## Sonic Automotive, Inc. Second Quarter 2011 Earnings of $\$ 0.37$ with Double Digit Revenue Growth

CHARLOTTE, N.C., July 26, 2011 /PRNewswire/ -- Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported that 2011 second quarter earnings from continuing operations were $\$ 0.37$ per diluted share compared to $\$ 0.18$ per diluted share in the prior year quarter. The prior year period included pretax charges of $\$ 7.3$ million, or $\$ 0.06$ per diluted share, related to various debt refinancing transactions completed during the second quarter of 2010.

## Second Quarter 2011 Highlights

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-- Continuing operations net profit up $13 million or 131%.
-- Total revenues up 14% over prior year quarter.
-- New vehicle revenue up 16%; Non-luxury import volume up 14%.
-- 9th consecutive quarter of year-over-year double digit used vehicle
    revenue growth.
-- Parts and Service revenue up 6%.
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## Business Overview

-- Focus on base business driving unit volume and profit growth.
-- Strong performance despite lower Japanese brand inventory.
-- SG\&A metrics continue strong improvement trend at $77.6 \%$ of gross profit.

## Company Strategy

-- Organic growth through focus on the base business.
-- Converting leased properties to owned properties.
-- Opportunistically reduce debt.

Commenting on the second quarter results, Jeff Dyke, the Company's EVP of Operations, stated, "The higher margin segments of our business continue to benefit as our new and used vehicle business continues to gain market share. The Company's new vehicle revenue was up $16 \%$ over the same period last year. Used vehicle revenue was up $15 \%$. Parts and service revenue was up $6 \%$ compared to the second quarter of last year. We look forward to
introducing more advanced stages of some of our core operating playbooks in the near future to further capitalize on the work we've done to roll out Predictable, Repeatable and Sustainable processes to our dealerships."

Commenting on the business, B. Scott Smith, the Company's President, said, "Our focus on creating Predictable, Repeatable and Sustainable processes is proving to be a sound model. Growing our base business continues to produce strong results. Our new and used volume both grew by double digits despite the challenge of lower Japanese brand inventory levels. We are seeing the benefit of our operating playbooks in every area of our business as we continue to outperform the industry. We will continue to focus on organic growth in our base business, converting leased properties to owned properties and opportunistically reducing our debt.
"We expect growth in the automotive retailing sector to continue over the second half of the year and we remain comfortable with our full year continuing operations earnings target of \$1.18-\$1.28 per share."

Presentation materials for the Company's July 26, 2011 earnings conference call at 11:00 A.M. (Eastern) can be accessed on the Company's website atwww.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts \& Presentations".

To access the live broadcast of the call over the Internet go to:www.sonicautomotive.com
A live audio of the call will be accessible to the public by calling (877) 791-3416. International callers dial (706) 643-0958. Callers should dial in approximately 10 minutes before the call begins.

A conference call replay will be available one hour following the call for seven days and can be accessed by calling: 800-642-1687, International callers dial (706) 645-9291, Conference ID: 80358348.

## About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based inCharlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements with respect to future industry growth trends, EPS targets and future impacts from the implementation of our various operational playbooks. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010 and quarterly report on Form 10-Q for the quarter ending March 31, 2011. The Company does not undertake any obligation to update forward-looking information.

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Sonic Automotive, Inc.
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Results of Operations (Unaudited)
(In thousands, except per share, unit data and percentage amounts)
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Second Quarter Ended June 30,
$2011 \quad 2010$
Revenues

| New retail vehicles | \$ 979,824 | \$ 842,192 |
| :---: | :---: | :---: |
| Fleet vehicles | 55,448 | 53,842 |
| Total new vehicles | 1,035,272 | 896,034 |
| Used vehicles | 536,196 | 466,659 |
| Wholesale vehicles | 41,480 | 29,934 |
| Total vehicles | 1,612,948 | 1,392,627 |
| Parts, service and collision repair | 299,523 | 283,785 |
| Finance, insurance and other | 55,781 | 45,614 |
| Total revenues | 1,968,252 | 1,722,026 |
| Total gross profit | 309,732 | 282,476 |
| SG\&A expenses | $(240,439)$ | $(225,558)$ |
| Impairment charges | (41) | (1) |
| Depreciation | $(9,767)$ | $(8,581)$ |
| Operating income | 59,485 | 48,336 |
| Interest expense, floor plan | $(4,983)$ | $(5,387)$ |
| Interest expense, other, net | $(15,422)$ | $(15,647)$ |
| Interest expense, non-cash, convertible debt | $(1,715)$ | $(1,730)$ |
| Interest expense / amortization, non-cash, cash flow swaps | (464) | $(2,235)$ |
| Other income (expense), net | 17 | $(7,235)$ |
| Income from continuing operations before taxes | 36,918 | 16,102 |
| Provision for income taxes | $(14,767)$ | $(6,510)$ |
| Income from continuing operations | 22,151 | 9,592 |
| Loss from discontinued operations | (800) | $(1,156)$ |


