

February 26, 2008



## **Sonic Automotive, Inc. Continues Earnings Improvement Trend With Strong Fourth Quarter Results**

CHARLOTTE, N.C., Feb. 26 /PRNewswire-FirstCall/ -- Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that fourth quarter 2007 earnings from continuing operations were \$29.4 million, or \$0.68 per diluted share, compared to \$28.9 million, or \$0.64 per diluted share, in the prior year period.

"Our key operating initiatives continue to drive our results even in a challenging new vehicle sales environment," said President and Chief Strategic Officer, B. Scott Smith. "Continued implementation of our used vehicle merchandising strategy drove same store used vehicle revenue up 19.3% compared to the fourth quarter of last year. Our brand and geographic diversity along with our initiatives in the higher margin segments of our business continue to provide us with the flexibility to respond to changing market conditions."

Commenting on 2008, Mr. Smith said, "We expect to see continued softness in new vehicle sales during 2008 which will be largely offset by growth in our used vehicle and parts and service revenue. In addition, as part of our ongoing portfolio enrichment and capital allocation strategies, we are considering changes to our group of stores held for sale, including the potential sale of a number of profitable, well-managed stores that no longer fit our business model or which require capital expenditures that do not make sense for us. This change, when enacted, will reduce earnings from continuing operations in 2008 by approximately \$0.09 as some profitable stores may now be included in our discontinued operations group. This potential impact has been included in our 2008 earnings per share from continuing operations target of \$2.35 - \$2.50. A full update on our business and our 2008 earnings target will be provided on our scheduled conference call."

Presentation materials for the Company's earnings conference call at 11:00 A.M. (Eastern) on February 26, 2008 can be accessed on the Company's website at [www.sonicautomotive.com](http://www.sonicautomotive.com) by clicking on the "For Investors" tab and choosing "Webcasts & Presentations" on the left side of the screen.

To access the live broadcast of the conference call over the Internet go to: [www.sonicautomotive.com](http://www.sonicautomotive.com).

A live audio of the conference call will be accessible to the public by calling (877) 791-3416. International callers dial (706) 643-0958. Callers should dial in approximately 10 minutes before the call begins.

A conference call replay will be available one hour following the call for seven days and can

be accessed by calling: (800) 642-1687 (domestic) or (706) 645-9291 (international), conference call ID # 35931851.

## About Sonic Automotive

Sonic Automotive, Inc., a Fortune 300 company based in Charlotte, N.C., is one of the largest automotive retailers in the United States operating 169 franchises and 34 collision repair centers. 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 benefits of our operating strategy, new vehicle market conditions, used vehicle revenue growth, parts and service revenue growth, dealership disposition activity and earnings per share from continuing operations. 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, risks associated with acquisitions and the risk factors described in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007. The Company does not undertake any obligation to update forward-looking information.

Sonic Automotive, Inc.

Results of Operations (Unaudited)

(in thousands, except per share, unit data and percentage amounts)

