



# Sonic Automotive – Investor Presentation February 2021



## → 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 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, the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, the Company’s Current Report on Form 8-K Filed on February 12, 2021 and other 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.



# Company Overview



# → 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 High Growth 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

**104**  
Locations

**14**  
Collision Centers

**20+**  
Automotive Brands

**13**  
States

**\$9.8B**  
Total Revenues

**\$1.4B**  
Gross Profit

**93K**  
New Vehicles Sold

**159K**  
Used Vehicles Sold

Note: Revenue, Gross Profit, New & Used Vehicles Sold are for FY 2020



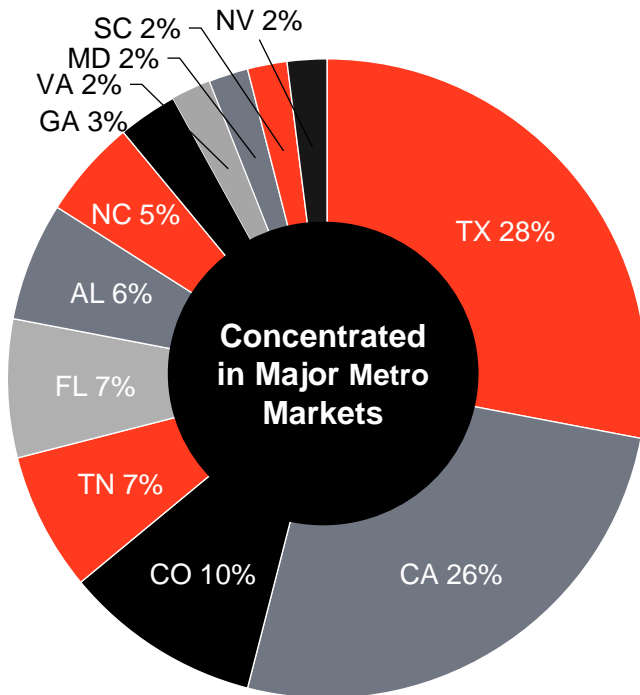
# → Investment Highlights



# → 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 2020



# → Revenue Composition – Diversified Revenue Streams

## Brand Distribution

Brand	% of Revenue	Franchise Brand	% of Revenue
Luxury	55%	BMW	22%
		Mercedes	11%
		Audi	6%
		Lexus	4%
		Land Rover	4%
		Porsche	3%
		Cadillac	2%
		MINI	1%
		Other Luxury (1)	2%
Import	20%	Honda	11%
		Toyota	7%
		Hyundai	1%
		Volkswagen	1%
		Nissan	<1%
EchoPark	15%	Non-Franchise	15%
Domestic	10%	Ford	5%
		General Motors (2)	5%

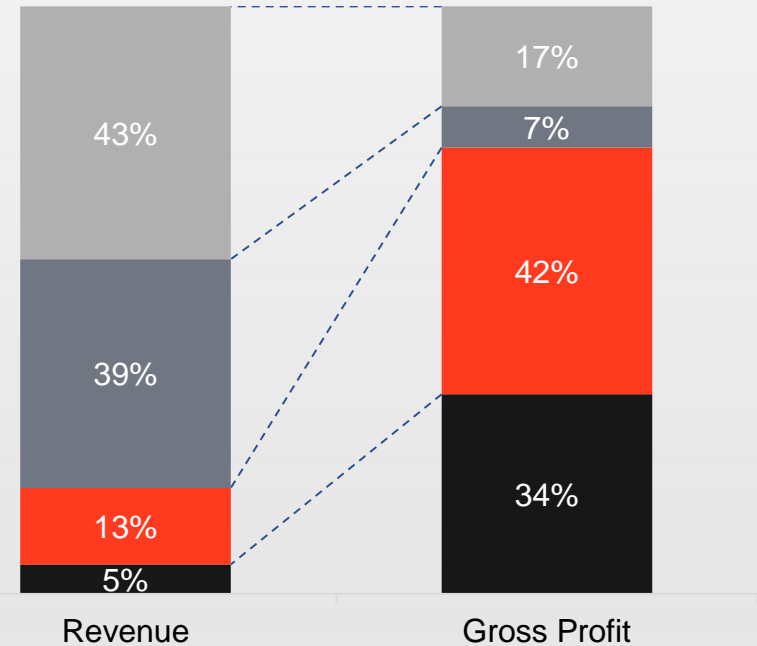
(1) Includes Volvo, Jaguar, Acura and Infiniti

(2) Includes Chevrolet, GMC and Buick

Note: Percentages are Percent of Total Revenue for FY 2020

## Business Line Mix

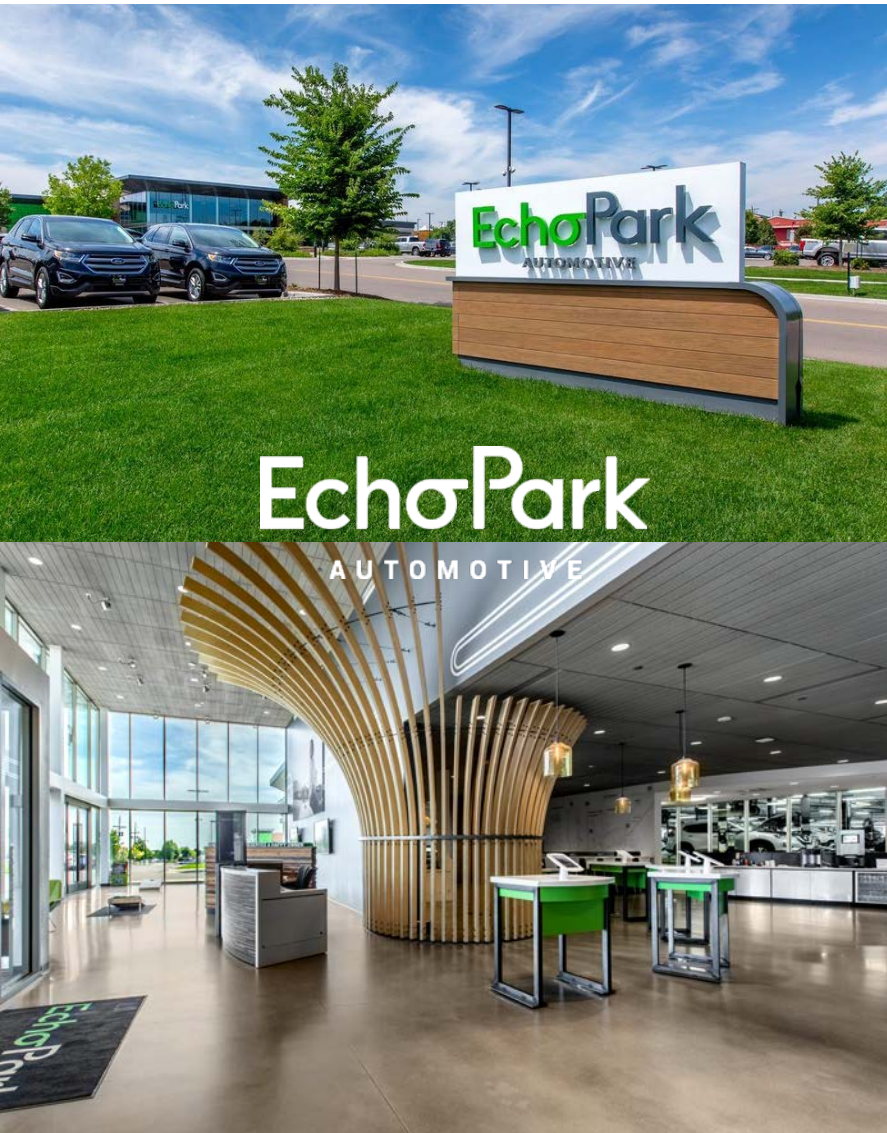
- New Vehicle
- Used Vehicle (Including Wholesale)
- Parts, Service & Collision Repair ("Fixed Operations")
- Finance & Insurance ("F&I")



Note: Percentages are Percent of Total for FY 2020



# → EchoPark Automotive – A Unique Growth Story



The New Car Alternative™  
Price. Quality. Experience.

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

**10% 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 Plan For 140+ Point  
Distribution Network By 2025



# → EchoPark – High Volume Model Drives Superior Returns

Ultra-Low Pricing



Attractive F&I



High Volume Throughput

May Yield **Slightly Negative Front-End** Gross Profit Per Unit


**Higher Penetration Rates** On F&I Products vs. Sonic Franchised Stores

**5X** Volume Per Store Per Month vs. Sonic Franchised Stores

Gross Profit Per Unit (“GPU”)	Franchised Used	EchoPark	B (W)
Front-End Used Vehicle GPU	\$1,300	\$(100)	
F&I GPU	\$1,400	\$2,250	
Parts and Service Reconditioning GPU	\$500	-	
Total Used-Related GPU	\$3,200	\$2,150	(\$1,050)
Volume Differential Factor	x1	X5	
<b>Pro Forma Comparative Used-Related Gross Profit</b>	<b>\$3,200</b>	<b>\$10,750</b>	<b>\$7,550</b>

Note: Amounts are estimates of future results used for comparative modeling purposes. Actual store results may differ.

