



# Sonic Automotive 2020 Annual Meeting Of Stockholders



EchoPark  
AUTOMOTIVE

April 29, 2020

## → Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events, are not historical facts and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. These statements can generally be identified by lead-in words such as “may,” “will,” “should,” “could,” “believe,” “expect,” “estimate,” “anticipate,” “intend,” “plan,” “foresee” and other similar words or phrases. Statements that describe our Company’s objectives, plans or goals are also forward-looking statements. Examples of such forward-looking information we may be discussing in this presentation include, without limitation, the effects of COVID-19 on operations, anticipated future new vehicle unit sales volume, anticipated future used vehicle unit sales volume, anticipated future parts, service and collision repair (“Fixed Operations”) gross profit, anticipated expense reductions, long-term annual revenue targets, anticipated future growth and profitability in our EchoPark Segment, anticipated openings of new EchoPark stores, anticipated future performance and growth of our Franchised Dealerships Segment, anticipated liquidity positions, anticipated 2020 industry new vehicle sales volume, the implementation of growth and operating strategies, including acquisitions of dealerships and properties, the return of capital to stockholders, anticipated future success and impacts from the implementation of our strategic initiatives, and earnings per share expectations.

You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, the success of our operational strategies, the rate and timing of overall economic expansion or contraction, and the risk factors described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and the Company’s other periodic reports and information filed with the Securities and Exchange Commission (the “SEC”).

These forward-looking statements, risks, uncertainties and additional factors speak only as of the date of this presentation. We undertake no obligation to update any such statements, except as required under federal securities laws and the rules and regulations of the SEC.

# → Agenda

1. Welcome and Call to Order
2. Introduction of Meeting Chairperson
3. Report of a Quorum
4. Issues Before the Stockholders
  - Election of Directors
  - Ratification of the Appointment of KPMG LLP as Sonic's Independent Public Accounting Firm
  - Advisory Vote on Executive Compensation
  - Approval of Amendment and Restatement of Sonic's 2012 Formula Restricted Stock and Deferral Plan for Non-Employee Directors
5. Report On Operations/Financial Results for FY 2019
6. Report of the Inspector of Elections
7. Adjournment
8. Q&A

David Smith - CEO

Mr. Peter Friz of CT Hagberg  
LLC - Inspector of Elections

Stephen K. Coss - Secretary

Heath R. Byrd – EVP/CFO

Mr. Peter Friz of CT Hagberg  
LLC - Inspector of Elections

Stephen K. Coss - Secretary

Management Team

# → Your Executive Management Team



**O. Bruton Smith**

**Executive Chairman,  
Director**



**David Bruton Smith**

**Chief Executive Officer,  
Director**



**Jeff Dyke**

**President, Director**



**Heath R. Byrd**

**Executive Vice President,  
Chief Financial Officer**



## → Other Participating Executives



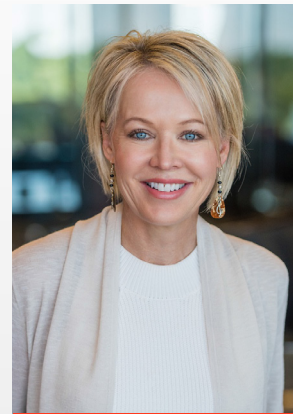
**Steve Coss**

Senior VP & General  
Counsel



**Angela  
Broadway**

VP – Human Resources



**Rachel Richards**

Chief Marketing Officer



**Maren McGrane**

VP – Culture and  
Strategic Initiatives



**C.G. Saffer**

VP & Chief Accounting  
Officer



**Karen McKemie**

VP – Guest Experience  
Center



**Danny Wieland**

Director – Financial  
Reporting & IR



# Report of A Quorum

## → Issues Before Stockholders

- Election of Directors
- Ratification of the Appointment of KPMG LLP as Sonic's Independent Public Accounting Firm
- Advisory Vote on Executive Compensation
- Approval of Amendment and Restatement of Sonic's 2012 Formula Restricted Stock and Deferral Plan for Non-Employee Directors





# Report of Operations and Financial Results for 2019 Fiscal Year



## → FY 2019 – Consolidated All-Time Records

- ❖ Total Revenue – **\$10.454 Billion**
- ❖ Used Retail Volume – **162,149 Units**
- ❖ F&I Gross – **\$477.0 Million**
- ❖ F&I Gross PUR – **\$1,743 Per Unit**
- ❖ Total Gross Profit – **\$1.521 Billion**
- ❖ Net Income – **\$144.1 Million**
- ❖ Adjusted EBITDA<sup>(1)</sup> – **\$308.5 Million**
- ❖ GAAP Continuing Ops EPS – **\$3.31 per Share**
- ❖ Adjusted Continuing Ops EPS – **\$2.65 per Share**

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure)

## → FY 2019 – Consolidated – GAAP

(amounts in millions, except per share data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenue	\$10,454	\$503	5.1%
Gross Profit	\$1,521	\$75	5.2%
SG&A	\$1,099	\$46	4.0%
SG&A as % of Gross	72.3%		690 bps
Depreciation	\$93	\$0	0.5%
Operating Profit	\$308	\$130	73.2%
Interest & Other	(\$108)	(\$6)	(5.6%)
Continuing Ops:			
Profit (after tax)	\$145	\$92	175.9%
Diluted EPS	\$ 3.31	\$ 2.09	171.3%

2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019 That Generated \$656 Million of Revenue in FY 2018

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts

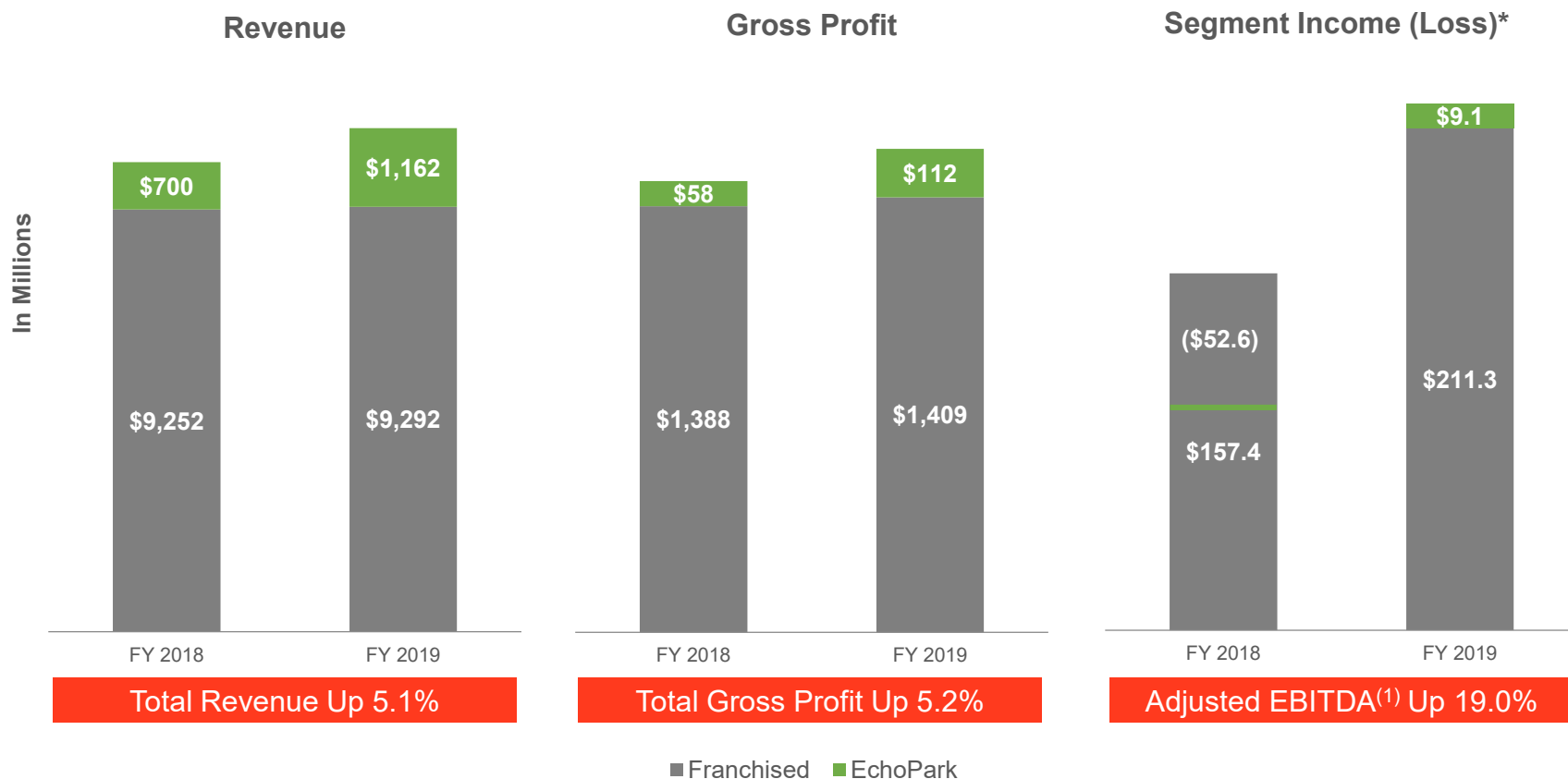
## → FY 2019 – Consolidated – Adjusted

(amounts in millions, except per share data)	FY 2019 <sup>(1)</sup>	B/(W) than FY 2018 <sup>(1)</sup>	
		\$	%
Revenue	\$10,454	\$503	5.1%
Gross Profit	\$1,521	\$75	5.2%
SG&A	\$1,169	(\$26)	(2.3%)
SG&A as % of Gross	76.9%		210 bps
Depreciation	\$93	\$0	0.5%
Operating Profit	\$258	\$48	22.9%
Interest & Other	(\$101)	\$1	1.4%
Continuing Ops:			
Profit (after tax)	\$116	\$39	50.5%
Diluted EPS	\$ 2.65	\$ 0.86	48.0%

2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019 That Generated \$656 Million of Revenue in FY 2018

(1) Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted Amounts (Non-GAAP Measures)

# → FY 2019 – Consolidated Continuing Operations



On A GAAP Basis\*, FY 2019 Earnings Per Diluted Share From Continuing Operations of \$3.31, Up 171% Compared To FY 2018

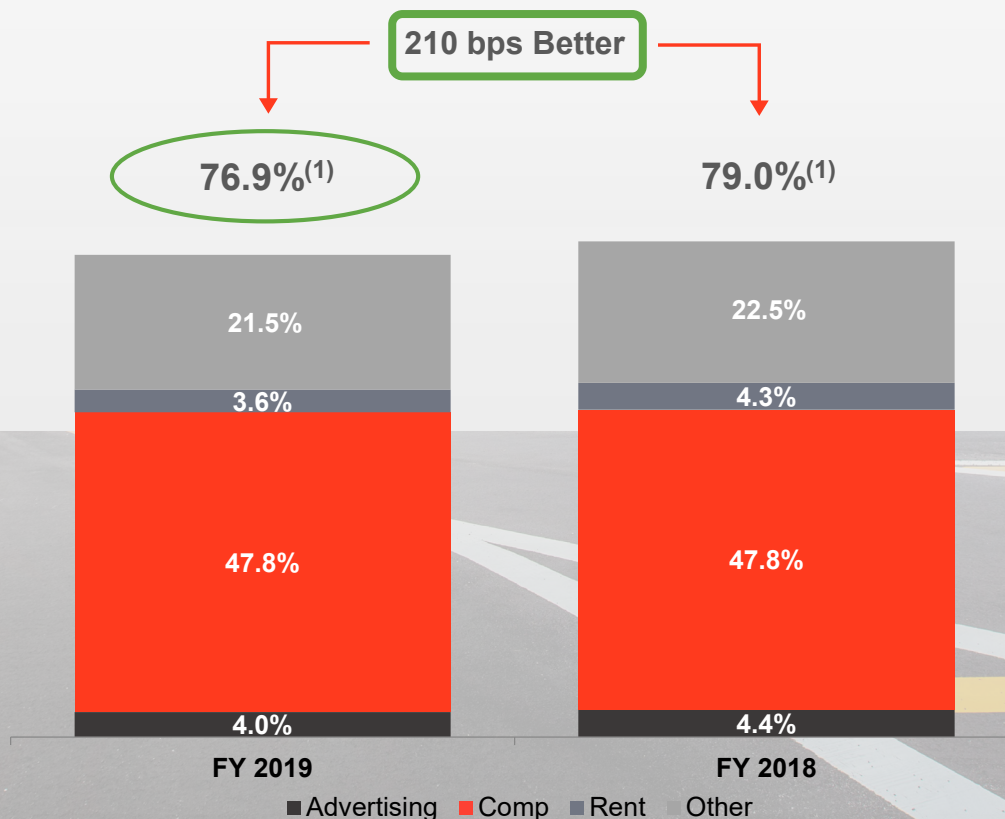
\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

