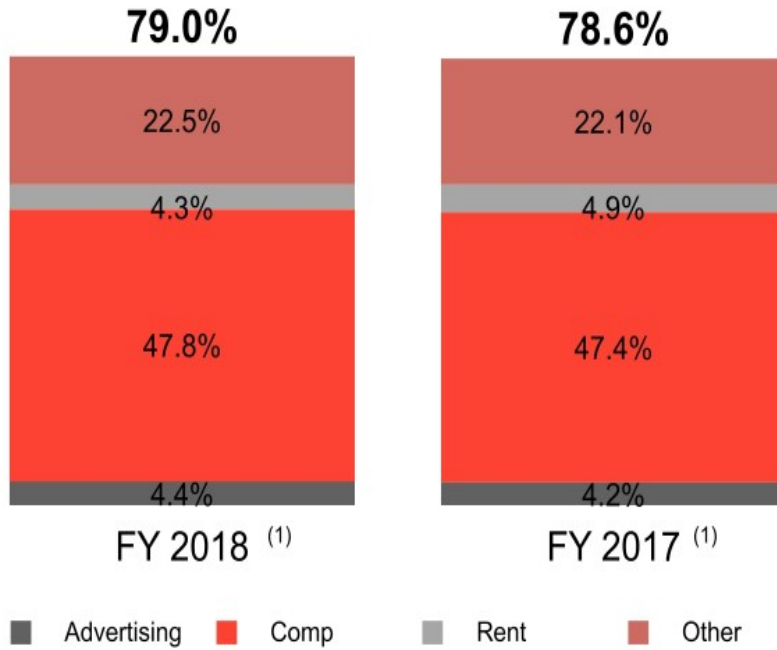
(1) – FY 2018 & FY 2017 results are adjusted - See appendix for reconciliation to GAAP amounts.

## CONSOLIDATED FY 2018 REVENUE & GROSS PROFIT

(amounts in millions, except unit and per unit data)	FY 2018	B/(W) than FY 2017	
		\$	%
New Revenue	\$ 4,906	\$ (311)	(6.0)%
Used Retail Revenue	\$ 2,973	\$ 351	13.4 %
Fixed Operations Revenue	\$ 1,381	\$ (35)	(2.5)%
F&I Revenue	\$ 406	\$ 42	11.7 %
Total Revenue	\$ 9,952	\$ 84	0.9 %
New Gross	\$ 241	\$ (25)	(9.4)%
- Units	120,819	(12,909)	(9.7)%
- GPU	\$ 1,991	\$ 6	0.3 %
Used Retail Gross	\$ 143	\$ (12)	(7.7)%
- Units	139,605	16,116	13.1 %
- GPU	\$ 1,024	\$ (230)	(18.3)%
F&I Gross	\$ 406	\$ 42	11.7 %
- GPU	\$ 1,557	\$ 146	10.3 %
Fixed Operations Gross	\$ 667	\$ (16)	(2.4)%
Total Gross	\$ 1,446	\$ (12)	(0.8)%



## FY 2018 ADJUSTED SG&A TO GROSS



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

## CONSOLIDATED FY 2018 INTEREST EXPENSE

(amounts in millions)	FY 2018	B/(W) than FY 2017 <sup>(1)</sup>	
		\$	%
Floor Plan Interest Expense	\$ 48	\$ (12)	(33.0)%
Interest Expense, Other	\$ 54	\$ (2)	(4.2)%
Total Interest Expense	\$ 102	\$ (14)	(16.1)%

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

## 2018 CAPEX

(amounts in millions)	FY 2015	FY 2016	FY 2017	FY 2018	Estimated 2019
Real Estate & Facility Related	\$ 138.1	\$ 174.3	\$ 199.3	\$ 147.6	\$ 103.0
All Other Cap Ex	34.3	31.9	35.0	16.0	20.0
Subtotal	\$ 172.4	\$ 206.2	\$ 234.3	\$ 163.6	\$ 123.0
Less: Mortgages	(69.0)	(103.3)	(52.5)	(21.1)	—
Total Cash Used - Cap Ex	<u>\$ 103.4</u>	<u>\$ 102.9</u>	<u>\$ 181.8</u>	<u>\$ 142.5</u>	<u>\$ 123.0</u>