| Net income | \$ 21,351 | \$ 8,436 |
| :---: | :---: | :---: |
| Diluted: |  |  |
| Weighted average common shares outstanding | 65,936 | 65,807 |
| Earnings per share from continuing operations | \$ 0.37 | \$ 0.18 |
| Loss per share from discontinued operations | (0.02) | (0.02) |
| Earnings per share | \$ 0.35 | \$ 0.16 |
| Gross Margin Data (Continuing Operations): |  |  |
| New retail vehicles | 6.8\% | 6.9\% |
| Fleet vehicles | 3.3\% | 1.9\% |
| Total new vehicles | 6.6\% | 6.6\% |
| Used vehicles | 7.4\% | 8.1\% |
| Total vehicles retail | 6.9\% | 7.1\% |
| Wholesale vehicles | (4.6\%) | (6.1\%) |
| Parts, service and collision repair | 49.3\% | 50.0\% |
| Finance, insurance and other | 100.0\% | 100.0\% |
| Overall gross margin | 15.7\% | 16.4\% |
| SG\&A Expenses (Continuing Operations) : |  |  |
| Personnel | \$ 139,502 | \$ 133,836 |
| Advertising | 13,645 | 12,689 |
| Rent and rent related | 33,261 | 31,936 |
| Other | 54,031 | 47,097 |
| Total | \$ 240,439 | \$ 225,558 |
| SG\&A Expenses as \% of Gross Profit | $77.6 \%$ | 79.9\% |

```
Operating Margin %
3.0%
Unit Data (Continuing Operations):
    New retail units 28,367 24,647
    Fleet units
    Total new units
    Used units
    Total units retailed
    Wholesale units
        6,356 5,227
Other Data:
    Continuing Operations unit volume percentage
    changes:
    New retail units
    15.1%
    Fleet units
    Total new units
    13.4%
    Used units
    11.3%
    Total units retailed\(12.4 \%\)
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Wholesale units ..... $21.6 \%$

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Sonic Automotive, Inc.
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Sonic Automotive, Inc.
Results of Operations (Unaudited)
Results of Operations (Unaudited)
(In thousands, except per share, unit data and percentage amounts)

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(In thousands, except per share, unit data and percentage amounts)
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## Revenues

| New retail vehicles | \$ 1,896,929 | \$ 1,576,784 |
| :---: | :---: | :---: |
| Fleet vehicles | 119,089 | 97,495 |
| Total new vehicles | 2,016,018 | 1,674,279 |
| Used vehicles | 1,018,228 | 885,508 |
| Wholesale vehicles | 76,839 | 60,739 |
| Total vehicles | 3,111,085 | 2,620,526 |
| Parts, service and collision repair | 591,293 | 558,957 |
| Finance, insurance and other | 105,249 | 86,208 |
| Total revenues | 3,807,627 | 3,265,691 |
| Total gross profit | 600,901 | 548,354 |
| SG\&A expenses | $(472,953)$ | $(446,211)$ |
| Impairment charges | (58) | (45) |
| Depreciation | $(19,760)$ | $(16,998)$ |
| Operating income | 108,130 | 85,100 |
| Interest expense, floor plan | $(10,418)$ | $(10,185)$ |
| Interest expense, other, net | $(30,869)$ | $(32,798)$ |
| Interest expense, non-cash, convertible debt | $(3,409)$ | $(3,406)$ |
| Interest expense / amortization, non-cash, cash flow swaps | (286) | $(3,918)$ |
| Other income (expense), net | 89 | $(7,173)$ |
| Income from continuing operations before taxes | 63,237 | 27,620 |
| Provision for income taxes | $(25,295)$ | (11, 462) |
| Income from continuing operations | 37,942 | 16,158 |
| Loss from discontinued operations | $(1,627)$ | $(3,568)$ |
| Net income | \$ 36,315 | \$ 12,590 |
| Diluted: |  |  |
| Weighted average common shares outstanding | 65,943 | 52,749 |


| Earnings per share from continuing operations | \$ 0.64 | \$ 0.30 |
| :---: | :---: | :---: |
| Loss per share from discontinued operations | (0.03) | (0.06) |
| Earnings per share | \$ 0.61 | \$ 0.24 |
| Gross Margin Data (Continuing Operations): |  |  |
| New retail vehicles | 6.6\% | 6.9\% |
| Fleet vehicles | 3.2\% | 2.7\% |
| Total new vehicles | 6.4\% | 6.7\% |
| Used vehicles | 7.6\% | 8.2\% |
| Total vehicles retail | 6.8\% | 7.2\% |
| Wholesale vehicles | (3.1\%) | (4.1\%) |
| Parts, service and collision repair | 49.3\% | 50.2\% |
| Finance, insurance and other | 100.0\% | 100.0\% |
| Overall gross margin | 15.8\% | 16.8\% |
| SG\&A Expenses (Continuing Operations) : |  |  |
| Personnel | \$ 276,061 | \$ 262,700 |
| Advertising | 27,313 | 23,804 |
| Rent and rent related | 63,678 | 64,785 |
| Other | 105,901 | 94,922 |
| Total | \$ 472,953 | \$ 446,211 |
| SG\&A Expenses as \% of Gross Profit | 78.7\% | 81.4\% |
| Operating Margin \% | 2.8\% | 2.6\% |
| Unit Data (Continuing Operations) : |  |  |
| New retail units | 55,263 | 46,029 |


| Fleet units | 4,639 | 4,022 |
| :--- | :--- | :--- |
| Total new units | 59,902 | 50,051 |
| Used units | 52,386 | 45,874 |
| Total units retailed | 112,288 | 95,925 |
| Wholesale units | 12,000 | 10,355 |

Other Data:

Continuing Operations unit volume percentage changes:

| New retail units | $20.1 \%$ |
| :--- | :--- |
| Fleet units | $15.3 \%$ |
| Total new units | $19.7 \%$ |
| Used units | $14.2 \%$ |
| Total units retailed | $17.1 \%$ |
| Wholesale units | $15.9 \%$ |

Sonic Automotive, Inc.
Earnings Per Share Reconciliation (Unaudited)
(In thousands, except per share data)

For the Second Quarter Ended June 30, 2011

Income Loss

From Continuing From Discontinued
Operations Operations Net Income

| Weighted | Per | Per | Per |
| :--- | :--- | :--- | :--- |
| Average | Share | Share | Share |
| Shares Amount Amount Amount Amount Amount Amount |  |  |  |