(1) Refer To Appendix For Calculation And Reconciliation Of Adjusted EBITDA (A Non-GAAP Measure)



# FY 2019 – Consolidated Adjusted SG&A Expenses to Gross Profit

On A GAAP Basis\*, SG&A Expenses To Gross Profit Were 72.3% For FY 2019, Compared To 79.2% For FY 2018



\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

(1) Refer To Appendix For Calculation And Reconciliation Of Adjusted SG&A Expenses (A Non-GAAP Measure)

## → FY 2019 – Franchised Dealerships Segment

(In millions, except unit and per unit data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenues	\$9,292.3	\$40.9	0.4%
Gross profit	\$1,408.6	\$20.5	1.5%
SG&A expenses	\$1,011.8	\$34.7	3.3%
SG&A expenses as % of gross profit	71.8%		360 bps
Segment income (loss)	\$211.4	\$53.9	34.2%
New vehicle unit sales volume	114,131	(8,586)	(7.0%)
Retail used vehicle unit sales volume	112,629	2,461	2.2%
New vehicle gross profit per unit	\$2,042	\$74	3.8%
Retail used vehicle gross profit per unit	\$1,310	(\$37)	(2.7%)
F&I gross profit per unit retailed	\$1,620	\$128	8.6%

2019 Comparative Results Reflect the Disposition of 10 Franchises During 2019 That Generated \$656 Million of Revenue in FY 2018

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

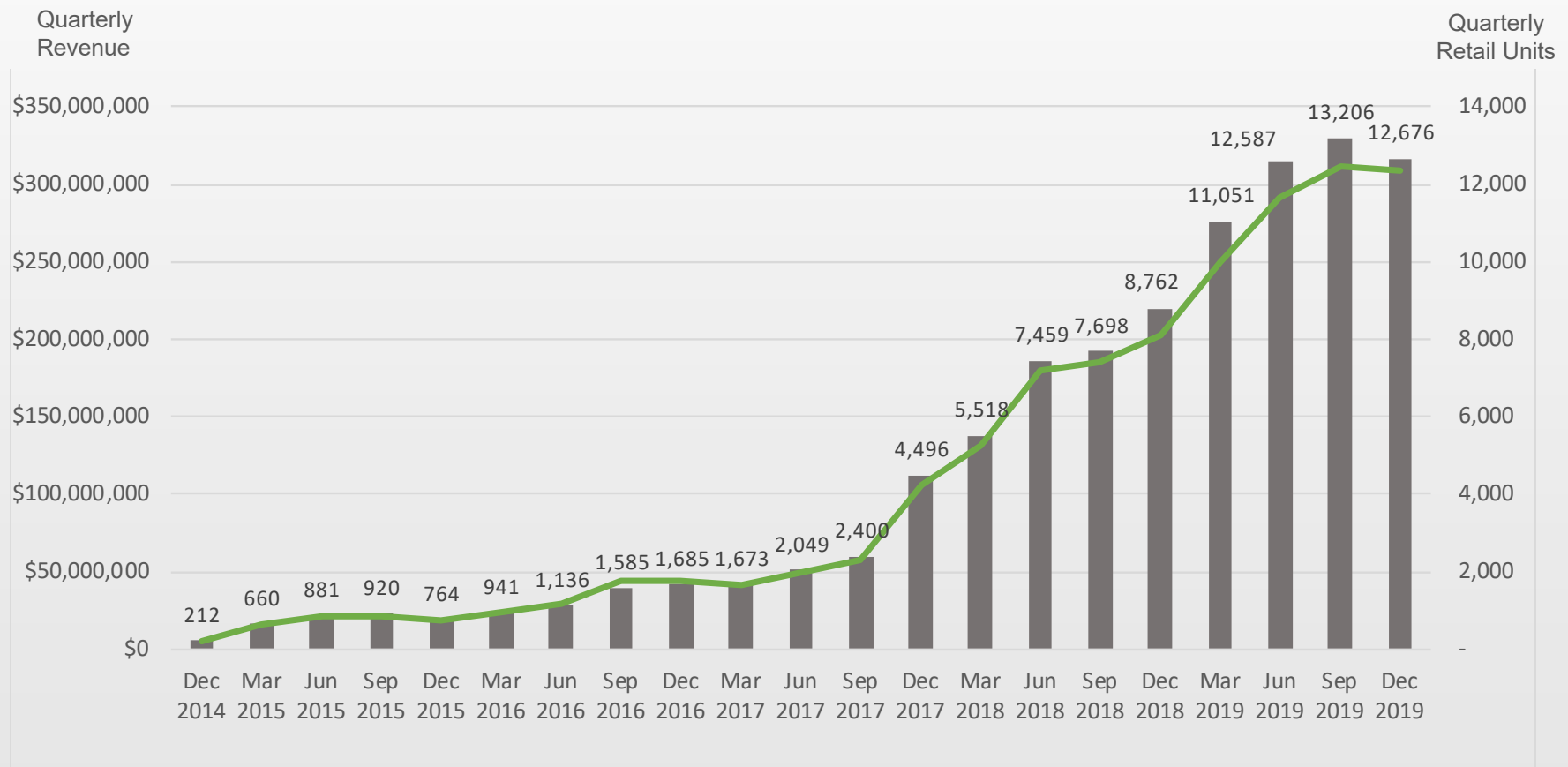
## → FY 2019 – EchoPark Segment

(In millions, except unit and per unit data)	FY 2019*	B/(W) than FY 2018*	
		\$	%
Revenues	\$1,162.0	\$461.8	66.0%
Gross profit	\$112.4	\$54.4	93.7%
SG&A expenses	\$87.6	\$11.2	11.4%
SG&A expenses as % of gross profit	77.9%		9,250 bps
Segment income (loss)	\$9.1	\$61.7	117.4%
Retail used vehicle unit sales volume	49,520	20,083	68.2%
Total combined gross profit per unit retailed	\$2,296	\$416	22.1%

We Opened Our Ninth EchoPark Store In Long Beach, California In December 2019  
And Opened Our Tenth EchoPark Store In Tampa, Florida In April 2020

\* Refer To Appendix For Items Of Interest That May Affect Comparability Of Amounts

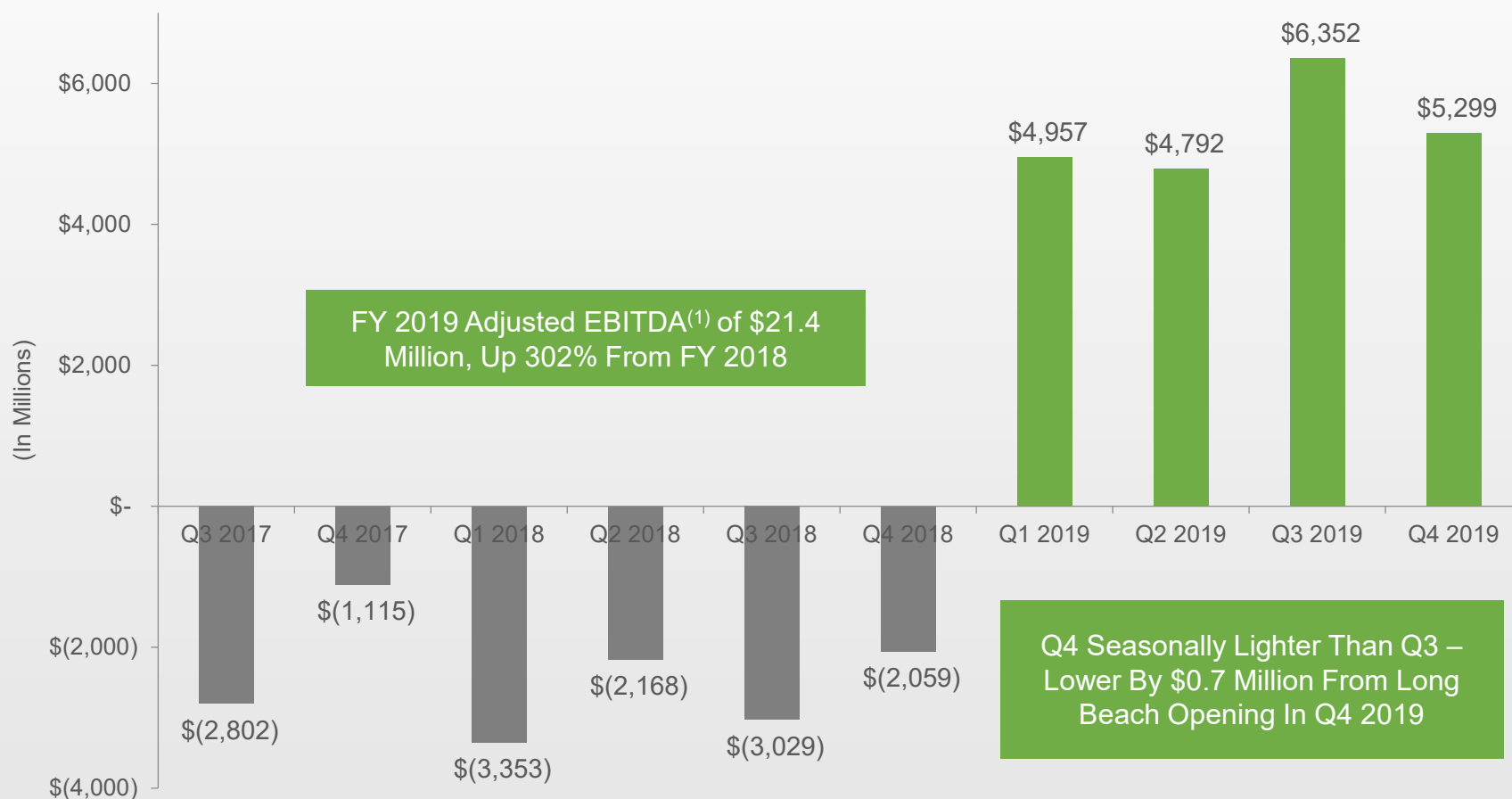
# → EchoPark Retail Unit Sales Volume Growth



