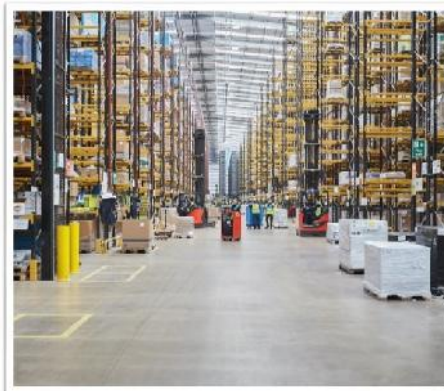




# Goldman Sachs 25th Annual Global Retailing Conference

September 6, 2018



# Forward Looking Statements & Non-GAAP Financial Measures

Statements and information in this presentation that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the “safe harbor” provisions of such Act.

Forward-looking statements include, but are not limited to, statements regarding our outlook, guidance, expectations, beliefs, hopes, intentions and strategies. These statements are subject to a number of risks, uncertainties, assumptions and other factors including those identified below. All forward-looking statements are based on information available to us at the time the statements are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

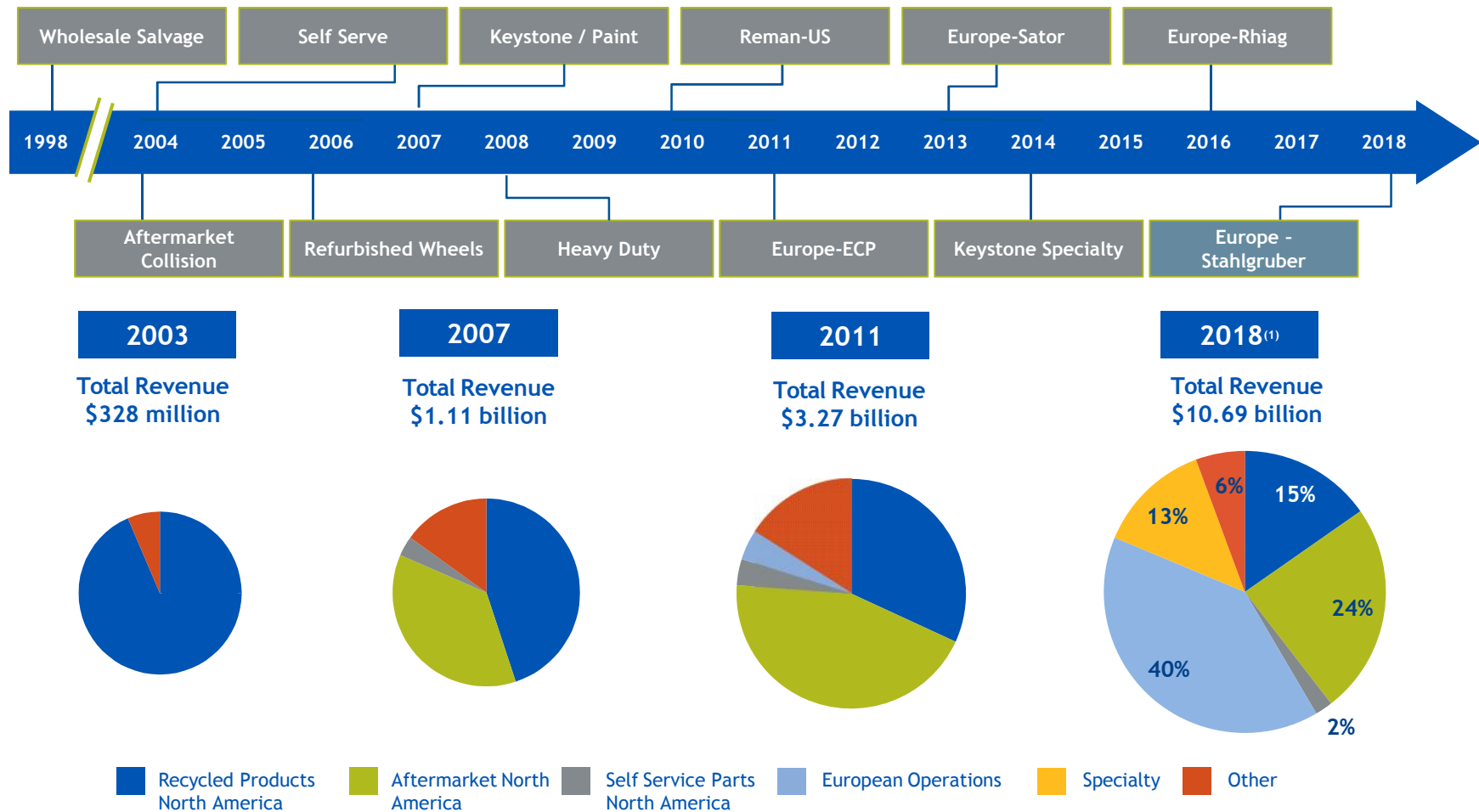
You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks, uncertainties, assumptions and other factors that could cause actual results to differ from the results predicted or implied by our forward-looking statements include the factors disclosed under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our subsequent Quarterly Reports on Form 10-Q. These reports are available on our investor relations website at [lkqcorp.com](http://lkqcorp.com) and on the SEC website at [sec.gov](http://sec.gov).

