



# News Release

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## **SONIC REPORTS RECORD FISCAL YEAR INCOME, UP 22% TO \$1.13 PER SHARE**

### **Company Completes Sixteenth Consecutive Year of Same-Store Sales Growth**

OKLAHOMA CITY (October 14, 2002) – Sonic Corp. (Nasdaq/NM: SONC) today reported results for the fourth quarter and fiscal year ended August 31, 2002. Continuing same-store sales growth and a strong development program, combined with growing franchising income, helped push Sonic's fourth quarter and full-year revenues to record amounts. These ongoing top-line gains, together with improved restaurant level margins and greater leverage of corporate-level expenses, translated into a 22% increase in diluted earnings per share for the full fiscal year and a 19% increase for the quarter.

Highlights of the company's report included:

- Earnings increased 22% to a record \$1.13 per diluted share for the year; record diluted EPS of \$0.38 for the quarter was 19% ahead of fiscal 2001;
- System-wide same-store sales increased 3.0% for the year – the sixteenth consecutive year of same-store sales growth for Sonic; system-wide same store sales increased 0.6% for the quarter;
- System-wide sales surpassed \$2 billion for the first time ever in a fiscal year period – a doubling in system sales in just five years; and
- Sonic opened 182 new drive-ins during the year, including 64 in the fourth quarter, or just slightly below the record pace of 191 set in fiscal 2001.

"For the quarter and year, Sonic's financial and operational results again moved into record territory, demonstrating the fundamental strength of our business and the power of our multi-layered growth strategies," said Clifford Hudson, Chairman and Chief Executive Officer. "We were successful in growing our brand awareness with higher media expenditures, opening new drive-ins, expanding our sales, and increasing our earnings and cash flow. In addition, we had a steady stream of new product news throughout the year – keeping Sonic relevant to customer interests, and we continued the successful rollout of our breakfast program that is now available across approximately one-half of the chain. These accomplishments resonate with our guests, who continue to respond very positively to new product news and remain the most loyal in the quick service restaurant sector."

Net income for the fourth quarter of fiscal 2002 increased 20% to \$16.1 million from \$13.5 million in the same period last year. On a diluted per share basis, net income rose 19% to \$0.38 versus \$0.32 last year. Revenues for the quarter were up 15% to \$120.0 million compared with \$104.8 million in the fourth quarter last year.

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Net income for fiscal 2002 rose 22% to \$47.7 million or \$1.13 per diluted share from \$39.0 million or \$0.93 per diluted share in fiscal 2001. Revenues for the year increased 21% to \$400.2 million from \$330.6 million in fiscal 2001.

Sonic's system-wide same-store sales for the fourth quarter rose 0.6%, culminating in an overall increase of 3.0% for fiscal 2002. Likewise, average unit volumes continued to grow in fiscal 2002, increasing 3.7% for the year as system-wide sales advanced to \$2.2 billion. Hudson noted that estimated system-wide sales have strengthened considerably over the last two weeks of September and first two weeks of October despite lingering weak consumer sentiment.

Looking ahead to the coming year, Hudson added: "We think our plan to increase media spending to over \$100 million, along with our program of new product news and day part initiatives, will continue to drive same-store sales growth in the range of 1% to 3%," he continued. "Combine this with the impact of a strong development program, under which we plan to open between 190 and 200 drive-ins in fiscal 2003, increasing franchising income derived from our unique ascending royalty rate and a strong pipeline of franchisee development opportunities, and we believe Sonic remains soundly positioned to deliver 18%-20% earnings per share growth in fiscal 2003."

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). A listen-only simulcast of Sonic's fourth 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, October 15, 2002. An on-demand replay, using the same link, will be available at approximately noon tomorrow and will continue until November 15, 2002.

### SONIC CORP.

#### Unaudited Financial Highlights

(In thousands, except per share amounts)

	Fourth Quarter Ended August 31,		Fiscal Year Ended August 31,	
	2002	2001	2002	2001
Revenues	\$ 119,966	\$ 104,786	\$ 400,162	\$ 330,638
Income from operations	27,421	22,883	82,322	67,607
Net income	16,142	13,452	47,692	38,956
Net income per share - diluted	0.38	0.32	1.13	0.93
Weighted average shares - diluted	42,351	42,178	42,207	41,732