|  | Three Months Ended |             | Twelve Months Ended |             |
|--|--------------------|-------------|---------------------|-------------|
|  | 12/31/2007         | 12/31/2006  | 12/31/2007          | 12/31/2006  |
| Revenues   |                    |             |                     |             |
| New retail vehicles  | \$1,193,897        | \$1,154,984 | \$4,676,256         | \$4,551,768 |
| Fleet vehicles   | 90,863             | 74,277      | 380,224             | 346,739     |
| Used vehicles  | 376,537            | 301,005     | 1,449,537           | 1,281,887   |
| Wholesale vehicles   | 96,729             | 105,327     | 428,129             | 496,531     |
| Total vehicles   | 1,758,026          | 1,635,593   | 6,934,146           | 6,676,925   |
| Parts, service and collision repair                          | 301,678            | 280,210     | 1,191,347           | 1,118,366   |
| Finance, insurance and other                                 | 53,560             | 47,457      | 211,440             | 189,788     |
| Total revenues   | 2,113,264          | 1,963,260   | 8,336,933           | 7,985,079   |
| Total gross profit   | 322,378            | 305,055     | 1,291,585           | 1,228,291   |
| SG&A expenses  | 237,957            | 224,773     | 967,706             | 942,890     |
| Depreciation   | 7,160              | 5,985       | 27,306              | 23,248      |
| Operating income   | 77,261             | 74,297      | 296,573             | 262,153     |
| Interest expense, floor plan                                 | 16,710             | 15,898      | 67,638              | 59,580      |
| Interest expense, other                                      | 11,366             | 9,027       | 39,795              | 39,662      |
| Other (expense) / income                                     | (21)               | 57          | 73                  | (589)       |
| Income from continuing operations before taxes               | 49,164             | 49,429      | 189,213             | 162,322     |
| Income taxes   | 19,758             | 20,513      | 74,377              | 65,490      |
| Income from continuing operations                            | 29,406             | 28,916      | 114,836             | 96,832      |
| Discontinued operations:                                     |                    |             |                     |             |
| Loss from operations and the sale of discontinued franchises | (8,065)            | (7,254)     | (26,585)            | (23,054)    |
| Income tax benefit   | 1,695              | 1,577       | 7,251               | 7,339       |

|                                   |          |          |          |          |
|-----------------------------------|----------|----------|----------|----------|
| Loss from discontinued operations | (6,370)  | (5,677)  | (19,334) | (15,715) |
| Net income                        | \$23,036 | \$23,239 | \$95,502 | \$81,117 |

Diluted:

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Weighted average common shares outstanding    | 44,894   | 46,902   | 46,941   | 46,265   |
| Earnings per share from continuing operations | \$0.68   | \$0.64   | \$2.54   | \$2.18   |
| Loss per share from discontinued operations   | (\$0.14) | (\$0.12) | (\$0.41) | (\$0.33) |
| Earnings per share                            | \$0.54   | \$0.52   | \$2.13   | \$1.85   |

Gross Margin Data  
(Continuing Operations):

|                                     |        |        |        |        |
|-------------------------------------|--------|--------|--------|--------|
| Retail new vehicles                 | 7.2%   | 7.6%   | 7.3%   | 7.7%   |
| Fleet vehicles                      | 2.1%   | 2.1%   | 2.1%   | 2.6%   |
| Total new vehicles                  | 6.8%   | 7.3%   | 6.9%   | 7.3%   |
| Used vehicles retail                | 8.2%   | 9.1%   | 9.0%   | 9.6%   |
| Total vehicles retail               | 7.2%   | 7.7%   | 7.4%   | 7.8%   |
| Wholesale vehicles                  | (1.8%) | (1.0%) | (0.7%) | (0.6%) |
| Parts, service and collision repair | 50.3%  | 50.5%  | 50.5%  | 50.1%  |
| Finance, insurance and other        | 100.0% | 100.0% | 100.0% | 100.0% |
| Overall gross margin                | 15.3%  | 15.5%  | 15.5%  | 15.4%  |

SG&A Expenses (Continuing Operations):

|               |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
| Personnel     | \$131,530 | \$128,505 | \$545,562 | \$540,134 |
| Advertising   | 18,054    | 15,990    | 67,979    | 63,566    |
| Facility rent | 26,599    | 24,413    | 104,438   | 98,867    |
| Other         | 61,774    | 55,865    | 249,727   | 240,323   |
| Total         | \$237,957 | \$224,773 | \$967,706 | \$942,890 |

SG&A Expenses as % of  
Gross Profit

|               |       |       |       |       |
|---------------|-------|-------|-------|-------|
| Personnel     | 40.8% | 42.1% | 42.2% | 44.0% |
| Advertising   | 5.6%  | 5.2%  | 5.3%  | 5.2%  |
| Facility rent | 8.3%  | 8.0%  | 8.1%  | 8.0%  |
| Other         | 19.2% | 18.2% | 19.3% | 19.5% |
| Total         | 73.8% | 73.7% | 74.9% | 76.8% |

|                    |      |      |      |      |
|--------------------|------|------|------|------|
| Operating Margin % | 3.7% | 3.8% | 3.6% | 3.3% |
|--------------------|------|------|------|------|