# → Complementary Relationship Between Segments



**Franchised Dealerships**

▼

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

**EchoPark**

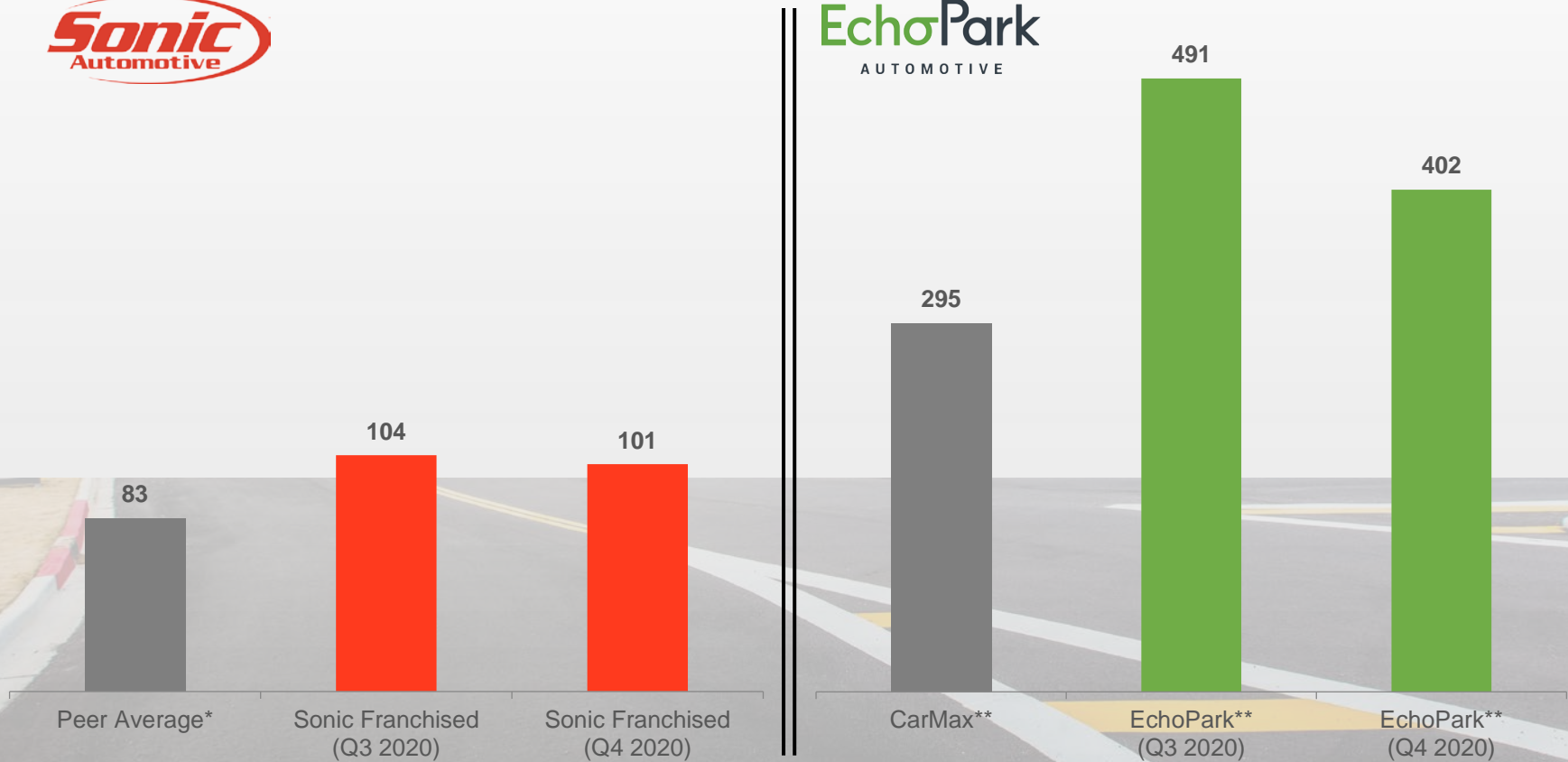
AUTOMOTIVE

▼

- 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

# → Industry-Leading Used Vehicle Volume Throughput

Retail Used Vehicle Unit Sales Per Store Per Month



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

\* Peer Average Is Store Count As Of And Unit Sales For The Quarter Ended September 30, 2020 (Q4 2020 Data Not Available As Of Date Of This Report) For ABG, AN, GPI, LAD And PAG  
 \*\* CarMax Data Is Store Count As Of And Unit Sales For The Quarter Ended November 30, 2020, EchoPark Data Includes Retail Hub Locations Open For At Least Three Full Months  
 Note: Data Source – Company Filings, Company Websites



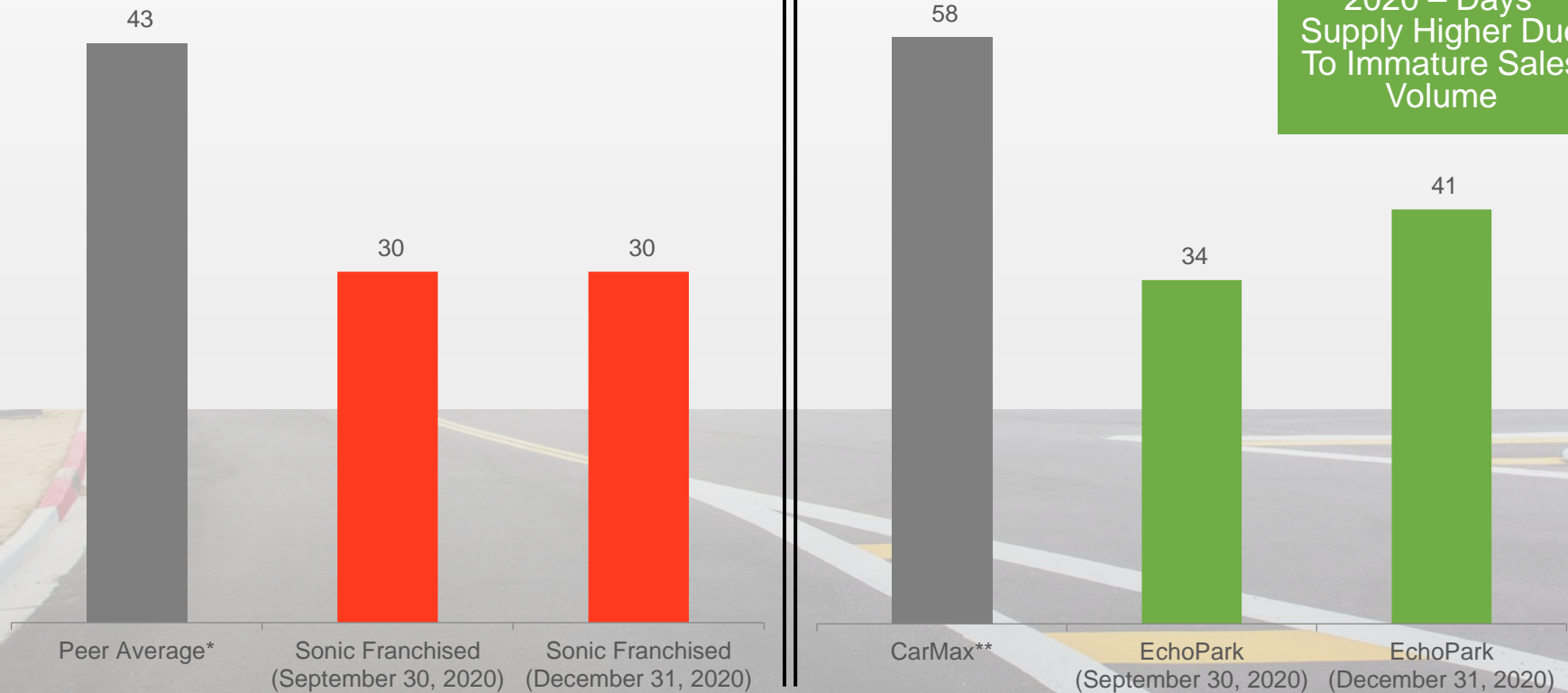


# Inventory Management Expertise

Used Vehicle Inventory Days' Supply



Opened 4 New Locations In Q4 2020 – Days' Supply Higher Due To Immature Sales Volume



Low Inventory Days' Supply Reduces Risk Of Fluctuations In Used Vehicle Valuations  
 Data Analytics Tools Enable Accuracy, Consistency And Scalability Of Used Inventory Sourcing And Pricing

\* Peer Average Is As Of September 30, 2020 (December 31, 2020 Data Not Available As Of Date Of This Report) For ABG, AN, GPI, LAD And PAG

\*\* CarMax Data Is As Of November 30, 2020

Note: Data Source – Company Filings, Calculated Based On Trailing Quarter Cost Of Sales If Not Explicitly Disclosed



# → 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

14 Retail Hub Locations And 2 Delivery & Buy Centers Open At December 31, 2020

Projected To Add 25 New Locations Annually In 2021-2025

Accelerated Growth Plan For 140+ Point Distribution Network Expected To Deliver 575,000 Unit Sales Annually By 2025

Strict Capital Allocation Strategy Prioritizes Highest Return on Investment

Strategically Deploy Capital To Accelerate EchoPark's Already Strong Growth

Continue To Monitor Acquisition Opportunities As Market Evolves



# EchoPark



# → EchoPark – Brand Promise



Price. Quality. Experience.



