

February 19, 2020



Sonic Automotive Reports All-Time Record Fourth Quarter and All-Time Record Full Year 2019

EchoPark Hits Record Revenues of \$1.2 Billion; Sonic Announces Total Annual Revenue Target of \$20 Billion

CHARLOTTE, N.C.--(BUSINESS WIRE)-- [Sonic Automotive, Inc.](#) ("Sonic" or the "Company") (NYSE:SAH), one of the nation's largest automotive retailers, today reported financial results for the fourth quarter and full year ended December 31, 2019.

Fourth Quarter Highlights

- All-time record quarterly earnings per diluted share from continuing operations of \$1.04 for the fourth quarter of 2019, up 104% compared to the fourth quarter of 2018
- All-time record quarterly consolidated total revenues of \$2.7 billion and gross profit of \$393.9 million for the fourth quarter of 2019, compared to \$2.6 billion and \$370.7 million, respectively, for the fourth quarter of 2018
- EchoPark revenues of \$308.6 million, up 52% from the fourth quarter of 2018, EchoPark retail volume of 12,676 units, up 45% from the fourth quarter of 2018
- EchoPark segment income of \$2.1 million, up 145% compared to the fourth quarter of 2018
- Same Store Franchised Dealerships Segment operating results:
 - Revenues up 8.5%, gross profit up 9.4% compared to the fourth quarter of 2018
 - New vehicle unit volume up 7.5%; new vehicle gross profit per unit up 1.4%, to \$2,213 per unit
 - Retail used vehicle unit volume up 9.7%; retail used vehicle gross profit per unit up 2.6%, to \$1,269 per unit
 - Parts, service and collision repair gross profit up 6.2%, Customer Pay gross profit up 10.2% compared to the fourth quarter of 2018
 - Finance and insurance ("F&I") gross profit up 13.7% compared to the fourth quarter of 2018 (all-time record quarterly F&I gross profit per retail unit of \$1,809 on a total Sonic consolidated basis)

Full Year Highlights

- All-time record full year earnings per diluted share from continuing operations of \$3.31, up 171% compared to 2018
- All-time record full year consolidated total revenues of \$10.5 billion and gross profit of \$1.5 billion, compared to \$10.0 billion and \$1.4 billion, respectively, for 2018
- EchoPark revenues of \$1.2 billion, up 66% from 2018, EchoPark retail volume of

- 49,520 units, up 68% from 2018
- EchoPark segment income of \$9.1 million, up 117% compared to 2018
- Fiscal year 2019 debt reduction of \$238 million, in line with \$300 million target by mid-to-late 2020
- Same Store Franchised Dealerships Segment operating results:
 - Revenues up 5.5%, gross profit up 6.7% compared to 2018
 - New vehicle unit volume up 0.6%; new vehicle gross profit per unit up 0.4%, to \$2,083 per unit
 - Retail used vehicle unit volume up 7.7%; retail used vehicle gross profit per unit down 1.8%, to \$1,272 per unit
 - Parts, service and collision repair gross profit up 6.0%, Customer Pay gross profit up 8.2% compared to 2018
 - F&I gross profit up 10.3% compared to 2018 (all-time record annual F&I gross profit per retail unit of \$1,743 on a total Sonic consolidated basis)

Commentary

David Smith, Sonic's and EchoPark's Chief Executive Officer, commented, "Our 2019 performance was exceptional, with record-breaking consolidated total revenues and earnings per diluted share from continuing operations. This was led by tremendous year-over-year annual revenue growth of 66% at EchoPark, our specialty pre-owned vehicle stores, as well as strong performance from our franchised dealerships."

Mr. Smith continued, "During the fourth quarter, EchoPark opened its Long Beach, California store, our ninth location nationwide and our first in California. Upon opening, this location proceeded to sell over 450 vehicles within the first 45 days of operation. This is an excellent start and it speaks to the strength of our unique business model and the industry-leading guest experience our EchoPark stores provide. EchoPark experienced strong growth in 2019, and we believe it is poised for further growth in 2020 as we capitalize on opportunities to expand EchoPark's reach into new markets, which we expect to include three new stores by the end of 2020. Taking into consideration EchoPark's growth trajectory and the continued strength of our franchised dealerships, 2020 marks the beginning of our march towards our long-term goal of achieving \$20 billion in total annual revenues this decade."

Jeff Dyke, Sonic's and EchoPark's President, commented, "In 2019, we continued improving our operational performance, driving increased gross profit to our bottom line. As a result, we achieved record net income from continuing operations of \$3.31 per diluted share for the year. At the same time, we moved forward with our deleveraging initiatives, resulting in a total debt reduction of \$238 million. With the progress we have made, we are well on our way to reaching our stated goal of reducing debt by \$300 million by mid-to-late 2020. With our strong 2019 results and improved balance sheet, we are well positioned to execute on our growth plans for our increasingly profitable EchoPark business, even as we continue to strategically grow our core franchised business."

Fourth Quarter 2019 Operational Summary

For the fourth quarter of 2019, Sonic consolidated total revenues were \$2.7 billion, up 7% compared to the fourth quarter of 2018. EchoPark Segment revenues were \$308.6 million for the fourth quarter of 2019, representing a 52% increase from the fourth quarter of 2018. Franchised Dealerships Segment revenues were \$2.4 billion for the fourth quarter of 2019,

up 3% from the fourth quarter of 2018, despite the disposal of ten franchised dealerships in 2019 which generated revenues of \$165.7 million during the fourth quarter of 2018.

SG&A expenses were \$260.9 million in the fourth quarter of 2019, a decrease of 5% compared to the year-ago period, including the effect of items of interest below. SG&A expenses as a percentage of gross profit were 66.2% for the fourth quarter of 2019 compared to 73.9% in the fourth quarter of 2018. Excluding certain items of interest below (a non-GAAP measure), SG&A expenses as a percentage of gross profit improved 40 basis points, to 73.7%, for the fourth quarter of 2019, compared to 74.1% in the year-ago period.

Net income from continuing operations for the fourth quarter of 2019 was \$46.3 million, or \$1.04 per diluted share. Comparatively, net income from continuing operations for the fourth quarter of 2018 was \$22.0 million, or \$0.51 per diluted share. Included in the above reported fourth quarter results (unless otherwise noted) are the following pre-tax items of interest:

| <u>(In millions)</u> | <u>Q4 2019</u> | <u>Q4 2018</u> | <u>Income Statement</u> <u>Line Item</u> |
|-------------------------------------|----------------|------------------|---------------------------------------------|
| Gain on franchise disposals | \$ 29.3 | \$ — | SG&A expenses |
| Lease exit adjustments | — | 0.8 | SG&A expenses |
| Impairment charges | (17.7) | (15.6) | Impairment charges ⁽¹⁾ |
| Loss on extinguishment of debt | (7.2) | — | Other expense |
| Subtotal: Pre-tax items of interest | <u>\$ 4.4</u> | <u>\$ (14.8)</u> | |
| Tax effect of above items | (1.2) | 4.1 | |
| Tax-effected items of interest | <u>\$ 3.2</u> | <u>\$ (10.7)</u> | |

Note: Amounts in table relate to the Franchised Dealerships Segment unless otherwise noted.

(1) \$16.6 million in the fourth quarter of 2019 and \$1.5 million in the fourth quarter of 2018 attributed to the EchoPark Segment related to building and land held for sale at former EchoPark locations.

Full Year 2019 Operational Summary

For full year 2019, Sonic consolidated total revenues were \$10.5 billion, up 5% compared to 2018. EchoPark Segment revenues were \$1.2 billion for full year 2019, representing a 66% increase from 2018. Franchised Dealerships Segment revenues were \$9.3 billion for full year 2019, flat compared to 2018, despite the disposal of ten franchised dealerships in 2019 which generated revenues of \$656.1 million during 2018.

SG&A expenses were \$1.1 billion in 2019, a decrease of 4% compared to 2018, including the effect of items of interest below. SG&A expenses as a percentage of gross profit were 72.3% in 2019 compared to 79.2% in 2018. Excluding certain items of interest below (a non-GAAP measure), SG&A expense as a percentage of gross profit improved 210 basis points, to 76.9%, for full year 2019, compared to 79.0% in 2018. Overall SG&A expense decreased as the Company continued its focus on disciplined expense control.

Net income from continuing operations for full year 2019 was \$144.5 million, or \$3.31 per diluted share. Comparatively, net income from continuing operations for full year 2018 was \$52.4 million, or \$1.22 per diluted share. Included in the above reported full year results (unless otherwise noted) are the following pre-tax items of interest:

| <u>(In millions)</u> | <u>FY 2019</u> | <u>FY 2018</u> | <u>Income Statement Line Item</u> |
|-------------------------------------|----------------|------------------|---------------------------------------|
| Gain on franchise disposals | \$ 76.0 | \$ 38.9 | SG&A expenses |
| Executive transition costs | (6.3) | (1.6) | SG&A expenses |
| Legal and storm damage charges | — | (5.7) | SG&A expenses |
| Long-term compensation charges | — | (32.5) | SG&A expenses (1) |
| Lease exit adjustments | — | (1.4) | SG&A expenses |
| Impairment charges | (19.6) | (29.5) | Impairment charges (2) |
| Loss on extinguishment of debt | (7.2) | — | Other expense |
| Subtotal: Pre-tax items of interest | <u>\$ 42.9</u> | <u>\$ (31.8)</u> | |
| Tax effect of above items | <u>(14.2)</u> | <u>7.3</u> | |
| Tax-effected items of interest | <u>\$ 28.7</u> | <u>\$ (24.5)</u> | |

Note: Amounts in table relate to the Franchised Dealerships Segment unless otherwise noted.