Three Months Ended      Twelve Months Ended  
12/31/2007   12/31/2006   12/31/2007   12/31/2006

Unit Data (Continuing Operations):

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| New retail units        | 34,054   | 33,633   | 138,371  | 139,903  |
| Fleet units             | 3,509    | 3,264    | 16,233   | 15,652   |
| Used units              | 18,103   | 15,446   | 72,143   | 66,727   |
| Wholesale units         | 10,851   | 12,070   | 47,545   | 53,758   |
| Average price per unit: |          |          |          |          |
| New retail vehicles     | \$35,059 | \$34,341 | \$33,795 | \$32,535 |

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| Fleet vehicles     | 25,894 | 22,756 | 23,423 | 22,153 |
| Used vehicles      | 20,800 | 19,488 | 20,093 | 19,211 |
| Wholesale vehicles | 8,914  | 8,726  | 9,005  | 9,236  |

Other Data:

Same store revenue percentage changes:

|                                     |        |        |
|-------------------------------------|--------|--------|
| New retail                          | (3.0%) | (1.1%) |
| Fleet                               | 3.8%   | 4.9%   |
| Total New Vehicles                  | (2.6%) | (0.7%) |
| Used                                | 19.3%  | 9.8%   |
| Parts, service and collision repair | 2.3%   | 3.0%   |
| Finance, insurance and other        | 8.9%   | 9.1%   |
| Total                               | 1.3%   | 0.9%   |

Balance Sheet Data:

12/31/2007 12/31/2006

ASSETS

Current Assets:

|                             |             |             |
|-----------------------------|-------------|-------------|
| Cash and cash equivalents   | \$16,514    | \$12,696    |
| Receivables, net            | 347,309     | 385,849     |
| Inventories                 | 1,093,017   | 991,984     |
| Assets held for sale        | 87,342      | 160,571     |
| Construction in progress    |             |             |
| expected to be sold         | 6,421       | 26,198      |
| Other current assets        | 29,458      | 35,834      |
| Total current assets        | 1,580,061   | 1,613,132   |
| Property and Equipment, Net | 286,591     | 220,551     |
| Goodwill, Net               | 1,276,074   | 1,155,428   |
| Other Intangibles, Net      | 111,342     | 94,136      |
| Other Assets                | 28,676      | 41,517      |
| TOTAL ASSETS                | \$3,282,744 | \$3,124,764 |

LIABILITIES AND STOCKHOLDERS'

EQUITY

Current Liabilities:

|                                 |             |             |
|---------------------------------|-------------|-------------|
| Floor plan notes payable        | \$1,125,670 | \$1,064,458 |
| Other current liabilities       | 247,658     | 268,236     |
| Liabilities associated with     |             |             |
| assets held for sale            | 48,592      | 96,292      |
| Current maturities of long-term |             |             |
| debt                            | 4,197       | 2,707       |
| Total current liabilities       | 1,426,117   | 1,431,693   |
| LONG-TERM DEBT                  | 697,800     | 598,627     |
| OTHER LONG-TERM LIABILITIES     | 83,829      | 39,570      |
| DEFERRED INCOME TAXES           | 144,170     | 151,034     |
| STOCKHOLDERS' EQUITY            | 930,828     | 903,840     |
| TOTAL LIABILITIES AND           |             |             |
| STOCKHOLDERS' EQUITY            | \$3,282,744 | \$3,124,764 |

Balance Sheet Ratios:

|                        |       |       |
|------------------------|-------|-------|
| Current Ratio          | 1.11  | 1.13  |
| Debt to Total Capital, |       |       |
| Net of Cash            | 42.4% | 39.4% |