```
Earnings
(Loss) and
Shares
    52,461
    $ 22,151
        $ (800)
    $ 21,351
Effect of
Participating
Securities:
Non-vested
Restricted
Stock
and Stock
Units _ (291) _ (291)
Basic
Earnings
(Loss) Per
Share 52,461 $ 21,860 $ 0.42 $ (800) $ (0.02) $ 21,060 $ 0.40
Effect of
Dilutive
Securities:
Contingently
Convertible
Debt (5.0%
Convertible
Notes)
Stock
Compensation
Plans
585
Diluted
Earnings
(Loss) Per
Share 65,936 $ 24,154 $ 0.37 $ (800) $ (0.02) $ 23,354 $ 0.35
```

For the Second Quarter Ended June 30, 2010

| Income | Loss |  |
| :--- | :--- | :--- |
| From Continuing | From Discontinued |  |
| Operations | Operations | Net Income |


| Weighted | Per | Per | Per |
| :--- | :--- | :--- | :--- |
| Average | Share | Share | Share |
| Shares Amount Amount Amount Amount Amount Amount |  |  |  |

```
Shares
        52,249
        $ 9,592
        (1,156)
        $ 8,436
Effect of
Participating
Securities:
Non-vested
Restricted
Stock
and Stock
Units - (94) - (94)
Basic
Earnings
(Loss) Per 
Effect of
Dilutive
Securities:
Contingently
Convertible
Debt (5.0%
Convertible
Notes) 12,890 $ 2,128 2,128
Stock
Compensation
Plans 668
Diluted
Earnings
(Loss) Per
Share
65,807
$ 11,626
$ 0.18
(1,156)
$ (0.02)
$ 10,470
$ 0.16
For the Six Months Ended June 30, 2011
```

Income Loss
From Continuing From Discontinued
Operations Operations Net Income

| Weighted | Per | Per | Per |
| :--- | :--- | :--- | :--- |
| Average | Share | Share | Share |
| Shares Amount | Amount Amount Amount Amount | Amount |  |

Earnings
(Loss) and
Shares 52,438 \$ 37,942

Effect of
Participating

```
Securities:
Non-vested
Restricted
Stock
and Stock
Units _ (499) _ (499)
Basic
Earnings
(Loss) Per
Share 52,438 $ 37,443 $ 0.71
Effect of
Dilutive
Securities:
Contingently
Convertible
Debt (5.0%
Convertible
Notes)
12,890 4,604
-
4,604
Stock
Compensation
Plans
    6 1 5
Diluted
Earnings
(Loss) Per
Share 65,943 $ 42,047 $ 0.64
(1,627)
$ (0.03)
$ 40,420
$ 0.61
For the Six Months Ended June 30, 2010
Income Loss
From Continuing From Discontinued
Operations
Operations
```

Earnings
(Loss) and
Shares

Effect of
Participating
Securities:

Net Income

| Weighted |  | Per |  | Per |  | Per |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Average |  | Share |  | Share |  | Share |
| Shares | Amount | Amount | Amount | Amount | Amount | Amount |
|  |  |  | \$ |  |  |  |
| 52,070 | \$ 16,158 |  | $(3,568)$ |  | \$ 12,5 |  |

For the Six Months Ended June 30, 2010

| Income | Loss |  |
| :--- | :--- | :--- |
| From Continuing | From Discontinued |  |
| Operations | Operations | Net Income |

```
Non-vested
Restricted
Stock
and Stock
Units - (160) - (160)
Basic
Earnings
(Loss) Per ( 52,070 $ 15,998 $ 0.31 $ (3,568) $ (0.07) $ 12,430 $ 0.24
Effect of
Dilutive
Securities:
Stock
Compensation
Plans
Diluted
Earnings
(Loss) Per $
Share 52,749 $ 15,998 $ 0.30 (3,568) $ (0.06) $ 12,430 $ 0.24
```

