

October 24, 2017



Sonic Automotive, Inc. Reports Third Quarter Results - Record F&I Results and Total Gross Profit

CHARLOTTE, N.C., Oct. 24, 2017 /PRNewswire/ -- Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported financial results for the third quarter of 2017.

Third Quarter 2017 Results

- EchoPark units retailed up 37.7% over the prior year quarter
- All-time record quarterly F&I gross profit and gross profit per retail unit of \$92.9 million and \$1,408, respectively
- Record Q3 total gross profit of \$362.6 million, up 1.0% over the prior year quarter
- Repurchased 0.7 million Class A shares (approximately 1.5% of outstanding stock) for \$11.4 million and declared \$0.05/share dividend
- GAAP continuing operations net income of \$19.7 million with EPS of \$0.45 per diluted share
- Adjusted continuing operations net income of \$17.4 million with adjusted EPS of \$0.40 per diluted share

GAAP Basis

Net income from continuing operations for the third quarter of 2017 was \$19.7 million, or \$0.45 per diluted share. These results include a gain related to the disposal of a franchise partially offset by charges related to fixed asset impairments, weather-related physical damage costs and legal matters.

Comparatively, net income from continuing operations for the third quarter of 2016 was \$19.0 million, or \$0.42 per diluted share. These results include charges related to fixed asset impairments and legal matters which were partially offset by favorable weather-related physical damage accrual adjustments.

Adjusted Basis

Adjusted net income from continuing operations and related earnings per diluted share are non-GAAP financial measures. The schedules included in this press release reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Adjusted net income from continuing operations for the third quarter of 2017 was \$17.4 million, or \$0.40 per diluted share. The adjustments in the 2017 quarterly period relate to a gain related to the disposal of a franchise and charges related to fixed asset impairments,

weather-related physical damage costs and legal matters. Adjusted net income from continuing operations for the third quarter of 2016 was \$21.2 million, or \$0.47 per diluted share. The adjustments in the 2016 quarterly period relate to charges for fixed asset impairments and legal matters, which were partially offset by favorable weather-related physical damage accrual adjustments.

Commentary

B. Scott Smith, the Company's Chief Executive Officer, noted, "We would first like to thank all of the first responders and public officials that prepared people and their communities for the storms and then have been tirelessly working to help those in need. We know all of the work is not close to being completed and the road to recovery will be challenging. We will continue working with those affected to help them put their lives back together."

"The retail environment continues to be healthy with what we believe to be an adequate supply of credit and an ample supply of new and pre-owned inventory. We continue to see strong competition between dealers to acquire customers, which is putting pressure on margins notwithstanding the increase in incentives that we have seen in certain brands. Our build-out of EchoPark continues as planned and we anticipate opening in San Antonio, Texas in the first quarter and have an active schedule that will include the opening of approximately 10 additional EchoPark locations by the end of 2018."

Jeff Dyke, Sonic's EVP of Operations, stated, "The third quarter was similar to what we have seen for most of the year prior to the hurricanes in the Texas and Florida markets. Our Houston stores continued to struggle and BMW, which is about 30% of our profit structure, continues to be a major challenge. Hurricane Harvey closed all of our stores in the Houston market for about a week. Nearly 20% of our store count and 30% of our profit comes from the Houston market, which made the end of August a challenge. We were able to have the majority of our stores open within a few days, and by September 15, 2017, all of our stores were open and we began to help people replace and repair vehicles damaged by the hurricane. As a result of our national footprint and scale, we were able to ship in vehicles from around the country to ensure we had an adequate supply of inventory. Business was robust in Houston in the final half of September due to recovery efforts. We anticipate the retail activity in the Houston market in the fourth quarter of 2017 to continue to be favorable as those affected replace and repair vehicles."

"Hurricane Irma's effects on Sonic were less significant than those of Harvey, but still affected our operations from south Florida up into the Carolinas. We believe the threat of the storm kept customers away as they prepared for a storm that had an uncertain track as it approached and proceeded up the west coast of Florida. We did not see the level of sales activity rebound like we experienced in the Houston market as Irma's flooding was not as significant. The loss of power affected our south Florida stores and west coast Florida stores from between seven to nine days, but all stores were back in business by September 15."

"EchoPark continues its robust growth and our six stores combined were cash flow positive during the quarter. Our newest location in Colorado Springs was cash flow positive in its third month of operation, some six months ahead of the original EchoPark stores. We are very excited about the EchoPark brand and what we have been able to accomplish in the Colorado market."

Scott Smith continued, "We are dedicated to returning capital to our stockholders. We again declared a dividend of \$0.05 per share in the quarter and repurchased approximately 667,000 shares of stock. Together, these two actions returned approximately \$13.6 million to our stockholders."

"As stated in a previous press release, we estimate the negative impact experienced in the third quarter of fiscal 2017 due to the storms to be offset by a lift of increased automotive retail sales and service activity in the fourth quarter. Accordingly, we expect fiscal 2017 GAAP earnings per share from continuing operations to be between \$1.55 and \$1.65 and expect fiscal 2017 adjusted earnings per share from continuing operations to be between \$1.85 and \$1.95. We can add more color on this during our call today."

Dividend

Sonic's Board of Directors approved a quarterly dividend of \$0.05 per share payable in cash for our stockholders of record on December 15, 2017. The dividend will be payable on January 12, 2018.

Third Quarter 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," then "Investor Relations," then "Earnings Conference Calls."

Presentation materials for the conference call can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations."

