

November 8, 2013



## **Sonic Automotive, Inc. Reports 3rd Quarter Continuing Operations EPS of \$0.46 - 15% EPS Growth**

CHARLOTTE, N.C., Nov. 8, 2013 /PRNewswire/ -- Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported 2013 third quarter earnings from continuing operations of \$24.7 million. Earnings from continuing operations per diluted share increased 15.0% to \$0.46 compared to an adjusted \$0.40 in the prior year quarter. Adjusted results in the third quarter of 2012 exclude a pre-tax charge of approximately \$18.5 million, or \$0.19 per diluted share, related to costs associated with retiring its outstanding 5.0% Convertible Senior Notes due 2029 ("5% Notes").

### **Q3 2013 Highlights**

- Total revenue up 5.4% compared to the prior year quarter
- New revenue increased \$65.4 million, or 5.5%, over prior year quarter
- Pre-owned revenue increased \$31.9 million, or 6.0%, over prior year quarter
- All-time 3<sup>rd</sup> quarter record retailing 34,087 new units (excludes fleet)
- All-time record retailing 27,632 pre-owned units
- Pre-owned average quarterly volume per store per month at a record level - 91 units
- Q3 record fixed operations gross profit of \$149.1 million, up \$8.6 million, or 6.1%, compared to the prior year quarter
- Q3 record finance and insurance gross profit of \$68.7 million, up 6.8%, and profit per retail unit of \$1,114
- SG&A to gross profit % was 78.1%; adjusted for customer experience, pre-owned and SOX remediation costs discussed below amount was 76.7%
- Acquired two luxury dealerships in Denver, CO

Sonic is targeting adjusted fully diluted earnings per share from continuing operations at \$1.96-\$2.03 for the full year 2013.

### 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).

Included herein are forward-looking statements, including statements with respect to anticipated growth in used vehicle sales, and future success and impacts from the implementation of our strategic initiatives. 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 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 ending December 31, 2012 and quarterly report on Form 10-Q for the period ended June 30, 2013. The Company does not undertake any obligation to update forward-looking information.

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(Dollars and shares in thousands, except per share amounts)

This release contains certain non-GAAP financial measures (the "Adjusted" columns) as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations and related earnings per share data. The Company has reconciled these measures to the most directly comparable GAAP measures (the "Reported" columns) in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

	Third Quarter Ended September 30, 2013			Third Quarter Ended September 30, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:						
New retail vehicles	\$ 1,219,525	\$ -	\$ 1,219,525	\$ 1,158,524	\$ -	\$ 1,158,524
Fleet vehicles	41,745	-	41,745	37,302	-	37,302
Total new vehicles	1,261,270	-	1,261,270	1,195,826	-	1,195,826
Used vehicles	559,848	-	559,848	527,914	-	527,914
Wholesale vehicles	42,731	-	42,731	52,280	-	52,280
Total vehicles	1,863,849	-	1,863,849	1,776,020	-	1,776,020
Parts, service and collision repair	309,600	-	309,600	287,311	-	287,311
Finance, insurance and other	68,747	-	68,747	64,390	-	64,390
Total revenues	2,242,196	-	2,242,196	2,127,721	-	2,127,721
Gross profit	326,081	-	326,081	304,428	-	304,428
Selling, general and administrative expenses	(254,564)	-	(254,564)	(235,328)	-	(235,328)

Impairment charges	(18)	-	(18)	(23)	-	(23)
Depreciation and amortization	(13,744)	-	(13,744)	(11,295)	-	(11,295)
Operating income (loss)	57,755	-	57,755	57,782	-	57,782
Other income (expense):						
Interest expense, floor plan	(5,463)	-	(5,463)	(4,799)	-	(4,799)
Interest expense, other, net	(13,553)	-	(13,553)	(15,632)	1,167 (1)	(14,465)
Other income (expense), net	29	-	29	(17,274)	17,320 (2)	46
Total other income (expense)	(18,987)	-	(18,987)	(37,705)	18,487	(19,218)
Income (loss) from continuing operations before taxes	38,768	-	38,768	20,077	18,487	38,564
Provision for income taxes - benefit (expense)	(14,066)	-	(14,066)	(7,751)	(7,210)	(14,961)
Income (loss) from continuing operations	24,702	-	24,702	12,326	11,277	23,603
Income (loss) from discontinued operations	(1,375)	-	(1,375)	(2,284)	-	(2,284)
Net income (loss)	\$ 23,327	\$ -	\$ 23,327	\$ 10,042	\$ 11,277	\$ 21,319
Diluted earnings (loss) per common share:						
Earnings (loss) per share from continuing operations	\$ 0.46	\$ -	\$ 0.46	\$ 0.22	\$ 0.18	\$ 0.40
Earnings (loss) per share from discontinued operations	(0.02)	-	(0.02)	(0.04)	0.01	(0.03)
Earnings (loss) per common share	\$ 0.44	\$ -	\$ 0.44	\$ 0.18	\$ 0.19	\$ 0.37
Weighted average common shares outstanding	52,918		52,918	59,011		59,011