Up To 40% Below  
New Vehicle Price



Up To 10% Below  
Used Vehicle Market  
Price



High Quality, Low  
Mileage Vehicle With  
Existing Warranty



Transparent  
Guest-Centric  
Experience



New Car Feel  
Without The New  
Car Price



Zero Reported  
Accidents On  
CARFAX



Buy & Sell  
Your Way –  
On-Site Or Online

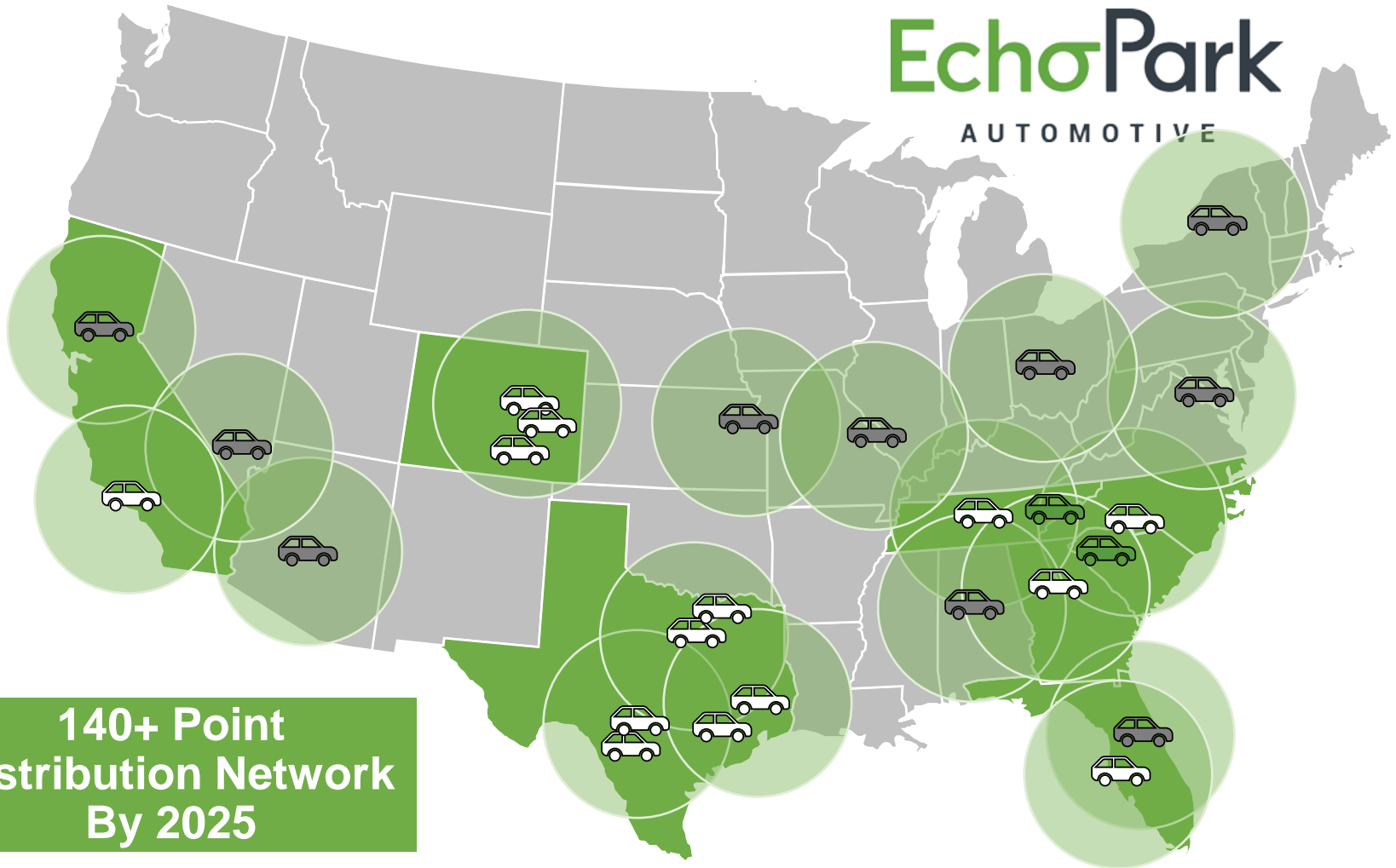


Complete Purchase  
In Under An Hour





The Full Omni-Channel Option

# → EchoPark – Developing Nationwide Distribution Network

**EchoPark**  
AUTOMOTIVE



**140+ Point  
Distribution Network  
By 2025**

-  Existing Retail Hub
-  Existing Delivery & Buy Center
-  New Retail Hub To Open In 2021-2022
-  Delivery & Buy Center Coverage Area

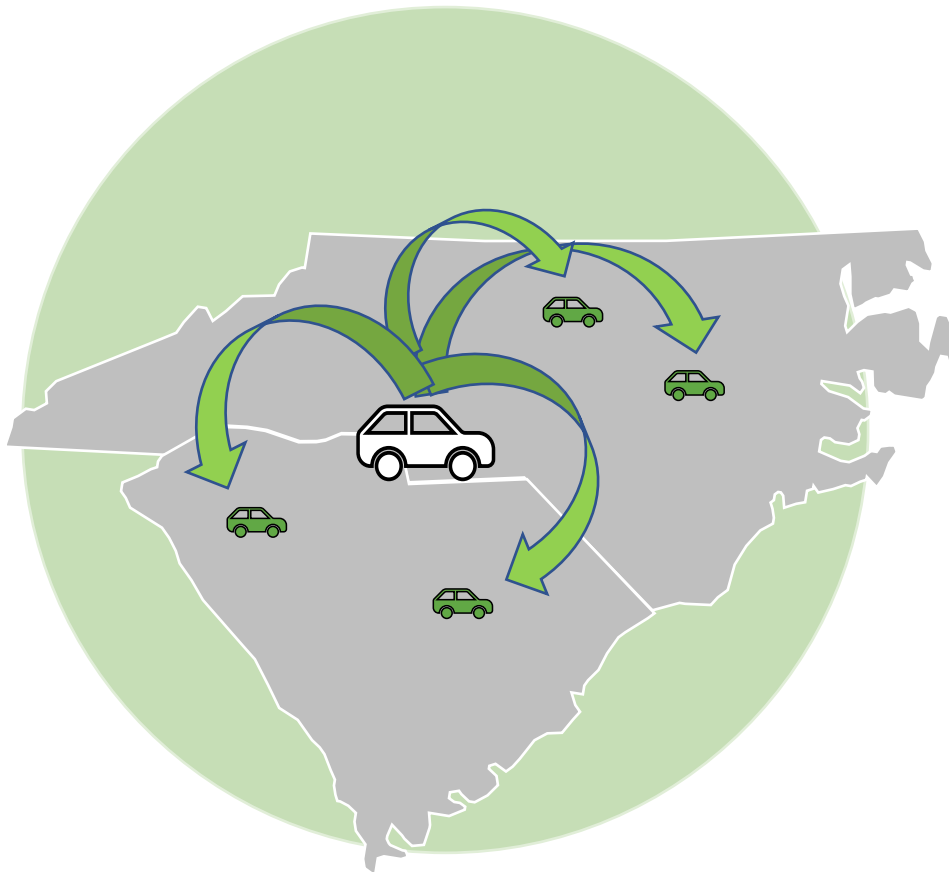
## → EchoPark – Modeled 4-Wall Economics At Maturity

(Modeled Metrics Assume 100% Maturity)	Delivery & Buy Center	Medium Retail Hub	Large Retail Hub
Average Monthly Retail Unit Volume	300	750	1,500
Average Vehicle Selling Price	\$ 20,500	\$ 20,500	\$ 20,500
Total Annual Revenues	\$ 82,000,000	\$ 205,000,000	\$ 410,000,000
Total Combined Gross Profit Per Unit Retailed ("GPU")	\$ 1,700	\$ 2,150	\$ 2,150
Target SG&A Expenses as % of Gross Profit	65%	60%	60%
<b>Annual Pre-Tax Profit</b>	<b>\$ 2,100,000</b>	<b>\$ 7,200,000</b>	<b>\$ 14,400,000</b>
Average Compensation Per Employee (with Fringe)	\$ 68,000	\$ 78,000	\$ 78,000
Total Headcount	7	105	170
Sales Experience Guide ("EG") Headcount	N/A	25	50
Average Retail Unit Sales Per EG Per Month	N/A	30	30
Target Inventory Days' Supply	N/A	30 Days	30 Days
Working Capital Investment	\$ -	\$ 15,000,000	\$ 31,000,000
Inventory Floor Plan Financing	\$ -	\$ (15,000,000)	\$ (31,000,000)
<b>Capital Expenditures, Including Land (Varies By Market)</b>	<b>\$1-\$2 Million</b>	<b>\$7-\$12 Million</b>	<b>\$20-\$25 Million</b>
Estimated Months to Breakeven	3-6 Months	6-9 Months	6-9 Months
Estimated Years to Maturity	2 Years	4 Years	5 Years
<b>Pre-Tax Return On Investment</b>	<b>55%+</b>	<b>35% - 50%</b>	<b>28% - 33%</b>

Note: Estimated average pre-tax losses of \$1.5 to \$2.0 million per new medium or large retail hub opening (~40% incurred in 3 months prior to opening, ~60% incurred post-opening prior to targeted breakeven). Pre-tax losses for new delivery & buy center locations are expected to be approximately \$0.2 million per location prior to targeted breakeven.  
 Note: Amounts are estimates of future results used for comparative modeling purposes. Actual store results may differ.