(1) \$32.5 million in 2018 relates to the EchoPark Segment.

(2) \$18.5 million in 2019 and \$1.6 million in 2018 attributed to the EchoPark Segment related to building and land held for sale at former EchoPark locations.

Dividend

Sonic's Board of Directors approved a quarterly cash dividend of \$0.10 per share payable on April 15, 2020 to all stockholders of record on March 13, 2020.

Fourth Quarter 2019 / Full Year 2019 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" at the top of the page, then "Investor Relations," then "Earnings Conference Calls" 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: 1659619

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: 1659619

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

About Sonic Automotive

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

About EchoPark Automotive

EchoPark Automotive is an operating segment within the Company with nine existing locations that specialize in pre-owned vehicle sales and provide a unique guest experience unlike traditional used car stores. 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 long-term annual revenue targets, anticipated future growth and profitability in the Company's EchoPark Segment, anticipated openings of new EchoPark stores in 2020, anticipated future performance and growth of our Franchised Dealerships Segment, and anticipated future debt reduction in 2020. 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 expansion or contraction, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 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 may contain certain non-GAAP financial measures as defined under SEC rules, such as SG&A expenses as a percentage of gross profit excluding certain items required to be included by GAAP. As required by SEC rules, the Company has provided reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures in the attached financial tables. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosures and provide a meaningful presentation of the Company's results.

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

Results of Operations

| Three Months Ended December 31, | | Better / (Worse) % | Twelve Months Ended December 31, | | Better / (Worse) % |
|------------------------------------|------|--------------------------|-------------------------------------|------|--------------------------|
| 2019 | 2018 | Change | 2019 | 2018 | Change |

(In thousands, except per share amounts)

Revenues:

| | | | | | | |
|----------------------------------------------------------------------------|-------------|-------------|----------|-------------|-------------|-----------|
| New vehicles | \$1,360,064 | \$1,319,587 | 3.1 % | \$4,889,171 | \$4,974,097 | (1.7)% |
| Used vehicles | 869,708 | 755,882 | 15.1 % | 3,489,972 | 2,973,498 | 17.4 % |
| Wholesale vehicles | 46,596 | 49,899 | (6.6)% | 202,946 | 217,625 | (6.7)% |
| Total vehicles | 2,276,368 | 2,125,368 | 7.1 % | 8,582,089 | 8,165,220 | 5.1 % |
| Parts, service and collision repair | 346,514 | 339,257 | 2.1 % | 1,395,303 | 1,380,887 | 1.0 % |
| Finance, insurance and other, net | 125,522 | 109,633 | 14.5 % | 476,951 | 405,523 | 17.6 % |
| Total revenues | 2,748,404 | 2,574,258 | 6.8 % | 10,454,343 | 9,951,630 | 5.1 % |
| Cost of Sales: | | | | | | |
| New vehicles | (1,292,480) | (1,253,792) | 3.1 % | (4,656,084) | (4,732,595) | (1.6)% |
| Used vehicles | (832,877) | (722,291) | 15.3 % | (3,342,576) | (2,830,510) | 18.1 % |
| Wholesale vehicles | (47,941) | (52,069) | (7.9)% | (207,378) | (228,874) | (9.4)% |
| Total vehicles | (2,173,298) | (2,028,152) | 7.2 % | (8,206,038) | (7,791,979) | 5.3 % |
| Parts, service and collision repair | (181,222) | (175,391) | 3.3 % | (727,288) | (713,526) | 1.9 % |
| Total cost of sales | (2,354,520) | (2,203,543) | 6.9 % | (8,933,326) | (8,505,505) | 5.0 % |
| Gross profit | 393,884 | 370,715 | 6.2 % | 1,521,017 | 1,446,125 | 5.2 % |
| Selling, general and administrative expenses | (260,921) | (273,915) | 4.7 % | (1,099,374) | (1,145,325) | 4.0 % |
| Impairment charges | (17,692) | (15,553) | (13.8)% | (20,768) | (29,514) | 29.6 % |
| Depreciation and amortization | (23,048) | (22,556) | (2.2)% | (93,169) | (93,623) | 0.5 % |
| Operating income (loss) | 92,223 | 58,691 | 57.1 % | 307,706 | 177,663 | 73.2 % |
| Other income (expense): | | | | | | |
| Interest expense, floor plan | (11,137) | (13,585) | 18.0 % | (48,519) | (48,398) | (0.3)% |
| Interest expense, other, net | (13,458) | (13,914) | 3.3 % | (52,953) | (54,059) | 2.0 % |
| Other income (expense), net | (6,680) | — | (100.0)% | (6,589) | 106 | (6316.0)% |
| Total other income (expense) | (31,275) | (27,499) | (13.7)% | (108,061) | (102,351) | (5.6)% |
| Income (loss) from continuing operations before taxes | 60,948 | 31,192 | 95.4 % | 199,645 | 75,312 | 165.1 % |
| Provision for income taxes for continuing operations - benefit (expense) | (14,676) | (9,212) | (59.3)% | (55,108) | (22,922) | (140.4)% |
| Income (loss) from continuing operations | 46,272 | 21,980 | 110.5 % | 144,537 | 52,390 | 175.9 % |
| Discontinued operations: | | | | | | |
| Income (loss) from discontinued operations before taxes | 62 | (221) | 128.1 % | (554) | (1,017) | 45.5 % |
| Provision for income taxes for discontinued operations - benefit (expense) | (27) | 62 | (143.5)% | 154 | 277 | (44.4)% |
| Income (loss) from discontinued operations | 35 | (159) | 122.0 % | (400) | (740) | 45.9 % |
| Net income (loss) | \$ 46,307 | \$ 21,821 | 112.2 % | \$ 144,137 | \$ 51,650 | 179.1 % |
| Basic earnings (loss) per common share: | | | | | | |
| Earnings (loss) per share from continuing operations | \$ 1.07 | \$ 0.51 | 109.8 % | \$ 3.36 | \$ 1.23 | 173.2 % |
| Earnings (loss) per share from discontinued operations | — | — | —% | (0.01) | (0.02) | 50.0 % |
| Earnings (loss) per common share | \$ 1.07 | \$ 0.51 | 109.8 % | \$ 3.35 | \$ 1.21 | 176.9 % |
| Weighted-average common shares outstanding | 43,078 | 42,710 | 0.9 % | 43,016 | 42,708 | 0.7 % |
| Diluted earnings (loss) per common share: | | | | | | |
| Earnings (loss) per share from continuing operations | \$ 1.04 | \$ 0.51 | 103.9 % | \$ 3.31 | \$ 1.22 | 171.3 % |
| Earnings (loss) per share from discontinued operations | — | — | —% | (0.01) | (0.02) | 50.0 % |
| Earnings (loss) per common share | \$ 1.04 | \$ 0.51 | 103.9 % | \$ 3.30 | \$ 1.20 | 175.0 % |
| Weighted-average common shares outstanding | 44,463 | 42,911 | (3.6)% | 43,710 | 42,950 | (1.8)% |
| Dividends declared per common share | \$ 0.10 | \$ 0.06 | 66.7 % | \$ 0.40 | \$ 0.24 | 66.7 % |