Gross Margin Data  
(Continuing Operations):

New retail vehicles	5.9%	5.9%	5.7%	5.7%
Fleet vehicles	2.5%	2.5%	2.5%	2.5%
Total new vehicles	5.7%	5.7%	5.6%	5.6%
Used vehicles	7.0%	7.0%	6.7%	6.7%
Wholesale vehicles	(7.5%)	(7.5%)	(6.5%)	(6.5%)
Parts, service and collision repair	48.2%	48.2%	48.9%	48.9%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	14.5%	14.5%	14.3%	14.3%

SG&A Expenses (Continuing Operations):

Compensation	\$ 151,683		\$ 140,771	
Advertising	14,132		12,498	
Rent	18,901		18,619	
Other	69,848		63,440	
	<hr/>		<hr/>	
Total SG&A expenses	\$ 254,564	\$ -	\$ 235,328	\$ -
SG&A expenses as % of gross profit	78.1%		77.3%	77.3%
Operating Margin %	2.6%		2.7%	2.7%

Unit Data (Continuing Operations):

New retail units	34,087	33,264
Fleet units	1,451	1,325
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Total new units	35,538	34,589
Used units	27,632	26,610
Wholesale units	7,641	8,931

(1) Represents double-carry interest on the 7.0% Senior Subordinated Notes.

(2) Represents loss on extinguishment of the 5.0% Convertible Senior Notes.

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

(Dollars and shares in thousands, except per share amounts)

	Nine Months Ended September 30, 2013			Nine Months Ended September 30, 2012		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:						
	\$		\$	\$		\$
New retail vehicles	3,520,343	\$ -	3,520,343	3,286,285	\$ -	3,286,285
Fleet vehicles	131,143	-	131,143	126,585	-	126,585
Total new vehicles	3,651,486	-	3,651,486	3,412,870	-	3,412,870
Used vehicles	1,625,006	-	1,625,006	1,564,414	-	1,564,414
Wholesale vehicles	134,556	-	134,556	138,506	-	138,506
Total vehicles	5,411,048	-	5,411,048	5,115,790	-	5,115,790
Parts, service and collision repair	913,290	-	913,290	875,206	-	875,206
Finance, insurance and other	203,461	-	203,461	185,737	-	185,737
Total revenues	6,527,799	-	6,527,799	6,176,733	-	6,176,733
Gross profit	962,907	-	962,907	921,034	-	921,034
Selling, general and administrative expenses	(748,479)	-	(748,479)	(712,228)	-	(712,228)
Impairment charges	(69)	-	(69)	(57)	-	(57)
Depreciation and amortization	(39,020)	-	(39,020)	(33,399)	-	(33,399)
Operating income (loss)	175,339	-	175,339	175,350	-	175,350

Other income (expense):

Interest expense, floor plan	(16,267)	-	(16,267)	(13,919)	-	(13,919)
Interest expense, other, net	(42,302)	788	(41,514)	(45,875)	1,167	(44,708)
Other income (expense), net	(28,143)	28,235	92	(19,809)	19,898	89
Total other income (expense)	(86,712)	29,023	(57,689)	(79,603)	21,065	(58,538)
Income (loss) from continuing operations before taxes	88,627	29,023	117,650	95,747	21,065	116,812
Provision for income taxes - benefit (expense)	(33,510)	(11,319)	(44,829)	(33,277)	(11,784)	(45,061)
Income (loss) from continuing operations	55,117	17,704	72,821	62,470	9,281	71,751
Income (loss) from discontinued operations	(1,582)	-	(1,582)	(3,751)	-	(3,751)
Net income (loss)	\$ 53,535	\$ 17,704	\$ 71,239	\$ 58,719	\$ 9,281	\$ 68,000