# → EchoPark – Delivery & Buy Center Model



Existing Retail Hub



Delivery & Buy Center Market Coverage Opportunity

## Delivery & Buy Center Model

- Utilize Existing Retail Hub For Inventory Storage And Reconditioning (Asset Light Expansion)
- Advertise Inventory In Surrounding Markets
- Drive Incremental eCommerce Sales In New Markets
- Inspect & Buy Vehicles From Guests After Online Appraisal
- Arrange Next-To-Last-Mile Transit To EchoPark Delivery & Buy Center
- Guest Picks Up Vehicle At EchoPark Delivery & Buy Center Near Their Home

## Strategic Advantages

- Quick Entry Into New Markets With Minimal Capital Expenditures Or Overhead Costs
- Same Guest-Centric Purchase Experience And Convenience
- Blend Of Brick And Mortar And eCommerce Distribution Network Creates Operating Leverage

## Delivery & Buy Center Locations

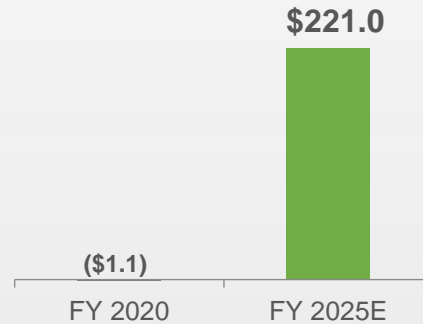
- Greenville, SC (Opened July 2020)
- Knoxville, TN (Opened December 2020)
- Expect To Open 20 Additional Locations Annually In 2021-2025

# → EchoPark – 5-Year Accelerated Growth Forecast

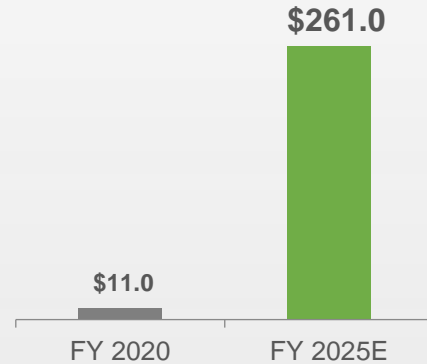
Total Revenues (In Billions)



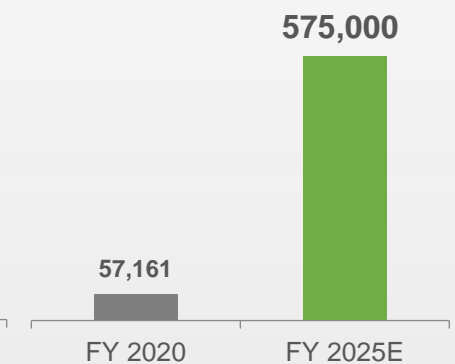
Pre-Tax Profit (Loss)  
(In Millions)



EBITDA  
(In Millions)



Retail Unit Sales Volume



## Rate Of Expansion

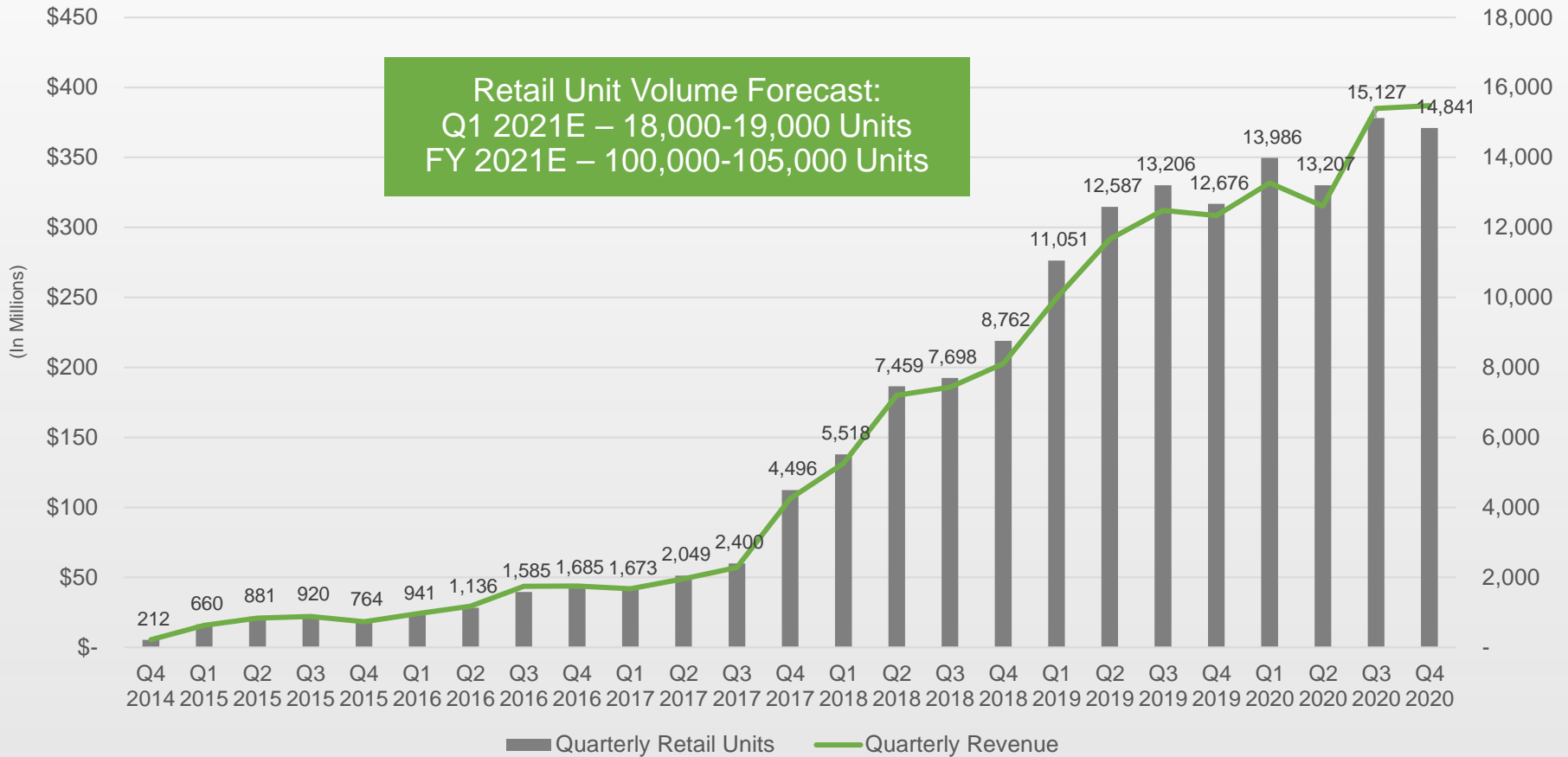
- Expect to Open 25 Locations Per Year From 2021-2025
  - 20 Delivery & Buy Centers
  - 5 Medium Or Large Retail Hubs
  - See 4-Wall Model On Prior Slide

## Total Addressable Market

- ~20 Million 0-4 Year Old Vehicle Transactions Annually
- Existing Stores Generate >300,000 Unique Leads On An Annualized Basis
- Rapid Expansion To Meet Current Demand And Considerable Upside Opportunity