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: 93768785

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: 93768785

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. 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 our 2017 earnings expectations, our long-term strategy, and the anticipated expansion of our EchoPark business. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risks and uncertainties that could cause actual results or trends to differ materially from management's views, including without limitation, economic conditions in the markets in which we operate, new and used vehicle industry sales volume, the success of our operational strategies, the rate and timing of overall economic recovery or decline, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. 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 Securities and Exchange Commission (the "SEC").

Non-GAAP Financial Measures

This press release and the attached financial tables contain certain non-GAAP financial measures as defined under SEC rules, such as adjusted net income from continuing operations and related earnings per diluted share, which exclude certain items disclosed in the attached financial tables. As required by SEC rules, the Company provides reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations.

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

Results of Operations

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|--|-----------------|------------------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands, except per share and unit data) | | | |
| Revenues: | | | | |
| New retail vehicles | \$ 1,344,941 | \$ 1,364,842 | \$ 3,739,640 | \$ 3,784,122 |
| Fleet vehicles | 17,360 | 10,302 | 69,662 | 42,056 |
| Total new vehicles | 1,362,301 | 1,375,144 | 3,809,302 | 3,826,178 |
| Used vehicles | 659,724 | 660,974 | 1,936,088 | 1,881,514 |
| Wholesale vehicles | 43,098 | 70,522 | 130,174 | 153,141 |
| Total vehicles | 2,065,123 | 2,106,640 | 5,875,564 | 5,860,833 |
| Parts, service and collision repair | 347,717 | 361,709 | 1,060,873 | 1,059,093 |

Finance, insurance and other, net

| | | | | |
|--|------------|------------|------------|------------|
| | 92,861 | 89,579 | 262,832 | 254,940 |
| Total revenues | 2,505,701 | 2,557,928 | 7,199,269 | 7,174,866 |
| Gross profit | 362,622 | 359,085 | 1,073,586 | 1,057,540 |
| Selling, general and administrative expenses | (283,974) | (282,141) | (870,139) | (843,721) |
| Impairment charges | (200) | (6,089) | (3,315) | (6,240) |
| Depreciation and amortization | (22,686) | (19,928) | (65,751) | (57,302) |
| Operating income (loss) | 55,762 | 50,927 | 134,381 | 150,277 |
| Other income (expense): | | | | |
| Interest expense, floor plan | (8,882) | (6,672) | (26,413) | (19,797) |
| Interest expense, other, net | (13,028) | (13,016) | (39,200) | (37,560) |
| Other income (expense), net | 4 | 11 | (14,490) | 120 |
| Total other income (expense) | (21,906) | (19,677) | (80,103) | (57,237) |
| Income (loss) from continuing operations before taxes | 33,856 | 31,250 | 54,278 | 93,040 |
| Provision for income taxes for continuing operations - benefit (expense) | (14,126) | (12,281) | (22,254) | (36,565) |
| Income (loss) from continuing operations | 19,730 | 18,969 | 32,024 | 56,475 |
| Income (loss) from discontinued operations | (290) | (858) | (993) | (918) |
| Net income (loss) | \$ 19,440 | \$ 18,111 | \$ 31,031 | \$ 55,557 |
| Diluted earnings (loss) per common share: | | | | |
| Earnings (loss) per share from continuing operations | \$ 0.45 | \$ 0.42 | \$ 0.72 | \$ 1.22 |
| Earnings (loss) per share from discontinued operations | (0.01) | (0.02) | (0.02) | (0.02) |
| Earnings (loss) per common share | \$ 0.44 | \$ 0.40 | \$ 0.70 | \$ 1.20 |
| Weighted average common shares outstanding | 43,811 | 45,354 | 44,585 | 46,130 |
| Gross Margin Data (Continuing Operations): | | | | |
| New retail vehicles | 4.9% | 4.6% | 5.0% | 4.9% |
| Fleet vehicles | (0.6%) | 0.3% | (1.6%) | 0.5% |
| Total new vehicles | 4.9% | 4.5% | 4.9% | 4.9% |
| Used vehicles | 5.9% | 6.0% | 6.2% | 6.2% |
| Wholesale vehicles | (7.6%) | (3.6%) | (4.9%) | (3.5%) |
| Parts, service and collision repair | 48.2% | 47.0% | 48.1% | 47.6% |
| Finance, insurance and other | 100.0% | 100.0% | 100.0% | 100.0% |
| Overall gross margin | 14.5% | 14.0% | 14.9% | 14.7% |
| SG&A Expenses (Continuing Operations): | | | | |
| Compensation | \$ 172,691 | \$ 171,287 | \$ 520,420 | \$ 506,894 |
| Advertising | 15,846 | 14,987 | 46,448 | 45,834 |
| Rent | 17,711 | 18,037 | 55,309 | 55,265 |

| | | | | | |
|------------------------------------|----|---------------|---------------|----------------|----------------|
| Other | | <u>77,726</u> | <u>77,830</u> | <u>247,962</u> | <u>235,728</u> |
| Total SG&A expenses | \$ | 283,974 | \$ 282,141 | \$ 870,139 | \$ 843,721 |
| SG&A expenses as % of gross profit | | 78.3% | 78.6% | 81.0% | 79.8% |
| Operating Margin % | | 2.2% | 2.0% | 1.9% | 2.1% |
| Unit Data (Continuing Operations): | | | | | |
| New retail units | | 35,117 | 35,715 | 97,453 | 99,100 |
| Fleet units | | <u>372</u> | <u>339</u> | <u>1,679</u> | <u>1,341</u> |
| Total new units | | 35,489 | 36,054 | 99,132 | 100,441 |
| Used units | | 30,841 | 30,933 | 91,749 | 89,553 |
| Wholesale units | | 7,832 | 10,377 | 23,922 | 26,012 |