FY 2019 Revenues Of \$1.2B,  
49,520 Retail Unit Sales



## → EchoPark Segment – Adjusted EBITDA Trend

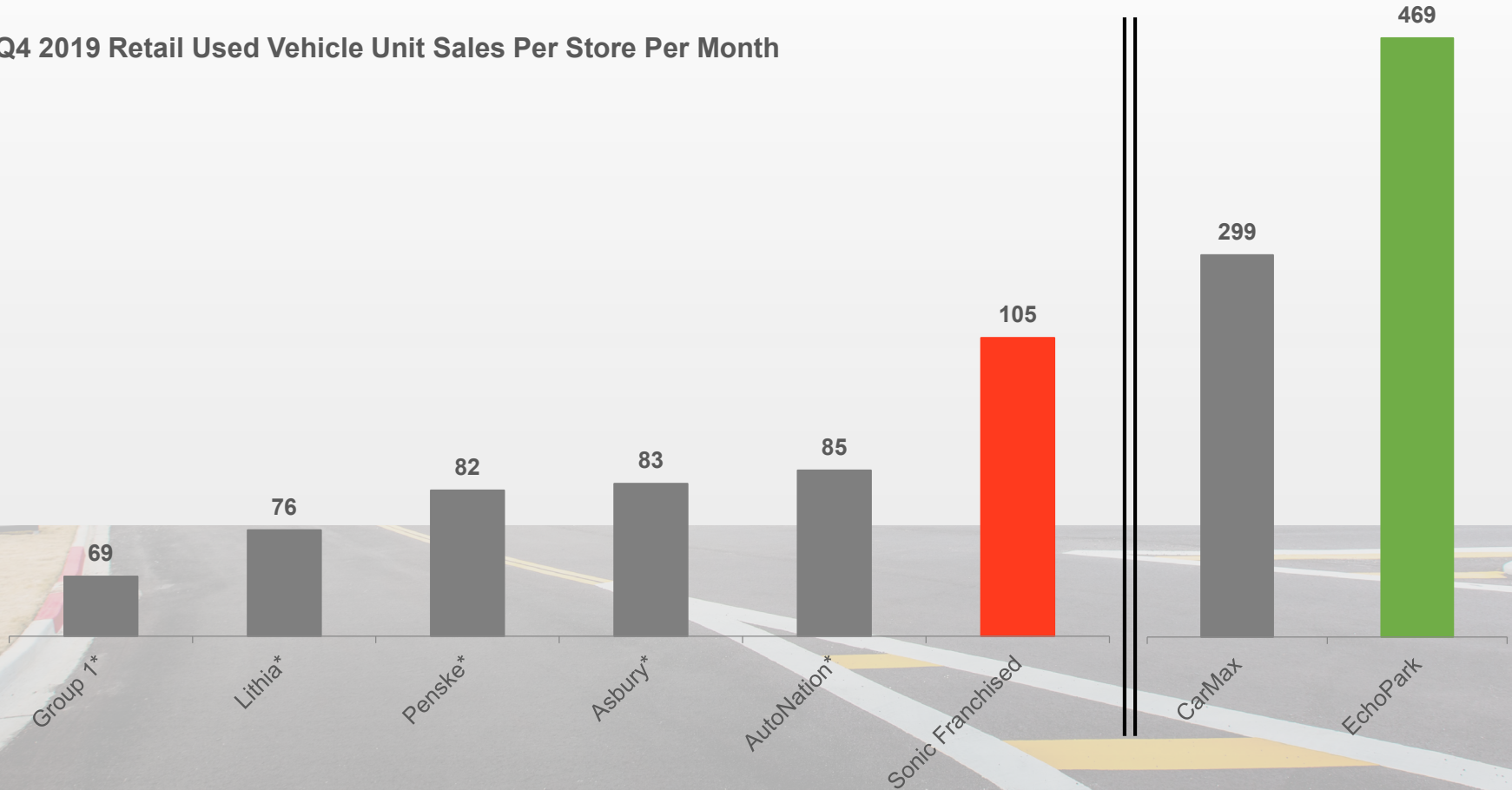


Current Inventory And Pricing Strategy Began In Q2 2018  
Q3 2018 And Q4 2018 Pressured By New Store Openings And Relocations

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure)

# → Industry-Leading Used Vehicle Volume Throughput

Q4 2019 Retail Used Vehicle Unit Sales Per Store Per Month



Utilize Highly Efficient Inventory Sourcing, Pricing And Selling Processes To Maximize Throughput

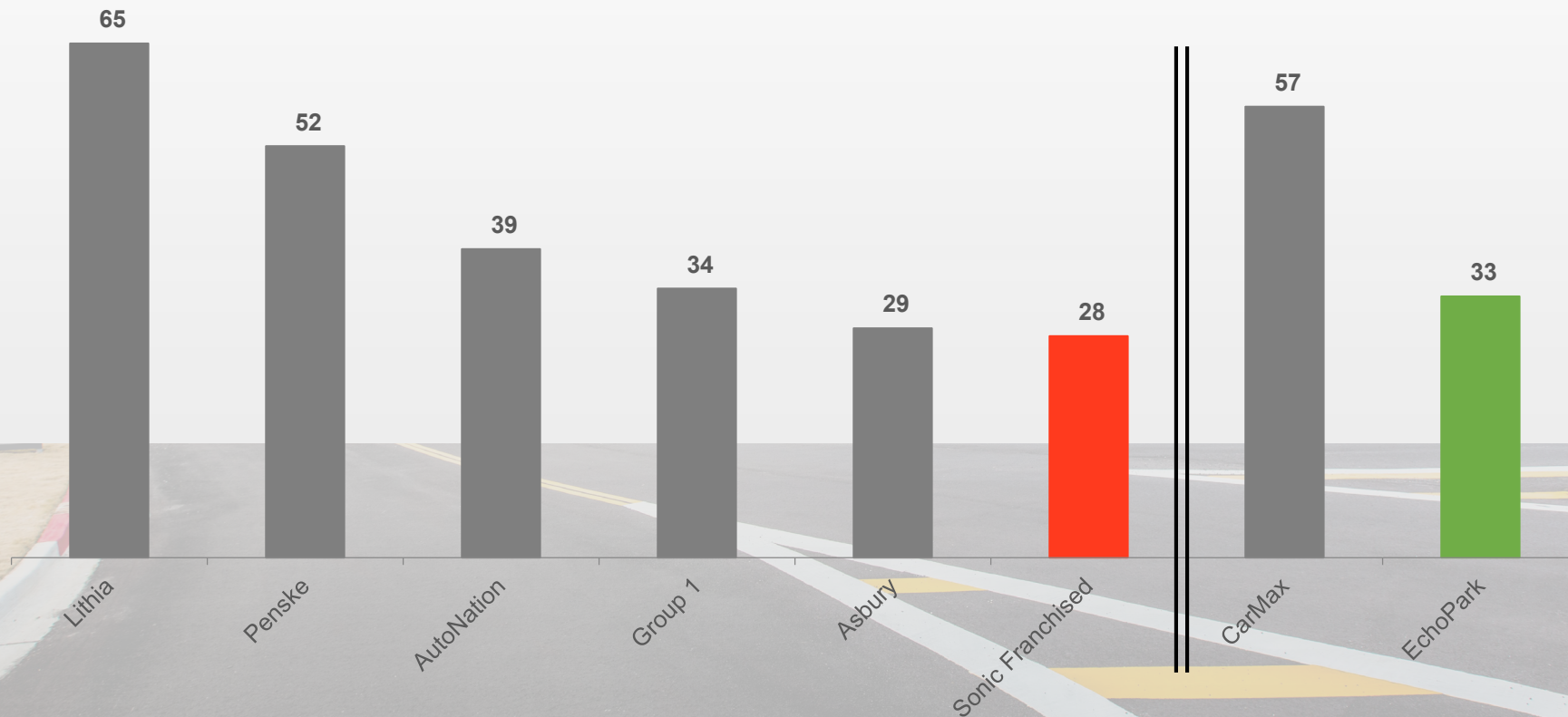
\* Peer Average Is 79 Units Per Store Per Month Based On Store Counts As Of December 31, 2019

Note: Peer Data Source – Company Filings, Company Websites

Note: CarMax Data is for the Quarter Ended November 30, 2019

# → Inventory Management Expertise

Q4 2019 Used Vehicle Inventory Days' Supply



Low Inventory Days' Supply Reduces Exposure to Fluctuations in Used Vehicle Valuations

Note: Peer Data Source: Company Filings, Calculated Based on Trailing Quarter Cost of Sales If Not Explicitly Disclosed  
Note: CarMax Data is for the Quarter Ended November 30, 2019

# → Data and Analytics-Based Inventory Management

## POWERFUL

Analytics Delivered To Buyer's Fingertips

## EFFICIENT

Only the Information Needed in the Moment

## INSTANT

Insights in Less Than a Click

## SIMPLE

Implementation in Existing Webpage with No Training

HyperIntelligence  
Embeds The Analytics  
Into the Tools We  
Already Use  
To Enable Speed,  
Accuracy And Split-  
Second Decision  
Making

The screenshot displays a web-based vehicle inventory management system. On the left, a list of vehicles is shown, including a 2019 Ford ESCAPE, a 2018 Ford ESCAPE, a 2017 Ford EXPLORE, and a 2016 Ford EXPLORE. Each listing includes a thumbnail image, vehicle details, and a 'Vehicle Rating' icon. A large, semi-transparent overlay window is open, providing detailed analytics for a specific vehicle: a 2019 Ford Escape (VIN 1FMCU0GDXKUB20874). This overlay includes a 'Vehicle Rating' of 5.0 / 5.0, a 'San Antonio Optimal Market' analysis, a table of market data for various locations, and a 'Buy Count Across All Markets' of 31. The table lists locations and their corresponding buy counts and maximum bid amounts. The overlay also features a 'Vehicle Rating' section with a 2.0 / 5.0 rating and a series of yes/no questions related to the vehicle's condition and features. The background shows a blurred image of a car lot.

Market	Buy Count	Max Bid Amt
Dallas	09	\$14,286
Houston	01	\$15,389
San Antonio	04	\$14,955
Colorado	06	\$14,414
Long Beach	03	\$15,621
Charlotte	08	\$14,837

Buy Count Across All Markets: 31

Jan 28 2020 12:36PM  
Last Updated



## → Strong Balance Sheet and Liquidity

		12/31/2019		12/31/2018
		(In Millions)		
Cash and cash equivalents	\$	\$29.1	\$	\$5.9
Availability under the 2016 Revolving Credit Facility		230.7		223.9
Availability under our used vehicle floor plan facilities		17.1		2.0
Availability under the 2019 Mortgage Facility		3.1		-
Total available liquidity resources	\$	\$280.0	\$	\$231.8

	Covenant Requirement*	12/31/2019	12/31/2018
Liquidity Ratio	$\geq 1.05$	1.11	1.10
Fixed Charge Coverage Ratio	$\geq 1.20$	1.60	1.43
Total Lease Adjusted Leverage Ratio	$\leq 5.75$	3.21	5.25
Net Debt To Adjusted EBITDA Ratio <sup>(1)</sup>		2.20	3.62

All Covenant Ratios Improved

Total 2019 Debt Reduction Of \$238M

\* As Defined In The 2016 Revolving Credit Facility and 2019 Mortgage Facility

(1) Refer To Appendix For Calculation And Reconciliation of Adjusted EBITDA (A Non-GAAP Measure) and Net Debt To Adjusted EBITDA Ratio (A Non-GAAP Measure)



# Financial Results for Q1 2020

# → Consolidated – Q1 2020 Continuing Operations – GAAP

(In millions, except per share data)	Q1 2020	B/(W) than Q1 2019	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	(\$35.1)	(14.2%)
SG&A expenses as % of gross profit	80.5%		(1,170) bps
Earnings from continuing operations before taxes	(\$243.2)	(\$304.6)	(496.6%)
Continuing Ops:			
Net income	(\$199.1)	(\$241.5)	(570.2%)
Diluted earnings per share	(\$4.67)	(\$5.66)	(571.7%)

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term

Note: Refer To Appendix For Items Of Interest That May Affect Comparability Of GAAP Amounts



# → Consolidated – Q1 2020 Continuing Operations - Adjusted

(In millions, except per share data)	Q1 2020 <sup>(1)</sup>	B/(W) than Q1 2019 <sup>(1)</sup>	
		\$	%
Revenues	\$2,308.1	(\$81.1)	(3.4%)
Gross profit	\$350.6	(\$8.4)	(2.3%)
SG&A expenses	\$282.2	\$5.4	1.9%
SG&A expenses as % of gross profit	80.5%		(40) bps
Earnings from continuing operations before taxes	\$24.8	\$1.9	8.3% ←
Continuing Ops:			
Net income	\$17.6	\$0.8	4.8%
Diluted earnings per share	\$0.40	\$0.01	2.6% ←

Revenues Were Lower Due To The Effect Of Franchise Disposals In FY 2019 And Impact Of COVID-19 In Q1 2020

Strategic Emphasis On Expense Discipline And Debt Reduction In FY 2019 Drove Profit And EPS Growth In Lower Revenue Environment

(1) Amounts Are Adjusted – Refer To Appendix For Reconciliation of Adjusted SG&A Expenses, Adjusted SG&A Expenses As % Of Gross Profit, Adjusted Earnings From Continuing Operations Before Taxes, Adjusted Net Income, And Adjusted Diluted Earnings Per Share (Non-GAAP Measures)



# Consolidated – Q1 2020 Performance Build By Month – Continuing Operations

B/(W) than Comparable Period in 2019

(In millions, except unit and per unit data)