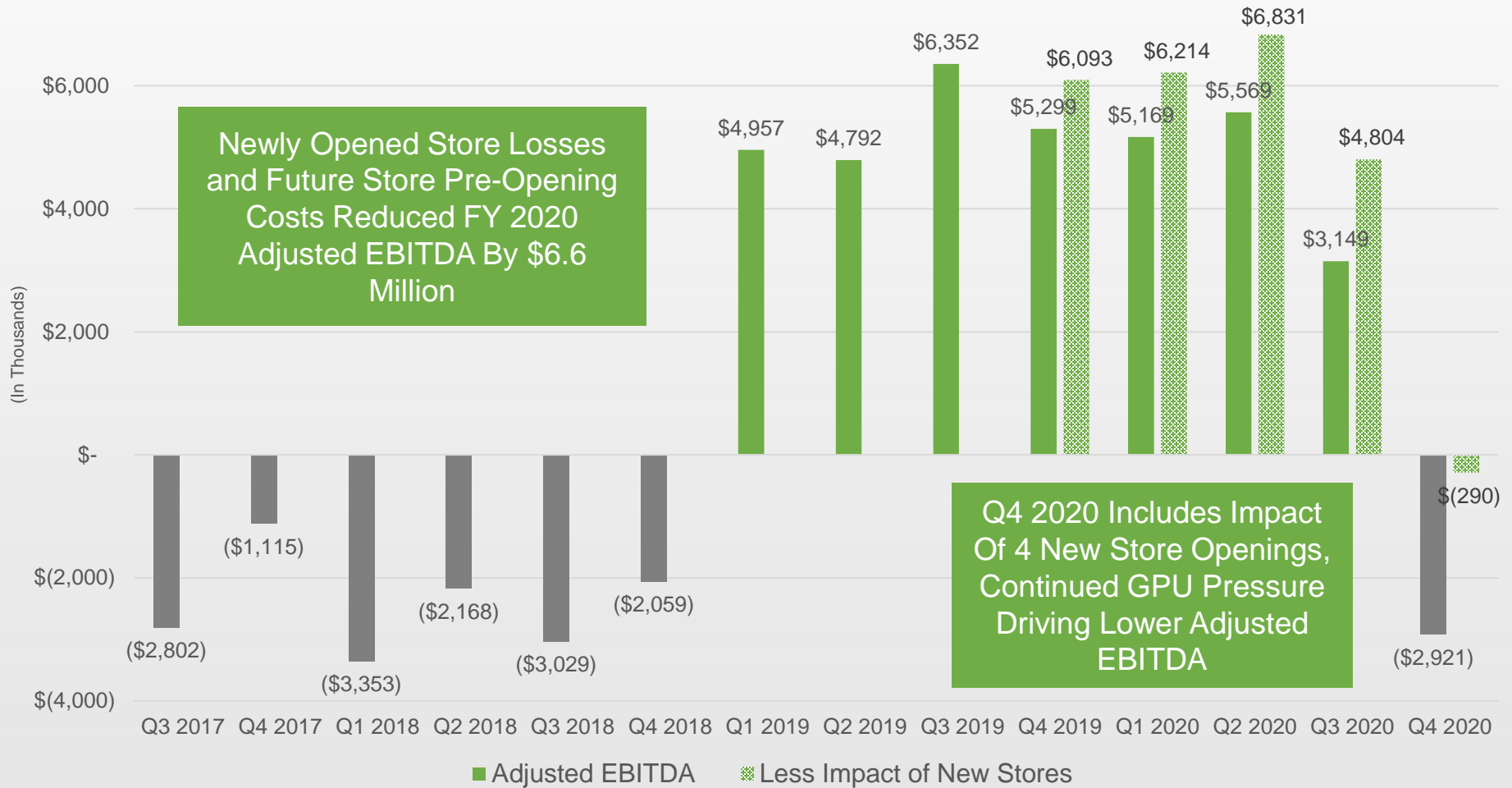
Note: Amounts are estimates of future results used for modeling purposes. Actual results may differ materially.

# → EchoPark – Growth Path



Despite Impact Of COVID-19, We Expect Return To High Rate Of Revenue And Unit Sales Volume Growth From Maturity Of Existing Markets And New Market Openings

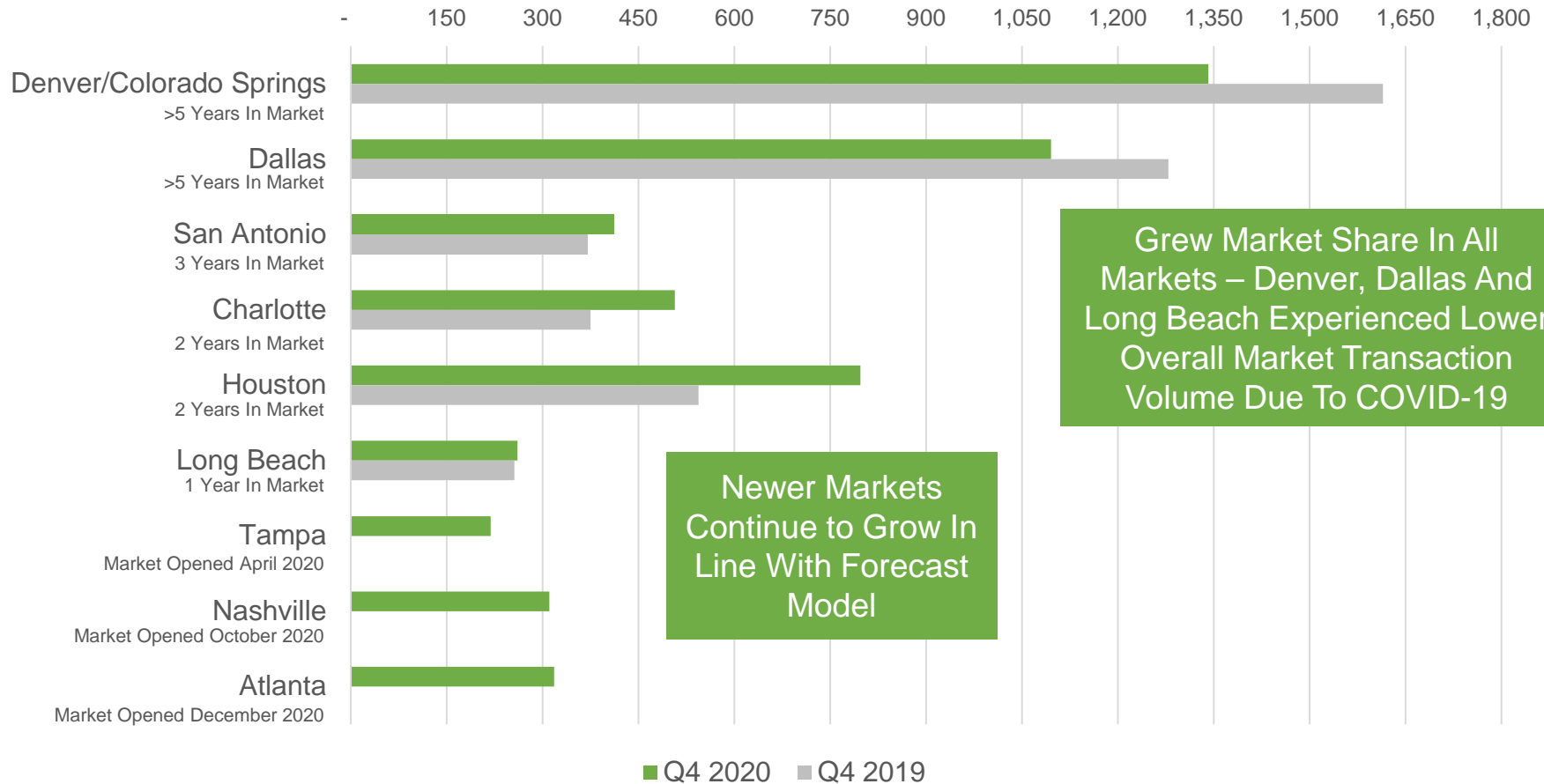
# → EchoPark – Adjusted EBITDA Trend



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

# → EchoPark – Market Maturity Comparison

Average Monthly Retail Unit Volume



Note – Delivery & Buy Center Sales are Included in the Retail Hub Market Where Inventory Resides (e.g., Greenville, SC is in the Charlotte Market)