New Vehicles - Consolidated

| Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Reported new vehicle:

| | | | | |
|---------|--------------|--------------|-----------|-------|
| Revenue | \$ 1,360,064 | \$ 1,319,587 | \$ 40,477 | 3.1 % |
|---------|--------------|--------------|-----------|-------|

| | | | | | | | |
|--------------------------------|----|--------|----|--------|----|-------|---------|
| Gross profit | \$ | 67,584 | \$ | 65,795 | \$ | 1,789 | 2.7 % |
| Unit sales | | 30,591 | | 31,331 | | (740) | (2.4) % |
| Revenue per unit | \$ | 44,460 | \$ | 42,118 | \$ | 2,342 | 5.6 % |
| Gross profit per unit | \$ | 2,209 | \$ | 2,100 | \$ | 109 | 5.2 % |
| Gross profit as a % of revenue | | 5.0% | | 5.0% | | — | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|------------------------------------------------------|-------------|-------------------------|-----------------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Reported new vehicle:

| | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|----------|---------|
| Revenue | \$ | 4,889,171 | \$ | 4,974,097 | \$ | (84,926) | (1.7) % |
| Gross profit | \$ | 233,087 | \$ | 241,502 | \$ | (8,415) | (3.5) % |
| Unit sales | | 114,131 | | 122,717 | | (8,586) | (7.0) % |
| Revenue per unit | \$ | 42,838 | \$ | 40,533 | \$ | 2,305 | 5.7 % |
| Gross profit per unit | \$ | 2,042 | \$ | 1,968 | \$ | 74 | 3.8 % |
| Gross profit as a % of revenue | | 4.8% | | 4.9% | | (10) | bps |

| Three Months Ended December 31, | | Better / (Worse) | |
|------------------------------------------------------|-------------|-------------------------|-----------------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Same store new vehicle:

| | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|---------|--------|
| Revenue | \$ | 1,336,909 | \$ | 1,215,081 | \$ | 121,828 | 10.0 % |
| Gross profit | \$ | 66,437 | \$ | 60,919 | \$ | 5,518 | 9.1 % |
| Unit sales | | 30,018 | | 27,921 | | 2,097 | 7.5 % |
| Revenue per unit | \$ | 44,537 | \$ | 43,519 | \$ | 1,018 | 2.3 % |
| Gross profit per unit | \$ | 2,213 | \$ | 2,182 | \$ | 31 | 1.4 % |
| Gross profit as a % of revenue | | 5.0% | | 5.0% | | — | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|------------------------------------------------------|-------------|-------------------------|-----------------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Same store new vehicle:

| | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|---------|-------|
| Revenue | \$ | 4,691,795 | \$ | 4,504,210 | \$ | 187,585 | 4.2 % |
| Gross profit | \$ | 224,526 | \$ | 222,335 | \$ | 2,191 | 1.0 % |
| Unit sales | | 107,803 | | 107,149 | | 654 | 0.6 % |
| Revenue per unit | \$ | 43,522 | \$ | 42,037 | \$ | 1,485 | 3.5 % |
| Gross profit per unit | \$ | 2,083 | \$ | 2,075 | \$ | 8 | 0.4 % |
| Gross profit as a % of revenue | | 4.8% | | 4.9% | | (10) | bps |

Used Vehicles - Consolidated

| Three Months Ended December 31, | | Better / (Worse) | |
|------------------------------------------------------|-------------|-------------------------|-----------------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Reported used vehicle:

| | | | | | | | |
|--------------------------------|----|---------|----|---------|----|---------|---------|
| Revenue | \$ | 869,708 | \$ | 755,882 | \$ | 113,826 | 15.1 % |
| Gross profit | \$ | 36,831 | \$ | 33,591 | \$ | 3,240 | 9.6 % |
| Unit sales | | 39,775 | | 35,135 | | 4,640 | 13.2 % |
| Revenue per unit | \$ | 21,866 | \$ | 21,514 | \$ | 352 | 1.6 % |
| Gross profit per unit | \$ | 926 | \$ | 956 | \$ | (30) | (3.1) % |
| Gross profit as a % of revenue | | 4.2% | | 4.4% | | (20) | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|------------------------------------------------------|-------------|-------------------------|-----------------|
| 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | |

Reported used vehicle:

| | | | | | | | |
|---------|----|-----------|----|-----------|----|---------|--------|
| Revenue | \$ | 3,489,972 | \$ | 2,973,498 | \$ | 516,474 | 17.4 % |
|---------|----|-----------|----|-----------|----|---------|--------|

| | | | | | | | |
|--------------------------------|----|---------|----|---------|----|--------|---------|
| Gross profit | \$ | 147,396 | \$ | 142,988 | \$ | 4,408 | 3.1 % |
| Unit sales | | 162,149 | | 139,605 | | 22,544 | 16.1 % |
| Revenue per unit | \$ | 21,523 | \$ | 21,299 | \$ | 224 | 1.1 % |
| Gross profit per unit | \$ | 909 | \$ | 1,024 | \$ | (115) | (11.2)% |
| Gross profit as a % of revenue | | 4.2% | | 4.8% | | (60) | bps |

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------------|-------------|-------------------------|-----------------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store used vehicle:

| | | | | | | | |
|--------------------------------|----|---------|----|---------|----|--------|--------|
| Revenue | \$ | 809,993 | \$ | 711,494 | \$ | 98,499 | 13.8 % |
| Gross profit | \$ | 33,604 | \$ | 28,127 | \$ | 5,477 | 19.5 % |
| Unit sales | | 37,174 | | 32,446 | | 4,728 | 14.6 % |
| Revenue per unit | \$ | 21,789 | \$ | 21,929 | \$ | (140) | (0.6)% |
| Gross profit per unit | \$ | 904 | \$ | 867 | \$ | 37 | 4.3 % |
| Gross profit as a % of revenue | | 4.1% | | 4.0% | | 10 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|-----------------------------------------|-------------|-------------------------|-----------------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store used vehicle:

| | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|---------|--------|
| Revenue | \$ | 3,191,404 | \$ | 2,759,003 | \$ | 432,401 | 15.7 % |
| Gross profit | \$ | 131,695 | \$ | 124,304 | \$ | 7,391 | 5.9 % |
| Unit sales | | 146,456 | | 126,415 | | 20,041 | 15.9 % |
| Revenue per unit | \$ | 21,791 | \$ | 21,825 | \$ | (34) | (0.2)% |
| Gross profit per unit | \$ | 899 | \$ | 983 | \$ | (84) | (8.5)% |
| Gross profit as a % of revenue | | 4.1% | | 4.5% | | (40) | bps |

Wholesale Vehicles - Consolidated

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------------|-------------|-------------------------|-----------------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|---------|---------|
| Revenue | \$ | 46,596 | \$ | 49,899 | \$ | (3,303) | (6.6) % |
| Gross profit (loss) | \$ | (1,345) | \$ | (2,170) | \$ | 825 | 38.0 % |
| Unit sales | | 7,899 | | 8,214 | | (315) | (3.8) % |
| Revenue per unit | \$ | 5,899 | \$ | 6,075 | \$ | (176) | (2.9) % |
| Gross profit (loss) per unit | \$ | (170) | \$ | (264) | \$ | 94 | 35.5 % |
| Gross profit (loss) as a % of revenue | | (2.9) % | | (4.3) % | | 140 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|-----------------------------------------|-------------|-------------------------|-----------------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|----------|----|----------|---------|
| Revenue | \$ | 202,946 | \$ | 217,625 | \$ | (14,679) | (6.7) % |
| Gross profit (loss) | \$ | (4,432) | \$ | (11,249) | \$ | 6,817 | 60.6 % |
| Unit sales | | 34,153 | | 34,167 | | (14) | —% |
| Revenue per unit | \$ | 5,942 | \$ | 6,369 | \$ | (427) | (6.7) % |
| Gross profit (loss) per unit | \$ | (130) | \$ | (329) | \$ | 199 | 60.5 % |
| Gross profit (loss) as a % of revenue | | (2.2) % | | (5.2) % | | 300 | bps |

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------------|-------------|-------------------------|-----------------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store wholesale vehicle:

| | | | | | | | |
|---------------------|----|---------|----|---------|----|---------|---------|
| Revenue | \$ | 44,769 | \$ | 46,458 | \$ | (1,689) | (3.6) % |
| Gross profit (loss) | \$ | (1,355) | \$ | (1,962) | \$ | 607 | 30.9 % |

| | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|-------|---------|
| Unit sales | | 7,415 | | 7,356 | | 59 | 0.8 % |
| Revenue per unit | \$ | 6,038 | \$ | 6,316 | \$ | (278) | (4.4) % |
| Gross profit (loss) per unit | \$ | (183) | \$ | (267) | \$ | 84 | 31.5 % |
| Gross profit (loss) as a % of revenue | | (3.0) % | | (4.2) % | | 120 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|---------|---------|
| Revenue | \$ | 191,431 | \$ | 195,743 | \$ | (4,312) | (2.2) % |
| Gross profit (loss) | \$ | (3,808) | \$ | (9,792) | \$ | 5,984 | 61.1 % |
| Unit sales | | 31,016 | | 29,245 | | 1,771 | 6.1 % |
| Revenue per unit | \$ | 6,172 | \$ | 6,693 | \$ | (521) | (7.8) % |
| Gross profit (loss) per unit | \$ | (123) | \$ | (335) | \$ | 212 | 63.3 % |
| Gross profit (loss) as a % of revenue | | (2.0) % | | (5.0) % | | 300 | bps |

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

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|---------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

Reported Fixed Operations:

Revenue:

| | | | | | | | |
|----------------------------|----|---------|----|---------|----|---------|---------|
| Customer pay | \$ | 141,442 | \$ | 137,690 | \$ | 3,752 | 2.7 % |
| Warranty | | 63,713 | | 68,425 | | (4,712) | (6.9) % |
| Wholesale parts | | 39,934 | | 38,302 | | 1,632 | 4.3 % |
| Internal, sublet and other | | 101,425 | | 94,840 | | 6,585 | 6.9 % |
| Total | \$ | 346,514 | \$ | 339,257 | \$ | 7,257 | 2.1 % |

