



Sonic to Present at the Bank of America Merrill Lynch 2010 Consumer Conference

Harsh Winter Weather Affects Second Quarter Sales

OKLAHOMA CITY, Mar 10, 2010 (BUSINESS WIRE) -- Sonic Corp. (NASDAQ: SONC), the nation's largest chain of drive-in restaurants, today announced that the company will be participating in and presenting at the Bank of America Merrill Lynch 2010 Consumer Conference, which takes place in New York City. The investor presentation by Sonic's management is scheduled at 2:40 p.m. ET today and will be available to investors via a live audio webcast. A link to the webcast can be found at the investor section of the company's website, www.sonicdrivein.com, and the event will be available for replay through March 23, 2010, using that same link.

The company also updated its sales expectations for the second fiscal quarter, which ended February 28, 2010. Unusually cold winter weather conditions combined with a decline in consumer spending in Sonic's core markets, resulted in a decline in system-wide same-store sales for the quarter estimated at 12% to 14%; same-store sales at partner drive-ins (those in which the company owns a majority interest) declined approximately 15% for the same period.

Record snowfalls and cold temperatures buffeted the south central states in Sonic's second quarter, particularly in Texas and Oklahoma, where more than one-third of Sonic's drive-ins are located. Based on information provided to the company by a weather analytics service provider, the company estimates that inclement weather accounted for about two-thirds of the decline in same-store sales for the second quarter. Sales tax collections in these two states also were down by double digits compared with the prior year, reflecting lower consumer spending in many core markets.

Management believes a number of current and planned initiatives will improve sales and earnings in the near term and longer term. These initiatives include a new messaging and promotional strategy, product quality improvements, highlighted by new product news, and a new media strategy:

- Sonic's new television commercials, implemented in February, are designed to highlight the brand's key points of differentiation, such as its drive-in format, skating carhops and high quality food. This new format will complement Sonic's "two guys" reality-based advertising format, which has been very successful.
- This spring, Sonic has chosen to refine its value strategy by pairing a full-priced premium sandwich with a free unique side item (such as handmade onion rings or tater tots). Sonic will continue to promote its distinctive products utilizing a unique value offering while consumer sentiment remains under pressure.
- Beginning in April, Sonic will further refine its media strategy by utilizing a portion of its national media resources to maximize local market media impressions. This strategy is intended to maximize impressions in the trade areas around Sonic drive-ins. Sonic will continue to have 12 months of national cable messaging and believes this improved mix of national and local media will best promote the Sonic brand in both core and newer markets.

These efforts, in conjunction with initiatives to improve customer service that were first implemented in fiscal 2009, are expected to have a positive impact on sales in the third and fourth quarter of fiscal 2010.

Despite the near-term impact of weather and macro-economic factors on Sonic's business, management believes the longer-term fundamentals of the company remain solid. Sonic's franchising business model continues to generate sufficient operating cash flows to cover capital expenditures and scheduled principal payments of \$52 million in fiscal 2010. In addition, the company has in excess of \$125 million in cash and expects to utilize a significant portion of its cash resources for credit enhancements and/or share repurchases during the current fiscal year.

2010 Guidance

In light of the second quarter developments, Sonic now anticipates that earnings for fiscal year 2010, excluding gains, will be from \$0.55 to \$0.60 per diluted share and comprise the following:

- System-wide same-store sales flat to down 5% in the second half of fiscal 2010;
- New franchise drive-in openings of 80 to 90 for the fiscal year;

- Unfavorable restaurant-level margins of approximately 100 to 150 basis points for the fiscal year, reflecting significant improvement in the second half of the year versus trend;
- Depreciation and amortization of \$42 to \$43 million for the fiscal year;
- A \$4 to \$5 million decline in interest expense reflecting lower debt levels for the fiscal year;
- An income tax rate of 37.5% to 38.5% for the fiscal year; and
- Capital expenditures of \$25 to \$30 million for the fiscal year.

Second Quarter Release and Conference Call

Sonic plans to report its second quarter results at the market close on March 23, 2010. The company will provide an online web simulcast of its earnings release conference call that afternoon beginning at 5:00 p.m. ET. An archived replay of the conference call will be available approximately two hours after the conclusion of the live broadcast and will continue through April 23, 2010. A link to these events will be available at the investor section of the company's website, www.sonicdrivein.com.

About Sonic

Sonic, America's Drive-In, originally started as a hamburger and root beer stand in 1953 in Shawnee, Okla., called Top Hat Drive-In, and then changed its name to Sonic in 1959. The first drive-in to adopt the Sonic name is still serving customers in Stillwater, Okla. Sonic has more than 3,500 drive-ins coast to coast where more than a million customers eat every day. For more information about Sonic Corp. and its subsidiaries, visit Sonic at www.sonicdrivein.com.

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from those expressed in, or underlying, these forward-looking statements are detailed in the company's annual and quarterly report filings with the Securities and Exchange Commission. The company undertakes no obligation to publicly release revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.

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SOURCE: Sonic Corp.

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