# Franchised Dealerships

# → Franchised Dealerships



**84** Franchised Dealerships



**20+** Brands, Luxury Weighted

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



**14** Collision Repair Centers

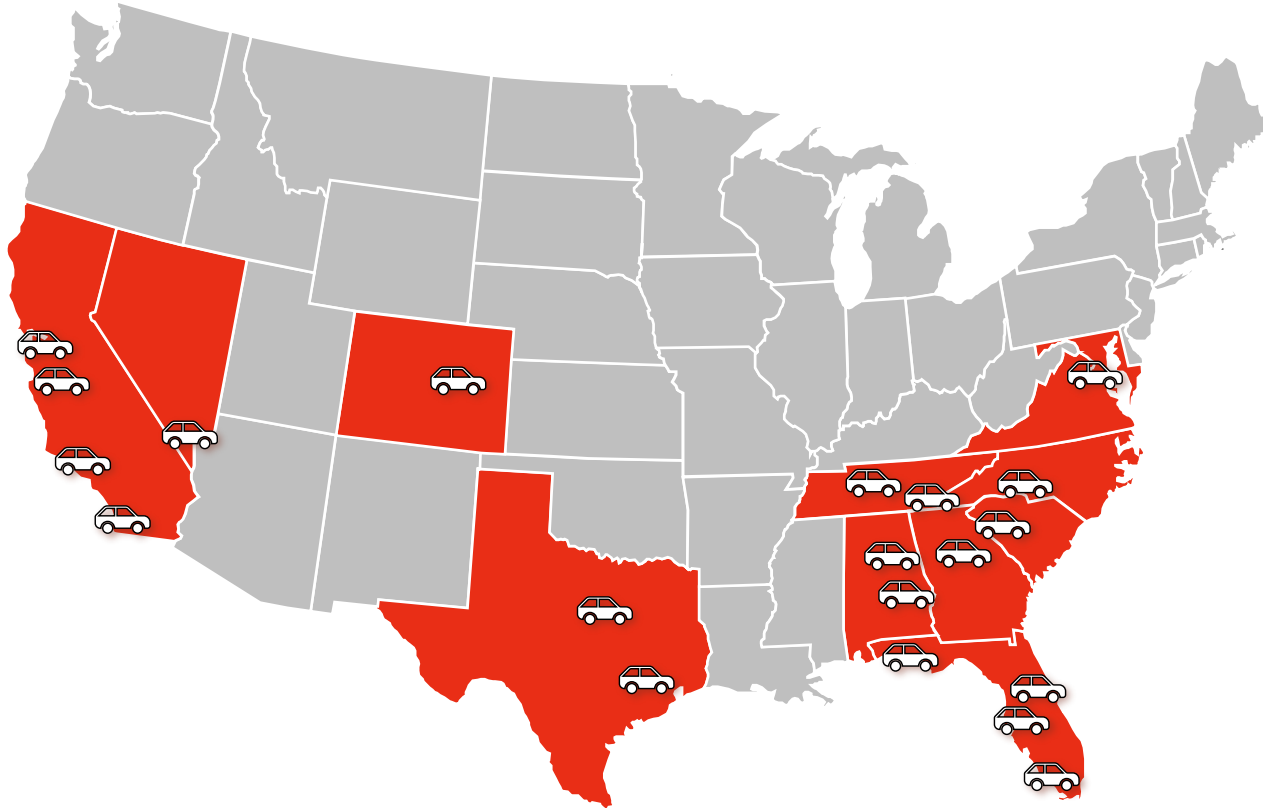


**20** Major Metropolitan Markets

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



# → Franchised Dealerships – Geographic Footprint



Headquartered in  
Charlotte, NC



84 Stores, 20+ Brands,  
14 Collision Repair Centers



Platforms in Major  
Metro Markets

# → Franchised Dealerships – Strategic Levers







# Omni-Channel Strategy



# → Full Omni-Channel Infrastructure



Buy & Sell Your Way



Seamless to the Guest



# → Buy & Sell Your Way



## Buy & Sell Your Way

- Our Blend Of Brick And Mortar And eCommerce Strategies Allows Guests To Choose Their Preferred Buying Approach
- A Flexible, Guest-Centric Experience With Options
- Will Be Seamless To The Guest, Regardless of Which Path They Choose



## Buy On-Site

- Complete A Traditional Vehicle Purchase Experience With A Modern, Technology-Enabled Approach
- Can Be Completed In Under An Hour



## Start Online, Finish On-Site Or Buy Completely Online

- Research Online, Utilize Chat, Text, Phone, Zoom To Reduce In-Person Process
- Review And Select Insurance Products And Financing Options
- Includes Online Trade-In Appraisal And Firm Purchase Offer
- Complete A Full eCommerce Transaction In Minutes
- Test Drive And Finalize Purchase At Franchised Dealership, EchoPark Retail Hub Or EchoPark Delivery & Buy Center

Represents ~10% Of Q4 2020 Vehicle Sales Transactions

# Q4 & FY 2020 Financial Snapshot





## → Q4 2020 – Consolidated Continuing Operations

(In millions, except per share data)	Q4 2020	B/(W) than Q4 2019	
		\$	%
Revenues	\$2,798.6	\$50.1	1.8%
Gross profit	\$389.1	(\$4.8)	(1.2%)
SG&A expenses	\$259.0	\$1.9	0.7%
SG&A expenses as % of gross profit	66.6%		(40) bps
Earnings from continuing operations before taxes	\$90.4	\$29.4	48.3%
Continuing Ops:			
Net income	\$57.5	\$11.2	24.2%
Diluted earnings per share	\$1.31	\$0.27	26.0%

Excluding The Effect Of Franchise Disposals, Revenues Increased 3.8% & Gross Profit Increased 0.7%  
Sustained Expense Reductions Drove Profit And EPS Growth In Q4 2020

Q4 2020 Adjusted SG&A Expenses As % Of Gross Profit Decreased 560 Basis Points, To 68.1%  
Q4 2020 Adjusted EPS Of \$1.50, Up 54.6% Compared To Q4 2019

Refer to Appendix for Calculation of Adjusted Results and Reconciliation of Non-GAAP Measures

## → FY 2020 – Consolidated Continuing Operations

(In millions, except per share data)	FY 2020	B/(W) than FY 2019	
		\$	%
Revenues	\$9,767.0	(\$687.3)	(6.6%)
Gross profit	\$1,423.6	(\$97.4)	(6.4%)
SG&A expenses	\$1,028.7	\$70.7	6.4%
SG&A expenses as % of gross profit	72.3%		0 bps
Earnings (loss) from continuing operations before taxes	(\$34.8)	(\$234.4)	(117.4%)
Continuing Ops:			
Net income (loss)	(\$50.7)	(\$195.2)	(135.1%)
Diluted earnings (loss) per share	(\$1.19)	(\$4.50)	(136.0%)

Excluding The Effect Of Franchise Disposals, Revenues Decreased 3.2% & Gross Profit Decreased 3.3%

FY 2020 Adjusted SG&A Expenses As % Of Gross Profit Decreased 400 Basis Points, To 72.9%

FY 2020 Adjusted EPS Of \$3.85, Up 45.3% Compared To FY 2019

Refer to Appendix for Calculation of Adjusted Results and Reconciliation of Non-GAAP Measures



## → Strong Balance Sheet And Liquidity

	December 31, 2020	December 31, 2019
	(In Millions)	
Cash and cash equivalents	\$ 170.3	\$ 29.1
Availability under the 2016 Revolving Credit Facility	214.7	230.7
Availability under our used vehicle floor plan facilities <sup>(1)</sup>	-	17.1
Availability under the 2019 Mortgage Facility	11.2	3.1
Availability under the 2020 Line Of Credit Facility	57.0	-
Floor plan deposit balance	73.2	-
<b>Total available liquidity resources</b>	<b>\$ 526.4</b>	<b>\$ 280.0</b>

	Covenant Requirement*	December 31, 2020	December 31, 2019
Liquidity ratio	$\geq 1.05$	1.18	1.11
Fixed charge coverage ratio	$\geq 1.20$	2.07	1.60
Total lease adjusted leverage ratio	$\leq 5.75$	2.78	3.21
<b>Net debt to Adjusted EBITDA ratio<sup>(2)</sup></b>		<b>1.29</b>	<b>2.20</b>

**Strategic Management Actions Have Significantly Increased Available Liquidity During The COVID-19 Pandemic**

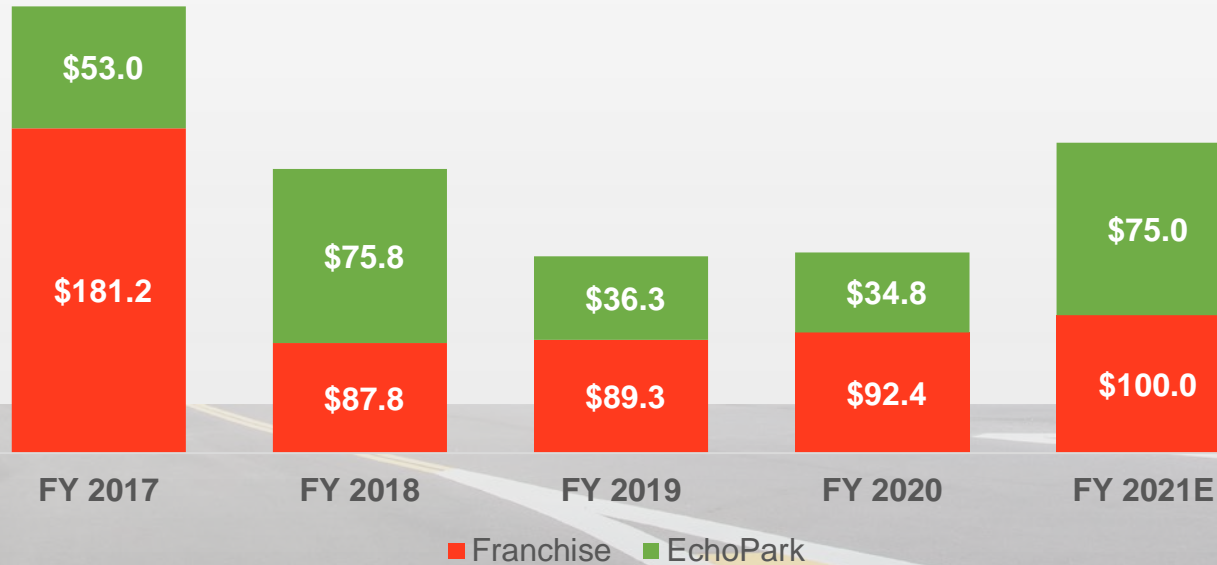
\* As Defined In The 2016 Revolving Credit Facility and 2019 Mortgage Facility

(1) During Q2 2020 Sonic Converted Its Used Vehicle Floor Plan Facilities From A Borrowing Base To A VIN-Specific Floor Plan Line. The December 31, 2020 Availability Under This Line Was \$34.6 Million.