	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 45	6.9%	\$ (152)	(36.8%)	\$ (107)	(10.0%)
Retail used vehicle revenues	122	24.1%	(93)	(29.7%)	30	3.6%
Wholesale used vehicle revenues	-	(3.0%)	(5)	(30.8%)	(6)	(11.4%)
Fixed Operations revenues	8	3.7%	(15)	(12.9%)	(7)	(2.0%)
F&I revenues	16	25.0%	(7)	(17.2%)	9	8.5%
Total revenues	\$ 191	12.9%	\$ (272)	(30.2%)	\$ (81)	(3.4%)
New vehicle gross profit	\$ -	0.9%	\$ (9)	(39.4%)	\$ (8)	(15.6%)
<i>New vehicle unit sales volume</i>	314	2.0%	(3,787)	(38.9%)	(3,473)	(13.8%)
<i>New vehicle GPU</i>	\$ (22)	(1.1%)	\$ (17)	(0.7%)	\$ (44)	(2.1%)
Retail used vehicle gross profit	\$ 2	8.1%	\$ (7)	(45.7%)	\$ (5)	(13.2%)
<i>Retail used vehicle unit sales volume</i>	5,639	23.6%	(4,078)	(27.9%)	1,561	4.1%
<i>Retail used vehicle GPU</i>	\$ (117)	(12.5%)	\$ (247)	(24.6%)	\$ (159)	(16.5%)
Wholesale used vehicle gross profit	\$ 1	(69.3%)	\$ -	100.9%	\$ 1	87.6%
Fixed Operations gross profit	\$ 3	2.9%	\$ (8)	(15.0%)	\$ (5)	(3.3%)
<i>Customer Pay gross profit</i>	\$ 3	6.9%	\$ (3)	(12.3%)	\$ -	0.4%
F&I gross profit	\$ 16	25.0%	\$ (7)	(17.2%)	\$ 9	8.5%
<i>F&amp;I GPU</i>	\$ 153	9.3%	\$ 384	22.4%	\$ 209	12.5%
Total gross profit	\$ 22	10.0%	\$ (31)	(22.9%)	\$ (8)	(2.3%)

# Consolidated – Q1 2020 Performance Build By Month – Same Store

(In millions, except unit and per unit data)

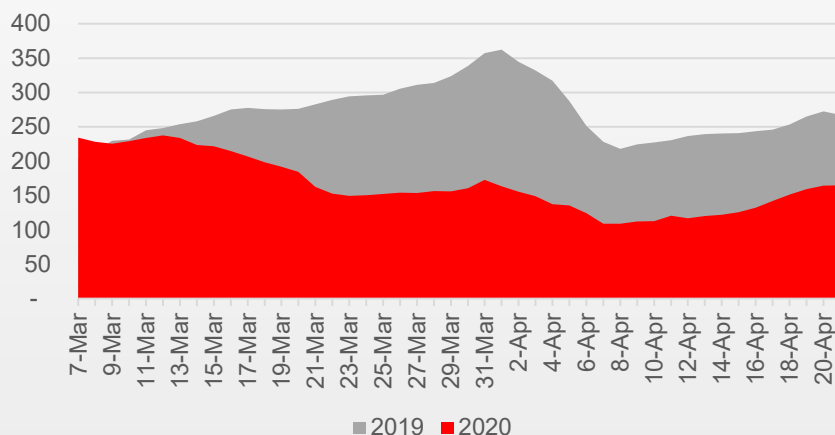
	B/(W) than Comparable Period in 2019					
	January - February 2020		March 2020		Q1 2020	
	\$	%	\$	%	\$	%
New vehicle revenues	\$ 83	13.5%	\$ (130)	(33.2%)	\$ (47)	(4.7%)
Retail used vehicle revenues	127	25.8%	(88)	(29.0%)	39	4.9%
Wholesale used vehicle revenues	-	2.2%	(4)	(28.4%)	(5)	(7.1%)
Fixed Operations revenues	18	8.3%	(9)	(7.6%)	9	2.8%
F&I revenues	17	27.8%	(7)	(18.4%)	10	9.7%
Total revenues	\$ 245	17.3%	\$ (238)	(27.6%)	\$ 6	0.3%
New vehicle gross profit	\$ 1	3.5%	\$ (7)	(34.8%)	\$ (6)	(12.1%)
<i>New vehicle unit sales volume</i>	1,603	11.3%	(3,012)	(33.6%)	(1,409)	(6.1%)
<i>New vehicle GPU</i>	\$ (151)	(7.0%)	\$ (41)	(1.7%)	\$ (144)	(6.4%)
Retail used vehicle gross profit	\$ 3	14.1%	\$ (5)	(36.1%)	\$ (2)	(5.9%)
<i>Retail used vehicle unit sales volume</i>	6,100	26.9%	(3,687)	(26.4%)	2,413	6.6%
<i>Retail used vehicle GPU</i>	\$ (86)	(10.0%)	\$ (122)	(13.2%)	\$ (103)	(11.7%)
Wholesale used vehicle gross profit	\$ 1	(63.4%)	\$ -	196.1%	\$ 1	85.8%
Fixed Operations gross profit	\$ 8	8.1%	\$ (5)	(9.3%)	\$ 3	2.1%
<i>Customer Pay gross profit</i>	\$ 5	11.6%	\$ (2)	(6.6%)	\$ 4	5.3%
F&I gross profit	\$ 17	27.8%	\$ (7)	(18.4%)	\$ 10	9.7%
<i>F&amp;I GPU</i>	\$ 106	6.4%	\$ 261	15.3%	\$ 141	8.4%
Total gross profit	\$ 30	14.0%	\$ (24)	(18.9%)	\$ 6	1.7%

# COVID-19 Impact Actions Taken 2020 Outlook

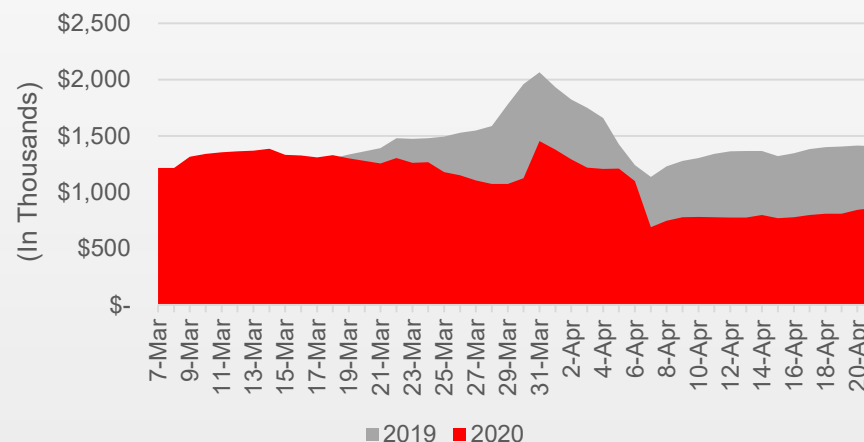


# → COVID-19 Impact Since Inception of Stay Home Orders

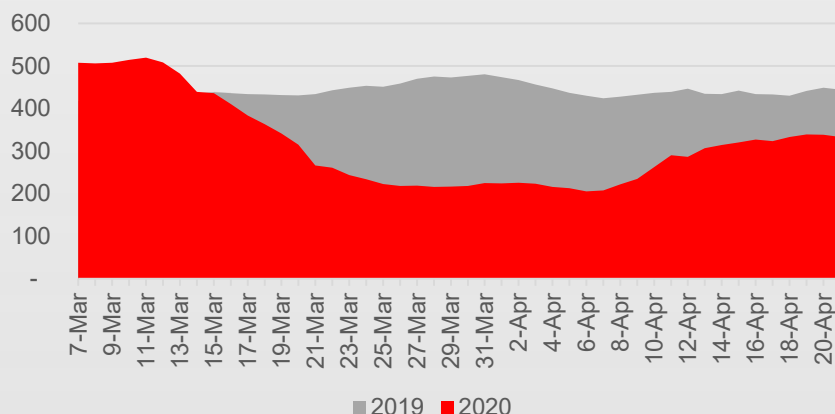
Rolling 7-Day Average New Vehicle  
Unit Sales Volume



Rolling 7-Day Average Fixed Operations  
Gross Profit (Less Internal)



Rolling 7-Day Average Retail Used  
Vehicle Unit Sales Volume



- **New Vehicle Units Bottomed Out And Beginning to Climb**
- **Used Vehicle Units Returning Faster Than New Vehicles**
- **Fixed Operations Gross Profit Bottomed Out And Beginning to Climb**

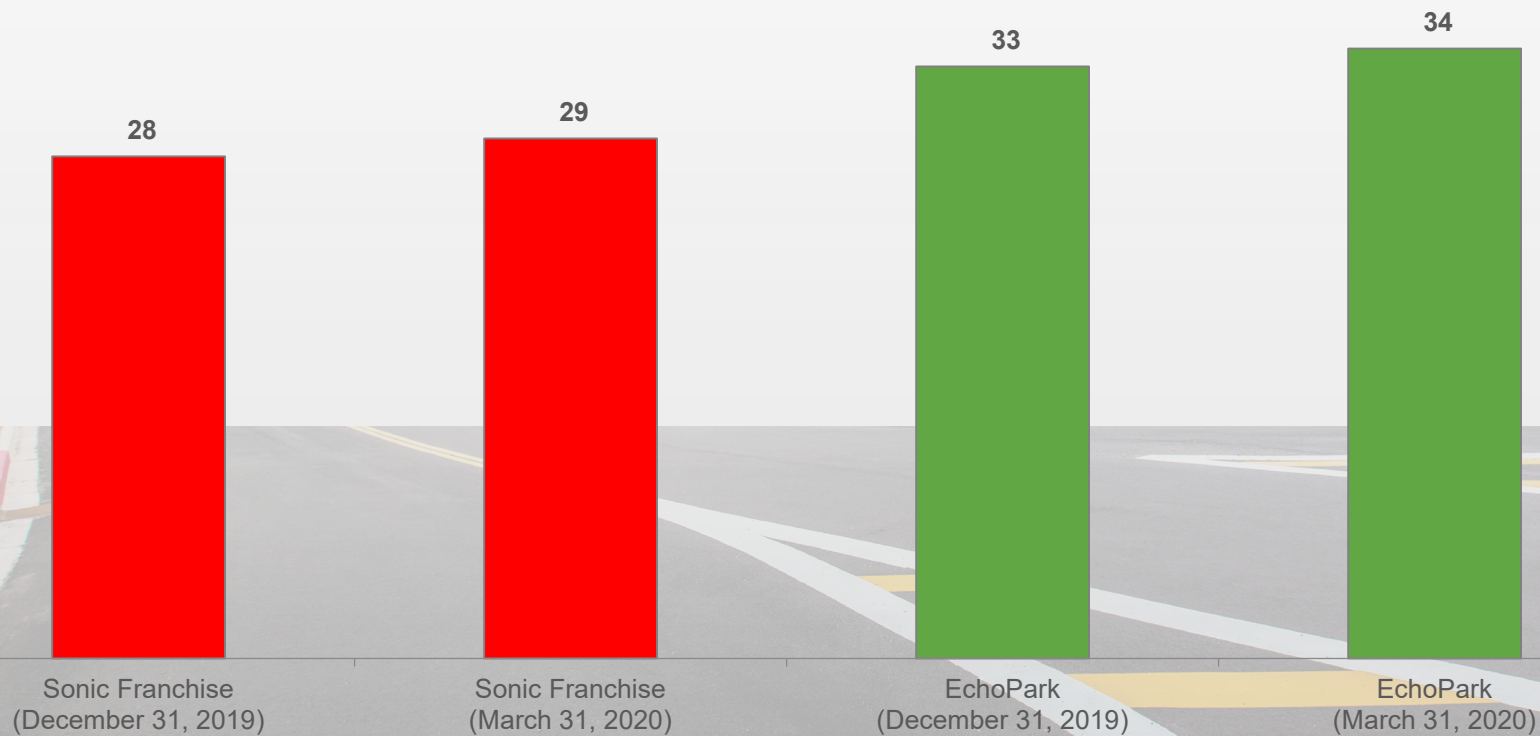


## → COVID-19 Actions Taken

1. Ensure Guest and Teammate Safety
2. Ensure Sonic's Status As An Essential Business
3. Strengthen Liquidity
  - Taking Advantage of All Deferral Opportunities (Tax, Floorplan Interest, Mortgages and Leases)
  - Daily Modeling Based on Actual Operations
  - Optimizing Floorplan Capacity
  - Evaluating Additional Liquidity Via Unencumbered Property
4. Implementation of Expense Reductions
  - 33% Reduction in Headcount Via Terminations and Furlough
  - Reduction of Advertising and Other Operating Expenses
  - Total Anticipated Monthly Savings of \$14M
5. Implementation of New Marketing/Operations
  - No-Contact Delivery on Site
  - Home Delivery on Purchases = 15% of Total Sales Thru April 22<sup>nd</sup>
  - Pickup and Delivery for Service = 7% of Total Sales Thru April 22<sup>nd</sup>
  - Company Wide Rollout of CarCash = 30% of Total Appraisals and Growing
  - Acceleration of Robotic Process Automation for Marketing
  - Permanent Infrastructure for Remote Workers
6. Maintain Inventory Management Discipline