Sonic Automotive, Inc.
Results of Operations (Unaudited)

Per Share Data

| | Three Months Ended September 30, 2017 | | | | | | |
|-------------------------------------|--|---|---------------------------------|---|---------------------------------|--------------------------|---------------------------------|
| | Weighted Average Shares | Income (Loss) From Continuing Operations | | Income (Loss) From Discontinued Operations | | Net Income (Loss) | |
| | | Amount | Per Share Amount | Amount | Per Share Amount | Amount | Per Share Amount |
| | (In thousands, except per share amounts) | | | | | | |
| Reported: | | | | | | | |
| Earnings (loss) and shares | 43,496 | \$ 19,730 | | \$ (290) | | \$ 19,440 | |
| Effect of participating securities: | | | | | | | |
| Non-vested restricted stock | | (18) | | - | | (18) | |
| Basic earnings (loss) and shares | 43,496 | \$ 19,712 | \$ 0.45 | \$ (290) | \$ - | \$ 19,422 | |
| Effect of dilutive securities: | | | | | | | |
| Stock compensation plans | 315 | | | | | | |
| Diluted earnings (loss) and shares | 43,811 | \$ 19,712 | \$ 0.45 | \$ (290) | \$ (0.01) | \$ 19,422 | |
| Adjustments: | | | | | | | |
| Impairment charges | | \$ 198 | | \$ - | | \$ 198 | |
| Storm damage | | 2,971 | | - | | 2,971 | |

| | | | |
|--|----------------|-----------|----------------|
| Legal and other accruals | 959 | - | 959 |
| Gain on disposal | <u>(8,489)</u> | <u>-</u> | <u>(8,489)</u> |
| Total adjustments before taxes | (4,361) | - | (4,361) |
| Income tax effect of adjustments | <u>2,065</u> | <u>-</u> | <u>2,065</u> |
| Effect of adjustments, net of income taxes | \$ (2,296) | \$ (0.05) | \$ - |
| | | \$ - | \$ (0.05) |

Adjusted:

| | | | |
|---------------------------------------|-----------|-----------|-----------|
| Earnings (loss) and | | | |
| diluted earnings (loss) per share (1) | \$ 17,434 | \$ 0.40 | \$ (290) |
| | | \$ (0.01) | \$ 17,144 |
| | | | \$ 0.39 |

(1) Net loss attributable to Pre-Owned Stores operations was \$0.07 per fully diluted share in the three months ended September 30, 2017.

Three Months Ended September 30, 2016

| Weighted Average Shares | Income (Loss) From Continuing Operations | | Income (Loss) From Discontinued Operations | | Net Income (Loss) | |
|-------------------------|--|-----------|--|-----------|-------------------|-----------|
| | Amount | Per Share | Amount | Per Share | Amount | Per Share |
| | | Amount | | Amount | | Amount |
| | (In thousands, except per share amounts) | | | | | |

Reported:

| | | | | |
|--|--------|-----------|-----------|-----------|
| Earnings (loss) and shares | 45,118 | \$ 18,969 | \$ (858) | \$ 18,111 |
| Effect of participating securities: | | | | |
| Non-vested restricted stock | | (11) | - | (11) |
| Basic earnings (loss) and shares | 45,118 | \$ 18,958 | \$ (858) | \$ 18,100 |
| Effect of dilutive securities: | | | | |
| Stock compensation plans | 236 | | | |
| Diluted earnings (loss) and shares (2) | 45,354 | \$ 18,958 | \$ (858) | \$ 18,100 |
| | | \$ 0.42 | \$ (0.02) | \$ 0.40 |

Adjustments:

| | | | |
|----------------------------------|----------------|--------------|----------------|
| Impairment charges | \$ 6,089 | \$ - | \$ 6,089 |
| Storm damage | <u>(2,341)</u> | <u>1,000</u> | <u>(1,341)</u> |
| Total adjustments before taxes | 3,748 | 1,000 | 4,748 |
| Income tax effect of adjustments | <u>(1,473)</u> | <u>(390)</u> | <u>(1,863)</u> |

| | | | | | | |
|--|-------------|------------|-----------|------------|-------------|------------|
| Effect of adjustments, net of income taxes | \$ 2,275 | \$ 0.05 | \$ 610 | \$ 0.01 | \$ 2,885 | \$ 0.06 |
|--|-------------|------------|-----------|------------|-------------|------------|

Adjusted:

Earnings (loss) and

| | | | | | | |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|
| diluted earnings (loss) per share (2) | \$ 21,244 | \$ 0.47 | \$ (248) | \$ (0.01) | \$ 20,996 | \$ 0.46 |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|

(2) Net loss attributable to Pre-Owned Stores operations was \$0.06 per fully diluted share in the three months ended September 30, 2016.

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

Per Share Data

| Nine Months Ended September 30, 2017 | | | | | | |
|--|--|-----------------|--|-----------------|-------------------|-----------------|
| Weighted Average Shares | Income (Loss) From Continuing Operations | | Income (Loss) From Discontinued Operations | | Net Income (Loss) | |
| | Per | | Per | | Per | |
| | Amount | Share Amount | Amount | Share Amount | Amount | Share Amount |
| (In thousands, except per share amounts) | | | | | | |

Reported:

| | | | | |
|-------------------------------------|--------|--------------|-------------|---------------------------------|
| Earnings (loss) and shares | 44,281 | \$ 32,024 | \$ (993) | \$ 31,031 |
| Effect of participating securities: | | | | |
| Non-vested restricted stock | | (28) | - | (28) |
| Basic earnings (loss) and shares | 44,281 | \$ 31,996 | \$ 0.72 | \$ (993) (0.02) 31,003 |
| Effect of dilutive securities: | | | | |
| Stock compensation plans | 304 | | | |
| Diluted earnings (loss) and shares | 44,585 | \$ 31,996 | \$ 0.72 | \$ (993) (0.02) 31,003 |