Gross profit:

| | | | | | | | |
|----------------------------|----|---------|----|---------|----|---------|---------|
| Customer pay | \$ | 76,346 | \$ | 73,173 | \$ | 3,173 | 4.3 % |
| Warranty | | 35,302 | | 38,411 | | (3,109) | (8.1) % |
| Wholesale parts | | 6,868 | | 6,797 | | 71 | 1.0 % |
| Internal, sublet and other | | 46,776 | | 45,485 | | 1,291 | 2.8 % |
| Total | \$ | 165,292 | \$ | 163,866 | \$ | 1,426 | 0.9 % |

Gross profit as a % of revenue:

| | | | | | | | |
|----------------------------|--|-------|--|-------|--|-------|-----|
| Customer pay | | 54.0% | | 53.1% | | 90 | bps |
| Warranty | | 55.4% | | 56.1% | | (70) | bps |
| Wholesale parts | | 17.2% | | 17.7% | | (50) | bps |
| Internal, sublet and other | | 46.1% | | 48.0% | | (190) | bps |
| Total | | 47.7% | | 48.3% | | (60) | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

Reported Fixed Operations:

Revenue:

| | | | | | | | |
|----------------------------|----|-----------|----|-----------|----|---------|---------|
| Customer pay | \$ | 561,422 | \$ | 560,037 | \$ | 1,385 | 0.2 % |
| Warranty | | 272,389 | | 266,644 | | 5,745 | 2.2 % |
| Wholesale parts | | 157,603 | | 161,066 | | (3,463) | (2.2) % |
| Internal, sublet and other | | 403,889 | | 393,140 | | 10,749 | 2.7 % |
| Total | \$ | 1,395,303 | \$ | 1,380,887 | \$ | 14,416 | 1.0 % |

Gross profit:

| | | | | | | | |
|--------------|----|---------|----|---------|----|-------|-------|
| Customer pay | \$ | 304,950 | \$ | 299,617 | \$ | 5,333 | 1.8 % |
| Warranty | | 150,984 | | 150,746 | | 238 | 0.2 % |

| | | | | |
|----------------------------|-------------------|-------------------|---------------|---------|
| Wholesale parts | 27,187 | 27,746 | (559) | (2.0) % |
| Internal, sublet and other | 184,894 | 189,252 | (4,358) | (2.3) % |
| Total | <u>\$ 668,015</u> | <u>\$ 667,361</u> | <u>\$ 654</u> | 0.1 % |

Gross profit as a % of revenue:

| | | | |
|----------------------------|-------|-------|-----------|
| Customer pay | 54.3% | 53.5% | 80 bps |
| Warranty | 55.4% | 56.5% | (110) bps |
| Wholesale parts | 17.3% | 17.2% | 10 bps |
| Internal, sublet and other | 45.8% | 48.1% | (230) bps |
| Total | 47.9% | 48.3% | (40) bps |

Fixed Operations - Consolidated (Continued)

| | <u>Three Months Ended December 31,</u> | | <u>Better / (Worse)</u> | |
|---------------------------------|----------------------------------------|-------------------|-------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>Change</u> | <u>% Change</u> |
| | <u>(In thousands)</u> | | | |
| Same store Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 139,273 | \$ 129,217 | \$10,056 | 7.8 % |
| Warranty | 63,042 | 65,432 | (2,390) | (3.7) % |
| Wholesale parts | 39,398 | 36,483 | 2,915 | 8.0 % |
| Internal, sublet and other | 98,942 | 87,904 | 11,038 | 12.6 % |
| Total | <u>\$ 340,655</u> | <u>\$ 319,036</u> | <u>\$21,619</u> | 6.8 % |
| Gross profit: | | | | |
| Customer pay | \$ 75,406 | \$ 68,444 | \$ 6,962 | 10.2 % |
| Warranty | 35,007 | 36,748 | (1,741) | (4.7) % |
| Wholesale parts | 6,772 | 6,423 | 349 | 5.4 % |
| Internal, sublet and other | 46,116 | 42,256 | 3,860 | 9.1 % |
| Total | <u>\$ 163,301</u> | <u>\$ 153,871</u> | <u>\$ 9,430</u> | 6.1 % |
| Gross profit as a % of revenue: | | | | |
| Customer pay | 54.1% | 53.0% | 110 bps | |
| Warranty | 55.5% | 56.2% | (70) bps | |
| Wholesale parts | 17.2% | 17.6% | (40) bps | |
| Internal, sublet and other | 46.6% | 48.1% | (150) bps | |
| Total | 47.9% | 48.2% | (30) bps | |

| | <u>Twelve Months Ended December 31,</u> | | <u>Better / (Worse)</u> | |
|------------------------------|-----------------------------------------|---------------------|-------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>Change</u> | <u>% Change</u> |
| | <u>(In thousands)</u> | | | |
| Same store Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 547,826 | \$ 517,152 | \$30,674 | 5.9 % |
| Warranty | 264,282 | 250,750 | 13,532 | 5.4 % |
| Wholesale parts | 154,166 | 152,030 | 2,136 | 1.4 % |
| Internal, sublet and other | 384,584 | 359,441 | 25,143 | 7.0 % |
| Total | <u>\$ 1,350,858</u> | <u>\$ 1,279,373</u> | <u>\$71,485</u> | 5.6 % |
| Gross profit: | | | | |
| Customer pay | \$ 297,916 | \$ 275,484 | \$22,432 | 8.1 % |
| Warranty | 146,644 | 140,305 | 6,339 | 4.5 % |
| Wholesale parts | 26,542 | 25,972 | 570 | 2.2 % |
| Internal, sublet and other | 177,442 | 172,786 | 4,656 | 2.7 % |
| Total | <u>\$ 648,544</u> | <u>\$ 614,547</u> | <u>\$33,997</u> | 5.5 % |

Gross profit as a % of revenue:

| | | | |
|----------------------------|-------|-------|-----------|
| Customer pay | 54.4% | 53.3% | 110 bps |
| Warranty | 55.5% | 56.0% | (50) bps |
| Wholesale parts | 17.2% | 17.1% | 10 bps |
| Internal, sublet and other | 46.1% | 48.1% | (200) bps |
| Total | 48.0% | 48.0% | — bps |

Finance, Insurance and Other, Net (“F&I”) - Consolidated

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|---------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported F&I: | | | | |
| Revenue | \$ 125,522 | \$ 109,633 | \$15,889 | 14.5% |
| Unit sales | 69,376 | 66,102 | 3,274 | 5.0% |
| Gross profit per retail unit (excludes fleet) | \$ 1,809 | \$ 1,659 | \$ 151 | 9.1% |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported F&I: | | | | |
| Revenue | \$ 476,951 | \$ 405,523 | \$71,428 | 17.6% |
| Unit sales | 273,606 | 260,424 | 13,182 | 5.1% |
| Gross profit per retail unit (excludes fleet) | \$ 1,743 | \$ 1,557 | \$ 186 | 11.9% |

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|---------------------------------|-----------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store F&I: | | | | |
| Revenue | \$ 115,513 | \$ 98,634 | \$16,879 | 17.1% |
| Unit sales | 66,202 | 60,003 | 6,199 | 10.3% |
| Gross profit per retail unit (excludes fleet) | \$ 1,745 | \$ 1,644 | \$ 101 | 6.1% |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store F&I: | | | | |
| Revenue | \$ 426,441 | \$ 360,317 | \$66,124 | 18.4% |
| Unit sales | 251,585 | 231,711 | 19,874 | 8.6% |
| Gross profit per retail unit (excludes fleet) | \$ 1,695 | \$ 1,555 | \$ 140 | 9.0% |

New Vehicles - Franchised Dealerships Segment

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|---------------------------------|--------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported new vehicle: | | | | |
| Revenue | \$ 1,360,064 | \$ 1,319,587 | \$ 40,477 | 3.1 % |
| Gross profit | \$ 67,584 | \$ 65,795 | \$ 1,789 | 2.7 % |
| Unit sales | 30,591 | 31,331 | (740) | (2.4) % |
| Revenue per unit | \$ 44,460 | \$ 42,118 | \$ 2,342 | 5.6 % |
| Gross profit per unit | \$ 2,209 | \$ 2,100 | \$ 109 | 5.2 % |
| Gross profit as a % of revenue | 5.0% | 5.0% | — | bps |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|----------------------------------|------|------------------|----------|
| | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported new vehicle:

| | | | | |
|--------------------------------|--------------|--------------|-------------|---------|
| Revenue | \$ 4,889,171 | \$ 4,974,097 | \$ (84,926) | (1.7) % |
| Gross profit | \$ 233,087 | \$ 241,502 | \$ (8,415) | (3.5) % |
| Unit sales | 114,131 | 122,717 | (8,586) | (7.0) % |
| Revenue per unit | \$ 42,838 | \$ 40,533 | \$ 2,305 | 5.7 % |
| Gross profit per unit | \$ 2,042 | \$ 1,968 | \$ 74 | 3.8 % |
| Gross profit as a % of revenue | 4.8% | 4.9% | (10) bps | |

| Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store new vehicle:

| | | | | |
|--------------------------------|--------------|--------------|-----------|--------|
| Revenue | \$ 1,336,909 | \$ 1,215,081 | \$121,828 | 10.0 % |
| Gross profit | \$ 66,437 | \$ 60,919 | \$ 5,518 | 9.1 % |
| Unit sales | 30,018 | 27,921 | 2,097 | 7.5 % |
| Revenue per unit | \$ 44,537 | \$ 43,519 | \$ 1,018 | 2.3 % |
| Gross profit per unit | \$ 2,213 | \$ 2,182 | \$ 31 | 1.4 % |
| Gross profit as a % of revenue | 5.0% | 5.0% | — | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|----------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store new vehicle:

| | | | | |
|--------------------------------|--------------|--------------|-----------|-------|
| Revenue | \$ 4,691,795 | \$ 4,504,210 | \$187,585 | 4.2 % |
| Gross profit | \$ 224,526 | \$ 222,335 | \$ 2,191 | 1.0 % |
| Unit sales | 107,803 | 107,149 | 654 | 0.6 % |
| Revenue per unit | \$ 43,522 | \$ 42,037 | \$ 1,485 | 3.5 % |
| Gross profit per unit | \$ 2,083 | \$ 2,075 | \$ 8 | 0.4 % |
| Gross profit as a % of revenue | 4.8% | 4.9% | (10) bps | |