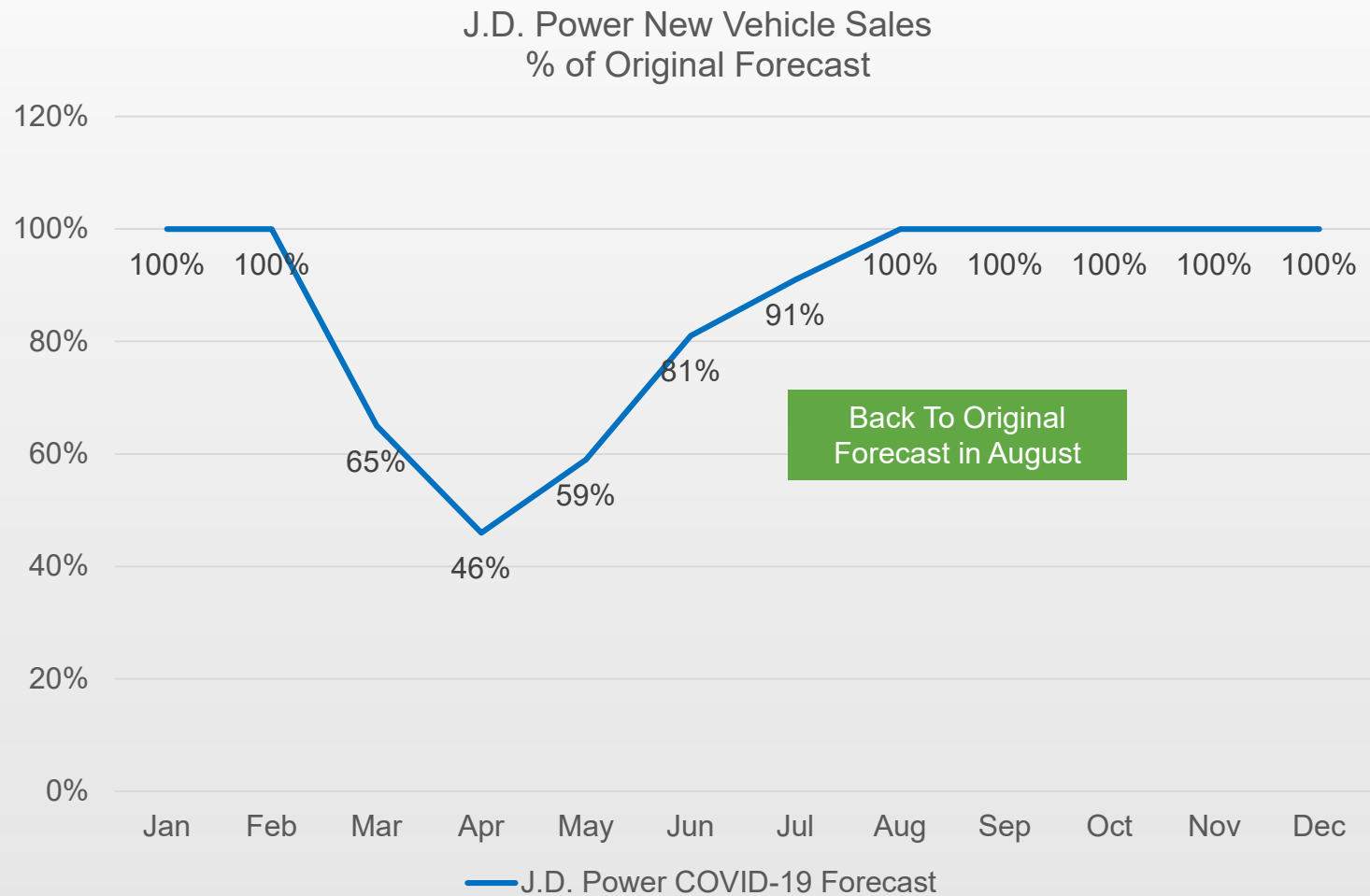
## → Inventory Management Expertise

Used Vehicle Inventory Days' Supply



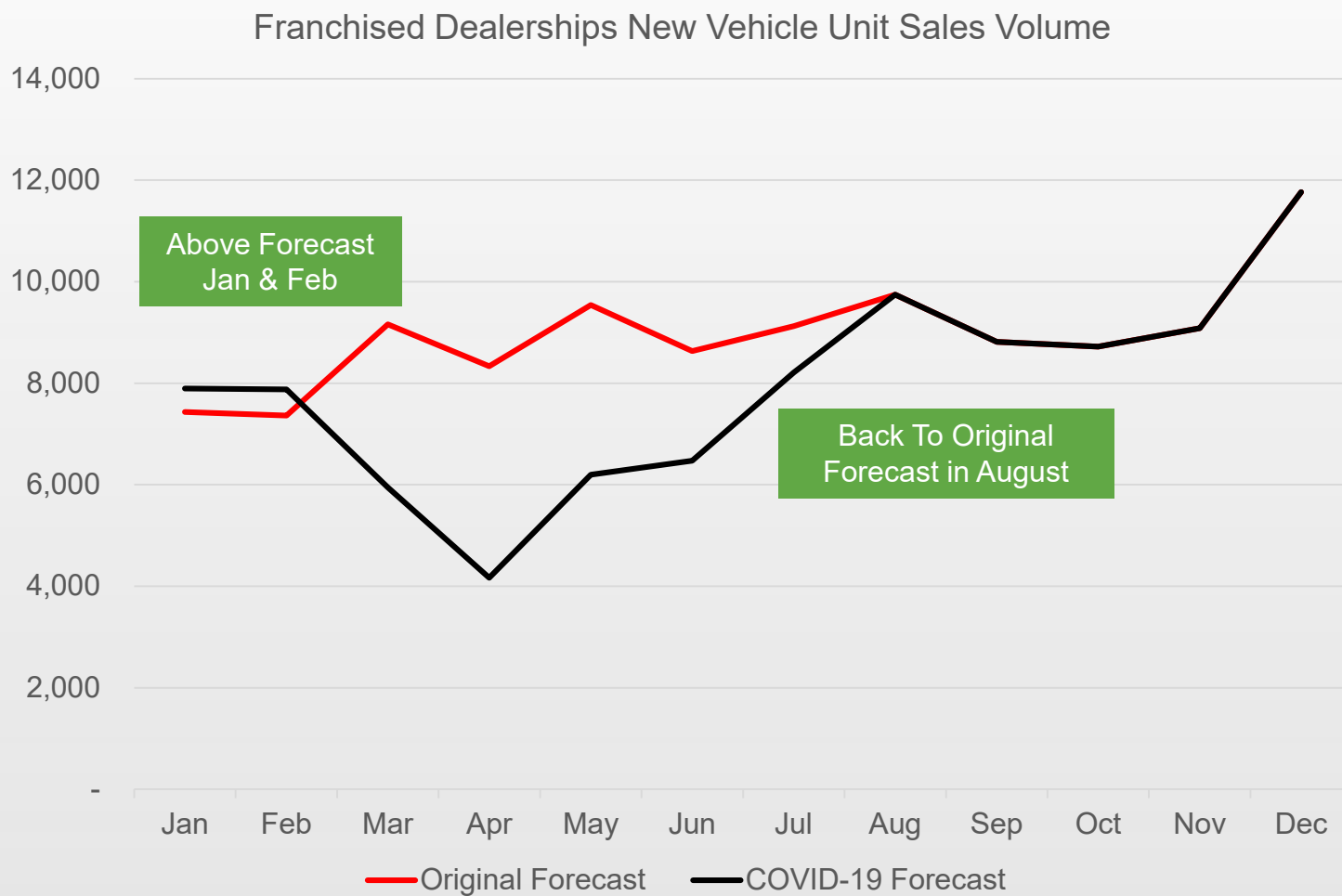
Strength of Day Supply Management, Pricing Engine And Buying Engine Supports Recovery

## → Outlook – J.D. Power



Source Data: COVID-19: J.D. Power Auto Industry Impact Report April 22, 2020

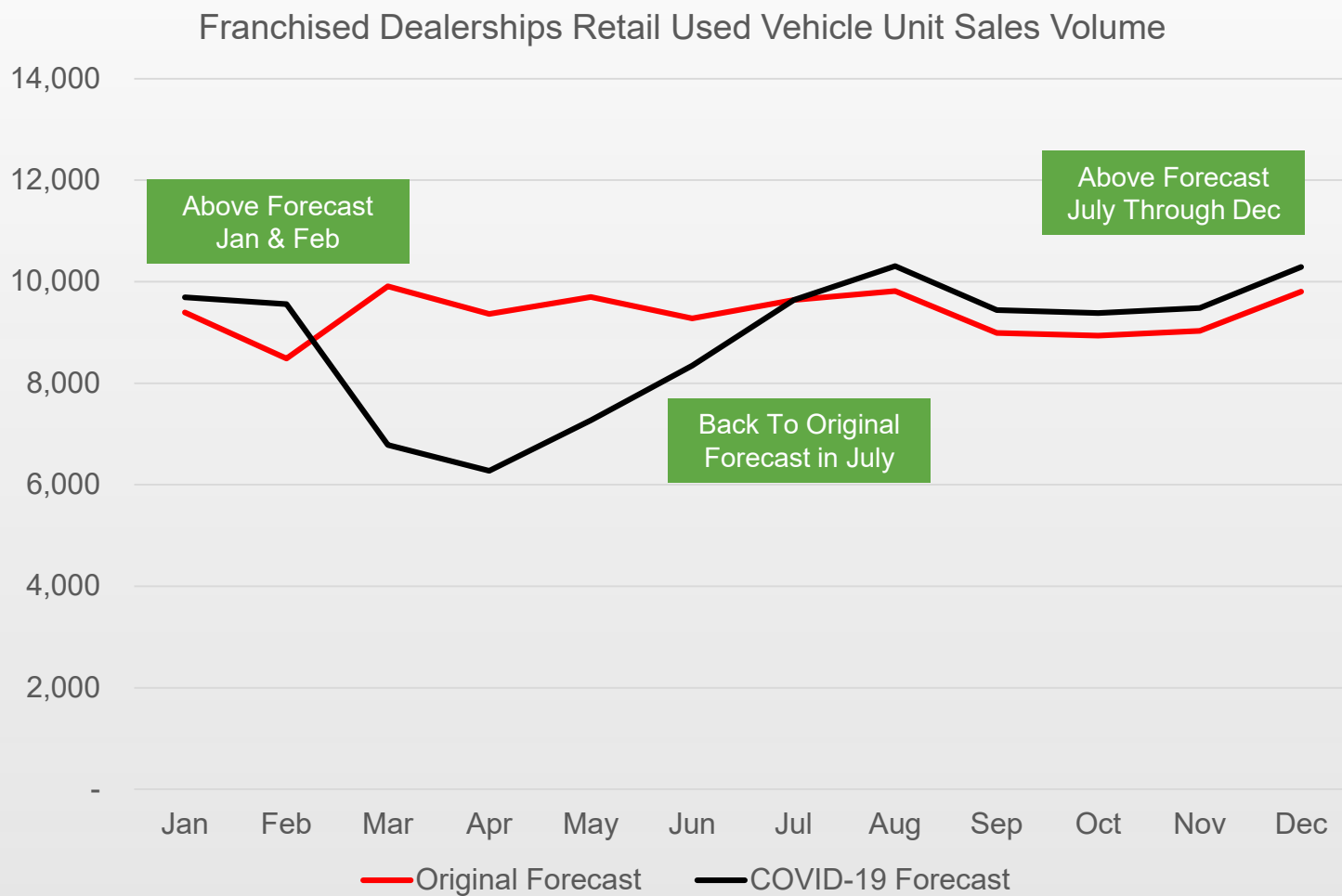
## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast

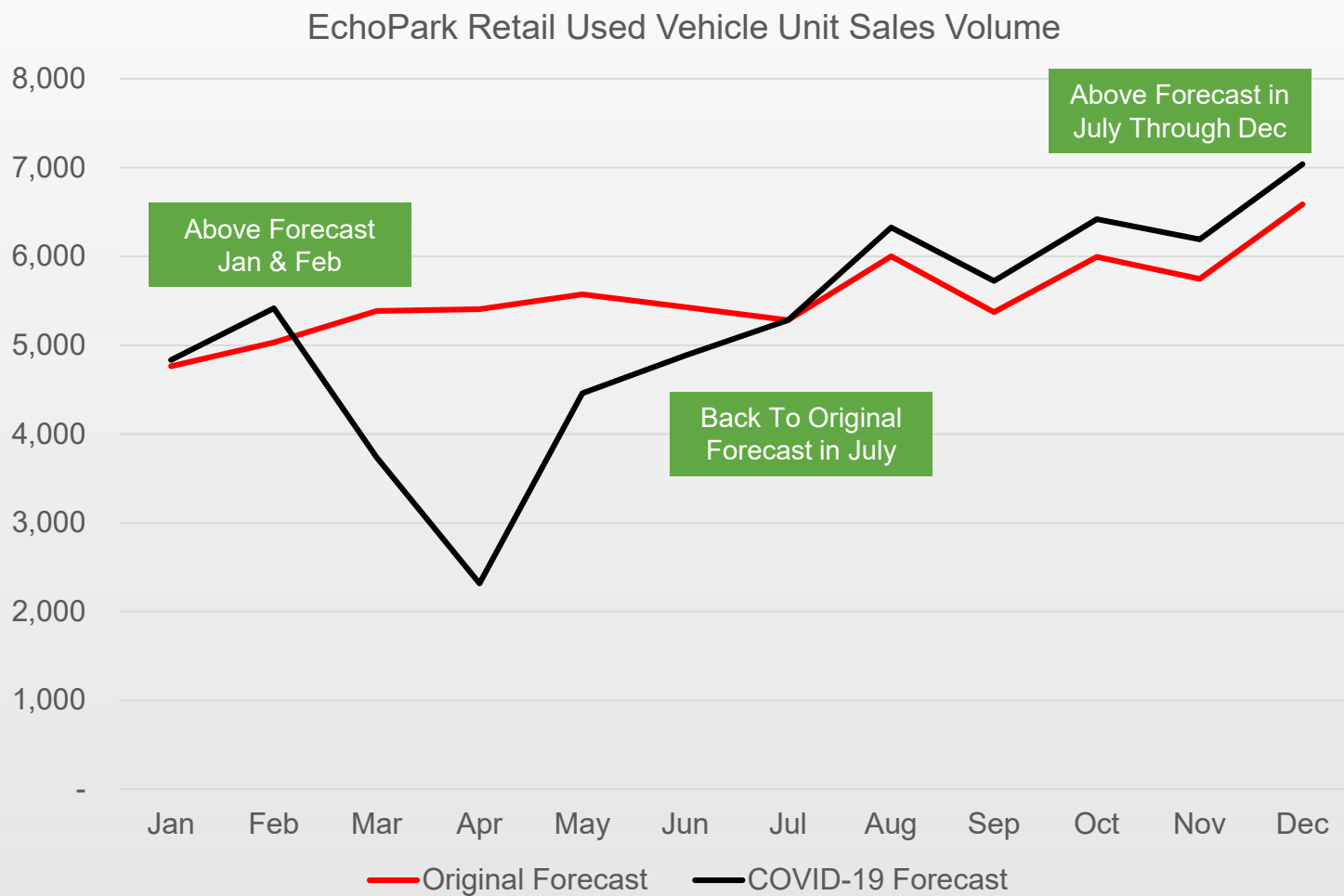


## → Outlook – Sonic Automotive



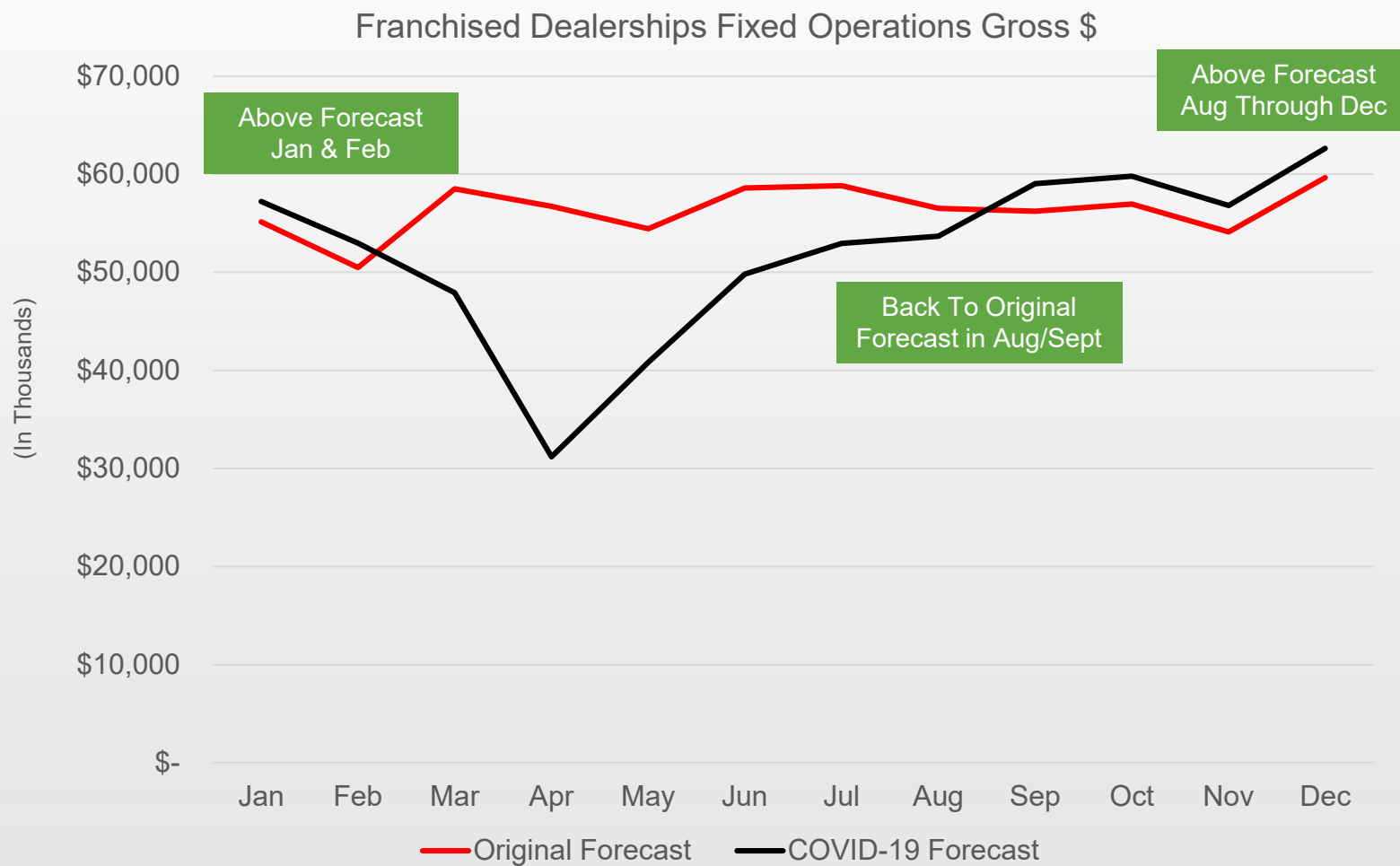
Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast

## → Outlook – Sonic Automotive



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## → Outlook – Sonic Automotive



Due To Uncertainty Related To The COVID-19 Pandemic And The Resulting Economic Impact, Actual Results May Differ Materially From Management's Forecast



# Report of the Inspector of Elections



# Adjournment






# Q&A





# Appendices





# Appendix – Company Overview



EchoPark  
AUTOMOTIVE

April 29, 2020



# → Sonic Automotive: Who We Are



**(NYSE: SAH)**  
a Fortune 500  
Company and One  
of the Nation's  
Largest Automotive  
Retailers



Our Core Franchised  
Dealerships Segment is a  
Full-Service Automotive  
Retailer, Selling New and  
Used Vehicles, Arranging  
F&I Product Sales, and  
Providing Parts, Service  
and Collision Repair



Our Growing EchoPark  
Segment Offers a Unique  
Approach to Pre-Owned  
Vehicle and F&I Sales

Below-Market Pricing with  
a No Haggle Purchase  
Experience Drives  
Industry-Leading Used  
Vehicle Volume  
Throughput

## QUICK FACTS

**95**  
Dealerships

**15**  
Collision Centers

**20+**  
Automotive Brands

**12**  
States

**\$10.5B**  
Revenue

**\$1.5B**  
Gross Profit

**114K**  
New Vehicles Sold

**162K**  
Used Vehicles Sold

Note: Revenue, Gross Profit, New and Used Vehicles Sold are for FY 2019

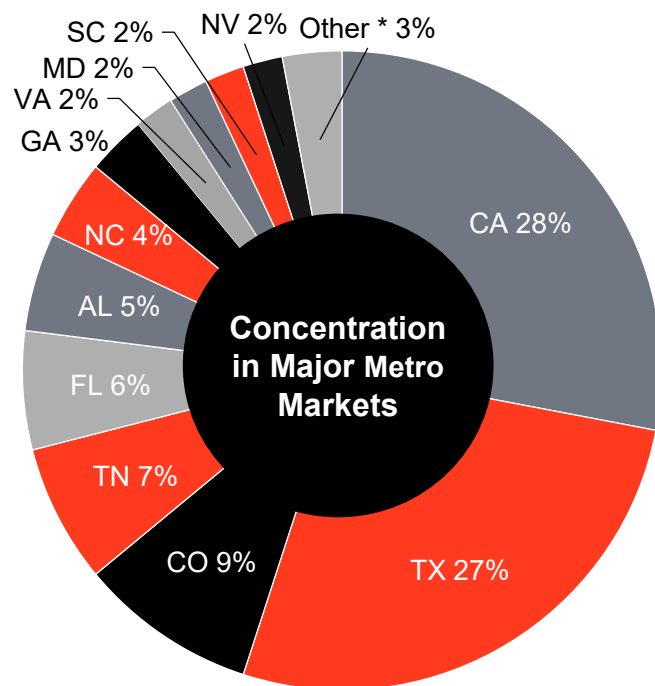
# → Investment Highlights



# → Revenue Composition

## BY GEOGRAPHY

Geographic Footprint, Revenue Streams and Brand Mix Offer Attractive Diversification Across the Automotive Retail Space



Note: Percentages are Percent of Total Revenue for FY 2019

\* Consists of Disposed Stores and Holding Companies



# → Revenue Composition

## Brand Distribution

Brand	% of Revenue	Franchise Brand	% of Revenue
Luxury	57%	BMW	23%
		Mercedes	11%
		Audi	6%
		Lexus	4%
		Land Rover	3%
		Porsche	3%
		Cadillac	3%
		MINI	2%
		Other Luxury (1)	2%
Import	24%	Honda	13%
		Toyota	8%
		Hyundai	1%
		Volkswagen	1%
		Other Import (2)	1%
EchoPark	11%	Non-Franchise	11%
Domestic	8%	Ford	4%
		General Motors (3)	4%

(1) Includes Volvo, Jaguar, Acura and Infiniti

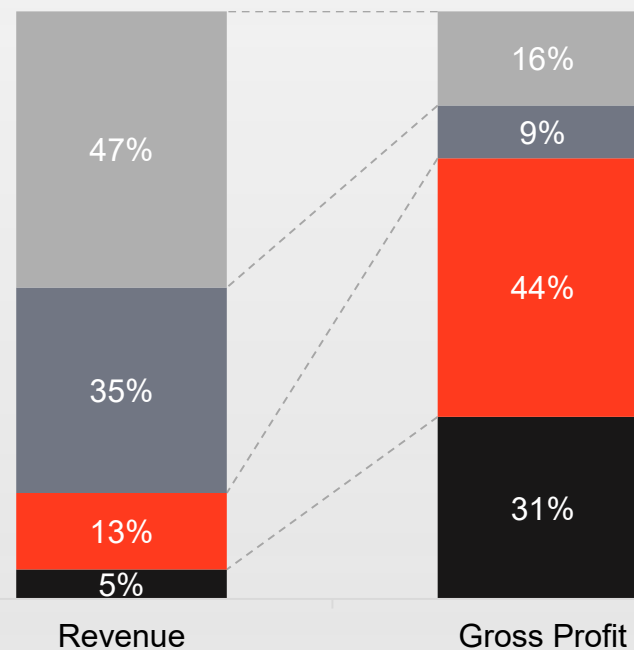
(2) Includes Nissan, Subaru and Kia

(3) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for FY 2019

## Business Line Mix

- New Vehicle
- Used Vehicle (Including Wholesale)
- Parts, Service & Collision
- Finance & Insurance



Note: Percentages are Percent of Total for FY 2019



# → Franchised Dealerships



**86** Franchised Dealerships



**20+** Brands, Luxury Weighted

New & Used Vehicle Sales  
Parts & Service (P&S)  
Finance & Insurance (F&I)