This presentation contains non-GAAP financial measures. Included with this presentation are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

# Mission Statement

**To be the leading global value-added distributor of vehicle parts and accessories by offering our customers the most comprehensive, available and cost effective selection of part solutions while building strong partnerships with our employees and the communities in which we operate**

# LKQ's Evolution



# Operating Unit Overview

## North America

- Collision
  - Aftermarket automotive products
  - Automotive glass distribution
  - Recycled & Refurbished
- Mechanical
  - Recycled engines & transmissions
  - Remanufactured engines & transmissions



## Europe

- Mechanical
  - 175,000+ small part SKUs
  - Brakes, filters, hoses, belts, etc.
- Collision (limited)
  - Aftermarket (UK) & Recycled (Sweden)



## Specialty

- Performance products
- Appearance & accessories
- RV, trailer & other
- Specialty wheels & tires



# LKQ's Acquisition Philosophies

## Strong Brands

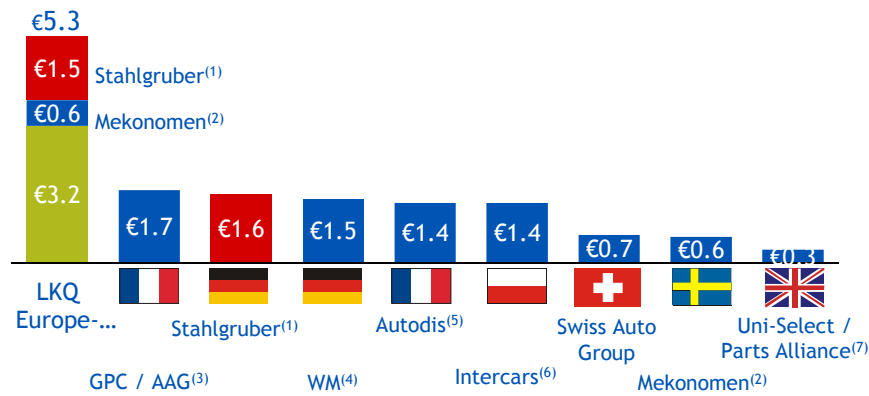


- Markets where we can be #1 or #2
- Strong and experienced management
- Opportunities for growth & synergies
- Financial returns
  - IRR (mid-teens over 10 years)
  - ROIC (10 years' average >10%)
- Integrity
- Criteria in new markets
  - Among the leaders in the market
  - High fulfillment rates
  - Consistent with LKQ culture
  - Excellent management team that will stay post closing
- Criteria in existing markets
  - “Tuck in” companies
  - High synergies
  - Additional capacity
- Substantial experience integrating acquisitions



# STAHLGRUBER is a Natural Strategic Fit for LKQ

(€ revenue in billions)



■ LKQ Europe Footprint   
 ■ Stahlgruber Footprint  
 Stahlgruber and LKQ Europe Common Footprint

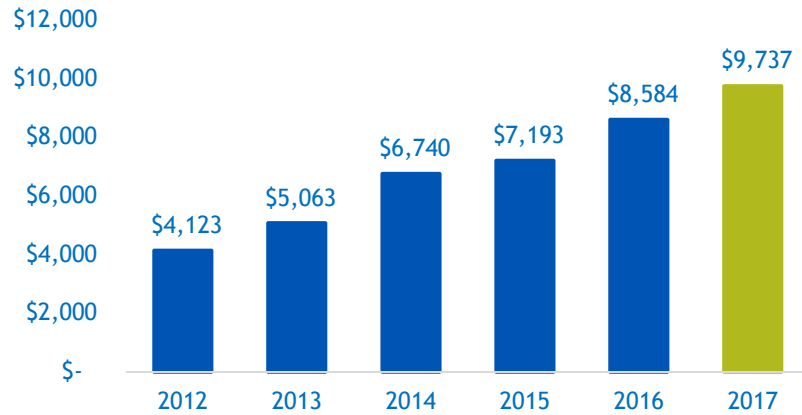
Source: Company filings and websites; Amounts are approximate.  
 EUR / PLN exchange rate of 4.21,  
 EUR / GBP exchange rate of 0.89, EUR / SEK exchange rate of 9.88,  
 EUR / CHF exchange rate of 1.16.

- (1) 2017E Stahlgruber (excluding the Czech Republic)
- (2) LKQ acquired 26.5% equity interest in Mekonomen in Dec 2016, FY 2017.
- (3) Acquired by GPC in September 2017, estimated.
- (4) FY2015 as per company website.
- (5) Estimated. Excludes AD Polska revenue.
- (6) Per company website, September 2016 TTM.
- (7) Acquired by Uni-Select in June 2017, UK GAAP, FY ended 04/30/2017.