Used Vehicles - Franchised Dealerships Segment

| Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported used vehicle:

| | | | | |
|--------------------------------|------------|------------|-----------|---------|
| Revenue | \$ 604,422 | \$ 576,396 | \$ 28,026 | 4.9 % |
| Gross profit | \$ 35,727 | \$ 35,385 | \$ 342 | 1.0 % |
| Unit sales | 27,099 | 26,373 | 726 | 2.8 % |
| Revenue per unit | \$ 22,304 | \$ 21,856 | \$ 448 | 2.0 % |
| Gross profit per unit | \$ 1,318 | \$ 1,342 | \$ (24) | (1.8) % |
| Gross profit as a % of revenue | 5.9% | 6.1% | (24) bps | |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|----------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported used vehicle:

| | | | | |
|--------------------------------|--------------|--------------|-----------|---------|
| Revenue | \$ 2,493,467 | \$ 2,370,799 | \$122,668 | 5.2 % |
| Gross profit | \$ 147,541 | \$ 148,350 | \$ (809) | (0.5) % |
| Unit sales | 112,629 | 110,168 | 2,461 | 2.2 % |
| Revenue per unit | \$ 22,139 | \$ 21,520 | \$ 619 | 2.9 % |
| Gross profit per unit | \$ 1,310 | \$ 1,347 | \$ (37) | (2.7) % |
| Gross profit as a % of revenue | 5.9% | 6.3% | (40) bps | |

| Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store used vehicle:

| | | | | | | | |
|--------------------------------|----|---------|----|---------|----|--------|---------|
| Revenue | \$ | 586,324 | \$ | 543,052 | \$ | 43,272 | 8.0 % |
| Gross profit | \$ | 33,720 | \$ | 29,959 | \$ | 3,761 | 12.6 % |
| Unit sales | | 26,566 | | 24,221 | | 2,345 | 9.7 % |
| Revenue per unit | \$ | 22,070 | \$ | 22,421 | \$ | (351) | (1.6) % |
| Gross profit per unit | \$ | 1,269 | \$ | 1,237 | \$ | 32 | 2.6 % |
| Gross profit as a % of revenue | | 5.8% | | 5.5% | | 28 | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|----------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store used vehicle:

| | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|---------|---------|
| Revenue | \$ | 2,394,077 | \$ | 2,201,382 | \$ | 192,695 | 8.8 % |
| Gross profit | \$ | 136,077 | \$ | 128,648 | \$ | 7,429 | 5.8 % |
| Unit sales | | 106,998 | | 99,335 | | 7,663 | 7.7 % |
| Revenue per unit | \$ | 22,375 | \$ | 22,161 | \$ | 214 | 1.0 % |
| Gross profit per unit | \$ | 1,272 | \$ | 1,295 | \$ | (23) | (1.8) % |
| Gross profit as a % of revenue | | 5.7% | | 5.8% | | (10) | bps |

Wholesale Vehicles - Franchised Dealerships Segment

| Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|---------|----------|
| Revenue | \$ | 39,250 | \$ | 49,145 | \$ | (9,895) | (20.1) % |
| Gross profit (loss) | \$ | (1,253) | \$ | (2,072) | \$ | 819 | 39.5 % |
| Unit sales | | 6,148 | | 8,161 | | (2,013) | (24.7) % |
| Revenue per unit | \$ | 6,384 | \$ | 6,022 | \$ | 362 | 6.0 % |
| Gross profit (loss) per unit | \$ | (204) | \$ | (254) | \$ | 50 | 19.7 % |
| Gross profit (loss) as a % of revenue | | (3.2) % | | (4.2) % | | 102 | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|----------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Reported wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|----------|----|----------|---------|
| Revenue | \$ | 180,020 | \$ | 197,183 | \$ | (17,163) | (8.7) % |
| Gross profit (loss) | \$ | (4,100) | \$ | (11,779) | \$ | 7,679 | 65.2 % |
| Unit sales | | 28,379 | | 30,615 | | (2,236) | (7.3) % |
| Revenue per unit | \$ | 6,343 | \$ | 6,441 | \$ | (98) | (1.5) % |
| Gross profit (loss) per unit | \$ | (144) | \$ | (385) | \$ | 241 | 62.6 % |
| Gross profit (loss) as a % of revenue | | (2.3) % | | (6.0) % | | 370 | bps |

| Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store wholesale vehicle:

| | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|---------|----------|
| Revenue | \$ | 38,600 | \$ | 45,706 | \$ | (7,106) | (15.5) % |
| Gross profit (loss) | \$ | (1,269) | \$ | (1,865) | \$ | 596 | 32.0 % |
| Unit sales | | 5,920 | | 7,303 | | (1,383) | (18.9) % |
| Revenue per unit | \$ | 6,520 | \$ | 6,258 | \$ | 262 | 4.2 % |
| Gross profit (loss) per unit | \$ | (214) | \$ | (255) | \$ | 41 | 16.1 % |
| Gross profit (loss) as a % of revenue | | (3.3) % | | (4.1) % | | 78 | bps |

| Twelve Months Ended December 31, | | Better / (Worse) | |
|----------------------------------|------|------------------|----------|
| 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

Same store wholesale vehicle:

| | | | | |
|---------------------------------------|------------|-------------|------------|---------|
| Revenue | \$ 172,985 | \$ 179,895 | \$ (6,910) | (3.8) % |
| Gross profit (loss) | \$ (3,508) | \$ (10,320) | \$ 6,812 | 66.0 % |
| Unit sales | 26,341 | 26,583 | (242) | (0.9) % |
| Revenue per unit | \$ 6,567 | \$ 6,767 | \$ (200) | (3.0) % |
| Gross profit (loss) per unit | \$ (133) | \$ (388) | \$ 255 | 65.7 % |
| Gross profit (loss) as a % of revenue | (2.0) % | (5.7) % | 370 | bps |

Fixed Operations - Franchised Dealerships Segment

| | <u>Three Months Ended December 31,</u> | | <u>Better / (Worse)</u> | |
|---------------------------------|----------------------------------------|-------------------|-------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>Change</u> | <u>% Change</u> |
| (In thousands) | | | | |
| Reported Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 141,252 | \$ 137,544 | \$3,708 | 2.7 % |
| Warranty | 63,713 | 68,425 | (4,712) | (6.9) % |
| Wholesale parts | 39,934 | 38,302 | 1,632 | 4.3 % |
| Internal, sublet and other | 94,269 | 91,929 | 2,340 | 2.5 % |
| Total | <u>\$ 339,168</u> | <u>\$ 336,200</u> | <u>\$2,968</u> | 0.9 % |
| Gross profit: | | | | |
| Customer pay | \$ 76,343 | \$ 73,153 | \$3,190 | 4.4 % |
| Warranty | 35,302 | 38,411 | (3,109) | (8.1) % |
| Wholesale parts | 6,868 | 6,797 | 71 | 1.0 % |
| Internal, sublet and other | 47,133 | 45,747 | 1,386 | 3.0 % |
| Total | <u>\$ 165,646</u> | <u>\$ 164,108</u> | <u>\$1,538</u> | 0.9 % |
| Gross profit as a % of revenue: | | | | |
| Customer pay | 54.0% | 53.2% | 80 | bps |
| Warranty | 55.4% | 56.1% | (70) | bps |
| Wholesale parts | 17.2% | 17.7% | (50) | bps |
| Internal, sublet and other | 50.0% | 49.8% | 20 | bps |
| Total | 48.8% | 48.8% | — | bps |

| | <u>Twelve Months Ended December 31,</u> | | <u>Better / (Worse)</u> | |
|---------------------------------|-----------------------------------------|---------------------|-------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>Change</u> | <u>% Change</u> |
| (In thousands) | | | | |
| Reported Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 560,734 | \$ 559,027 | \$1,707 | 0.3 % |
| Warranty | 272,389 | 266,644 | 5,745 | 2.2 % |
| Wholesale parts | 157,603 | 161,066 | (3,463) | (2.2) % |
| Internal, sublet and other | 375,824 | 377,822 | (1,998) | (0.5) % |
| Total | <u>\$ 1,366,550</u> | <u>\$ 1,364,559</u> | <u>\$1,991</u> | 0.1 % |
| Gross profit: | | | | |
| Customer pay | \$ 304,927 | \$ 299,360 | \$5,567 | 1.9 % |
| Warranty | 150,984 | 150,746 | 238 | 0.2 % |
| Wholesale parts | 27,187 | 27,746 | (559) | (2.0) % |
| Internal, sublet and other | 185,860 | 187,365 | (1,505) | (0.8) % |
| Total | <u>\$ 668,958</u> | <u>\$ 665,217</u> | <u>\$3,741</u> | 0.6 % |
| Gross profit as a % of revenue: | | | | |
| Customer pay | 54.4% | 53.6% | 80 | bps |
| Warranty | 55.4% | 56.5% | (110) | bps |
| Wholesale parts | 17.3% | 17.2% | 10 | bps |

| | | | |
|----------------------------|-------|-------|----------|
| Internal, sublet and other | 49.5% | 49.6% | (10) bps |
| Total | 49.0% | 48.7% | 30 bps |