Adjustments:

| | | | |
|--------------------------------|-------------|---------|-------------|
| Impairment charges | \$ 3,313 | \$ - | \$ 3,313 |
| Storm damage | 9,971 | - | 9,971 |
| Legal and other accruals | 810 | - | 810 |
| Lease exit adjustments | 992 | - | 992 |
| Gain on disposal | (8,489) | - | (8,489) |
| Loss on debt extinguishment | 15,268 | - | 15,268 |
| Total adjustments before taxes | 21,865 | - | 21,865 |

Income tax effect of adjustments

| | | | | | | |
|--|--------------|------------|---------|---------|--------------|------------|
| | (8,229) | | - | | (8,229) | |
| Effect of adjustments, net of income taxes | \$ 13,636 | \$ 0.30 | \$ - | \$ - | \$ 13,636 | \$ 0.30 |

Adjusted:

Earnings (loss) and

| | | | | | | |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|
| diluted earnings (loss) per share (3) | \$ 45,660 | \$ 1.02 | \$ (993) | \$ (0.02) | \$ 44,667 | \$ 1.00 |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|

(3) Net loss attributable to Pre-Owned Stores operations was \$0.21 per fully diluted share in the nine months ended September 30, 2017.

Nine Months Ended September 30, 2016

| Weighted Average Shares | Income (Loss) From Continuing Operations | | Income (Loss) From Discontinued Operations | | Net Income (Loss) | |
|--|--|------------------|--|------------------|-------------------|------------------|
| | Amount | Per Share Amount | Amount | Per Share Amount | Amount | Per Share Amount |
| | | | | | | |
| (In thousands, except per share amounts) | | | | | | |

Reported:

| | | | | | | | |
|-------------------------------------|--------|--------------|------------|-------------|--------------|--------------|------------|
| Earnings (loss) and shares | 45,930 | \$ 56,475 | | \$ (918) | | \$ 55,557 | |
| Effect of participating securities: | | | | | | | |
| Non-vested restricted stock | | (31) | | - | | (31) | |
| Basic earnings (loss) and shares | 45,930 | \$ 56,444 | \$ 1.23 | \$ (918) | \$ (0.02) | \$ 55,526 | \$ 1.21 |
| Effect of dilutive securities: | | | | | | | |
| Stock compensation plans | 200 | | | | | | |
| Diluted earnings (loss) and shares | 46,130 | \$ 56,444 | \$ 1.22 | \$ (918) | \$ (0.02) | \$ 55,526 | \$ 1.20 |

Adjustments:

| | | | | | | | |
|--|--|-------------|------------|-----------|------------|-------------|------------|
| Impairment charges | | \$ 6,089 | | \$ - | | \$ 6,089 | |
| Storm damage | | 3,702 | | 477 | | 4,179 | |
| Total adjustments before taxes | | 9,791 | | 477 | | 10,268 | |
| Income tax effect of adjustments | | (3,818) | | (187) | | (4,005) | |
| Effect of adjustments, net of income taxes | | \$ 5,973 | \$ 0.13 | \$ 290 | \$ 0.01 | \$ 6,263 | \$ 0.14 |

Adjusted:

Earnings (loss) and

| | | | | | | |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|
| diluted earnings (loss) per share (4) | \$ 62,448 | \$ 1.35 | \$ (628) | \$ (0.01) | \$ 61,820 | \$ 1.34 |
|---------------------------------------|--------------|------------|-------------|--------------|--------------|------------|

(4) Net loss attributable to Pre-Owned Stores operations was \$0.15 per fully diluted share in the nine months ended September 30, 2016.

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

New Vehicles

| | Three Months Ended September 30, | | Better / (Worse) | |
|--|----------------------------------|--------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Reported: | | | | |
| Revenue | \$ 1,362,301 | \$ 1,375,144 | \$ (12,843) | (0.9%) |
| Gross profit | \$ 66,238 | \$ 62,388 | \$ 3,850 | 6.2% |
| Unit sales | 35,489 | 36,054 | (565) | (1.6%) |
| Revenue per unit | \$ 38,387 | \$ 38,141 | \$ 246 | 0.6% |
| Gross profit per unit | \$ 1,866 | \$ 1,730 | \$ 136 | 7.9% |
| Gross profit as a % of revenue | 4.9% | 4.5% | 40 bps | |

| | Nine Months Ended September 30, | | Better / (Worse) | |
|--|---------------------------------|--------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Reported: | | | | |
| Revenue | \$ 3,809,302 | \$ 3,826,178 | \$ (16,876) | (0.4%) |
| Gross profit | \$ 187,038 | \$ 186,678 | \$ 360 | 0.2% |
| Unit sales | 99,132 | 100,441 | (1,309) | (1.3%) |
| Revenue per unit | \$ 38,427 | \$ 38,094 | \$ 333 | 0.9% |
| Gross profit per unit | \$ 1,887 | \$ 1,859 | \$ 28 | 1.5% |
| Gross profit as a % of revenue | 4.9% | 4.9% | - bps | |