Diluted earnings (loss) per common share:

Earnings (loss) per share from continuing operations	\$ 1.03	\$ 0.34	\$ 1.37	\$ 1.06	\$ 0.15	\$ 1.21
Earnings (loss) per share from discontinued operations	(0.03)	-	(0.03)	(0.06)	-	(0.06)
Earnings (loss) per common share	\$ 1.00	\$ 0.34	\$ 1.34	\$ 1.00	\$ 0.15	\$ 1.15
Weighted average common shares outstanding	52,930		52,930	62,300		62,300

Gross Margin Data (Continuing Operations):

New retail vehicles	5.8%		5.8%	6.0%		6.0%
Fleet vehicles	2.7%		2.7%	2.9%		2.9%

Total new vehicles	5.7%		5.7%	5.9%		5.9%
Used vehicles	7.1%		7.1%	7.1%		7.1%
Wholesale vehicles	(4.7%)		(4.7%)	(3.2%)		(3.2%)
Parts, service and collision repair	48.7%		48.7%	48.9%		48.9%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.8%		14.8%	14.9%		14.9%

SG&A Expenses  
(Continuing Operations):

Compensation	\$ 449,791		\$ 426,463			
Advertising	41,282		37,107			
Rent	56,344		57,198			
Other	201,062		191,460			
	<hr/>		<hr/>		<hr/>	<hr/>
Total SG&A expenses	\$ 748,479	\$ -	\$ 748,479	\$ 712,228	\$ -	\$ 712,228
SG&A expenses as % of gross profit	77.7%		77.7%	77.3%		77.3%
Operating Margin %	2.7%		2.7%	2.8%		2.8%

Unit Data (Continuing Operations):

New retail units	98,362		94,869
Fleet units	4,661		4,616
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Total new units	103,023		99,485
Used units	80,700		78,613
Wholesale units	23,291		23,736

(1) Represents double-carry interest on the 9.0% Senior Subordinated Notes.

(2) Represents loss on extinguishment of the 9.0% Senior Subordinated Notes.

(3) Represents double-carry interest on the 7.0% Senior Subordinated Notes.

(4) Represents loss on extinguishment of the 5.0% Convertible Senior Notes.

(5) Includes tax adjustments related to the settlement of certain tax matters.

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(Dollars and shares in thousands, except per share amounts)

**Per Share Data**

**Third Quarter Ended September 30, 2013**

	Income (Loss)		Income (Loss)		Net Income (Loss)	
	From Continuing		From Discontinued			
	Operations		Operations			
	Weighted	Per	Per	Per	Per	Per
Average	Share	Share	Share	Share	Share	
Shares	Amount	Amount	Amount	Amount	Amount	Amount
Reported:						
Earnings (loss) and shares	52,553	\$ 24,702	\$ (1,375)	\$ 23,327		
Effect of participating securities:						
Non-vested restricted stock						
and stock units		(172)	-	(172)		
Basic earnings (loss) and shares	52,553	\$ 24,530	\$ (1,375)	\$ (0.03)	\$ 23,155	\$ 0.44
Effect of dilutive securities:						



Stock compensation plans	365						
Diluted earnings (loss) and shares	52,918	\$ 24,530	\$ 0.46	\$ (1,375)	\$ (0.02)	\$ 23,155	\$ 0.44

**Third Quarter Ended September 30, 2012**

	Weighted Average Shares	Income (Loss)		Income (Loss)		Net Income (Loss)	
		From Continuing		From Discontinued			
		Operations		Operations			
		Per Share	Per Share	Per Share	Per Share	Per Share	Per Share
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Reported:							
Earnings (loss) and shares	55,069	\$ 12,326		\$ (2,284)		\$ 10,042	
Effect of participating securities:							
Non-vested restricted stock and stock units		(182)		-		(182)	
Basic earnings (loss) and shares	55,069	\$ 12,144	\$ 0.22	\$ (2,284)	\$ (0.04)	\$ 9,860	\$ 0.18
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	3,534	618		2		620	
Stock compensation plans	408						
Diluted earnings (loss) and shares	59,011	\$ 12,762	\$ 0.22	\$ (2,282)	\$ (0.04)	\$ 10,480	\$ 0.18
Adjustments (net of tax):							
Double-carry interest		\$ 712	\$ 0.01	\$ -	\$ -	\$ 712	\$ 0.01
Debt extinguishment charges		10,565	0.17	-	-	10,565	0.17