Fixed Operations - Franchised Dealerships Segment (Continued)

| | Three Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|---------------------------------|-------------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands) | | | | |
| Same store Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 139,127 | \$ 129,093 | \$10,034 | 7.8 % |
| Warranty | 63,042 | 65,432 | (2,390) | (3.7) % |
| Wholesale parts | 39,398 | 36,483 | 2,915 | 8.0 % |
| Internal, sublet and other | 93,030 | 85,213 | 7,817 | 9.2 % |
| Total | <u>\$ 334,597</u> | <u>\$ 316,222</u> | <u>\$18,375</u> | 5.8 % |
| Gross profit: | | | | |
| Customer pay | \$ 75,404 | \$ 68,425 | \$ 6,979 | 10.2 % |
| Warranty | 35,007 | 36,748 | (1,741) | (4.7) % |
| Wholesale parts | 6,772 | 6,423 | 349 | 5.4 % |
| Internal, sublet and other | 46,406 | 42,513 | 3,893 | 9.2 % |
| Total | <u>\$ 163,589</u> | <u>\$ 154,109</u> | <u>\$ 9,480</u> | 6.2 % |
| Gross profit as a % of revenue: | | | | |
| Customer pay | 54.2% | 53.0% | 120 bps | |
| Warranty | 55.5% | 56.2% | (70) bps | |
| Wholesale parts | 17.2% | 17.6% | (40) bps | |
| Internal, sublet and other | 49.9% | 49.9% | — bps | |
| Total | 48.9% | 48.7% | 20 bps | |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|---------------------------------|----------------------------------|---------------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands) | | | | |
| Same store Fixed Operations: | | | | |
| Revenue: | | | | |
| Customer pay | \$ 547,344 | \$ 516,572 | \$30,772 | 6.0 % |
| Warranty | 264,282 | 250,750 | 13,532 | 5.4 % |
| Wholesale parts | 154,166 | 152,030 | 2,136 | 1.4 % |
| Internal, sublet and other | 362,114 | 345,513 | 16,601 | 4.8 % |
| Total | <u>\$ 1,327,906</u> | <u>\$ 1,264,865</u> | <u>\$63,041</u> | 5.0 % |
| Gross profit: | | | | |
| Customer pay | \$ 297,894 | \$ 275,387 | \$22,507 | 8.2 % |
| Warranty | 146,644 | 140,305 | 6,339 | 4.5 % |
| Wholesale parts | 26,542 | 25,972 | 570 | 2.2 % |
| Internal, sublet and other | 178,232 | 171,038 | 7,194 | 4.2 % |
| Total | <u>\$ 649,312</u> | <u>\$ 612,702</u> | <u>\$36,610</u> | 6.0 % |
| Gross profit as a % of revenue: | | | | |
| Customer pay | 54.4% | 53.3% | 110 bps | |
| Warranty | 55.5% | 56.0% | (50) bps | |
| Wholesale parts | 17.2% | 17.1% | 10 bps | |
| Internal, sublet and other | 49.2% | 49.5% | (30) bps | |
| Total | 48.9% | 48.4% | 50 bps | |

F&I - Franchised Dealerships Segment

| | Three Months Ended December 31, | | Better / (Worse) | |
|--------------------------------------------------|---------------------------------|-----------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported F&I: | | | | |
| Revenue | \$ 96,946 | \$ 90,341 | \$ 6,605 | 7.3 % |
| Unit sales | 56,700 | 57,340 | (640) | (1.1) % |
| Gross profit per retail unit (excludes fleet) \$ | 1,710 | 1,576 | \$ 134 | 8.5 % |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|--------------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported F&I: | | | | |
| Revenue | \$ 363,117 | \$ 344,814 | \$ 18,303 | 5.3 % |
| Unit sales | 224,086 | 230,987 | (6,901) | (3.0) % |
| Gross profit per retail unit (excludes fleet) \$ | 1,620 | 1,493 | \$ 127 | 8.5 % |

| | Three Months Ended December 31, | | Better / (Worse) | |
|--------------------------------------------------|---------------------------------|-----------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store F&I: | | | | |
| Revenue | \$ 91,628 | \$ 80,579 | \$ 11,049 | 13.7 % |
| Unit sales | 55,594 | 51,778 | 3,816 | 7.4 % |
| Gross profit per retail unit (excludes fleet) \$ | 1,648 | 1,556 | \$ 92 | 5.9 % |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|--------------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store F&I: | | | | |
| Revenue | \$ 335,756 | \$ 304,293 | \$ 31,463 | 10.3 % |
| Unit sales | 212,127 | 204,631 | 7,496 | 3.7 % |
| Gross profit per retail unit (excludes fleet) \$ | 1,583 | 1,487 | \$ 96 | 6.5 % |

Used Vehicles and F&I - EchoPark Segment

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------------------|---------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported retail used vehicle and F&I: | | | | |
| Retail used vehicle revenue | \$ 265,286 | \$ 179,486 | \$ 85,800 | 47.8 % |
| Retail used vehicle gross profit (loss) | \$ 1,104 | \$ (1,794) | \$ 2,898 | (161.5)% |
| Retail used vehicle unit sales | 12,676 | 8,762 | 3,914 | 44.7 % |
| Retail used vehicle revenue per unit | \$ 20,928 | \$ 20,485 | \$ 443 | 2.2 % |
| F&I revenue | \$ 28,576 | \$ 19,292 | \$ 9,284 | 48.1 % |
| Combined retail used vehicle gross profit and F&I revenue | \$ 29,680 | \$ 17,498 | \$ 12,182 | 69.6 % |
| Total retail used vehicle and F&I gross profit per unit | \$ 2,341 | \$ 1,997 | \$ 344 | 17.2 % |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported retail used vehicle and F&I: | | | | |
| Retail used vehicle revenue | \$ 996,505 | \$ 602,699 | \$ 393,806 | 65.3 % |
| Retail used vehicle gross profit (loss) | \$ (146) | \$ (5,362) | \$ 5,216 | 97.3 % |
| Retail used vehicle unit sales | 49,520 | 29,437 | 20,083 | 68.2 % |
| Retail used vehicle revenue per unit | \$ 20,123 | \$ 20,474 | \$ (351) | (1.7) % |
| F&I revenue | \$ 113,834 | \$ 60,709 | \$ 53,125 | 87.5 % |

| | | | | |
|-----------------------------------------------------------|------------|-----------|-----------|---------|
| Combined retail used vehicle gross profit and F&I revenue | \$ 113,688 | \$ 55,347 | \$ 58,341 | 105.4 % |
| Total retail used vehicle and F&I gross profit per unit | \$ 2,296 | \$ 1,880 | \$ 416 | 22.1 % |

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------------------|---------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store retail used vehicle and F&I: | | | | |
| Retail used vehicle revenue | \$ 223,669 | \$ 168,442 | \$ 55,227 | 32.8 % |
| Retail used vehicle gross profit (loss) | \$ (116) | \$ (1,832) | \$ 1,716 | (93.7)% |
| Retail used vehicle unit sales | 10,608 | 8,225 | 2,383 | 29.0 % |
| Retail used vehicle revenue per unit | \$ 21,085 | \$ 20,479 | \$ 606 | 3.0 % |
| F&I revenue | \$ 23,885 | \$ 18,055 | \$ 5,830 | 32.3 % |
| Combined retail used vehicle gross profit and F&I revenue | \$ 23,769 | \$ 16,223 | \$ 7,546 | 46.5 % |
| Total retail used vehicle and F&I gross profit per unit | \$ 2,241 | \$ 1,972 | \$ 269 | 13.6 % |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store retail used vehicle and F&I: | | | | |
| Retail used vehicle revenue | \$ 797,327 | \$ 557,620 | \$ 239,707 | 43.0 % |
| Retail used vehicle gross profit (loss) | \$ (4,382) | \$ (4,344) | \$ (38) | (0.9)% |
| Retail used vehicle unit sales | 39,458 | 27,080 | 12,378 | 45.7 % |
| Retail used vehicle revenue per unit | \$ 20,207 | \$ 20,592 | \$ (385) | (1.9)% |
| F&I revenue | \$ 90,684 | \$ 56,023 | \$ 34,661 | 61.9 % |
| Combined retail used vehicle gross profit and F&I revenue | \$ 86,302 | \$ 51,679 | \$ 34,623 | 67.0 % |
| Total retail used vehicle and F&I gross profit per unit | \$ 2,187 | \$ 1,908 | \$ 279 | 14.6 % |