| | Three Months Ended September 30, | | Better / (Worse) | |
|--|----------------------------------|--------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Same Store: | | | | |
| Revenue | \$ 1,348,084 | \$ 1,365,641 | \$ (17,557) | (1.3%) |
| Gross profit | \$ 64,316 | \$ 62,202 | \$ 2,114 | 3.4% |
| Unit sales | 35,063 | 35,639 | (576) | (1.6%) |
| Revenue per unit | \$ 38,447 | \$ 38,319 | \$ 128 | 0.3% |
| Gross profit per unit | \$ 1,834 | \$ 1,745 | \$ 89 | 5.1% |
| Gross profit as a % of revenue | | 4.6% | 20 bps | |

| | Nine Months Ended September 30, | | Better / (Worse) | |
|--|---------------------------------|--------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Same Store: | | | | |
| Revenue | \$ 3,749,137 | \$ 3,799,558 | \$ (50,421) | (1.3%) |
| Gross profit | \$ 183,239 | \$ 186,356 | \$ (3,117) | (1.7%) |
| Unit sales | 97,348 | 99,275 | (1,927) | (1.9%) |
| Revenue per unit | \$ 38,513 | \$ 38,273 | \$ 240 | 0.6% |
| Gross profit per unit | \$ 1,882 | \$ 1,877 | \$ 5 | 0.3% |
| Gross profit as a % of revenue | 4.9% | 4.9% | - bps | |

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

Used Vehicles

| | Three Months Ended September 30, | | Better / (Worse) | |
|--|----------------------------------|------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Reported: | | | | |
| Revenue | \$ 659,724 | \$ 660,974 | \$ (1,250) | (0.2%) |
| Gross profit | \$ 39,145 | \$ 39,622 | \$ (477) | (1.2%) |

| | | | | | | | | |
|--------------------------------|----|--------|----|--------|----|------|--|--------|
| Unit sales | | 30,841 | | 30,933 | | (92) | | (0.3%) |
| Revenue per unit | \$ | 21,391 | \$ | 21,368 | \$ | 23 | | 0.1% |
| Gross profit per unit | \$ | 1,269 | \$ | 1,281 | \$ | (12) | | (0.9%) |
| Gross profit as a % of revenue | | 5.9% | | 6.0% | | (10) | | bps |

| Nine Months Ended September 30, | | | | Better / (Worse) | |
|---------------------------------|------|--------|----------|------------------|--|
| 2017 | 2016 | Change | % Change | | |

(In thousands, except units and per unit data)

Reported:

| | | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|--------|--|------|
| Revenue | \$ | 1,936,088 | \$ | 1,881,514 | \$ | 54,574 | | 2.9% |
| Gross profit | \$ | 120,012 | \$ | 117,121 | \$ | 2,891 | | 2.5% |
| Unit sales | | 91,749 | | 89,553 | | 2,196 | | 2.5% |
| Revenue per unit | \$ | 21,102 | \$ | 21,010 | \$ | 92 | | 0.4% |
| Gross profit per unit | \$ | 1,308 | \$ | 1,308 | \$ | - | | 0.0% |
| Gross profit as a % of revenue | | 6.2% | | 6.2% | | 0 | | bps |

| Three Months Ended September 30, | | | | Better / (Worse) | |
|----------------------------------|------|--------|----------|------------------|--|
| 2017 | 2016 | Change | % Change | | |

(In thousands, except units and per unit data)

Same Store:

| | | | | | | | | |
|--------------------------------|----|---------|----|---------|----|----------|--|--------|
| Revenue | \$ | 640,993 | \$ | 654,938 | \$ | (13,945) | | (2.1%) |
| Gross profit | \$ | 36,541 | \$ | 37,841 | \$ | (1,300) | | (3.4%) |
| Unit sales | | 29,854 | | 30,554 | | (700) | | (2.3%) |
| Revenue per unit | \$ | 21,471 | \$ | 21,435 | \$ | 36 | | 0.2% |
| Gross profit per unit | \$ | 1,224 | \$ | 1,238 | \$ | (14) | | (1.1%) |
| Gross profit as a % of revenue | | 5.7% | | 5.8% | | (10) | | bps |

| Nine Months Ended September 30, | | | | Better / (Worse) | |
|---------------------------------|------|--------|----------|------------------|--|
| 2017 | 2016 | Change | % Change | | |

(In thousands, except units and per unit data)

Same Store:

| | | | | | | | | |
|--------------------------------|----|-----------|----|-----------|----|-------|--|--------|
| Revenue | \$ | 1,867,337 | \$ | 1,867,041 | \$ | 296 | | 0.0% |
| Gross profit | \$ | 111,547 | \$ | 112,153 | \$ | (606) | | (0.5%) |
| Unit sales | | 88,211 | | 88,592 | | (381) | | (0.4%) |
| Revenue per unit | \$ | 21,169 | \$ | 21,075 | \$ | 94 | | 0.4% |
| Gross profit per unit | \$ | 1,265 | \$ | 1,266 | \$ | (1) | | (0.1%) |
| Gross profit as a % of revenue | | 6.0% | | 6.0% | | 0 | | bps |

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

Wholesale Vehicles

| Three Months Ended September 30, | | | | Better / (Worse) | |
|----------------------------------|------|--------|----------|------------------|--|
| 2017 | 2016 | Change | % Change | | |

(In thousands, except units and per unit data)

Reported:

| | | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|----------|--|---------|
| Revenue | \$ | 43,098 | \$ | 70,522 | \$ | (27,424) | | (38.9%) |
| Gross profit (loss) | \$ | (3,292) | \$ | (2,507) | \$ | (785) | | (31.3%) |
| Unit sales | | 7,832 | | 10,377 | | (2,545) | | (24.5%) |
| Revenue per unit | \$ | 5,503 | \$ | 6,796 | \$ | (1,293) | | (19.0%) |
| Gross profit (loss) per unit | \$ | (420) | \$ | (242) | \$ | (178) | | (73.6%) |
| Gross profit (loss) as a % of revenue | | (7.6%) | | (3.6%) | | (400) | | bps |

| Nine Months Ended September 30, | | | | Better / (Worse) | |
|---------------------------------|------|--------|----------|------------------|--|
| 2017 | 2016 | Change | % Change | | |