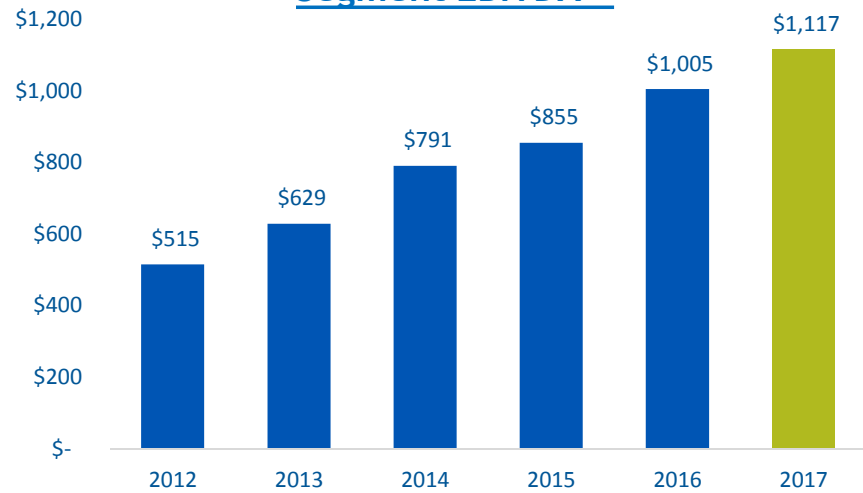
# Historical Financial Performance

(\$ in Millions)

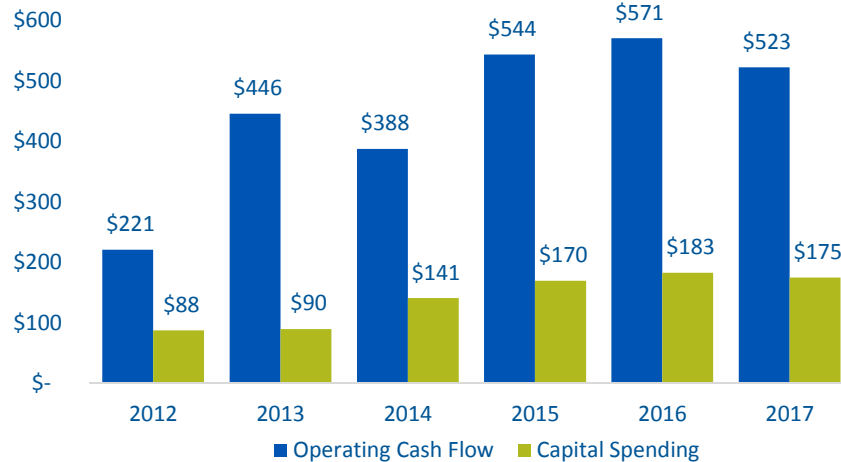
## Revenue\*\*



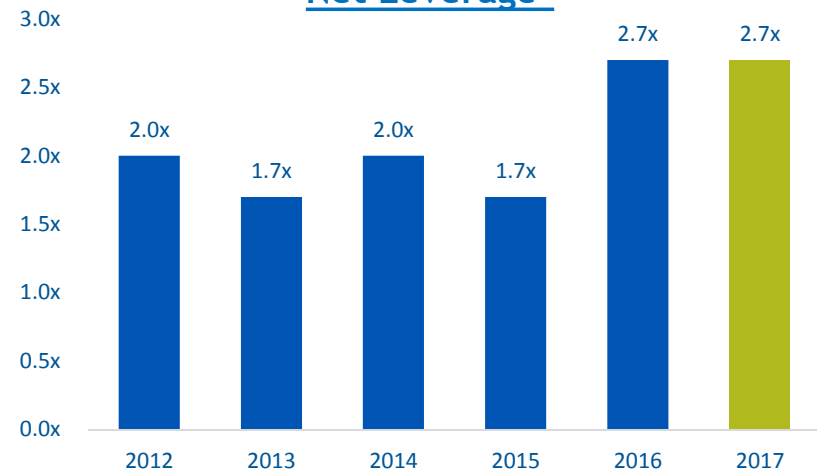
## Segment EBITDA\*\*



## Cash Flow / Capex\*\*



## Net Leverage\*





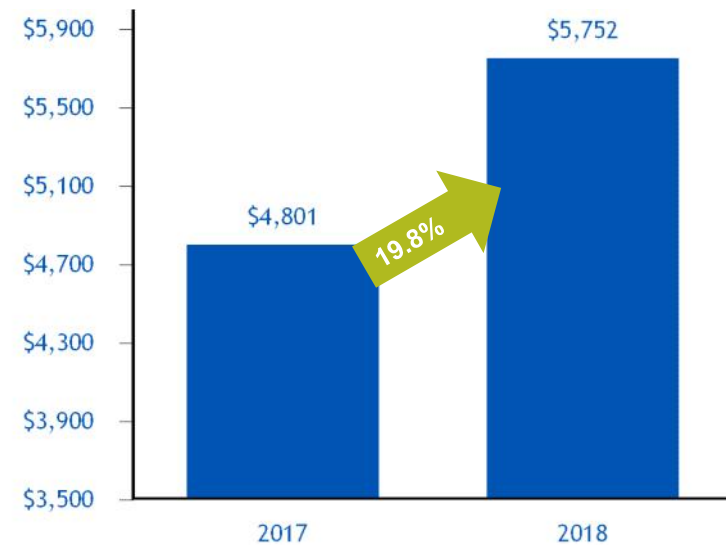
# Consolidated Results - Continuing operations