## DEBT COVENANTS

	<u>Covenant</u>	<u>Q4 2018</u>
Liquidity Ratio	$\geq 1.05$	1.10
Fixed Charge Coverage Ratio	$\geq 1.20$	1.43
Total Lease Adjusted Leverage Ratio	$\leq 5.75$	5.25

Compliant with all Covenants

# ADJUSTED EBITDA

<i>(amounts in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Income	\$ 31,548	\$ 89,929	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 51,650
Non-Floor plan Interest	67,735	68,604	63,576	58,453	55,356	52,269	49,524	48,034	50,531	52,049
Depreciation & Amortization	57,036	45,827	51,164	52,616	58,139	62,161	72,130	81,034	92,127	96,652
Income Taxes	(53,900)	(19,745)	46,907	47,648	43,386	62,346	55,962	59,899	13,198	22,645
Stock Compensation	1,931	2,814	3,698	5,160	7,208	7,675	9,814	11,165	11,119	11,853
Lease Exit Charges	33,013	4,266	4,384	4,286	2,915	302	1,848	1,386	2,157	1,709
Impairment	30,038	249	1,151	950	9,872	6,594	17,955	8,063	9,394	29,514
Loss (Gain) on Debt Extinguishment	6,745	7,665	1,107	19,713	28,238	—	—	(6)	14,607	—
Long-Term Compensation Arrangements	—	—	—	—	—	—	—	—	—	32,522
Loss (Gain) on Dealership Disposal	102	(2,615)	386	(10,343)	457	(11,279)	(2,748)	48	(9,980)	(39,307)
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>\$259,287</u>

## SHARE REPURCHASES

	Shares		\$/Share		\$		Availability
	(amounts in thousands, except share and per share data)						
EOY - 2017					\$		107,686
Q1 Activity	1,153	\$	20.35	\$	23,468	\$	(23,468)
Q2 Activity	—		—		—		—
Q3 Activity	32	\$	19.95	\$	643	\$	(643)
Q4 Activity	—		—		—		—
Total 2018 Activity	1,186	\$	20.34	\$	24,111	\$	83,575

# APPENDIX



# NON-GAAP RECONCILIATIONS

	Three Months Ended December 31, 2018			Three Months Ended December 31, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark	Consolidated	Franchised Dealerships	EchoPark	Consolidated
<b>Reported:</b>						
Diluted earnings (loss) per share	\$ 0.62	\$ (0.11)	\$ 0.51	\$ 1.48	\$ (0.06)	\$ 1.42
<b>Adjustments:</b>						
Impairment charges	0.23	0.03	0.26	0.08	—	0.08
Legal and storm damage adjustments	—	—	—	(0.02)	0.02	—
Gain on disposal of franchises	—	—	—	(0.01)	—	(0.01)
Lease exit adjustments	(0.01)	—	(0.01)	—	—	—
Non-recurring tax items	—	—	—	(0.65)	—	(0.65)
Effect of adjustments	0.22	0.03	0.25	(0.60)	0.02	(0.58)
<b>Adjusted:</b>						
Diluted earnings (loss) per share	\$ 0.84	\$ (0.08)	\$ 0.76	\$ 0.88	\$ (0.04)	\$ 0.84



# NON-GAAP RECONCILIATIONS

	Twelve Months Ended December 31, 2018			Twelve Months Ended December 31, 2017		
	Continuing Operations			Continuing Operations		
	Franchised Dealerships	EchoPark	Consolidated	Franchised Dealerships	EchoPark	Consolidated
<b>Reported:</b>						
Diluted earnings (loss) per share	\$ 2.14	\$ (0.92)	\$ 1.22	\$ 2.43	\$ (0.31)	\$ 2.12
<b>Adjustments:</b>						
Impairment charges	0.47	0.03	0.50	0.10	0.03	0.13
Legal and storm damage charges	0.10	—	0.10	0.14	0.01	0.15
Long-term compensation-related charges	—	0.55	0.55	—	—	—
Executive transition costs	0.03	—	0.03	—	—	—
Gain on disposal of franchises	(0.66)	—	(0.66)	(0.14)	—	(0.14)
Lease exit adjustments	0.02	—	0.02	—	0.01	0.01
Loss on debt extinguishment	—	—	—	0.21	—	0.21
Non-recurring tax items	0.03	—	0.03	(0.63)	—	(0.63)
Effect of adjustments	(0.01)	0.58	0.57	(0.32)	0.05	(0.27)
<b>Adjusted:</b>						
Diluted earnings (loss) per share	\$ 2.13	\$ (0.34)	\$ 1.79	\$ 2.11	\$ (0.26)	\$ 1.85

# NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended December 31,		Franchised Dealerships Three Months Ended December 31,		EchoPark Three Months Ended December 31,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
<b>Reported:</b>						
SG&A expenses	\$ 273.9	\$ 277.6	\$ 255.4	\$ 263.8	\$ 18.5	\$ 13.8
<b>Adjustments (before income taxes):</b>						
Legal and storm damage adjustments	—	1.2	—	1.4	—	(0.2)
Long-term compensation-related charges	—	(1.3)	—	—	—	(1.3)
Lease exit adjustments	0.8	—	0.8	—	—	—
Gain on disposal of franchises	—	1.5	—	1.5	—	—
Total SG&A adjustments	0.8	1.4	0.8	2.9	—	(1.5)
<b>Adjusted:</b>						
SG&A expenses	\$ 274.7	\$ 279.0	\$ 256.2	\$ 266.7	\$ 18.5	\$ 12.3
<b>Reported:</b>						
SG&A expenses as a % of gross profit	73.9%	72.3 %	72.2%	70.8%	NM	NM
<b>Adjustments (before income taxes):</b>						
Legal and storm damage adjustments	0.0%	0.3 %	0.0%	0.3%	—	—
Long-term compensation-related charges	0.0%	(0.3)%	0.0%	0.0%	—	—
Lease exit adjustments	0.2%	0.0 %	0.3%	0.0%	—	—
Gain on disposal of franchises	0.0%	0.3 %	0.0%	0.5%	—	—
Total SG&A adjustments	0.2%	0.3 %	0.3%	0.8%	—	—
<b>Adjusted:</b>						
SG&A expenses as a % of gross profit	74.1%	72.6 %	72.5%	71.6%	NM	NM

NM = Not meaningful

# NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated		Franchised Dealerships		EchoPark	
	Three Months Ended		Three Months Ended		Three Months Ended	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
<b>Reported:</b>						
Operating income	\$ 58.7	\$ 77.2	\$ 63.8	\$ 81.1	\$ (5.1)	\$ (3.9)
<b>Adjustments (before income taxes):</b>						
SG&A expenses	(0.8)	(1.4)	(0.8)	(2.9)	—	1.5
Impairment charges	15.6	6.1	14.1	5.9	1.5	0.2
Total adjustments before taxes	14.8	4.7	13.3	3.0	1.5	1.7
<b>Adjusted:</b>						
Operating income	<u>\$ 73.5</u>	<u>\$ 81.9</u>	<u>\$ 77.1</u>	<u>\$ 84.1</u>	<u>\$ (3.6)</u>	<u>\$ (2.2)</u>
<b>Reported:</b>						
Income (loss) from continuing operations before taxes	\$ 31.2	\$ 53.8	\$ 37.4	\$ 58.4	\$ (6.2)	\$ (4.6)
<b>Adjustments (before income taxes):</b>						
SG&A expenses	(0.8)	(1.4)	(0.8)	(2.9)	—	1.5
Impairment charges	15.6	6.1	14.1	5.9	1.5	0.2
Total adjustments before taxes	14.8	4.7	13.3	3.0	1.5	1.7
<b>Adjusted:</b>						
Income (loss) from continuing operations before taxes	<u>\$ 46.0</u>	<u>\$ 58.5</u>	<u>\$ 50.7</u>	<u>\$ 61.4</u>	<u>\$ (4.7)</u>	<u>\$ (2.9)</u>
<b>Reported:</b>						
Income (loss) from continuing operations	\$ 22.0	\$ 62.1				
Total adjustments before taxes	14.8	4.7				
Tax effect of above items	(4.1)	(1.8)				
Non-recurring tax items	—	(28.4)				
Impact on income (loss) from continuing operations	<u>10.7</u>	<u>(25.5)</u>				
<b>Adjusted:</b>						
Income (loss) from continuing operations	<u>\$ 32.7</u>	<u>\$ 36.6</u>				

# NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated		Franchised Dealerships		EchoPark	
	Twelve Months Ended		Twelve Months Ended		Twelve Months Ended	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
	(In millions)					
<b>Reported:</b>						
SG&A expenses	\$ 1,145.3	\$ 1,147.8	\$ 1,046.4	\$ 1,106.6	\$ 98.9	\$ 41.2
<b>Adjustments (before income taxes):</b>						
Legal and storm damage charges	(5.7)	(9.6)	(5.7)	(9.4)	—	(0.2)
Long-term compensation-related charges	(32.5)	(1.3)	—	—	(32.5)	(1.3)
Executive transition costs	(1.6)	—	(1.6)	—	—	—
Lease exit adjustments	(1.4)	(1.0)	(1.4)	(0.3)	—	(0.7)
Gain on disposal of franchises	38.9	10.0	38.9	10.0	—	—
Total SG&A adjustments	(2.4)	(1.9)	30.2	0.3	(32.5)	(2.2)
<b>Adjusted:</b>						
SG&A expenses	<u>\$ 1,142.9</u>	<u>\$ 1,145.9</u>	<u>\$ 1,076.6</u>	<u>\$ 1,106.9</u>	<u>\$ 66.4</u>	<u>\$ 39.0</u>
<b>Reported:</b>						
SG&A expenses as a % of gross profit	79.2 %	78.7 %	75.4 %	77.4 %	NM	NM
<b>Adjustments (before income taxes):</b>						
Legal and storm damage charges	(0.5)%	(0.5)%	(0.4)%	—	—	—
Long-term compensation-related charges	(2.7)%	(0.1)%	—	—	—	—
Executive transition costs	(0.1)%	—	(0.1)%	—	—	—
Lease exit adjustments	(0.1)%	(0.1)%	(0.1)%	—	—	—
Gain on disposal of franchises	3.2 %	0.5 %	2.8 %	—	—	—
Total SG&A adjustments	(0.2)%	(0.1)%	2.2 %	—	—	—
<b>Adjusted:</b>						
SG&A expenses as a % of gross profit	<u>79.0 %</u>	<u>78.6 %</u>	<u>77.6 %</u>	<u>77.4 %</u>	<u>NM</u>	<u>NM</u>

NM = Not meaningful

# NON-GAAP RECONCILIATIONS

	Consolidated		Franchised Dealerships		EchoPark	
	Twelve Months Ended		Twelve Months Ended		Twelve Months Ended	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
(In millions)						
<b>Continuing Operations</b>						
<b>Reported:</b>						
Operating income	\$ 177.7	\$ 211.6	\$ 227.9	\$ 232.2	\$ (50.2)	\$ (20.6)
<b>Adjustments (before income taxes):</b>						
SG&A expenses	2.4	1.9	(30.1)	(0.3)	32.5	2.2
Impairment charges	29.5	9.4	27.9	7.5	1.6	1.9
Total adjustments before taxes	31.9	11.3	(2.2)	7.2	34.1	4.1
<b>Adjusted:</b>						
Operating income	\$ 209.6	\$ 222.9	\$ 225.7	\$ 239.4	\$ (16.1)	\$ (16.5)
<b>Reported:</b>						
Income (loss) from continuing operations before taxes	\$ 75.3	\$ 108.1	\$ 129.5	\$ 131.0	\$ (54.2)	\$ (22.9)
<b>Adjustments (before income taxes):</b>						
SG&A expenses	2.4	1.9	(30.1)	(0.3)	32.5	2.2
Impairment charges	29.5	9.4	27.9	7.5	1.6	1.9
Loss on debt extinguishment	—	15.3	—	15.3	—	—
Total adjustments before taxes	31.9	26.6	(2.2)	22.5	34.1	4.1
<b>Adjusted:</b>						
Income (loss) from continuing operations before taxes	\$ 107.2	\$ 134.7	\$ 127.3	\$ 153.5	\$ (20.1)	\$ (18.8)
<b>Reported:</b>						
Income (loss) from continuing operations	\$ 52.4	\$ 94.2				
Total adjustments before taxes	31.9	26.6				
Tax Effect of above items	(8.7)	(10.5)				
Non-recurring tax items	1.3	(28.1)				
Impact on income (loss) from continuing operations	24.5	(12.0)				
<b>Adjusted:</b>						
52 Income (loss) from continuing operations	\$ 76.9	\$ 82.2				