(2) Refer to Appendix for Calculation of Adjusted Results and Reconciliation of Non-GAAP Measures

# → Capital Expenditure Discipline

Gross Capital Expenditures (In Millions)



Strict Capital Allocation Strategy Prioritizes Highest Return On Investment  
Actual FY 2020 Capital Expenditures Of \$74.0 Million, Net Of Mortgage Proceeds  
FY 2021E Includes Plans For 25 Additional EchoPark Locations

# Appendix



## → Non-GAAP Reconciliation – Adjusted SG&A Expenses

	Q4 2020	Q4 2019	Better / (Worse)	
			Change	% Change
Reported :				
			(In millions)	
Compensation	\$ 176.1	\$ 184.5	\$ 8.4	4.6 %
Advertising	10.5	14.5	4.0	27.6 %
Rent	13.6	13.3	(0.3)	(2.3)%
Other	58.8	48.6	(10.2)	(21.0)%
Total SG&A expenses	<u>\$ 259.0</u>	<u>\$ 260.9</u>	<u>\$ 1.9</u>	0.7 %
Items of interest:				
Gain on franchise and real estate disposals	6.0	29.3		
Total SG&A Adjustments	<u>\$ 6.0</u>	<u>\$ 29.3</u>		
Adjusted :				
Total adjusted SG&A expenses	<u><u>\$ 265.0</u></u>	<u><u>\$ 290.2</u></u>	\$ 25.2	8.7 %
Reported				
SG&A expenses as a % of gross profit:				
Compensation	45.2%	46.8%	160	bps
Advertising	2.7%	3.7%	100	bps
Rent	3.5%	3.4%	(10)	bps
Other	15.2%	12.3%	(290)	bps
Total SG&A expenses as a % of gross profit	<u>66.6%</u>	<u>66.2%</u>	<u>(40)</u>	bps
Items of interest:				
Gain on franchise and real estate disposals	1.5 %	7.5 %		
Total effect of adjustments	<u>1.5 %</u>	<u>7.5 %</u>		
Adjusted				
Total SG&A expenses as a % of gross profit	<u><u>68.1%</u></u>	<u><u>73.7%</u></u>	560	bps

## → Non-GAAP Reconciliation – Adjusted SG&A Expenses

	FY 2020	FY 2019	Better / (Worse)	
			Change	% Change
Reported :				
			(In millions)	
Compensation	\$ 659.8	\$ 733.9	\$ 74.1	10.1 %
Advertising	42.2	60.8	18.6	30.6 %
Rent	54.5	54.6	0.1	0.2 %
Other	272.8	250.1	(22.7)	(9.1)%
Total SG&A expenses	<u>\$ 1,029.3</u>	<u>\$ 1,099.4</u>	<u>\$ 70.1</u>	6.4 %
Items of interest:				
Gain on franchise and real estate disposals	9.2	76.0		
Executive transition costs	-	(6.3)		
Total SG&A Adjustments	<u>\$ 9.2</u>	<u>\$ 69.7</u>		
Adjusted :				
Total adjusted SG&A expenses	<u><u>\$ 1,038.5</u></u>	<u><u>\$ 1,169.1</u></u>	\$ 130.6	11.2 %
Reported				
SG&A expenses as a % of gross profit:				
Compensation	46.3%	48.3%	200	bps
Advertising	3.0%	4.0%	100	bps
Rent	3.8%	3.6%	(20)	bps
Other	19.2%	16.4%	(280)	bps
Total SG&A expenses as a % of gross profit	<u>72.3%</u>	<u>72.3%</u>	-	bps
Items of interest:				
Gain on franchise and real estate disposals	0.6 %	4.6 %		
Total effect of adjustments	0.6 %	4.6 %		
Adjusted				
Total SG&A expenses as a % of gross profit	<u><u>72.9%</u></u>	<u><u>76.9%</u></u>	400	bps



## → Non-GAAP Reconciliation – Earnings Per Share

(In thousands, except per share amounts)	Q4 2020			Q4 2019		
	Weighted-Average Shares	Amount	Per Share Amount	Weighted-Average Shares	Amount	Per Share Amount
Diluted earnings (loss) and shares from continuing operations	44,022	\$ 57,483	\$ 1.31	44,463	\$ 46,270	\$ 1.04
Items of interest:						
Gain on franchise and real estate disposals		\$ (6,039)			\$ (29,303)	
Loss on debt extinguishment		-			7,157	
Impairment charges		1,158			17,692	
Total pre-tax items of interest		\$ (4,881)			\$ (4,454)	
Tax effect of above items		1,281			1,291	
Non-recurring tax items		11,941			-	
Adjusted diluted earnings (loss) and shares from continuing operations	44,022	<u>\$ 65,824</u>	\$ 1.50	44,463	<u>\$ 43,107</u>	\$ 0.97

## → Non-GAAP Reconciliation – Earnings Per Share

(In thousands, except per share amounts)	FY 2020			FY 2019		
	Weighted-Average Shares	Amount	Per Share Amount	Weighted-Average Shares	Amount	Per Share Amount
Diluted earnings (loss) and shares from continuing operations <sup>(1)</sup>	42,483	\$ (50,664)	\$ (1.19)	43,710	\$ 144,537	\$ 3.31
Items of interest:						
Gain on franchise and real estate disposals		\$ (9,188)			\$ (75,983)	
Executive transition costs		-			6,264	
Loss on debt extinguishment		-			7,157	
Impairment charges		269,158			19,618	
Total pre-tax items of interest		\$ 259,970			\$ (42,944)	
Tax effect of above items		(40,421)			14,194	
Adjusted diluted earnings (loss) and shares from continuing operations	43,903	\$ 168,885	\$ 3.85	43,710	\$ 115,787	\$ 2.65

(1) Basic Weighted-Average Shares Used For Twelve Months Ended December 31, 2020 Due To Net Loss On GAAP Basis

# → Non-GAAP Reconciliation – Segment Income

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Revenues	\$ 2,411.6	\$ 2,439.9	\$ 386.9	\$ 308.6	\$ 2,798.6	\$ 2,748.4
Gross profit	\$ 363.0	\$ 364.6	\$ 26.1	\$ 29.2	\$ 389.1	\$ 393.9
SG&A expenses	\$ 235.9	\$ 237.8	\$ 23.0	\$ 23.1	\$ 259.0	\$ 260.9
Adjusted segment income	\$ 91.6	\$ 54.5	\$ (6.0)	\$ 2.1	\$ 85.6	\$ 56.6
Gain on franchise and real estate disposals	0.8	29.3	5.2	-	6.0	29.3
Loss on extinguishment of debt	-	(7.2)	-	-	-	(7.2)
Segment income	\$ 92.4	\$ 76.6	\$ (0.8)	\$ 2.1	\$ 91.6	\$ 78.7
Impairment charges	(1.2)	(1.1)	-	(16.6)	(1.2)	(17.7)
Earnings (loss) from continuing operations before taxes	\$ 91.2	\$ 75.5	\$ (0.8)	\$ (14.5)	\$ 90.4	\$ 61.0
Adjusted earnings (loss) from continuing operations before taxes	\$ 91.6	\$ 54.5	\$ (6.0)	\$ 2.1	\$ 85.6	\$ 56.6
Gain on franchise and real estate disposals	0.8	29.3	5.2	-	6.0	29.3
Loss on extinguishment of debt	-	(7.2)	-	-	-	(7.2)
Impairment charges	(1.2)	(1.1)	-	(16.6)	(1.2)	(17.7)
Earnings (loss) from continuing operations before taxes	\$ 91.2	\$ 75.5	\$ (0.8)	\$ (14.5)	\$ 90.4	\$ 61.0
Adjusted net income (loss) from continuing operations					\$ 65.8	\$ 43.1
Gain on franchise and real estate disposals (before taxes)					6.0	29.3
Loss on extinguishment of debt (before taxes)					-	(7.2)
Impairment charges (before taxes)					(1.2)	(17.7)
Tax effect of items of interest and non-recurring tax items					(13.1)	(1.2)
Net income (loss) from continuing operations					\$ 57.5	\$ 46.3
New vehicle unit sales volume	27,566	30,591	-	-	27,566	30,591
Retail used vehicle unit sales volume	25,490	27,099	14,841	12,676	40,331	39,775