## Q2 2018 Revenue\*



- Organic growth of parts and services revenue of 7.2% on a reported basis
- Net income attributable to LKQ stockholders \$157 million Q2 2018 vs. \$151 million Q2 2017
- Segment EBITDA Margin\*\* 11.3% Q2 2018 vs. 12.4% Q2 2017

## YTD 2018 Revenue\*



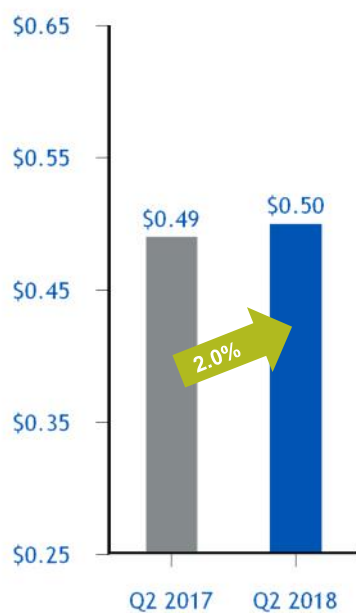
- Organic growth of parts and services revenue of 5.5% on a reported basis
- Net income from continuing operations attributable to LKQ stockholders \$310 million YTD 2018 vs. \$292 million YTD 2017
- Segment EBITDA Margin\*\* 11.1% YTD 2018 vs. 12.4% YTD 2017

\* Revenue in millions

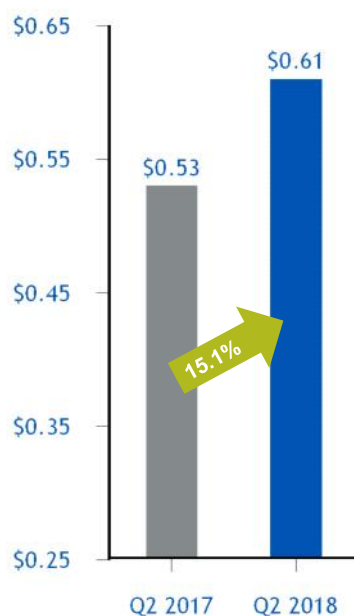
\*\* Segment EBITDA is a non-GAAP financial measure. Refer to Segment EBITDA reconciliation on page 33

# Consolidated Results - Continuing operations

## Q2 2018 EPS\*

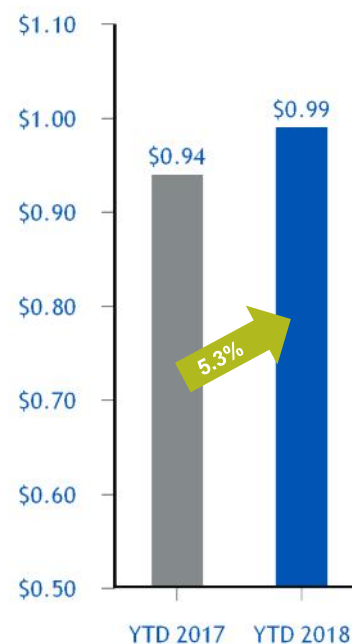


Diluted EPS

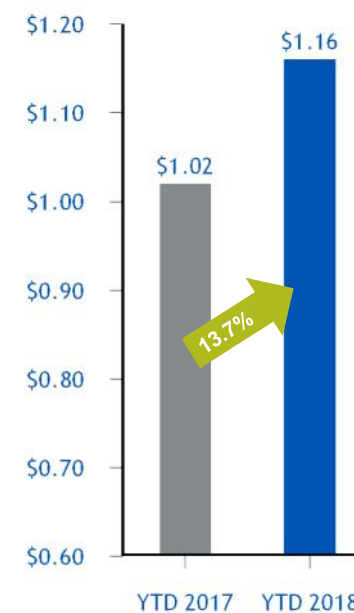


Adjusted Diluted EPS\*\*

## YTD 2018 EPS\*



Diluted EPS



Adjusted Diluted EPS\*\*

\* Earnings per share figures refer to income from continuing operations attributable to LKQ stockholders

\*\* Adjusted Diluted EPS is a non-GAAP measure. Refer to page 35 for Adjusted Diluted EPS reconciliation

# Key Strategic Underpinnings

## GROW



Diversified Offerings

## EXPAND



Global Footprint

## ADAPT



To Evolving  
Technology

## RATIONALIZE



Asset Base

Path to Success:

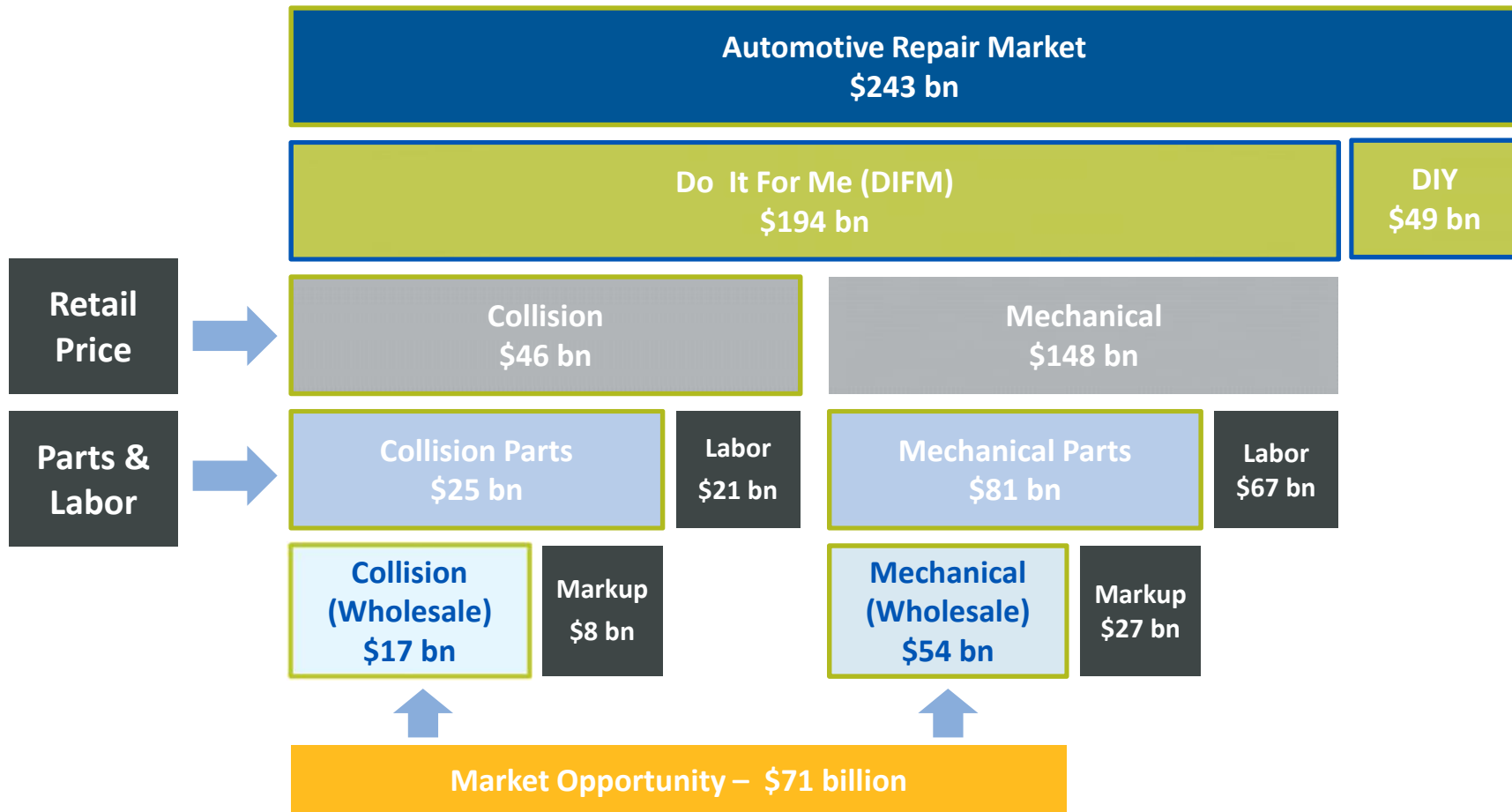
- DEPENDABLE
- EXCELLENCE
- LEADERSHIP
- INTEGRITY
- VALUE
- EFFICIENT
- RESPONSIVE

# *GEAR Forward!*



# Operating Segments

# Large & Fragmented US Market



Source: AIA Factbook, 27th Edition 2018; 2016 data is estimated, excludes tires.

