



# News Release

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## **SONIC'S THIRD QUARTER EARNINGS INCREASE 30% TO \$0.35 PER DILUTED SHARE**

### **Strong Sales and Restaurant-Level Margins, Combined with Increasing Expense Leverage, Continue to Drive Earnings**

OKLAHOMA CITY (June 24, 2002) – Sonic Corp. (Nasdaq/NM: SONC) today announced record results for the third quarter and nine-month period ended May 31, 2002. Strong sales gains, combined with better-than-expected restaurant-level margins and greater corporate-level expense leverage, continue to drive solid earnings growth. Highlights of the third quarter included:

- A 30% increase in earnings to \$0.35 per diluted share – one cent ahead of the analysts' consensus estimate;
- A 3.1% increase in system-wide same-store sales during the quarter, which comes on top of the 4.8% increase registered in the same quarter last year;
- The completion of the most recent phase of the rollout of Sonic's breakfast menu, involving almost 800 new locations;
- The opening of 41 new drive-ins, which brings the year-to-date total to 118 versus 123 for the first nine months of last year; and
- The previously announced acquisition of 23 core-market franchised drive-ins in the Wichita, Kansas area.

"We are delighted to report that healthy operational and financial trends continued for Sonic in the third quarter," said Clifford Hudson, Chairman and Chief Executive Officer. "These trends not only extend Sonic's record-setting performance in fiscal 2002, they also underscore the solid momentum that Sonic carries as it enters the seasonally strong summer months. Signs of this strength are already developing, with estimated June same-store sales running solidly within our 2% to 4% annual target range.

"Again in the third quarter, Sonic's commitment to media support and new product news helped push same-store sales growth. This was especially gratifying considering the strong sales gains we made in the year-earlier quarter. A steady stream of new products, like our Strawberry Cheesecake Shake and Chicken Wraps, has quickly created fresh favorites with our customers. Also, our breakfast menu, expanded during the third quarter to almost 800 additional locations – and now available across about half the chain – continues to resonate with customers all day long. With our traditional focus on franchising, these sales strategies also have increased unit volume and, in turn, they exert a steady positive influence on franchising income. At the same time, our aggressive development program, under which we will open approximately 185-190 new drive-ins this year, continues to introduce the Sonic brand to new customers in new markets."

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Net income for the third quarter increased 30% to \$14.9 million or \$0.35 per diluted share versus \$11.5 million or \$0.27 per diluted share in the year-earlier period. Total revenues for the quarter increased 21% to \$111.3 million from \$91.6 million in the third quarter last year.

Net income for the first nine months of fiscal 2002 rose 24% to \$31.6 million from \$25.5 million in the same period last year. On a diluted per share basis, net income increased 23% to \$0.75 compared with \$0.61 last year. Total revenues for the first nine months of fiscal 2002 increased 24% to \$280.2 million from \$225.9 million in the same period last year.

All share and per share amounts reflect Sonic's the three-for-two stock split in February 2002.

"As we look ahead to the final months of fiscal 2002, we believe Sonic remains well positioned to deliver revenue growth of at least 20% for the year," Hudson added. "This top-line performance anticipates the continued success of our multi-layered growth strategy, involving new product news and day part initiatives, higher media spending and ongoing chain expansion, that will build volume, generate 2% to 4% same-store sales growth, and expand our franchise income base. These gains, together with steady restaurant-level margins and the continued leverage of corporate-level expenses, keep us on track for at least 20% growth in diluted earnings per share for fiscal 2002."

This press release contains forward-looking statements within the meaning of the federal securities laws. There are certain important factors that could cause actual results to differ materially from those anticipated by the statements made herein. Among the factors that could cause actual results to differ from predicted or expected results are: inclement weather, strikes, local permitting or other reasons; increased competition; cost increases or shortages in raw food products; and the possibility of unforeseen events affecting the industry generally. 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.

Sonic Corp. franchises and operates the largest chain of drive-in restaurants in the United States. For more information about the company, visit Sonic's website at [sonicdrivein.com](http://sonicdrivein.com). An audio-video simulcast of Sonic's third quarter conference call can be accessed at the company's web site. The simulcast will begin at approximately 9:00 a.m. Central Time tomorrow, June 25, 2002. An on-demand replay, using the same link, will be available at approximately noon tomorrow and will continue until July 25, 2002.