Effect of two-class method & rounding

	-	-	-	0.01	-	0.01
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total adjustments	11,277	0.18	-	0.01	11,277	0.19

Adjusted:

				\$		
				(0.03)		
Diluted earnings (loss) per share		\$ 0.40			\$ 0.37	

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(Dollars and shares in thousands, except per share amounts)

**Per Share Data**

**Nine Months Ended September 30, 2013**

	Income (Loss)		Income (Loss)		Net Income (Loss)	
	From Continuing		From Discontinued			
	Operations		Operations			
	Weighted Average Shares	Per Share	Per Share	Per Share	Per Share	Per Share
	Amount	Amount	Amount	Amount	Amount	Amount

Reported:

Earnings (loss) and shares	52,578	\$ 55,117	\$ (1,582)	\$ 53,535
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Effect of participating securities:

Non-vested restricted stock

and stock units	(393)	-	(393)
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Basic earnings (loss) and shares	52,578	\$ 54,724	\$ (1,582)	\$ (0.03)	\$ 53,142	\$ 1.01
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Effect of dilutive securities:

Stock compensation plans	352						
Diluted earnings (loss) and shares	52,930	\$ 54,724	\$ 1.03	\$ (1,582)	\$ (0.03)	\$ 53,142	\$ 1.00
Adjustments (net of tax):							
Double-carry interest		\$ 481	\$ 0.01	\$ -	\$ -	\$ 481	\$ 0.01
Debt extinguishment charges		17,223	0.33	-	-	17,223	0.33
Total adjustments		\$ 17,704	\$ 0.34	\$ -	\$ -	\$ 17,704	\$ 0.34
Adjusted:							
Diluted earnings (loss) per share			\$ 1.37		\$ (0.03)		\$ 1.34

**Nine Months Ended September 30, 2012**

	Income (Loss)		Income (Loss)		Net Income (Loss)		
	From Continuing		From Discontinued				
	Operations		Operations				
	Weighted Average Shares	Per Share	Per Share	Per Share	Per Share	Per Share	
	Amount	Amount	Amount	Amount	Amount	Amount	
Reported:							
Earnings (loss) and shares	53,302	\$ 62,470	\$ (3,751)	\$ 58,719			
Effect of participating securities:							
Non-vested restricted stock and stock units		(949)	-	(949)			
Basic earnings (loss) and shares	53,302	\$ 61,521	\$ 1.15	\$ (3,751)	\$ (0.07)	\$ 57,770	\$ 1.08
Effect of dilutive securities:							

Contingently convertible

debt (5.0% Convertible Notes)	8,563	4,599		82		4,681	
Stock compensation plans	435						
Diluted earnings (loss) and shares	62,300	\$ 66,120	\$ 1.06	\$ (3,669)	\$ (0.06)	\$ 62,451	\$ 1.00
Adjustments (net of tax):							
Double-carry interest		\$ 712	\$ 0.01	\$ -	\$ -	\$ 712	\$ 0.01
Debt extinguishment charges		12,138	0.20	-	-	12,138	0.20
Settlement of tax matters		(3,569)	(0.06)	-	-	(3,569)	(0.06)
Total adjustments		\$ 9,281	\$ 0.15	\$ -	\$ -	\$ 9,281	\$ 0.15
Adjusted:							
Diluted earnings (loss) per share			\$ 1.21		\$ (0.06)		\$ 1.15

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(In thousands, except units and per unit data)

***New Vehicles***

	Third Quarter Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Reported:				
Revenue	\$ 1,261,270	\$ 1,195,826	\$ 65,444	5.5%
Gross profit	\$ 72,408	\$ 67,312	\$ 5,096	7.6%
Unit sales	35,538	34,589	949	2.7%
Revenue per unit	\$ 35,491	\$ 34,572	\$ 919	2.7%

Gross profit per unit	\$	2,037	\$	1,946	\$	91	4.7%
Gross profit as a % of revenue		5.7%		5.6%		10	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
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Reported:

Revenue	\$	3,651,486	\$	3,412,870	\$	238,616	7.0%
Gross profit	\$	206,668	\$	200,968	\$	5,700	2.8%
Unit sales		103,023		99,485		3,538	3.6%
Revenue per unit	\$	35,443	\$	34,305	\$	1,138	3.3%
Gross profit per unit	\$	2,006	\$	2,020	\$	(14)	(0.7%)
Gross profit as a % of revenue		5.7%		5.9%		(20)	bps