# Clear Value Proposition

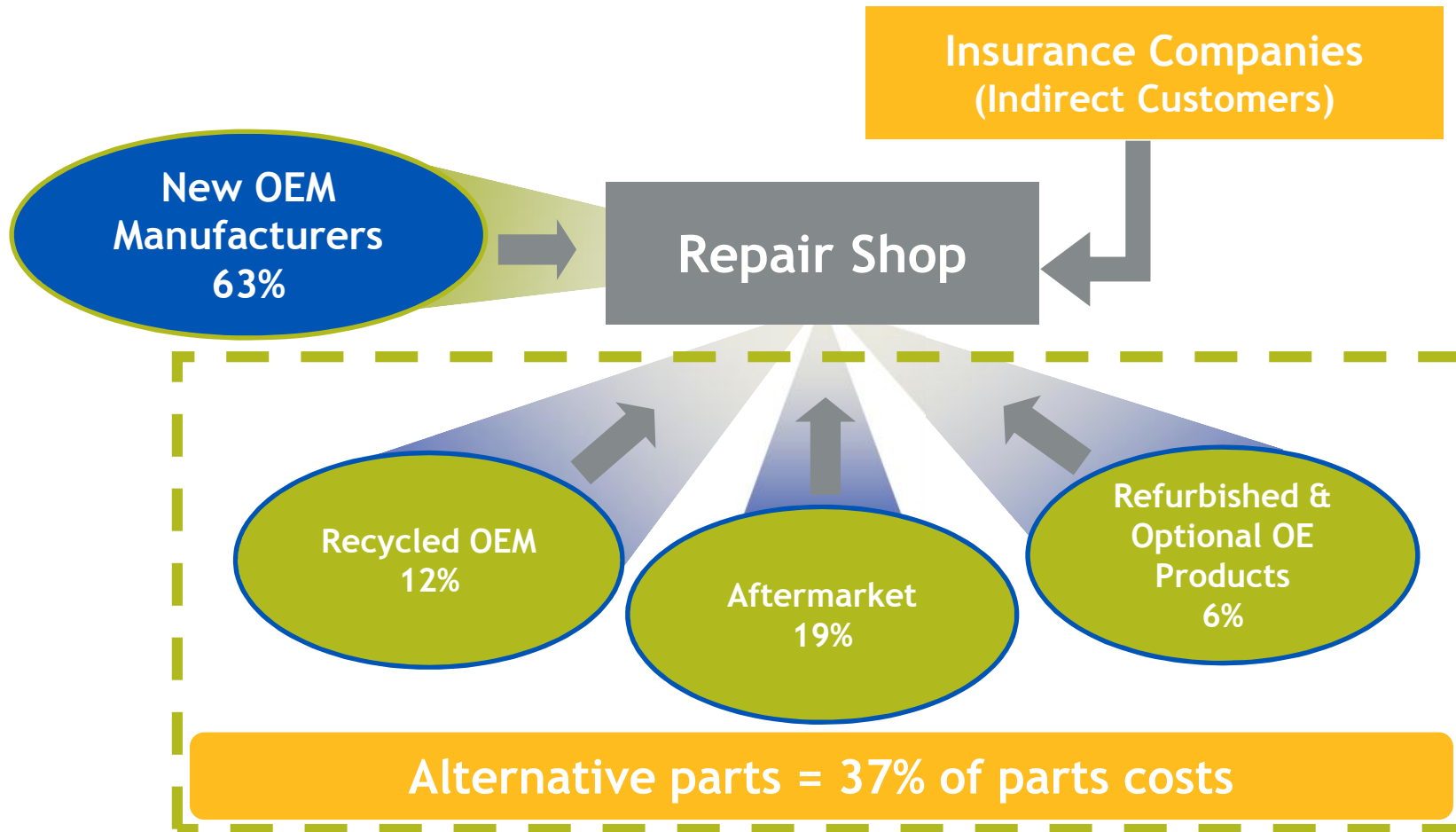


	2013 Honda Accord <b>Hood</b>	2012 Toyota Corolla <b>Headlamp</b>	2014 Chevrolet Silverado <b>Transmission</b>
New OEM	\$612	\$228	\$2,699
Remanufactured	N/A	\$199	\$2,299
Recycled OEM	\$440	\$182	\$1,150
New A/M	\$434	\$173	N/A
<b>Average Savings</b>	<b>29%</b>	<b>20%</b>	<b>36%</b>

...and Improved Cycle Time for Repairs

Note: Parts price only - excludes labor. The average savings percentages are for illustrative purposes.