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**Unaudited Financial Highlights**

*(In thousands, except per share amounts)*

	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
Revenues	\$ 111,291	\$ 91,639	\$ 280,196	\$ 225,852
Income from operations	25,269	19,836	54,901	44,724
Net income	14,892	11,481	31,550	25,504
Net income per share - diluted	0.35	0.27	0.75	0.61
Weighted average shares - diluted	42,430	41,784	42,159	41,583

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**Unaudited Supplemental Information**  
*(Dollars in thousands)*

	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Operating Statistics</b>				
Restaurants in operation:				
Company-owned:				
Total at beginning of period	409	336	393	312
Opened	8	10	27	22
Acquired from (sold to) franchisees	22	34	20	46
Closed	--	--	-1	--
Total at end of period	<u>439</u>	<u>380</u>	<u>439</u>	<u>380</u>
Franchised:				
Total at beginning of period	2,023	1,914	1,966	1,863
Opened	33	36	91	101
Acquired from (sold to) company	-22	-34	-20	-46
Closed (net of reopening)	-2	-3	-5	-5
Total at end of period	<u>2,032</u>	<u>1,913</u>	<u>2,032</u>	<u>1,913</u>
System-wide:				
Total at beginning of period	2,432	2,250	2,359	2,175
Opened	41	46	118	123
Closed (net of reopening)	-2	-3	-6	-5
Total at end of period	<u>2,471</u>	<u>2,293</u>	<u>2,471</u>	<u>2,293</u>
<b>Sales Analysis (\$ in thousands)</b>				
Company-owned restaurants:				
Total sales	\$ 92,280	\$ 75,270	\$ 231,356	\$ 181,450
Average restaurant sales	217	209	566	544
Same-store sales increase	2.4%	4.9%	2.6%	0.5%
Franchised restaurants:				
Total sales	\$ 512,160	\$ 467,994	\$ 1,335,824	\$ 1,207,915
Average restaurant sales	256	247	674	642
Same-store sales increase	3.2%	4.7%	4.2%	0.7%
System-wide:				
Total sales	\$ 604,440	\$ 543,264	\$ 1,567,180	\$ 1,389,365
Average restaurant sales	248	240	653	624
Same-store sales increase	3.1%	4.8%	4.0%	0.7%
<b>Same-Store Sales:</b>				
Company-owned restaurants:				
Core markets	3.2%	5.9%	3.5%	1.1%
Developing markets	-1.0%	1.0%	-1.6%	-2.0%
All markets	2.4%	4.9%	2.6%	0.5%
Franchised restaurants	3.2%	4.7%	4.2%	0.7%
System-wide	3.1%	4.8%	4.0%	0.7%

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**Unaudited Supplemental Information**  
*(In thousands, except per share amounts)*

	Third Quarter Ended May 31,		Nine Months Ended May 31,	
	2002	2001	2002	2001
<b>Income Statement Data</b>				
Revenues:				
Company-owned restaurant sales	\$ 92,280	\$ 75,270	\$ 231,356	\$ 181,450
Franchised restaurants:				
Franchise royalties	16,816	14,041	43,219	38,099
Franchise fees	930	1,032	2,658	2,819
Other	1,265	1,296	2,963	3,484
	<u>111,291</u>	<u>91,639</u>	<u>280,196</u>	<u>225,852</u>
Costs and expenses:				
Company-owned restaurants:				
Food and packaging	23,594	19,277	60,770	47,526
Payroll and other employee benefits	25,839	20,799	66,575	51,703
Other operating expenses	15,539	12,862	43,484	34,467
	<u>64,972</u>	<u>52,938</u>	<u>170,829</u>	<u>133,696</u>
Selling, general and administrative	8,729	8,109	24,173	22,014
Depreciation and amortization	6,611	6,209	19,305	17,195
Minority interest in earnings of restaurants	5,106	4,199	9,817	7,875
Provision for impairment of long-lived assets	604	348	1,171	348
	<u>86,022</u>	<u>71,803</u>	<u>225,295</u>	<u>181,128</u>
Income from operations	25,269	19,836	54,901	44,724
Interest expense	1,807	1,801	5,398	4,859
Interest income	(271)	(261)	(776)	(779)
Net interest expense	<u>1,536</u>	<u>1,540</u>	<u>4,622</u>	<u>4,080</u>
Income before income taxes	23,733	18,296	50,279	40,644
Provision for income taxes	8,841	6,815	18,729	15,140
Net income	<u>\$ 14,892</u>	<u>\$ 11,481</u>	<u>\$ 31,550</u>	<u>\$ 25,504</u>
Net income per share:				
Basic	<u>\$ 0.37</u>	<u>\$ 0.29</u>	<u>\$ 0.79</u>	<u>\$ 0.64</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.27</u>	<u>\$ 0.75</u>	<u>\$ 0.61</u>
Weighted average shares used in calculation:				
Basic	<u>40,298</u>	<u>39,925</u>	<u>40,103</u>	<u>39,736</u>
Diluted	<u>42,430</u>	<u>41,784</u>	<u>42,159</u>	<u>41,583</u>

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*(Dollars in thousands)*

	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Margin Analysis</b>				
Company-owned restaurants:				
Food and packaging	25.6%	25.6%	26.2%	26.2%
Payroll and employee benefits	28.0%	27.6%	28.8%	28.5%
Other operating expenses	16.8%	17.1%	18.8%	19.0%
	70.4%	70.3%	73.8%	73.7%

	<b>May 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Balance Sheet Data</b>		
<i>(In thousands)</i>		
Total assets	\$ 396,142	\$ 339,923
Current assets	25,167	19,059
Current liabilities	36,281	24,179
Obligations under capital leases, long-term debt, and other non-current liabilities	129,101	130,596
Stockholders' equity	230,760	185,148