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

# → Non-GAAP Reconciliation – Segment Income

(In millions, except unit data)	Franchised Dealerships Segment		EchoPark Segment		Consolidated	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues	\$ 8,348.1	\$ 9,292.3	\$ 1,419.0	\$ 1,162.0	\$ 9,767.0	\$ 10,454.3
Gross profit	\$ 1,309.4	\$ 1,408.6	\$ 114.2	\$ 112.4	\$ 1,423.6	\$ 1,521.0
SG&A expenses	\$ 933.7	\$ 1,011.8	\$ 94.9	\$ 87.6	\$ 1,028.7	\$ 1,099.4
Adjusted segment income	\$ 227.2	\$ 148.8	\$ (1.1)	\$ 9.2	\$ 226.1	\$ 158.0
Gain on franchise and real estate disposals	4.0	76.0	5.2	-	9.2	76.0
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Loss on extinguishment of debt	-	(7.2)	-	-	-	(7.2)
Segment income	\$ 231.2	\$ 211.3	\$ 4.1	\$ 9.2	\$ 235.3	\$ 220.5
Impairment charges	(270.0)	(1.1)	-	(19.7)	(270.0)	(20.8)
Earnings (loss) from continuing operations before taxes	\$ (38.8)	\$ 210.2	\$ 4.1	\$ (10.5)	\$ (34.7)	\$ 199.7
Adjusted earnings (loss) from continuing operations before taxes	\$ 226.4	\$ 148.8	\$ (1.1)	\$ 8.0	\$ 225.3	\$ 156.8
Gain on franchise and real estate disposals	4.0	76.0	5.2	-	9.2	76.0
Executive transition costs	-	(6.3)	-	-	-	(6.3)
Loss on extinguishment of debt	-	(7.2)	-	-	-	(7.2)
Impairment charges	(269.2)	(1.1)	-	(18.5)	(269.2)	(19.6)
Earnings (loss) from continuing operations before taxes	\$ (38.8)	\$ 210.2	\$ 4.1	\$ (10.5)	\$ (34.7)	\$ 199.7
Adjusted net income (loss) from continuing operations					\$ 168.8	\$ 115.8
Gain on franchise and real estate disposals (before taxes)					9.2	76.0
Executive transition costs (before taxes)					-	(6.3)
Loss on extinguishment of debt (before taxes)					-	(7.2)
Impairment charges (before taxes)					(269.2)	(19.6)
Tax effect of items of interest and non-recurring tax items					40.5	(14.2)
Net income (loss) from continuing operations					\$ (50.7)	\$ 144.5
New vehicle unit sales volume	93,281	114,131	-	-	93,281	114,131
Retail used vehicle unit sales volume	101,864	112,629	57,161	49,520	159,025	162,149

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

## → Non-GAAP Reconciliation – Adjusted EBITDA

(In thousands)	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Net Income (Loss)	\$ 93,193	\$ 92,983	\$ 51,650	\$ 144,137	\$ (51,385)
Provision For Income Taxes	59,899	13,198	22,645	54,954	15,619
Income (Loss) Before Taxes	<u>\$ 153,092</u>	<u>\$ 106,181</u>	<u>\$ 74,295</u>	<u>\$ 199,091</u>	<u>\$ (35,766)</u>
Non-Floor Plan Interest	48,034	50,531	52,049	50,475	38,672
Depreciation and Amortization	81,034	92,127	96,652	95,646	93,922
Stock-Based Compensation Expense	11,165	11,119	11,853	10,797	11,704
Loss (Gain) On Exit Of Leased Dealerships	1,386	2,157	1,709	(170)	-
Impairment Charges	8,063	9,394	29,514	20,768	270,017
Loss (Gain) On Debt Extinguishment	(6)	14,607	-	6,690	-
Long-Term Compensation Charges	-	-	32,522	-	-
Loss (Gain) on Franchise and Real Estate Disposals	<u>48</u>	<u>(9,980)</u>	<u>(39,307)</u>	<u>(74,812)</u>	<u>(8,247)</u>
Adjusted EBITDA	<u>\$ 302,816</u>	<u>\$ 276,136</u>	<u>\$ 259,287</u>	<u>\$ 308,485</u>	<u>\$ 370,302</u>
Long-Term Debt (Including Current Portion)	\$ 882,678	\$ 1,024,703	\$ 945,083	\$ 706,886	\$ 720,067
Cash and Equivalents	(3,108)	(6,352)	(5,854)	(29,103)	(170,313)
Floor Plan Deposit Balance	(10,000)	(3,000)	-	-	(73,180)
Net Debt	<u>\$ 869,570</u>	<u>\$ 1,015,351</u>	<u>\$ 939,229</u>	<u>\$ 677,783</u>	<u>\$ 476,574</u>
Net Debt To Adjusted EBITDA Ratio	2.87	3.68	3.62	2.20	1.29

Note – Balance Sheet Amounts Are As Of December 31 for the FY Then Ended.



## → Non-GAAP Reconciliation – Adjusted EBITDA

	Q4 2020				Q4 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ 57,339				\$ 46,307
Provision For Income Taxes				32,845				14,703
Income (Loss) Before Taxes	\$ 91,211	\$ (833)	\$ (194)	\$ 90,184	\$ 75,466	\$ (14,518)	\$ 62	\$ 61,010
Non-Floor Plan Interest	8,963	201	-	9,164	12,335	435	-	12,770
Depreciation And Amortization	21,167	2,863	-	24,030	20,972	2,765	-	23,737
Stock-Based Compensation Expense	3,152	-	-	3,152	2,690	-	-	2,690
Impairment Charges	1,158	-	-	1,158	1,075	16,617	-	17,692
Loss On Debt Extinguishment	-	-	-	-	6,690	-	-	6,690
Gain On Franchise And Real Estate Disposals	(821)	(5,152)	-	(5,973)	(29,242)	-	-	(29,242)
Adjusted EBITDA	\$ 124,830	\$ (2,921)	\$ (194)	\$ 121,715	\$ 89,986	\$ 5,299	\$ 62	\$ 95,347

# → Non-GAAP Reconciliation – Adjusted EBITDA

	Q3 2020				Q3 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ 59,818				\$ 29,010
Provision For Income Taxes				20,620				11,307
Income (Loss) Before Taxes	\$ 80,434	\$ 239	\$ (235)	\$ 80,438	\$ 38,417	\$ 2,123	\$ (223)	\$ 40,317
Non-Floor Plan Interest	9,781	147	-	9,928	12,011	402	-	12,413
Depreciation And Amortization	21,004	2,763	-	23,767	21,561	2,703	-	24,264
Stock-Based Compensation Expense	3,153	-	-	3,153	2,681	-	-	2,681
Impairment Charges	26	-	-	26	-	1,124	-	1,124
Gain On Franchise Disposals	(3,388)	-	-	(3,388)	823	-	-	823
Adjusted EBITDA	\$ 111,010	\$ 3,149	\$ (235)	\$ 113,924	\$ 75,493	\$ 6,352	\$ (223)	\$ 81,622

	Q2 2020				Q2 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ 30,791				\$ 26,599
Provision For Income Taxes				6,353				10,009
Income (Loss) Before Taxes	\$ 34,856	\$ 2,577	\$ (289)	\$ 37,144	\$ 35,129	\$ 1,693	\$ (213)	\$ 36,608
Non-Floor Plan Interest	8,938	234	-	9,172	12,599	431	-	13,030
Depreciation And Amortization	20,514	2,758	-	23,272	21,736	2,668	-	24,404
Stock-Based Compensation Expense	2,971	-	-	2,971	2,612	-	-	2,612
Impairment Charges	833	-	-	833	-	-	-	-
Gain On Franchise Disposals	1,117	-	-	1,117	356	-	-	356
Adjusted EBITDA	\$ 69,229	\$ 5,569	\$ (289)	\$ 74,509	\$ 72,432	\$ 4,792	\$ (213)	\$ 77,010

# → Non-GAAP Reconciliation – Adjusted EBITDA

	Q1 2020				Q1 2019			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(In thousands)			
Net Income (Loss)				\$ (199,333)				\$ 42,221
Provision For Income Taxes				(44,200)				18,935
Income (Loss) Before Taxes	\$ (245,344)	\$ 2,096	\$ (285)	\$ (243,533)	\$ 61,156	\$ 180	\$ (180)	\$ 61,156
Non-Floor Plan Interest	10,043	365	-	10,408	11,829	433	-	12,262
Depreciation And Amortization	20,144	2,708	-	22,852	20,824	2,418	-	23,242
Stock-Based Compensation Expense	2,427	-	-	2,427	2,814	-	-	2,814
Loss (Gain) On Exit Of Leased Dealerships	-	-	-	-	(170)	-	-	(170)
Impairment Charges	268,000	-	-	268,000	26	1,926	-	1,952
Gain On Franchise Disposals	-	-	-	-	(46,750)	-	-	(46,750)
Adjusted EBITDA	\$ 55,270	\$ 5,169	\$ (285)	\$ 60,154	\$ 49,729	\$ 4,957	\$ (180)	\$ 54,506
	Q4 2019				Q4 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(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 Reconciliation – Adjusted EBITDA

	Q3 2019				Q3 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(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)				(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 Reconciliation – Adjusted EBITDA

	Q1 2019				Q1 2018			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(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)				(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 Reconciliation – Adjusted EBITDA

	Q3 2018				Q3 2017			
	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total	Franchised Dealerships Segment	EchoPark Segment	Discontinued Operations	Total
	(In thousands)				(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

Welcome



WHERE EVERY CAR DESERVES A HAPPY OWNER

**Sonic**  
Automotive

**EchoPark**  
AUTOMOTIVE

CAFE  
RESTROOMS

Small Block







EchoPark  
AUTOMOTIVE



**Investor Relations Contacts:**

Sonic Automotive Inc. (NYSE: SAH)  
Danny Wieland, Vice President, Investor Relations & Financial Reporting  
ir@sonicautomotive.com  
(704) 927-3462

KCSA Strategic Communications  
David Hanover / Scott Eckstein  
sonic@kcsa.com  
(212) 896-1220