# NON-GAAP RECONCILIATIONS

Continuing Operations	Consolidated Three Months Ended December 31,		Consolidated Twelve Months Ended December 31,	
	2018	2017	2018	2017
	(In millions)			
<b>Reported:</b>				
Interest Expense - Other	\$ 13.9	\$ 13.3	\$ 54.1	\$ 52.5
<b>Adjustments:</b>				
Double-carry interest - 7.0% Notes	—	—	—	(0.7)
Total other income adjustments	—	—	—	(0.7)
<b>Adjusted:</b>				
Total Interest Expenses - Other	<u>\$ 13.9</u>	<u>\$ 13.3</u>	<u>\$ 54.1</u>	<u>\$ 51.8</u>

Continuing Operations	Consolidated Three Months Ended December 31,		Consolidated Twelve Months Ended December 31,	
	2018	2017	2018	2017
	(In millions)			
<b>Reported:</b>				
Other Expense / (Income)	\$ —	\$ —	\$ (0.1)	\$ 14.5
<b>Adjustments:</b>				
Loss on debt extinguishment	—	—	—	(14.6)
Total other income adjustments	—	—	—	(14.6)
<b>Adjusted:</b>				
Total Interest Expenses - Other	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (0.1)</u>	<u>\$ (0.1)</u>

# NON-GAAP RECONCILIATIONS

Three Months Ended December 31, 2018

	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		
	Weighted Average Shares	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	42,710	\$ 21,981		\$ (161)		\$ 21,820	
Effect of participating securities:							
Non-vested restricted stock		(21)		—		(21)	
Basic earnings (loss) and shares	42,710	\$ 21,960	\$ 0.51	\$ (161)	\$ —	\$ 21,799	\$ 0.51
Effect of dilutive securities:							
Stock compensation plans	201						
Diluted earnings (loss) and shares	<u>42,911</u>	\$ 21,960	\$ 0.51	\$ (161)	\$ —	\$ 21,799	\$ 0.51
<b>Adjustments:</b>							
Impairment charges		\$ 15,553		\$ —		\$ 15,553	
Lease exit adjustments		(800)		—		(800)	
Total adjustments before taxes		14,753		—		14,753	
Income tax effect of adjustments		(4,020)		—		(4,020)	
Effect of adjustments net of income taxes		\$ 10,733	\$ 0.25	\$ —	\$ —	\$ 10,733	\$ 0.25
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 32,714	\$ 0.76	\$ (161)	\$ —	\$ 32,553	\$ 0.76

(1) Net loss attributable to EchoPark was \$0.08 per fully diluted share in the three months ended December 31, 2018.

# NON-GAAP RECONCILIATIONS

Three Months Ended December 31, 2017

	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		
	Weighted Average Shares	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
(In thousands, except per share amounts)							
<b>Reported:</b>							
Earnings (loss) and shares	43,156	\$ 62,128		\$ (176)		\$ 61,952	
Effect of participating securities:							
Non-vested restricted stock		(57)		—		(57)	
Basic earnings (loss) and shares	43,156	\$ 62,071	\$ 1.44	\$ (176)	\$ (0.01)	\$ 61,895	\$ 1.43
Effect of dilutive securities:							
Stock compensation plans	526						
Diluted earnings (loss) and shares	<u>43,682</u>	<u>\$ 62,071</u>	<u>\$ 1.42</u>	<u>\$ (176)</u>	<u>\$ —</u>	<u>\$ 61,895</u>	<u>\$ 1.42</u>
<b>Adjustments:</b>							
Impairment charges		\$ 6,080		\$ —		\$ 6,080	
Legal and storm damage adjustments		(1,153)		—		(1,153)	
Long-term compensation-related charges		1,271		—		1,271	
Gain on disposal of franchises		(1,507)		—		(1,507)	
Total adjustments before taxes		4,691		—		4,691	
Income tax effect of adjustments		(1,841)		—		(1,841)	
Non-recurring tax items		(28,409)		—		(28,409)	
Effect of adjustments, net of income taxes		<u>\$ (25,559)</u>	<u>\$ (0.58)</u>	<u>\$ —</u>	<u>\$ (0.01)</u>	<u>\$ (25,559)</u>	<u>\$ (0.59)</u>
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (1)		<u>\$ 36,569</u>	<u>\$ 0.84</u>	<u>\$ (176)</u>	<u>\$ (0.01)</u>	<u>\$ 36,393</u>	<u>\$ 0.83</u>

(1) Net loss attributable to EchoPark was \$0.04 per fully diluted share in the three months ended December 31, 2017.