Wholesale Vehicles - EchoPark Segment

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|---------------------------------|------------|------------------|-----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported wholesale vehicle: | | | | |
| Revenue | \$ 7,346 | \$ 754 | \$ 6,592 | 874.3 % |
| Gross profit (loss) | \$ (92) | \$ (98) | \$ 6 | 6.1 % |
| Unit sales | 1,751 | 53 | 1,698 | 3,203.8 % |
| Revenue per unit | \$ 4,195 | \$ 14,226 | \$(10,031) | (70.5)% |
| Gross profit (loss) per unit | \$ (53) | \$ (1,849) | \$ 1,796 | 97.1 % |
| Gross profit (loss) as a % of revenue | (1.3) % | (13.0) % | 1,170 bps | |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|----------------------------------|-----------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Reported wholesale vehicle: | | | | |
| Revenue | \$ 22,926 | \$ 20,442 | \$ 2,484 | 12.2 % |
| Gross profit (loss) | \$ (332) | \$ 530 | \$ (862) | (162.6)% |
| Unit sales | 5,774 | 3,552 | 2,222 | 62.6 % |
| Revenue per unit | \$ 3,971 | \$ 5,755 | \$ (1,784) | (31.0)% |
| Gross profit (loss) per unit | \$ (57) | \$ 149 | \$ (206) | (138.3)% |
| Gross profit (loss) as a % of revenue | (1.4) % | 2.6 % | (400) bps | |

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------|---------------------------------|---------|------------------|-----------|
| | 2019 | 2018 | Change | % Change |
| (In thousands, except unit and per unit data) | | | | |
| Same store wholesale vehicle: | | | | |
| Revenue | \$ 6,169 | \$ 753 | \$ 5,416 | 719.3 % |
| Gross profit (loss) | \$ (86) | \$ (97) | \$ 11 | 11.3 % |
| Unit sales | 1,495 | 53 | 1,442 | 2,720.8 % |

| | | | | | | |
|---------------------------------------|----|---------|----|----------|------------|---------|
| Revenue per unit | \$ | 4,126 | \$ | 14,208 | \$(10,082) | (71.0)% |
| Gross profit (loss) per unit | \$ | (58) | \$ | (1,830) | \$ 1,772 | 96.8 % |
| Gross profit (loss) as a % of revenue | | (1.4) % | | (12.9) % | 1,150 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands, except unit and per unit data)

| | | | | | | |
|---------------------------------------|----|---------|----|--------|------------|----------|
| Same store wholesale vehicle: | | | | | | |
| Revenue | \$ | 18,446 | \$ | 15,848 | \$ 2,598 | 16.4 % |
| Gross profit (loss) | \$ | (300) | \$ | 528 | \$ (828) | (156.8)% |
| Unit sales | | 4,675 | | 2,662 | 2,013 | 75.6 % |
| Revenue per unit | \$ | 3,946 | \$ | 5,953 | \$ (2,007) | (33.7)% |
| Gross profit (loss) per unit | \$ | (64) | \$ | 198 | \$ (262) | (132.3)% |
| Gross profit (loss) as a % of revenue | | (1.6) % | | 3.3 % | (490) | bps |

Fixed Operations - EchoPark Segment

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|---------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

| | | | | | | |
|---------------------------------------|----|---------|----|---------|----------|---------|
| Reported Fixed Operations: | | | | | | |
| Revenue | \$ | 7,346 | \$ | 3,057 | \$ 4,289 | 140.3 % |
| Gross profit (loss) | \$ | (354) | \$ | (242) | \$ (112) | 46.3 % |
| Gross profit (loss) as a % of revenue | | (4.8) % | | (7.9) % | 310 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

| | | | | | | |
|---------------------------------------|----|---------|----|--------|------------|----------|
| Reported Fixed Operations: | | | | | | |
| Revenue | \$ | 28,753 | \$ | 16,328 | \$12,425 | 76.1 % |
| Gross profit (loss) | \$ | (943) | \$ | 2,144 | \$ (3,087) | (144.0)% |
| Gross profit (loss) as a % of revenue | | (3.3) % | | 13.1 % | (1,640) | bps |

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|---------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

| | | | | | | |
|---------------------------------------|----|---------|----|---------|----------|---------|
| Same store Fixed Operations: | | | | | | |
| Revenue | \$ | 6,058 | \$ | 2,814 | \$ 3,244 | 115.3 % |
| Gross profit (loss) | \$ | (288) | \$ | (238) | \$ (50) | 21.0 % |
| Gross profit (loss) as a % of revenue | | (4.8) % | | (8.5) % | 370 | bps |

| | | Twelve Months Ended December 31, | | Better / (Worse) | |
|--|--|----------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

| | | | | | | |
|---------------------------------------|----|---------|----|--------|------------|----------|
| Same store Fixed Operations: | | | | | | |
| Revenue | \$ | 22,952 | \$ | 14,508 | \$ 8,444 | 58.2 % |
| Gross profit (loss) | \$ | (768) | \$ | 1,845 | \$ (2,613) | (141.6)% |
| Gross profit (loss) as a % of revenue | | (3.3) % | | 12.7 % | (1,600) | bps |

Segment Income (Loss)

| | | Three Months Ended December 31, | | Better / (Worse) | |
|--|--|---------------------------------|------|------------------|----------|
| | | 2019 | 2018 | Change | % Change |

(In thousands)

Segment income (loss):

| | | | | |
|-------------------------------------------------------|-----------|-----------|-----------|----------|
| Franchised Dealerships Segment | \$ 76,541 | \$ 51,440 | \$ 25,101 | 48.8 % |
| EchoPark Segment | 2,099 | (4,695) | 6,794 | 144.7 % |
| Total segment income (loss) | \$ 78,640 | \$ 46,745 | \$ 31,895 | 68.2 % |
| Impairment charges | (17,692) | (15,553) | (2,139) | (13.8) % |
| Income (loss) from continuing operations before taxes | \$ 60,948 | \$ 31,192 | \$ 29,756 | 95.4 % |

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|-------------------------------------------------------|----------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| | (In thousands) | | | |
| Segment income (loss): | | | | |
| Franchised Dealerships Segment | \$ 211,267 | \$ 157,413 | \$ 53,854 | 34.2 % |
| EchoPark Segment | 9,146 | (52,587) | 61,733 | 117.4 % |
| Total segment income (loss) | \$ 220,413 | \$ 104,826 | \$115,587 | 110.3 % |
| Impairment charges | (20,768) | (29,514) | 8,746 | 29.6 % |
| Income (loss) from continuing operations before taxes | \$ 199,645 | \$ 75,312 | \$124,333 | 165.1 % |

Selling, General and Administrative (“SG&A”) Expenses - Non-GAAP Reconciliation

| | Three Months Ended December 31, | | Better / (Worse) | |
|-----------------------------------------------------|---------------------------------|------------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| | (In thousands) | | | |
| Reported: | | | | |
| Compensation | \$ 184,455 | \$ 166,950 | \$(17,505) | (10.5) % |
| Advertising | 14,522 | 16,196 | 1,674 | 10.3 % |
| Rent | 13,303 | 13,753 | 450 | 3.3 % |
| Other | 48,641 | 77,016 | 28,375 | 36.8 % |
| Total SG&A expenses | \$ 260,921 | \$ 273,915 | \$ 12,994 | 4.7 % |
| Items of interest: | | | | |
| Gain on franchise disposals | \$ 29,303 | \$ — | | |
| Lease exit adjustments | — | 800 | | |
| Total SG&A adjustments | \$ 29,303 | \$ 800 | | |
| Adjusted: | | | | |
| Total adjusted SG&A expenses | \$ 290,224 | \$ 274,715 | \$(15,509) | (5.6) % |
| Reported: | | | | |
| SG&A expenses as a % of gross profit: | | | | |
| Compensation | 46.8% | 45.0% | (180) bps | |
| Advertising | 3.7% | 4.4% | 70 bps | |
| Rent | 3.4% | 3.7% | 30 bps | |
| Other | 12.3% | 20.8% | 850 bps | |
| Total SG&A expenses as a % of gross profit | 66.2% | 73.9% | 770 bps | |
| Items of interest: | | | | |
| Gain on franchise disposals | 7.5% | —% | | |
| Lease exit adjustments | —% | 0.2% | | |
| Total effect of adjustments | 7.5% | 0.2% | | |
| Adjusted: | | | | |
| Total adjusted SG&A expenses as a % of gross profit | 73.7% | 74.1% | 40 bps | |