**Third Quarter Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
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Same Store:

Revenue	\$	1,251,683	\$	1,195,826	\$	55,857	4.7%
Gross profit	\$	71,605	\$	67,443	\$	4,162	6.2%
Unit sales		35,364		34,589		775	2.2%
Revenue per unit	\$	35,394	\$	34,572	\$	822	2.4%
Gross profit per unit	\$	2,025	\$	1,950	\$	75	3.8%
Gross profit as a % of revenue		5.7%		5.6%		10	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
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Same Store:

Revenue	\$	3,641,900	\$	3,412,870	\$	229,030	6.7%
Gross profit	\$	205,894	\$	201,687	\$	4,207	2.1%
Unit sales		102,849		99,485		3,364	3.4%
Revenue per unit	\$	35,410	\$	34,305	\$	1,105	3.2%
Gross profit per unit	\$	2,002	\$	2,027	\$	(25)	(1.2%)
Gross profit as a % of revenue		5.7%		5.9%		(20)	bps

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(In thousands, except units and per unit data)

**Used Vehicles**

	Third Quarter Ended September 30,		Better / (Worse)				
	2013	2012	Change	% Change			
Reported:							
Revenue	\$	559,848	\$	527,914	\$	31,934	6.0%
Gross profit	\$	38,976	\$	35,562	\$	3,414	9.6%
Unit sales		27,632		26,610		1,022	3.8%
Revenue per unit	\$	20,261	\$	19,839	\$	422	2.1%
Gross profit per unit	\$	1,411	\$	1,336	\$	75	5.6%
Gross profit as a % of revenue		7.0%		6.7%		30	bps

	Nine Months Ended September 30,		Better / (Worse)				
	2013	2012	Change	% Change			
Reported:							
Revenue	\$	1,625,006	\$	1,564,414	\$	60,592	3.9%

Gross profit	\$	114,615	\$	110,679	\$	3,936	3.6%
Unit sales		80,700		78,613		2,087	2.7%
Revenue per unit	\$	20,136	\$	19,900	\$	236	1.2%
Gross profit per unit	\$	1,420	\$	1,408	\$	12	0.9%
Gross profit as a % of revenue		7.1%		7.1%		0	bps

**Third Quarter Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
Same Store:					
Revenue	\$	554,361	\$ 527,914	\$ 26,447	5.0%
Gross profit	\$	38,587	\$ 34,074	\$ 4,513	13.2%
Unit sales		27,444	26,610	834	3.1%
Revenue per unit	\$	20,200	\$ 19,839	\$ 361	1.8%
Gross profit per unit	\$	1,406	\$ 1,280	\$ 126	9.8%
Gross profit as a % of revenue		7.0%	6.5%	50	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
Same Store:					
Revenue	\$	1,619,519	\$ 1,564,414	\$ 55,105	3.5%
Gross profit	\$	114,104	\$ 109,984	\$ 4,120	3.7%
Unit sales		80,512	78,613	1,899	2.4%
Revenue per unit	\$	20,115	\$ 19,900	\$ 215	1.1%
Gross profit per unit	\$	1,417	\$ 1,399	\$ 18	1.3%
Gross profit as a % of revenue		7.0%	7.0%	0	bps

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(In thousands, except units and per unit data)

**Wholesale Vehicles**

	Third Quarter Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Reported:				
Revenue	\$ 42,731	\$ 52,280	\$ (9,549)	(18.3%)
Gross profit (loss)	\$ (3,197)	\$ (3,394)	\$ 197	5.8%
Unit sales	7,641	8,931	(1,290)	(14.4%)
Revenue per unit	\$ 5,592	\$ 5,854	\$ (262)	(4.5%)
Gross profit (loss) per unit	\$ (418)	\$ (380)	\$ (38)	(10.0%)
Gross profit (loss) as a % of revenue	(7.5%)	(6.5%)	(100)	bps

	Nine Months Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Reported:				
Revenue	\$ 134,556	\$ 138,506	\$ (3,950)	(2.9%)
Gross profit (loss)	\$ (6,343)	\$ (4,399)	\$ (1,944)	(44.2%)
Unit sales	23,291	23,736	(445)	(1.9%)
Revenue per unit	\$ 5,777	\$ 5,835	\$ (58)	(1.0%)
Gross profit (loss) per unit	\$ (272)	\$ (185)	\$ (87)	(47.0%)
Gross profit (loss) as a % of revenue	(4.7%)	(3.2%)	(150)	bps