**15** Collision Repair Centers



**20** Major Metropolitan Markets

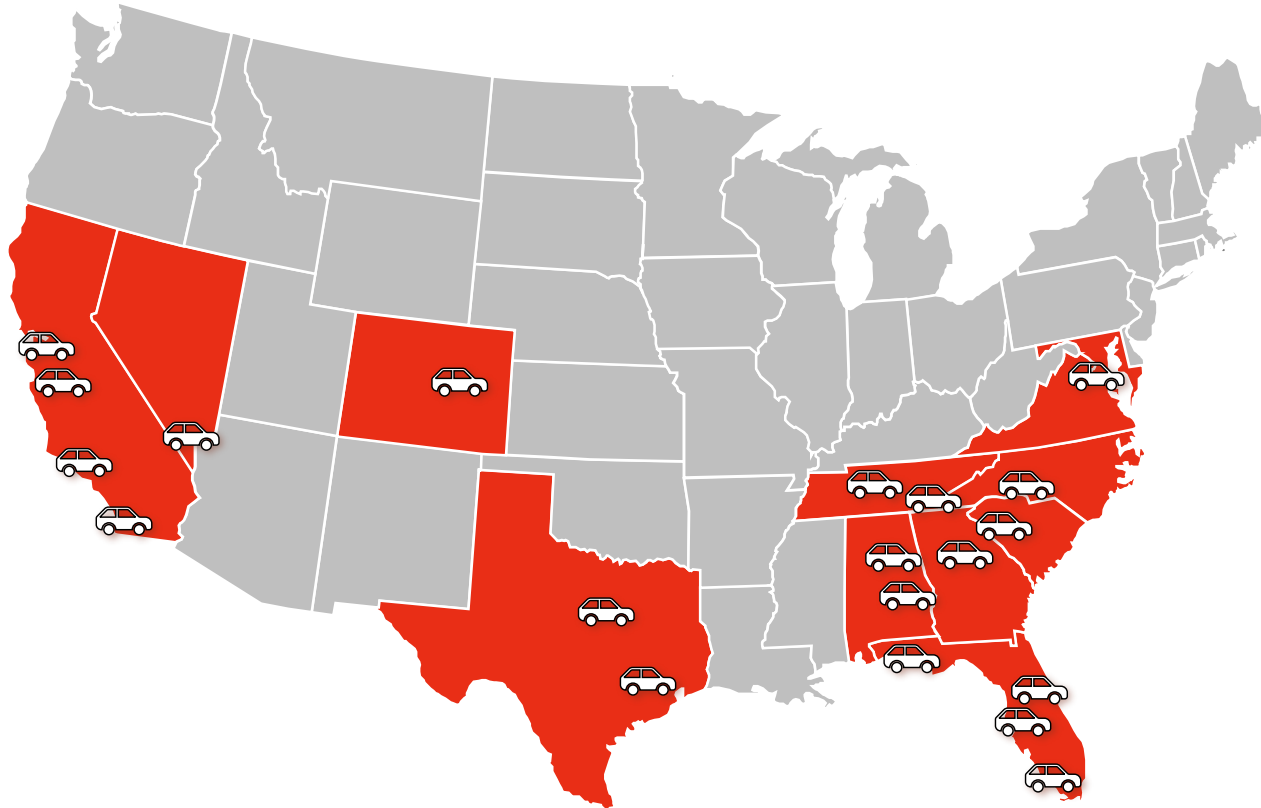
Focused On Inventory Mix and Attractive Pricing  
to Drive Growth and Profitability



**Sonic**  
Automotive



## → Franchised Dealerships – Geographic Footprint



Headquartered in  
Charlotte, NC



86 Stores, 20+ Brands,  
15 Collision Repair Centers



Platforms in Major  
Metro Markets

# → Franchised Dealerships – Strategic Levers





# → EchoPark Automotive



The New Car Alternative™  
Get the New Car Feel Without the New Car Price

Focus On  
**Pre-Owned**  
Market – More Stable  
Than New Vehicle  
Market

**Below Market**  
Pricing With Simplified, Easy  
Purchase Experience

Unique, High Return  
Business Model

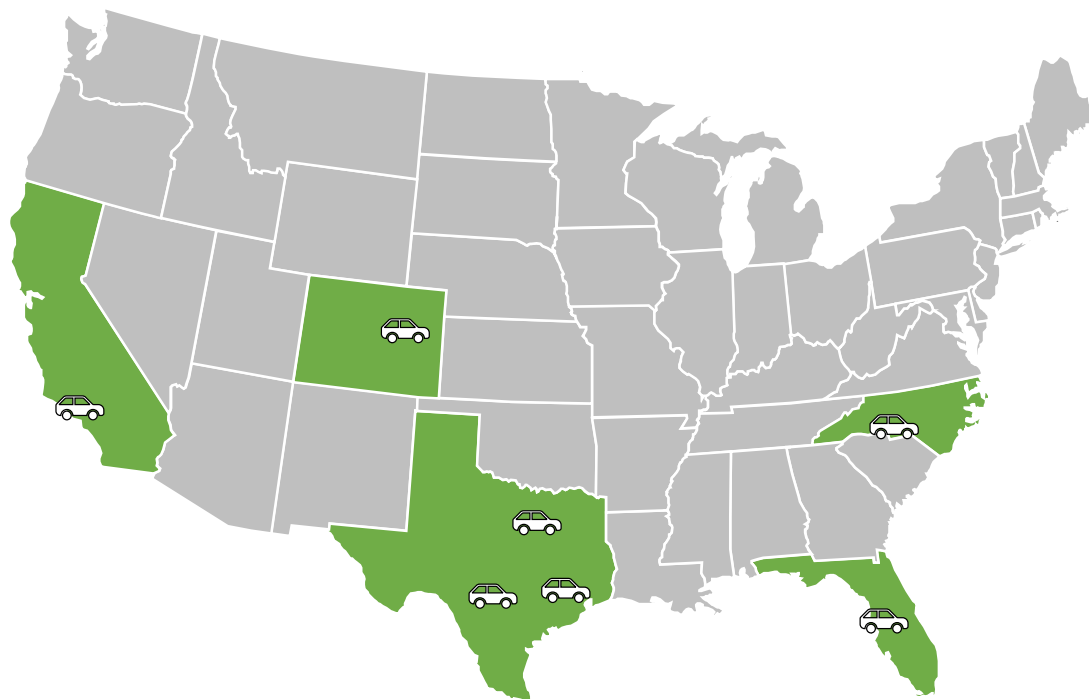
**1 to 4-Year-Old**  
Vehicles - Nearly New With  
Remaining OEM Warranty

**30% of Guests**  
Travel More Than 30 Minutes  
To Shop Our Inventory

Expansion Goal of 25+ Locations Through 2024



# → EchoPark – Geographic Footprint



10 Existing Stores in  
Seven Physical  
Markets

Two Additional Locations  
Opening in 2020

## Texas

- Grand Prairie (Dallas) – Pre-Owned Business Acquired Q3 2017
- San Antonio – Opened Q4 2017
- New Braunfels – Opened Q1 2018
- Houston – Opened December 2018

## Colorado

- Thornton and Centennial (Denver) – Opened Q4 2014
- Colorado Springs – Opened Q2 2017

## North Carolina

- Charlotte – Opened October 2018

## California

- Long Beach – Opened December 2019

## Florida

- Tampa – Opened April 2020

## TBD

- Two Additional Locations By End of 2020
- 25+ Locations Through 2024

## → Complementary Relationship Between Segments



- Thrives When New Vehicle Industry Is Healthy, Particularly Where Luxury Brands Are Strong
- Diverse Revenue Streams - Some Recession-Resistant
- Profitable Through 2008 Economic Downturn - Relatively Low Fixed Costs And Multiple Operational Levers
- Further Growth Opportunities:
  - ✓ Parts and Service Business
  - ✓ Used Vehicles
  - ✓ F&I Penetration



- Strong Secular Growth Phase Due To:
  - ✓ Focus On Recession-Resistant Pre-Owned Vehicle Market
  - ✓ Below-Market Price Strategy
  - ✓ Simplified, Easy Purchase Experience
- If Pre-Owned Vehicle Valuations Decline, EchoPark Should:
  - ✓ Benefit From Rapid Inventory Turns, Creating An Even Greater Pricing Advantage Over Competitors To Drive Additional Volume

# → Strategic Direction

## Franchised Dealerships



## EchoPark



## Capital Allocation

Drive New And Used Vehicle Profit Growth Through Multiple Channels (Traditional Sale Or Lease, Online Selling, Alternative Sources Of Inventory)

Continued Growth Opportunity In Parts & Service, F&I

Ongoing Profitability Enhancement Through SG&A Expense Control, Inventory Management

Early Stage Strong Secular Growth Phase

Profitability Improving As Older Stores Continue To Mature

Expect 2 New Locations By The End Of 2020 (Bringing Total to 12) - Goal Of 25+ Locations Through 2024

Expansion To Be Self-Funding In 2-3 Years With Free Cash Flow From Existing Stores

Opportunistic Divestitures Of Underperforming Or Capital-Intensive Franchised Dealerships

Strategically Deploy Capital To Accelerate EchoPark's Already Strong Growth

Continue To Monitor Franchised Dealership Acquisition Opportunities As Market Evolves



# Appendix – Non-GAAP Reconciliations



April 29, 2020



## → Items of Interest – Full Year

(In millions)	FY 2019	FY 2018	Income Statement Line Item
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	\$ 42.9	\$ (31.8)	
Tax effect of above items	(14.2)	7.3	
Tax-effected items of interest	<u>\$ 28.7</u>	<u>\$ (24.5)</u>	

Note: Amounts In Table Relate To Franchised Dealerships Segment Unless Otherwise Noted

(1) \$32.5 Million in FY 2019 Relates To EchoPark Segment

(2) \$18.5 Million In FY 2019 and \$1.6 Million In FY 2018 Attributed To EchoPark Segment Related to Building And Land  
Held For Sale At Former EchoPark Locations

## → Items Of Interest – Q1

(In millions)	Q1 2020	Q1 2019	Income Statement Line Item
Gain on franchise disposals	\$ -	\$ 46.7	SG&A expenses
Executive transition costs	-	(6.3)	SG&A expenses <sup>(1)</sup>
Impairment charges	(268.0)	(1.9)	Impairment charges <sup>(2)</sup>
Subtotal: Pre-tax items of interest	\$ (268.0)	\$ 38.5	
Tax effect of above items	51.3	(12.9)	
Tax-effected items of interest	<u>\$ (216.7)</u>	<u>\$ 25.6</u>	

Note: Amounts In Table Relate To Franchised Dealerships Segment Unless Otherwise Noted

(1) \$6.0 million of Q1 2019 amount is not deductible for tax purposes.

(2) \$1.9 million Q1 2019 amount is related to the EchoPark Segment. \$91.1 million of Q1 2020 amount is not deductible for tax purposes.