SG&A Expenses - Non-GAAP Reconciliation (Continued)

| | Twelve Months Ended December 31, | | Better / (Worse) | |
|------------------|----------------------------------|------|------------------|----------|
| | 2019 | 2018 | Change | % Change |
| | (In thousands) | | | |
| Reported: | | | | |

| | | | | |
|-----------------------------------------------------|---------------------|---------------------|--------------------|---------|
| Compensation | \$ 733,925 | \$ 725,022 | \$ (8,903) | (1.2) % |
| Advertising | 60,831 | 63,134 | 2,303 | 3.6 % |
| Rent | 54,611 | 64,204 | 9,593 | 14.9 % |
| Other | 250,007 | 292,965 | 42,958 | 14.7 % |
| Total SG&A expenses | <u>\$ 1,099,374</u> | <u>\$ 1,145,325</u> | <u>\$ 45,951</u> | 4.0 % |
| Items of interest: | | | | |
| Legal and storm damage charges | \$ — | \$ (5,749) | | |
| Long-term compensation charges | — | (32,522) | | |
| Executive transition costs | (6,264) | (1,581) | | |
| Lease exit adjustments | — | (1,435) | | |
| Gain on franchise disposals | 75,983 | 38,893 | | |
| Total SG&A adjustments | <u>\$ 69,719</u> | <u>\$ (2,394)</u> | | |
| Adjusted: | | | | |
| Total adjusted SG&A expenses | <u>\$ 1,169,093</u> | <u>\$ 1,142,931</u> | <u>\$ (26,162)</u> | (2.3) % |
| Reported: | | | | |
| SG&A expenses as a % of gross profit: | | | | |
| Compensation | 48.3 % | 50.1 % | 180 bps | |
| Advertising | 4.0 % | 4.4 % | 40 bps | |
| Rent | 3.6 % | 4.4 % | 80 bps | |
| Other | 16.4 % | 20.3 % | 390 bps | |
| Total SG&A expenses as a % of gross profit | <u>72.3 %</u> | <u>79.2 %</u> | <u>690 bps</u> | |
| Items of interest: | | | | |
| Legal and storm damage charges | —% | (0.5)% | | |
| Long-term compensation charges | —% | (2.7)% | | |
| Executive transition costs | (0.4)% | (0.1)% | | |
| Lease exit adjustments | —% | (0.1)% | | |
| Gain on franchise disposals | 5.0 % | 3.2 % | | |
| Total effect of adjustments | <u>4.6 %</u> | <u>(0.2)%</u> | | |
| Adjusted: | | | | |
| Total adjusted SG&A expenses as a % of gross profit | <u>76.9 %</u> | <u>79.0 %</u> | 210 bps | |

Earnings Per Share from Continuing Operations - Non-GAAP Reconciliation

| | Three Months Ended December 31, 2019 | | | Three Months Ended December 31, 2018 | | |
|------------------------------------------------------------------------|--------------------------------------|-------------------|------------------|--------------------------------------|------------------|------------------|
| | Weighted-Average Shares | Amount | Per Share Amount | Weighted-Average Shares | Amount | Per Share Amount |
| (In thousands, except per share amounts) | | | | | | |
| Diluted earnings (loss) and shares from continuing operations | 44,463 | \$ 46,272 | \$ 1.04 | 42,911 | \$ 21,981 | \$ 0.51 |
| Pre-tax items of interest: | | | | | | |
| Gain on franchise disposals | | \$ (29,303) | | | \$ — | |
| Lease exit adjustments | | — | | | (800) | |
| Impairment charges | | 17,692 | | | 15,553 | |
| Loss on debt extinguishment | | 7,157 | | | — | |
| Total pre-tax items of interest | | <u>\$ (4,454)</u> | | | <u>\$ 14,753</u> | |
| Tax effect of above items | | \$ 1,292 | | | \$ (4,020) | |
| Adjusted diluted earnings (loss) and shares from continuing operations | 44,463 | <u>\$ 43,110</u> | <u>\$ 0.97</u> | 42,911 | <u>\$ 32,714</u> | <u>\$ 0.76</u> |

| | Twelve Months Ended December 31, 2019 | | | Twelve Months Ended December 31, 2018 | | |
|------------------------------------------|---------------------------------------|--------|------------------|---------------------------------------|--------|------------------|
| | Weighted-Average Shares | Amount | Per Share Amount | Weighted-Average Shares | Amount | Per Share Amount |
| (In thousands, except per share amounts) | | | | | | |

| | | | | | | |
|------------------------------------------------------------------------|--------|-------------|---------|--------|-------------|---------|
| Diluted earnings (loss) and shares from continuing operations | 43,710 | \$ 144,537 | \$ 3.31 | 42,950 | \$ 52,390 | \$ 1.22 |
| Pre-tax items of interest: | | | | | | |
| Gain on franchise disposals | | \$ (75,983) | | | \$ (38,893) | |
| Legal and storm damage charges | | — | | | 5,749 | |
| Long-term compensation charges | | — | | | 32,522 | |
| Executive transition costs | | 6,264 | | | 1,581 | |
| Impairment charges | | 19,618 | | | 29,512 | |
| Loss on debt extinguishment | | 7,157 | | | — | |
| Lease exit adjustments | | — | | | 1,435 | |
| Total pre-tax items of interest | | \$ (42,944) | | | \$ 31,906 | |
| Tax effect of above items | | \$ 14,193 | | | \$ (8,694) | |
| Non-recurring tax items | | \$ — | | | \$ 1,313 | |
| Adjusted diluted earnings (loss) and shares from continuing operations | 43,710 | \$ 115,786 | \$ 2.65 | 42,950 | \$ 76,914 | \$ 1.79 |

Adjusted EBITDA - Non-GAAP Reconciliation

| | Three Months Ended December 31, 2019 | | | | Three Months Ended December 31, 2018 | | | |
|-------------------------------------------|--------------------------------------|------------------|-------------------------|----------|--------------------------------------|------------------|-------------------------|----------|
| | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total |
| | (In thousands) | | | | | | | |
| Net income (loss) | | | | \$46,307 | | | | \$21,821 |
| Provision for income taxes | | | | 14,703 | | | | 9,150 |
| Income (loss) before taxes | \$ 75,466 | \$ (14,518) | \$ 62 | \$61,010 | \$ 37,388 | \$ (6,196) | \$ (221) | \$30,971 |
| Non-floor plan interest | 12,335 | 435 | — | 12,770 | 12,902 | 423 | 89 | 13,414 |
| Depreciation and amortization | 20,972 | 2,765 | — | 23,737 | 21,087 | 2,210 | — | 23,297 |
| Stock-based compensation expense | 2,690 | — | — | 2,690 | 1,264 | — | — | 1,264 |
| Loss (gain) on exit of leased dealerships | — | — | — | — | (1,080) | 3 | 89 | (988) |
| Impairment charges | 1,075 | 16,617 | — | 17,692 | 14,053 | 1,500 | — | 15,553 |
| Loss on debt extinguishment | 6,690 | — | — | 6,690 | — | — | — | — |
| Gain on franchise disposals | (29,242) | — | — | (29,242) | (158) | — | — | (158) |
| Adjusted EBITDA | \$ 89,986 | \$ 5,299 | \$ 62 | \$95,347 | \$ 85,456 | \$ (2,060) | \$ (43) | \$83,353 |

| | Twelve Months Ended December 31, 2019 | | | | Twelve Months Ended December 31, 2018 | | | |
|-------------------------------------------|---------------------------------------|------------------|-------------------------|-----------|---------------------------------------|------------------|-------------------------|-----------|
| | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total | Franchised Dealerships Segment | EchoPark Segment | Discontinued Operations | Total |
| | (In thousands) | | | | | | | |
| Net income (loss) | | | | \$144,137 | | | | \$ 51,650 |
| Provision for income taxes | | | | 54,954 | | | | 22,645 |
| Income (loss) before taxes | \$ 210,167 | \$ (10,522) | \$ (554) | \$199,091 | \$ 129,481 | \$ (54,169) | \$ (1,017) | \$ 74,295 |
| Non-floor plan interest | 48,774 | 1,701 | — | \$ 50,475 | 50,000 | 1,641 | 408 | 52,049 |
| Depreciation and amortization | 85,093 | 10,553 | — | 95,646 | 88,857 | 7,795 | — | 96,652 |
| Stock-based compensation expense | 10,797 | — | — | 10,797 | 11,853 | — | — | 11,853 |
| Loss (gain) on exit of leased dealerships | (170) | — | — | (170) | 1,281 | 20 | 408 | 1,709 |
| Impairment charges | 1,101 | 19,667 | — | 20,768 | 27,931 | 1,583 | — | 29,514 |
| Loss on debt extinguishment | 6,690 | — | — | 6,690 | — | — | — | — |
| Long-term compensation charges | — | — | — | — | — | 32,522 | — | 32,522 |
| Gain on franchise disposals | (74,812) | — | — | (74,812) | (39,307) | — | — | (39,307) |

Adjusted EBITDA

\$ 287,640 \$ 21,399 \$ (554) \$308,485 \$ 270,096 \$(10,608) \$ (201) \$259,287

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