	Third Quarter Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change



Same Store:

Revenue	\$	42,433	\$	52,280	\$	(9,847)	(18.8%)
Gross loss	\$	(3,191)	\$	(3,394)	\$	203	6.0%
Unit sales		7,612		8,931		(1,319)	(14.8%)
Revenue per unit	\$	5,574	\$	5,854	\$	(280)	(4.8%)
Gross loss per unit	\$	(419)	\$	(380)	\$	(39)	(10.3%)
Gross loss as a % of revenue		(7.5%)		(6.5%)		(100)	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

2013	2012	Change	% Change
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Same Store:

Revenue	\$	134,257	\$	138,506	\$	(4,249)	(3.1%)
Gross loss	\$	(6,336)	\$	(4,399)	\$	(1,937)	(44.0%)
Unit sales		23,262		23,736		(474)	(2.0%)
Revenue per unit	\$	5,772	\$	5,835	\$	(63)	(1.1%)
Gross loss per unit	\$	(272)	\$	(185)	\$	(87)	(47.0%)
Gross loss as a % of revenue		(4.7%)		(3.2%)		(150)	bps

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(In thousands)

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

**Third Quarter Ended September 30,**

**Better / (Worse)**

2013	2012	Change	% Change
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Reported:

Revenue

Customer Pay	\$	137,106	\$	131,126	\$	5,980	4.6%
Warranty		45,405		40,632		4,773	11.7%
Wholesale Parts		43,349		37,720		5,629	14.9%
Internal, Sublet & Other		83,740		77,833		5,907	7.6%
Total	\$	309,600	\$	287,311	\$	22,289	7.8%
Gross profit							
Customer Pay	\$	75,203	\$	71,939	\$	3,264	4.5%
Warranty		24,374		21,225		3,149	14.8%
Wholesale Parts		7,881		7,249		632	8.7%
Internal, Sublet & Other		41,689		40,145		1,544	3.8%
Total	\$	149,147	\$	140,558	\$	8,589	6.1%
Gross profit as a % of revenue							
Customer Pay		54.9%		54.9%		0	bps
Warranty		53.7%		52.2%		150	bps
Wholesale Parts		18.2%		19.2%		(100)	bps
Internal, Sublet & Other		49.8%		51.6%		(180)	bps
Total		48.2%		48.9%		(70)	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>
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Reported:

Revenue

Customer Pay	\$	407,252	\$	395,080	\$	12,172	3.1%
Warranty		137,489		126,343		11,146	8.8%
Wholesale Parts		124,870		115,545		9,325	8.1%
Internal, Sublet & Other		243,679		238,238		5,441	2.3%
Total	\$	913,290	\$	875,206	\$	38,084	4.4%

Gross profit					
Customer Pay	\$	224,485	\$	217,840	\$ 6,645 3.1%
Warranty		74,657		66,315	8,342 12.6%
Wholesale Parts		23,158		22,250	908 4.1%
Internal, Sublet & Other		122,206		121,644	562 0.5%
Total	\$	444,506	\$	428,049	\$ 16,457 3.8%
Gross profit as a % of revenue					
Customer Pay		55.1%		55.1%	0 bps
Warranty		54.3%		52.5%	180 bps
Wholesale Parts		18.5%		19.3%	(80) bps
Internal, Sublet & Other		50.2%		51.1%	(90) bps
Total		48.7%		48.9%	(20) bps

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

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

	Third Quarter Ended September 30,		Better / (Worse)		
	2013	2012	Change	% Change	
Same Store:					
Revenue					
Customer Pay	\$	134,642	\$	131,126	\$ 3,516 2.7%
Warranty		44,571		40,632	3,939 9.7%
Wholesale Parts		42,695		37,720	4,975 13.2%
Internal, Sublet & Other		82,898		77,833	5,065 6.5%