(In thousands, except units and per unit data)

Reported:

| | | | | | | | | |
|---------------------------------------|----|---------|----|---------|----|----------|--|---------|
| Revenue | \$ | 130,174 | \$ | 153,141 | \$ | (22,967) | | (15.0%) |
| Gross profit (loss) | \$ | (6,381) | \$ | (5,425) | \$ | (956) | | (17.6%) |
| Unit sales | | 23,922 | | 26,012 | | (2,090) | | (8.0%) |
| Revenue per unit | \$ | 5,442 | \$ | 5,887 | \$ | (445) | | (7.6%) |
| Gross profit (loss) per unit | \$ | (267) | \$ | (209) | \$ | (58) | | (27.8%) |
| Gross profit (loss) as a % of revenue | | (4.9%) | | (3.5%) | | (140) | | bps |

| Three Months Ended September 30, | | | | Better / (Worse) | |
|----------------------------------|--|--|--|------------------|--|
|----------------------------------|--|--|--|------------------|--|

| | 2017 | 2016 | Change | % Change |
|--|------------|------------|-------------|----------|
| (In thousands, except units and per unit data) | | | | |
| Same Store: | | | | |
| Revenue | \$ 41,946 | \$ 69,898 | \$ (27,952) | (40.0%) |
| Gross profit (loss) | \$ (3,069) | \$ (2,382) | \$ (687) | (28.8%) |
| Unit sales | 7,572 | 10,240 | (2,668) | (26.1%) |
| Revenue per unit | \$ 5,540 | \$ 6,826 | \$ (1,286) | (18.8%) |
| Gross profit (loss) per unit | \$ (405) | \$ (233) | \$ (172) | (73.8%) |
| Gross profit (loss) as a % of revenue | (7.3%) | (3.4%) | (390) | bps |

| | Nine Months Ended September 30, | | Better / (Worse) | |
|--|---------------------------------|------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands, except units and per unit data) | | | | |
| Same Store: | | | | |
| Revenue | \$ 126,330 | \$ 152,022 | \$ (25,692) | (16.9%) |
| Gross profit (loss) | \$ (6,042) | \$ (5,222) | \$ (820) | (15.7%) |
| Unit sales | 23,111 | 25,671 | (2,560) | (10.0%) |
| Revenue per unit | \$ 5,466 | \$ 5,922 | \$ (456) | (7.7%) |
| Gross profit (loss) per unit | \$ (261) | \$ (203) | \$ (58) | (28.6%) |
| Gross profit (loss) as a % of revenue | (4.8%) | (3.4%) | (140) | bps |

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

| | Three Months Ended September 30, | | Better / (Worse) | |
|--------------------------------|----------------------------------|------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| (In thousands) | | | | |
| Reported: | | | | |
| Revenue | | | | |
| Customer pay | \$ 137,850 | \$ 146,365 | \$ (8,515) | (5.8%) |
| Warranty | 70,575 | 60,388 | 10,187 | 16.9% |
| Wholesale parts | 40,927 | 44,202 | (3,275) | (7.4%) |
| Internal, sublet and other | 98,365 | 110,754 | (12,389) | (11.2%) |
| Total | \$ 347,717 | \$ 361,709 | \$ (13,992) | (3.9%) |
| Gross profit | | | | |
| Customer pay | \$ 74,302 | \$ 79,153 | \$ (4,851) | (6.1%) |
| Warranty | 38,821 | 32,176 | 6,645 | 20.7% |
| Wholesale parts | 6,958 | 7,566 | (608) | (8.0%) |
| Internal, sublet and other | 47,589 | 51,108 | (3,519) | (6.9%) |
| Total | \$ 167,670 | \$ 170,003 | \$ (2,333) | (1.4%) |
| Gross profit as a % of revenue | | | | |
| Customer pay | 53.9% | 54.1% | (20) | bps |

| | | | | |
|----------------------------|-------|-------|------|-----|
| Warranty | 55.0% | 53.3% | 170 | bps |
| Wholesale parts | 17.0% | 17.1% | (10) | bps |
| Internal, sublet and other | 48.4% | 46.1% | 230 | bps |
| Total | 48.2% | 47.0% | 120 | bps |

| Reported: | Nine Months Ended September 30, | | Better / (Worse) | |
|--------------------------------|---------------------------------|---------------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| | (In thousands) | | | |
| Revenue | | | | |
| Customer pay | \$ 415,179 | \$ 443,007 | \$ (27,828) | (6.3%) |
| Warranty | 213,155 | 172,759 | 40,396 | 23.4% |
| Wholesale parts | 127,014 | 133,533 | (6,519) | (4.9%) |
| Internal, sublet and other | 305,525 | 309,794 | (4,269) | (1.4%) |
| Total | <u>\$ 1,060,873</u> | <u>\$ 1,059,093</u> | <u>\$ 1,780</u> | 0.2% |
| Gross profit | | | | |
| Customer pay | \$ 222,086 | \$ 240,833 | \$ (18,747) | (7.8%) |
| Warranty | 117,809 | 92,951 | 24,858 | 26.7% |
| Wholesale parts | 21,839 | 23,305 | (1,466) | (6.3%) |
| Internal, sublet and other | 148,351 | 147,137 | 1,214 | 0.8% |
| Total | <u>\$ 510,085</u> | <u>\$ 504,226</u> | <u>\$ 5,859</u> | 1.2% |
| Gross profit as a % of revenue | | | | |
| Customer pay | 53.5% | 54.4% | (90) | bps |
| Warranty | 55.3% | 53.8% | 150 | bps |
| Wholesale parts | 17.2% | 17.5% | (30) | bps |
| Internal, sublet and other | 48.6% | 47.5% | 110 | bps |
| Total | 48.1% | 47.6% | 50 | bps |