# NON-GAAP RECONCILIATIONS

Twelve Months Ended December 31, 2018

	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		
	Weighted Average Shares	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	42,708	\$ 52,390		\$ (740)		\$ 51,650	
Effect of participating securities:							
Non-vested restricted stock		(50)				(50)	
Basic earnings (loss) and shares	42,708	\$ 52,340	\$ 1.23	\$ (740)	\$ (0.02)	\$ 51,600	\$ 1.21
Effect of dilutive securities:							
Stock compensation plans	242						
Diluted earnings (loss) and shares	<u>42,950</u>	\$ 52,340	\$ 1.22	\$ (740)	\$ (0.02)	\$ 51,600	\$ 1.20
<b>Adjustments:</b>							
Impairment charges		\$ 29,512		\$ —		\$ 29,512	
Legal and storm damage charges		5,749		—		5,749	
Lease exit adjustments		1,435		—		1,435	
Gain on disposal of franchises		(38,893)		—		(38,893)	
Long-term compensation-related charges		32,522		—		32,522	
Executive transition costs		<u>1,581</u>		<u>—</u>		<u>1,581</u>	
Total adjustments before taxes		31,906		—		31,906	
Income tax effect of adjustments		(8,694)		—		(8,694)	
Non-recurring tax items		<u>1,313</u>		<u>—</u>		<u>1,313</u>	
Effect of adjustments net of income taxes		\$ 24,524	\$ 0.57	\$ —	\$ —	\$ 24,524	\$ 0.57
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 76,914	\$ 1.79	\$ (740)	\$ (0.02)	\$ 76,174	\$ 1.77

(1) Net loss attributable to EchoPark was \$0.34 per fully diluted share in the twelve months ended December 31, 2018.

# NON-GAAP RECONCILIATIONS

Twelve Months Ended December 31, 2017

	Income (Loss) From Continuing Operations		Income (Loss) From Discontinued Operations		Net Income (Loss)		
	Weighted Average Shares	Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
<b>Reported:</b>							
Earnings (loss) and shares	43,997	\$ 94,153		\$ (1,170)		\$ 92,983	
Effect of participating securities:							
Non-vested restricted stock		(85)		—		(85)	
Basic earnings (loss) and shares	43,997	\$ 94,068	\$ 2.14	\$ (1,170)	\$ (0.03)	\$ 92,898	\$ 2.11
Effect of dilutive securities:							
Stock compensation plans	361						
Diluted earnings (loss) and shares	<u>44,358</u>	\$ 94,068	\$ 2.12	\$ (1,170)	\$ (0.03)	\$ 92,898	\$ 2.09
<b>Adjustments:</b>							
Impairment charges		\$ 9,393		\$ —		\$ 9,393	
Legal and storm damage charges		9,628		—		9,628	
Long-term compensation-related charges		1,271		—		1,271	
Lease exit adjustments		992		—		992	
Gain on disposal of franchises		(9,997)		—		(9,997)	
Loss on debt extinguishment and double-carry interest		15,268		—		15,268	
Total adjustments before taxes		26,555		—		26,555	
Income tax effect of adjustments		(10,423)		—		(10,423)	
Non-recurring tax items		(28,055)		—		(28,055)	
Effect of adjustments, net of income taxes		\$ (11,923)	\$ (0.27)	\$ —	\$ 0.01	\$ (11,923)	\$ (0.26)
<b>Adjusted:</b>							
Earnings (loss) and diluted earnings (loss) per share (1)		\$ 82,230	\$ 1.85	\$ (1,170)	\$ (0.02)	\$ 81,060	\$ 1.83

(1) Net loss attributable to EchoPark was \$0.26 per fully diluted share in the twelve months ended December 31, 2017.



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