# Collision Products, a \$17 Billion Industry

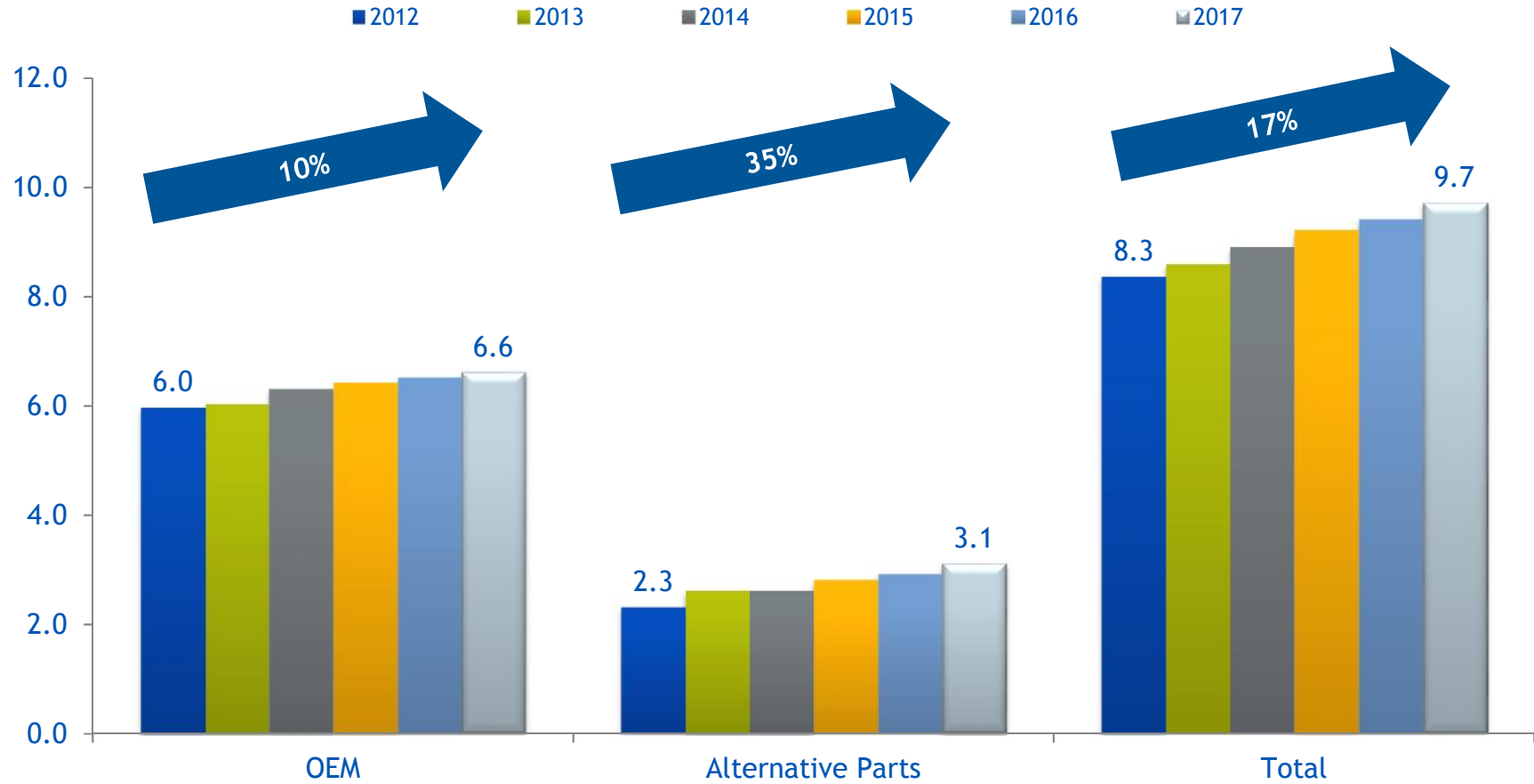


Source: CCC Information Services -Crash Course 2017



# Shift Toward Alternative Parts Usage

Average Parts Used Per Claim