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

| | Three Months Ended September 30, | | Better / (Worse) | |
|--------------------------------|----------------------------------|-------------------|--------------------|----------|
| | 2017 | 2016 | Change | % Change |
| Same Store: | (In thousands) | | | |
| Revenue | | | | |
| Customer pay | \$ 136,879 | \$ 145,282 | \$ (8,403) | (5.8%) |
| Warranty | 69,959 | 59,924 | 10,035 | 16.7% |
| Wholesale parts | 40,790 | 43,950 | (3,160) | (7.2%) |
| Internal, sublet and other | 96,716 | 109,740 | (13,024) | (11.9%) |
| Total | <u>\$ 344,344</u> | <u>\$ 358,896</u> | <u>\$ (14,552)</u> | (4.1%) |
| Gross profit | | | | |
| Customer pay | \$ 73,781 | \$ 78,528 | \$ (4,747) | (6.0%) |
| Warranty | 38,508 | 31,893 | 6,615 | 20.7% |
| Wholesale parts | 6,935 | 7,525 | (590) | (7.8%) |
| Internal, sublet and other | 46,632 | 50,388 | (3,756) | (7.5%) |
| Total | <u>\$ 165,856</u> | <u>\$ 168,334</u> | <u>\$ (2,478)</u> | (1.5%) |
| Gross profit as a % of revenue | | | | |
| Customer pay | 53.9% | 54.1% | (20) | bps |
| Warranty | 55.0% | 53.2% | 180 | bps |
| Wholesale parts | 17.0% | 17.1% | (10) | bps |
| Internal, sublet and other | 48.2% | 45.9% | 230 | bps |
| Total | 48.2% | 46.9% | 130 | bps |

| | Nine Months Ended September 30, | | Better / (Worse) | |
|----------------------------|---------------------------------|------------|------------------|----------|
| | 2017 | 2016 | Change | % Change |
| Same Store: | (In thousands) | | | |
| Revenue | | | | |
| Customer pay | \$ 411,036 | \$ 439,677 | \$ (28,641) | (6.5%) |
| Warranty | 210,795 | 171,379 | 39,416 | 23.0% |
| Wholesale parts | 126,069 | 132,758 | (6,689) | (5.0%) |
| Internal, sublet and other | 297,807 | 307,475 | (9,668) | (3.1%) |

| | | | | |
|--------------------------------|---------------------|---------------------|-------------------|--------|
| Total | <u>\$ 1,045,707</u> | <u>\$ 1,051,289</u> | <u>\$ (5,582)</u> | (0.5%) |
| Gross profit | | | | |
| Customer pay | \$ 219,890 | \$ 238,929 | \$ (19,039) | (8.0%) |
| Warranty | 116,493 | 92,221 | 24,272 | 26.3% |
| Wholesale parts | 21,638 | 23,181 | (1,543) | (6.7%) |
| Internal, sublet and other | 144,116 | 145,196 | (1,080) | (0.7%) |
| Total | <u>\$ 502,137</u> | <u>\$ 499,527</u> | <u>\$ 2,610</u> | 0.5% |
| Gross profit as a % of revenue | | | | |
| Customer pay | 53.5% | 54.3% | (80) | bps |
| Warranty | 55.3% | 53.8% | 150 | bps |
| Wholesale parts | 17.2% | 17.5% | (30) | bps |
| Internal, sublet and other | 48.4% | 47.2% | 120 | bps |
| Total | 48.0% | 47.5% | 50 | bps |

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

| | <u>Three Months Ended September 30,</u> | | <u>Better / (Worse)</u> | |
|--|---|-------------|-------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>Change</u> | <u>% Change</u> |
| | (In thousands, except per unit data) | | | |

Reported:

| | | | | |
|---|-----------|-----------|----------|------|
| Revenue | \$ 92,861 | \$ 89,579 | \$ 3,282 | 3.7% |
| Gross profit per retail unit (excludes fleet) | \$ 1,408 | \$ 1,344 | \$ 64 | 4.8% |

| | <u>Nine Months Ended September 30,</u> | | <u>Better / (Worse)</u> | |
|--|--|-------------|-------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>Change</u> | <u>% Change</u> |
| | (In thousands, except per unit data) | | | |

Reported:

| | | | | |
|---|------------|------------|----------|------|
| Revenue | \$ 262,832 | \$ 254,940 | \$ 7,892 | 3.1% |
| Gross profit per retail unit (excludes fleet) | \$ 1,389 | \$ 1,351 | \$ 38 | 2.8% |

| | <u>Three Months Ended September 30,</u> | | <u>Better / (Worse)</u> | |
|--|---|-------------|-------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>Change</u> | <u>% Change</u> |
| | (In thousands, except per unit data) | | | |

Same Store:

| | | | | |
|---|-----------|-----------|----------|------|
| Revenue | \$ 90,602 | \$ 88,254 | \$ 2,348 | 2.7% |
| Gross profit per retail unit (excludes fleet) | \$ 1,404 | \$ 1,340 | \$ 64 | 4.8% |

| | <u>Nine Months Ended September 30,</u> | | <u>Better / (Worse)</u> | |
|--|--|-------------|-------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>Change</u> | <u>% Change</u> |