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

	<b>Fourth Quarter Ended August 31,</b>		<b>Fiscal Year Ended August 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	439	380	393	312
Opened	13	12	40	34
Acquired from (sold to) franchisees	--	2	20	48
Closed	--	(1)	(1)	(1)
Total at end of period	452	393	452	393
Franchised:				
Total at beginning of period	2,032	1,913	1,966	1,863
Opened	51	56	142	157
Acquired from (sold to) company	--	(2)	(20)	(48)
Closed (net of reopening)	(2)	(1)	(7)	(6)
Total at end of period	2,081	1,966	2,081	1,966
System-wide:				
Total at beginning of period	2,471	2,293	2,359	2,175
Opened	64	68	182	191
Closed (net of reopening)	(2)	(2)	(8)	(7)
Total at end of period	2,533	2,359	2,533	2,359
<b>Sales Analysis (\$ in thousands)</b>				
Company-owned restaurants:				
Total sales	\$ 99,351	\$ 86,013	\$ 330,707	\$ 267,463
Average restaurant sales	223	224	791	772
Same-store sales increase	-0.3%	5.0%	1.7%	1.8%
Franchised restaurants:				
Total sales	\$ 533,731	\$ 494,896	\$ 1,874,562	\$ 1,704,014
Average restaurant sales	261	257	935	899
Same-store sales increase	0.9%	4.9%	3.2%	1.8%
System-wide:				
Total sales	\$ 633,082	\$ 580,909	\$ 2,205,269	\$ 1,971,477
Average restaurant sales	254	250	906	874
Same-store sales increase	0.6%	4.9%	3.0%	1.8%
<b>Same-Store Sales:</b>				
Company-owned restaurants:				
Core markets	0.4%	5.6%	2.6%	2.4%
Developing markets	-3.1%	2.9%	-2.1%	-0.5%
All markets	-0.3%	5.0%	1.7%	1.8%
Franchised restaurants	0.9%	4.9%	3.2%	1.8%
System-wide	0.6%	4.9%	3.0%	1.8%

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

	<b>Fourth Quarter Ended August 31,</b>		<b>Fiscal Year Ended August 31,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Income Statement Data</b>				
Revenues:				
Company-owned restaurant sales	\$ 99,351	\$ 86,013	\$ 330,707	\$ 267,463
Franchised restaurants:				
Franchise royalties	18,173	16,121	61,392	54,220
Franchise fees	1,362	1,589	4,020	4,408
Other	1,080	1,063	4,043	4,547
	<u>119,966</u>	<u>104,786</u>	<u>400,162</u>	<u>330,638</u>
Costs and expenses:				
Company-owned restaurants:				
Food and packaging	25,068	22,083	85,838	69,609
Payroll and other employee benefits	28,510	24,119	95,085	75,822
Other operating expenses	17,786	15,440	61,270	49,907
	<u>71,364</u>	<u>61,642</u>	<u>242,193</u>	<u>195,338</u>
Selling, general and administrative	9,271	8,588	33,444	30,602
Depreciation and amortization	6,773	6,660	26,078	23,855
Minority interest in earnings of restaurants	5,047	4,569	14,864	12,444
Provision for impairment of long-lived assets	90	444	1,261	792
	<u>92,545</u>	<u>81,903</u>	<u>317,840</u>	<u>263,031</u>
Income from operations	27,421	22,883	82,322	67,607
Interest expense	2,008	1,769	7,406	6,628
Interest income	(311)	(324)	(1,087)	(1,103)
Net interest expense	<u>1,697</u>	<u>1,445</u>	<u>6,319</u>	<u>5,525</u>
Income before income taxes	25,724	21,438	76,003	62,082
Provision for income taxes	9,582	7,986	28,311	23,126
Net income	<u>\$ 16,142</u>	<u>\$ 13,452</u>	<u>\$ 47,692</u>	<u>\$ 38,956</u>
Net income per share:				
Basic	<u>\$ 0.40</u>	<u>\$ 0.33</u>	<u>\$ 1.19</u>	<u>\$ 0.98</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.32</u>	<u>\$ 1.13</u>	<u>\$ 0.93</u>
Weighted average shares used in calculation:				
Basic	<u>40,312</u>	<u>40,187</u>	<u>40,156</u>	<u>39,849</u>
Diluted	<u>42,351</u>	<u>42,178</u>	<u>42,207</u>	<u>41,732</u>

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

	<b>Fourth Quarter Ended August 31,</b>		<b>Fiscal Year Ended August 31,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Margin Analysis</b>				
Company-owned restaurants:				
Food and packaging	25.2%	25.7%	26.0%	26.0%
Payroll and employee benefits	28.7%	28.0%	28.7%	28.3%
Other operating expenses	17.9%	18.0%	18.5%	18.7%
	<u>71.8%</u>	<u>71.7%</u>	<u>73.2%</u>	<u>73.0%</u>

	<b>August 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Balance Sheet Data</b>		
<i>(In thousands)</i>		
Total assets	\$ 405,356	\$ 358,000
Current assets	29,973	23,529
Current liabilities	42,915	26,864
Obligations under capital leases, long-term debt, and other non-current liabilities	131,771	130,417
Stockholders' equity	230,670	200,719