In Q1 2020 Sonic Was Required To Record A Non-Cash Goodwill Impairment Charge Of \$268.0 Million Related To Its Franchised Dealerships Reporting Unit As A Result Of A Decrease In The Company's Market Value Due To The COVID-19 Pandemic's Effect On The Stock Market And Expected Reduction In Economic Activity In The Near Term

# Non-GAAP Reconciliation – Segment Income & Adjusted Earnings – Full Year

	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
(In millions, except unit data)	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenues	\$ 9,292.3	\$ 9,251.5	\$ 1,162.0	\$ 700.2	\$ 10,454.3	\$ 9,951.6
Gross profit	\$ 1,408.6	\$ 1,388.1	\$ 112.4	\$ 58.0	\$ 1,521.0	\$ 1,446.1
SG&A expenses	\$ 1,011.8	\$ 1,046.5	\$ 87.6	\$ 98.9	\$ 1,099.4	\$ 1,145.3
Segment income	\$ 211.3	\$ 157.4	\$ 9.1	\$ (52.6)	\$ 220.4	\$ 104.8
Impairment charges	(1.1)	(27.9)	(19.7)	(1.6)	(20.8)	(29.5)
Earnings (loss) from continuing operations before taxes	\$ 210.2	\$ 129.5	\$ (10.6)	\$ (54.2)	\$ 199.6	\$ 75.3
Adjusted earnings (loss) from continuing operations before taxes	\$ 148.8	\$ 127.2	\$ 7.9	\$ (20.1)	\$ 156.7	\$ 107.1
Gain on franchise disposals	76.0	38.9	-	-	76.0	38.9
Executive transition costs	(6.3)	(1.6)	-	-	(6.3)	(1.6)
Legal and storm damage charges	-	(5.7)	-	-	-	(5.7)
Long-term compensation expense	-	-	-	(32.5)	-	(32.5)
Lease exit adjustments	-	(1.4)	-	-	-	(1.4)
Impairment charges	(1.1)	(27.9)	(18.5)	(1.6)	(19.6)	(29.5)
Loss on extinguishment of debt	(7.2)	-	-	-	(7.2)	-
Earnings (loss) from continuing operations before taxes	\$ 210.2	\$ 129.5	\$ (10.6)	\$ (54.2)	\$ 199.6	\$ 75.3
New vehicle unit sales volume	114,131	122,717	-	-	114,131	122,717
Retail used vehicle unit sales volume	112,629	110,168	49,520	29,437	162,149	139,605

Note: Segment Income (Loss) Defined As Earnings (Loss) From Continuing Operations Before Taxes And Impairment Charges

# Non-GAAP Reconciliation – Segment Income & Adjusted Earnings – Q1

	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
(In millions, except unit data)	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	\$ 1,976.3	\$ 2,139.6	\$ 331.7	\$ 249.6	\$ 2,308.1	\$ 2,389.1
Gross profit	\$ 318.8	\$ 333.3	\$ 31.8	\$ 25.7	\$ 350.6	\$ 359.0
SG&A expenses	\$ 256.4	\$ 227.0	\$ 25.7	\$ 20.1	\$ 282.2	\$ 247.1
Adjusted segment income	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Segment income	\$ 22.7	\$ 61.2	\$ 2.1	\$ 2.1	\$ 24.8	\$ 63.3
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
Adjusted earnings (loss) from continuing operations before taxes	\$ 22.7	\$ 20.8	\$ 2.1	\$ 2.1	\$ 24.8	\$ 22.9
Gain on franchise disposals	-	46.7	-	-	-	46.7
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Impairment charges	(268.0)	-	-	(1.9)	(268.0)	(1.9)
Earnings (loss) from continuing operations before taxes	\$ (245.3)	\$ 61.2	\$ 2.1	\$ 0.2	\$ (243.2)	\$ 61.4
New vehicle unit sales volume	21,724	25,197	-	-	21,724	25,197
Retail used vehicle unit sales volume	26,038	27,412	13,986	11,051	40,024	38,463

Note: Segment Income (Loss) Defined As Earnings (Loss) From Continuing Operations Before Taxes And Impairment Charges



## → Non-GAAP Reconciliations – SG&A Expenses

(In millions)	Consolidated	
	FY 2019	FY 2018
Gross profit	\$ 1,521.0	\$ 1,446.1
SG&A expenses	\$ 1,099.4	\$ 1,145.3
Items of interest:		
Gain on franchise disposals	\$ 76.0	\$ 38.9
Executive transition costs	(6.3)	(1.6)
Legal and storm damage charges	-	(5.7)
Long-term compensation charges	-	(32.5)
Lease exit adjustments	-	(1.4)
SG&A expenses (excluding items of interest)	\$ 1,169.1	\$ 1,143.0
SG&A expenses as % of gross profit	72.3%	79.2%
SG&A expenses (excluding items of interest) as % of gross profit	76.9%	79.0%

## → Non-GAAP Reconciliations – Earnings Per Share

	FY 2019			FY 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)	
Executive transition costs		6,264			1,581	
Legal and storm damage charges		-			5,749	
Long-term compensation charges		-			32,522	
Lease exit adjustments		-			1,435	
Impairment charges		19,618			29,512	
Loss on extinguishment of debt		7,157			-	
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	<u>\$ 115,786</u>	\$ 2.65	42,950	<u>\$ 76,915</u>	\$ 1.79

# → Non-GAAP Reconciliation – Adjusted EBITDA

(In thousands)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Net Income (Loss)	\$ 76,254	\$ 89,101	\$ 81,618	\$ 97,217	\$ 86,311	\$ 93,193	\$ 92,983	\$ 51,650	\$ 144,137
Provision For Income Taxes	46,907	47,648	43,386	62,346	55,962	59,899	13,198	22,645	54,954
Income (Loss) Before Taxes	<u>\$ 123,161</u>	<u>\$ 136,749</u>	<u>\$ 125,004</u>	<u>\$ 159,563</u>	<u>\$ 142,273</u>	<u>\$ 153,092</u>	<u>\$ 106,181</u>	<u>\$ 74,295</u>	<u>\$ 199,091</u>
Non-Floor Plan Interest	63,576	58,453	55,356	52,269	49,524	48,034	50,531	52,049	50,475
Depreciation and Amortization	51,164	52,616	58,139	62,161	72,130	81,034	92,127	96,652	95,646
Stock-Based Compensation Expense	3,698	5,160	7,208	7,675	9,814	11,165	11,119	11,853	10,797
Loss (Gain) On Exit Of Leased Dealerships	4,384	4,286	2,915	302	1,848	1,386	2,157	1,709	(170)
Impairment Charges	1,151	950	9,872	6,594	17,955	8,063	9,394	29,514	20,768
Loss (Gain) On Debt Extinguishment	1,107	19,713	28,238	-	-	(6)	14,607	-	6,690
Long-Term Compensation Charges	-	-	-	-	-	-	-	32,522	-
Loss (Gain) on Franchise Disposals	<u>386</u>	<u>(10,343)</u>	<u>457</u>	<u>(11,279)</u>	<u>(2,748)</u>	<u>48</u>	<u>(9,980)</u>	<u>(39,307)</u>	<u>(74,812)</u>
Adjusted EBITDA	<u><u>\$ 248,627</u></u>	<u><u>\$ 267,584</u></u>	<u><u>\$ 287,189</u></u>	<u><u>\$ 277,285</u></u>	<u><u>\$ 290,796</u></u>	<u><u>\$ 302,816</u></u>	<u><u>\$ 276,136</u></u>	<u><u>\$ 259,287</u></u>	<u><u>\$ 308,485</u></u>
Long-Term Debt (Including Current Portion)	\$ 533,577	\$ 615,395	\$ 734,022	\$ 758,530	\$ 814,581	\$ 882,678	\$ 1,024,703	\$ 945,083	\$ 706,886
Cash and Equivalents	(1,913)	(3,371)	(3,016)	(4,182)	(3,625)	(3,108)	(6,352)	(5,854)	(29,103)
Floor Plan Deposit Balance	-	(60,000)	(65,000)	(57,500)	(74,000)	(10,000)	(3,000)	-	-
Net Debt	<u><u>\$ 531,664</u></u>	<u><u>\$ 552,024</u></u>	<u><u>\$ 666,006</u></u>	<u><u>\$ 696,848</u></u>	<u><u>\$ 736,956</u></u>	<u><u>\$ 869,570</u></u>	<u><u>\$ 1,015,351</u></u>	<u><u>\$ 939,229</u></u>	<u><u>\$ 677,783</u></u>
Net Debt To Adjusted EBITDA Ratio	2.14	2.06	2.32	2.51	2.53	2.87	3.68	3.62	2.20

# → Non-GAAP Reconciliations – Adjusted EBITDA

	FY 2019				FY 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

	Q4 2019				Q4 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	21,086	2,211	-	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	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353



# → Non-GAAP Reconciliations – Adjusted EBITDA

	Q3 2019				Q3 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 29,010				\$ 15,118
Provision For Income Taxes				11,307				7,262
Income (Loss) Before Taxes	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380
Non-Floor Plan Interest	12,011	402	-	12,413	12,279	423	98	12,800
Depreciation And Amortization	21,561	2,703	-	24,264	22,140	1,999	-	24,139
Stock-Based Compensation Expense	2,681	-	-	2,681	4,578	-	-	4,578
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	24	4	103	131
Impairment Charges	-	1,124	-	1,124	-	-	-	-
Gain On Franchise Disposals	823	-	-	823	88	-	-	88
Adjusted EBITDA	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116
	Q2 2019				Q2 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 26,599				\$ 16,905
Provision For Income Taxes				10,009				8,142
Income (Loss) Before Taxes	\$ 35,129	\$ 1,693	\$ (213)	\$ 36,608	\$ 53,176	\$ (27,832)	\$ (297)	\$ 25,047
Non-Floor Plan Interest	12,599	431	-	13,030	12,349	406	106	12,861
Depreciation And Amortization	21,736	2,668	-	24,404	22,801	1,919	-	24,720
Stock-Based Compensation Expense	2,612	-	-	2,612	3,049	-	-	3,049
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(2,618)	6	106	(2,506)
Impairment Charges	-	-	-	-	10,317	-	-	10,317
Long-Term Compensation Charges	-	-	-	-	-	23,333	-	23,333
Gain On Franchise Disposals	356	-	-	356	(38,047)	-	-	(38,047)
Adjusted EBITDA	\$ 72,432	\$ 4,792	\$ (213)	\$ 77,010	\$ 61,027	\$ (2,168)	\$ (85)	\$ 58,774

# → Non-GAAP Reconciliations – Adjusted EBITDA

	Q1 2019				Q1 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 42,221				\$ (2,194)
Provision For Income Taxes				18,935				(1,910)
Income (Loss) Before Taxes	\$ 61,156	\$ 180	\$ (180)	\$ 61,156	\$ 10,830	\$ (14,686)	\$ (248)	\$ (4,104)
Non-Floor Plan Interest	11,829	433	-	12,262	12,469	389	115	12,973
Depreciation And Amortization	20,824	2,418	-	23,242	22,830	1,666	-	24,496
Stock-Based Compensation Expense	2,814	-	-	2,814	2,962	-	-	2,962
Loss (Gain) On Exit Of Leased Dealerships	(170)	-	-	(170)	4,955	7	109	5,071
Impairment Charges	26	1,926	-	1,952	3,561	82	-	3,643
Long-Term Compensation Charges	-	-	-	-	-	9,189	-	9,189
Gain On Franchise Disposals	(46,750)	-	-	(46,750)	(1,190)	-	-	(1,190)
Adjusted EBITDA	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506	\$ 56,417	\$ (3,353)	\$ (24)	\$ 53,040
	Q4 2018				Q4 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 21,821				\$ 61,952
Provision For Income Taxes				9,150				(8,399)
Income (Loss) Before Taxes	\$ 37,388	\$ (6,196)	\$ (221)	\$ 30,971	\$ 57,822	\$ (3,976)	\$ (293)	\$ 53,553
Non-Floor Plan Interest	12,902	423	89	13,414	12,449	276	123	12,848
Depreciation And Amortization	21,086	2,211	-	23,297	22,639	1,314	-	23,953
Stock-Based Compensation Expense	1,264	-	-	1,264	2,217	-	-	2,217
Loss (Gain) On Exit Of Leased Dealerships	(1,080)	3	89	(988)	23	-	118	141
Impairment Charges	14,053	1,500	-	15,553	6,079	-	-	6,079
Long-Term Compensation Charges	-	-	-	-	-	1,271	-	1,271
Gain On Franchise Disposals	(158)	-	-	(158)	(1,507)	-	(6)	(1,513)
Adjusted EBITDA	\$ 85,455	\$ (2,059)	\$ (43)	\$ 83,353	\$ 99,722	\$ (1,115)	\$ (58)	\$ 98,549

# → Non-GAAP Reconciliations – Adjusted EBITDA

	Q3 2018				Q3 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)							
Net Income (Loss)				\$ 15,118				\$ 19,440
Provision For Income Taxes				7,262				13,935
Income (Loss) Before Taxes	\$ 28,087	\$ (5,455)	\$ (252)	\$ 22,380	\$ 38,228	\$ (4,372)	\$ (481)	\$ 33,375
Non-Floor Plan Interest	12,279	423	98	12,800	12,126	253	132	12,511
Depreciation And Amortization	22,140	1,999	-	24,139	22,179	1,317	-	23,496
Stock-Based Compensation Expense	4,578	-	-	4,578	3,179	-	-	3,179
Loss (Gain) On Exit Of Leased Dealerships	24	4	103	131	(173)	-	362	189
Impairment Charges	-	-	-	-	200	-	-	200
Gain On Franchise Disposals	88	-	-	88	(8,490)	-	-	(8,490)
Adjusted EBITDA	\$ 67,196	\$ (3,029)	\$ (51)	\$ 64,116	\$ 67,249	\$ (2,802)	\$ 13	\$ 64,460



EchoPark  
AUTOMOTIVE



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