(In thousands, except per unit data)

Same Store:

| | | | | | | | |
|---|----|---------|----|---------|----|-------|------|
| Revenue | \$ | 253,957 | \$ | 251,204 | \$ | 2,753 | 1.1% |
| Gross profit per retail unit (excludes fleet) | \$ | 1,381 | \$ | 1,346 | \$ | 35 | 2.6% |

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

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

| | Three Months Ended September 30, | | Better / (Worse) | | | | |
|--|----------------------------------|---------|------------------|----------|----|---------|--------|
| | 2017 | 2016 | Change | % Change | | | |
| | (In thousands) | | | | | | |
| Reported: | | | | | | | |
| Compensation | \$ | 172,691 | \$ | 171,287 | \$ | (1,404) | (0.8%) |
| Advertising | | 15,846 | | 14,987 | | (859) | (5.7%) |
| Rent | | 17,711 | | 18,037 | | 326 | 1.8% |
| Other | | 77,726 | | 77,830 | | 104 | 0.1% |
| Total SG&A expenses | \$ | 283,974 | \$ | 282,141 | \$ | (1,833) | (0.6%) |
| Adjustments: | | | | | | | |
| Storm damage | \$ | (2,971) | \$ | 2,341 | | | |
| Legal and other accruals | | (959) | | - | | | |
| Gain on disposal | | 8,489 | | - | | | |
| Total SG&A adjustments | \$ | 4,559 | \$ | 2,341 | | | |
| Adjusted: | | | | | | | |
| Total adjusted SG&A expenses | \$ | 288,533 | \$ | 284,482 | \$ | (4,051) | (1.4%) |
| Reported: | | | | | | | |
| SG&A expenses as a % of gross profit | | | | | | | |
| Compensation | | 47.6% | | 47.7% | | 10 | bps |
| Advertising | | 4.4% | | 4.2% | | (20) | bps |
| Rent | | 4.9% | | 5.0% | | 10 | bps |
| Other | | 21.4% | | 21.7% | | 30 | bps |
| Total SG&A expenses as a % of gross profit | | 78.3% | | 78.6% | | 30 | bps |
| Adjustments: | | | | | | | |
| Storm damage | | (0.8%) | | 0.6% | | | |
| Legal and other accruals | | (0.3%) | | 0.0% | | | |
| Gain on disposal | | 2.4% | | 0.0% | | | |
| Total effect of adjustments | | 1.3% | | 0.6% | | | |
| Adjusted: | | | | | | | |
| Total adjusted SG&A as a % of gross profit | | 79.6% | | 79.2% | | (40) | bps |

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

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

| | Nine Months Ended September 30, | | Better / (Worse) | | | | |
|--------------------------|---------------------------------|---------|------------------|----------|----|----------|--------|
| | 2017 | 2016 | Change | % Change | | | |
| | (In thousands) | | | | | | |
| Reported: | | | | | | | |
| Compensation | \$ | 520,420 | \$ | 506,894 | \$ | (13,526) | (2.7%) |
| Advertising | | 46,448 | | 45,834 | | (614) | (1.3%) |
| Rent | | 55,309 | | 55,265 | | (44) | (0.1%) |
| Other | | 247,962 | | 235,728 | | (12,234) | (5.2%) |
| Total SG&A expenses | \$ | 870,139 | \$ | 843,721 | \$ | (26,418) | (3.1%) |
| Adjustments: | | | | | | | |
| Storm damage | \$ | (9,971) | \$ | (3,702) | | | |
| Legal and other accruals | | (810) | | - | | | |

| | | |
|------------------------|-------------------|-------------------|
| Gain on disposal | 8,489 | - |
| Lease exit adjustments | (992) | - |
| Total SG&A adjustments | <u>\$ (3,284)</u> | <u>\$ (3,702)</u> |

Adjusted:

| | | | | |
|------------------------------|-------------------|-------------------|-------------|--------|
| Total adjusted SG&A expenses | <u>\$ 866,855</u> | <u>\$ 840,019</u> | \$ (26,836) | (3.2%) |
|------------------------------|-------------------|-------------------|-------------|--------|

Reported:

| | | | | |
|--|--------------|--------------|--------------|-----|
| SG&A expenses as a % of gross profit | | | | |
| Compensation | 48.5% | 47.9% | (60) | bps |
| Advertising | 4.3% | 4.3% | 0 | bps |
| Rent | 5.2% | 5.2% | 0 | bps |
| Other | 23.0% | 22.4% | (60) | bps |
| Total SG&A expenses as a % of gross profit | <u>81.0%</u> | <u>79.8%</u> | <u>(120)</u> | bps |

Adjustments:

| | | |
|-----------------------------|---------------|---------------|
| Storm damage | (0.9%) | (0.4%) |
| Legal and other accruals | (0.1%) | 0.0% |
| Gain on disposal | 0.8% | 0.0% |
| Lease exit adjustments | <u>(0.1%)</u> | <u>0.0%</u> |
| Total effect of adjustments | <u>(0.3%)</u> | <u>(0.4%)</u> |

Adjusted:

| | | | | |
|--|--------------|--------------|-------|-----|
| Total adjusted SG&A as a % of gross profit | <u>80.7%</u> | <u>79.4%</u> | (130) | bps |
|--|--------------|--------------|-------|-----|

View original content: <http://www.prnewswire.com/news-releases/sonic-automotive-inc-reports-third-quarter-results---record-fi-results-and-total-gross-profit-300541862.html>

SOURCE Sonic Automotive, Inc.