

April 26, 2011



# **Sonic Automotive, Inc. First Quarter 2011 Earnings up \$9.2 million or 140%; Strong Growth Trends Continue as Sonic's Volume Outperforms Industry**

CHARLOTTE, N.C., April 26, 2011 /PRNewswire/ -- Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported that 2011 first quarter earnings from continuing operations were \$0.27 per diluted share compared to \$0.12 per diluted share in the prior year quarter. The prior year period included pretax charges of \$0.9 million, or \$0.01 per diluted share, related to various debt refinancing transactions completed during the first quarter of 2010.

## **First Quarter 2011 Highlights**

- Continuing operations net profit up \$9.2 million or 140%
- Total revenues up 19% over prior year quarter
- New vehicle volume up 27%
- Used vehicle volume up 18%; Record used vehicle sales
- Parts and Service revenue up 6%

## **Business Overview**

- Company growth trends continue across all business lines
- Automotive retailing industry continues its steady rebound
- SG&A metrics improved significantly from prior year quarter
- Profits continue to benefit from debt reduction strategy

## **Company Strategy**

- Organic growth through focus on the base business
- Converting leased properties to owned properties
- Opportunistically reduce debt

Commenting on the first quarter results, B. Scott Smith, the Company's President, said, "We are pleased with this quarter's operating performance. Our continuing operations profit was up significantly from the prior year quarter due to our strong revenue growth and the

improvement in our SG&A to gross profit metrics. We saw no disruption to our first quarter business from the natural disaster in Japan. We will provide a further business outlook on our conference call later this afternoon."

Mr. Smith further stated, "Sonic Automotive's new vehicle volume grew 27% over the first quarter of last year compared with new vehicle industry volume growth of 18% over the same period. Our ability to outperform the industry trend is a direct result of our strategy to grow our base business through the implementation of predictable, repeatable and sustainable best practices at each of our dealerships. We are seeing similar results in each of our business lines as we continue the rollout of our operational playbooks. We continued to see strong, steady growth in the automotive retailing sector this quarter and expect that to continue over the course of this year."

The Company's used vehicle retail volume was up 18% with used vehicle retail revenues up 15%. Parts and service revenue was up 6% compared to the first quarter of last year. Commenting on the business, Jeff Dyke, the Company's EVP of Operations, stated, "The used vehicle business remains very robust and we continue to gain market share. Our playbook implementation is the most advanced in this segment of our business but we continue to see tremendous growth potential. In our parts and service business, the growth trends we saw in the second half of 2010 have continued into 2011. Growing this high margin area of our business remains a key focus of our operational playbook rollout."

Presentation materials for the Company's April 26, 2011 earnings conference call at 2:00 P.M. (Eastern) can be accessed on the Company's website at [www.sonicautomotive.com](http://www.sonicautomotive.com) by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations."

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

A live audio of the 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, Conference ID: 56248512, International callers dial (706) 645-9291.

### About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at [www.sonicautomotive.com](http://www.sonicautomotive.com).

Included herein are forward-looking statements, including statements with respect to future industry growth trends and future impacts from the implementation of our various operational playbooks. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall

economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010. 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)

	First Quarter Ended March 31,	
	2011	2010
Revenues		
New retail vehicles	\$ 917,105	\$ 734,592
Fleet vehicles	63,640	43,652
Total new vehicles	980,745	778,244
Used vehicles	482,031	418,849
Wholesale vehicles	35,362	30,806
Total vehicles	1,498,138	1,227,899
Parts, service and collision repair	291,770	275,172
Finance, insurance and other	49,468	40,595
Total revenues	1,839,376	1,543,666
Total gross profit	291,168	265,879
SG&A expenses	(232,514)	(220,653)
Impairment charges	(17)	(44)
Depreciation	(9,992)	(8,418)
Operating income	48,645	36,764
Interest expense, floor plan	(5,436)	(4,798)
Interest expense, other, net	(15,447)	(17,151)
Interest expense, non-cash, convertible debt	(1,694)	(1,677)
Interest expense / amortization, non-cash, cash flow swaps	178	(1,683)
Other income (expense), net	73	64
Income from continuing operations before taxes	26,319	11,519
Provision for income taxes	(10,528)	(4,953)