Total	\$	304,806	\$	287,311	\$	17,495	6.1%
Gross profit							
Customer Pay	\$	73,885	\$	71,939	\$	1,946	2.7%
Warranty		23,918		21,225		2,693	12.7%
Wholesale Parts		7,717		7,249		468	6.5%
Internal, Sublet & Other		41,037		39,836		1,201	3.0%
Total	\$	146,557	\$	140,249	\$	6,308	4.5%
Gross profit as a % of revenue							
Customer Pay		54.9%		54.9%		0	bps
Warranty		53.7%		52.2%		150	bps
Wholesale Parts		18.1%		19.2%		(110)	bps
Internal, Sublet & Other		49.5%		51.2%		(170)	bps
Total		48.1%		48.8%		(70)	bps

**Nine Months Ended September 30,**

**Better / (Worse)**

		<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>% Change</b>		
Same Store:							
Revenue							
Customer Pay	\$	404,788	\$	395,080	\$	9,708	2.5%
Warranty		136,655		126,343		10,312	8.2%
Wholesale Parts		124,216		115,545		8,671	7.5%
Internal, Sublet & Other		242,836		238,238		4,598	1.9%
Total	\$	908,495	\$	875,206	\$	33,289	3.8%
Gross profit							
Customer Pay	\$	223,166	\$	217,840	\$	5,326	2.4%
Warranty		74,511		66,315		8,196	12.4%
Wholesale Parts		22,995		22,250		745	3.3%

Internal, Sublet & Other	121,261	120,986	275	0.2%
Total	<u>\$ 441,933</u>	<u>\$ 427,391</u>	<u>\$ 14,542</u>	<u>3.4%</u>
Gross profit as a % of revenue				
Customer Pay	55.1%	55.1%	0	bps
Warranty	54.5%	52.5%	200	bps
Wholesale Parts	18.5%	19.3%	(80)	bps
Internal, Sublet & Other	49.9%	50.8%	(90)	bps
Total	<u>48.6%</u>	<u>48.8%</u>	<u>(20)</u>	<u>bps</u>

**Sonic Automotive, Inc.**

**Results of Operations (Unaudited)**

(In thousands, except per unit data)

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

	Third Quarter Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Reported:				
Revenue	\$ 68,747	\$ 64,390	\$ 4,357	6.8%
Gross profit per retail unit (excludes fleet)	\$ 1,114	\$ 1,075	\$ 39	3.6%

	Nine Months Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Reported:				
Revenue	\$ 203,461	\$ 185,737	\$ 17,724	9.5%
Gross profit per retail unit (excludes fleet)	\$ 1,136	\$ 1,071	\$ 65	6.1%

	Third Quarter Ended September 30,	Better / (Worse)
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	2013	2012	Change	% Change
Same Store:				
Revenue	\$ 68,267	\$ 64,240	\$ 4,027	6.3%
Gross profit per retail unit (excluding fleet)	\$ 1,113	\$ 1,073	\$ 40	3.7%

	Nine Months Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Same Store:				
Revenue	\$ 202,996	\$ 185,081	\$ 17,915	9.7%
Gross profit per retail unit (excluding fleet)	\$ 1,136	\$ 1,067	\$ 69	6.5%

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

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

	Third Quarter Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Compensation	\$ 151,683	\$ 140,771	\$ (10,912)	(7.8%)
Advertising	14,132	12,498	(1,634)	(13.1%)
Rent	18,901	18,619	(282)	(1.5%)
Other	69,848	63,440	(6,408)	(10.1%)
Total	\$ 254,564	\$ 235,328	\$ (19,236)	(8.2%)
SG&A as a % of gross profit				
Compensation	46.5%	46.2%	(30)	bps

Advertising	4.3%	4.1%	(20)	bps
Rent	5.8%	6.1%	30	bps
Other	21.5%	20.9%	(60)	bps
Total	78.1%	77.3%	(80)	bps

	Nine Months Ended September 30,		Better / (Worse)	
	2013	2012	Change	% Change
Compensation	\$ 449,791	\$ 426,463	\$ (23,328)	(5.5%)
Advertising	41,282	37,107	(4,175)	(11.3%)
Rent	56,344	57,198	854	1.5%
Other	201,062	191,460	(9,602)	(5.0%)
Total	\$ 748,479	\$ 712,228	\$ (36,251)	(5.1%)
SG&A as a % of gross profit				
Compensation	46.7%	46.3%	(40)	bps
Advertising	4.3%	4.0%	(30)	
Rent	5.9%	6.2%	30	bps
Other	20.8%	20.8%	(0)	bps
Total	77.7%	77.3%	(40)	bps

SOURCE Sonic Automotive, Inc.