Income from continuing operations	15,791	6,566
Loss from discontinued operations	(827)	(2,412)
Net income	\$ 14,964	\$ 4,154

Diluted:

Weighted average common shares outstanding	65,950	52,579
Earnings per share from continuing operations	\$ 0.27	\$ 0.12
Loss per share from discontinued operations	(0.01)	(0.04)
Earnings per share	\$ 0.26	\$ 0.08

Gross Margin Data (Continuing Operations):

New retail vehicles	6.3%	6.9%
Fleet vehicles	3.1%	3.7%
Total new vehicles	6.1%	6.8%
Used vehicles	7.9%	8.3%
Total vehicles retail	6.7%	7.3%
Wholesale vehicles	(1.3%)	(2.1%)
Parts, service and collision repair	49.3%	50.4%
Finance, insurance and other	100.0%	100.0%
Overall gross margin	15.8%	17.2%

SG&A Expenses (Continuing Operations):

Personnel	\$ 136,565	\$ 128,890
Advertising	13,782	11,175
Rent and rent related	30,416	32,850
Other	51,751	47,738
Total	\$ 232,514	\$ 220,653

SG&A Expenses as % of Gross Profit	79.9%	83.0%
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Operating Margin %	2.6%	2.4%
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Unit Data (Continuing Operations):

New retail units	26,896	21,382
Fleet units	2,488	1,750
Total new units	29,384	23,132
Used units	25,245	21,492
Total units retailed	54,629	44,624
Wholesale units	5,644	5,128

Other Data:

Continuing Operations unit volume percentage changes:

New retail units	25.8%
Fleet units	42.2%
Total new units	27.0%
Used units	17.5%
Total units retailed	22.4%
Wholesale units	10.1%

Sonic Automotive, Inc.

Earnings Per Share Reconciliation (Unaudited)

(In thousands, except per share data)

For the First Quarter Ended March 31, 2011

		Income		Loss			
		From Continuing		From Discontinued			
		Operations		Operations		Net Income	
	Weighted		Per		Per		Per
	Average		Share		Share		Share
	Shares	Amount	Amount	Amount	Amount	Amount	Amount
Earnings (Loss) and Shares	52,416	\$ 15,791		\$ (827)		\$ 14,964	
Effect of Participating Securities:							
Unvested Restricted Stock and Stock Units	-	(206)		-		(206)	
Basic Earnings (Loss) Per Share	52,416	\$ 15,585	\$ 0.30	\$ (827)	\$ (0.02)	\$ 14,758	\$ 0.28
Effect of Dilutive Securities:							
Contingently Convertible Debt (5.0% Convertible Notes)	12,890	2,310		-		2,310	
Stock Compensation Plans	644						
Diluted Earnings (Loss) Per Share	65,950	\$ 17,895	\$ 0.27	\$ (827)	\$ (0.01)	\$ 17,068	\$ 0.26

For the First Quarter Ended March 31, 2010

	Income		Loss				
	From Continuing		From Discontinued		Net Income		
	Operations		Operations				
	Weighted	Per		Per		Per	
	Average	Share		Share		Share	
	Shares	Amount	Amount	Amount	Amount	Amount	Amount
Earnings (Loss) and Shares	51,889	\$ 6,566		\$ (2,412)		\$ 4,154	
Effect of Participating Securities:							
Unvested Restricted Stock and Stock Units	-	(79)		-		(79)	
Basic Earnings (Loss) Per Share	51,889	\$ 6,487	\$ 0.13	\$ (2,412)	\$ (0.05)	\$ 4,075	\$ 0.08
Effect of Dilutive Securities:							
Stock Compensation Plans	690						
Diluted Earnings (Loss) Per Share	52,579	\$ 6,487	\$ 0.12	\$ (2,412)	\$ (0.04)	\$ 4,075	\$ 0.08

SOURCE Sonic Automotive, Inc.