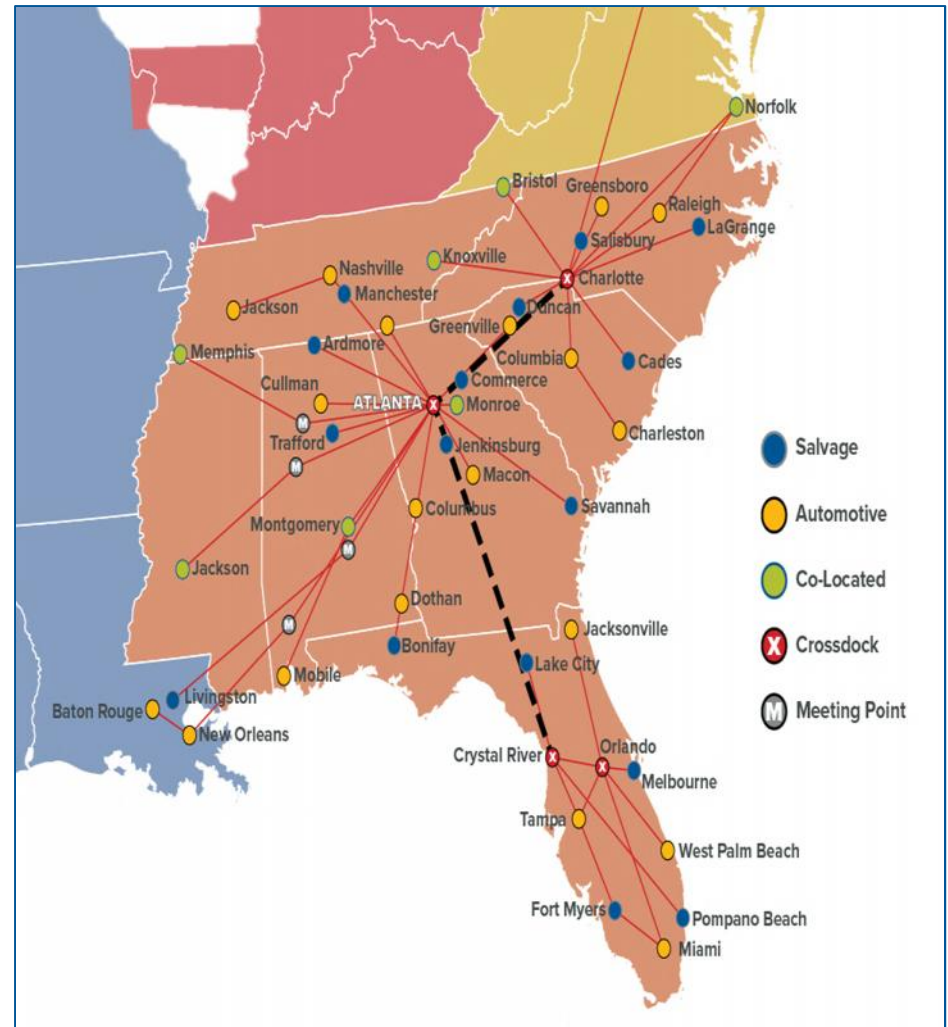


Over 20 million vehicle claims

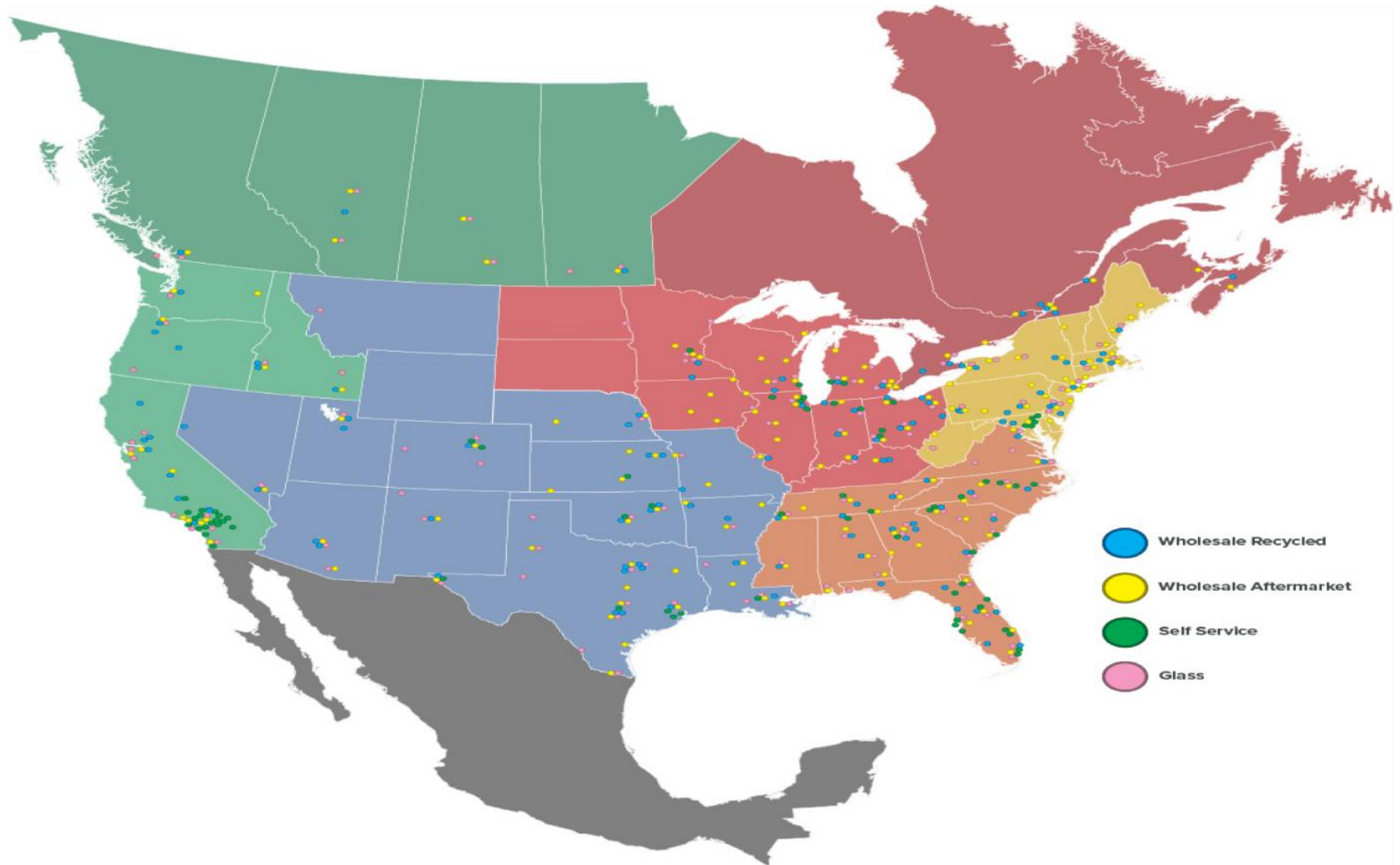
Source: CCC Information Services Inc.

# Regional Distribution Improves Fulfilment

- Highly fragmented space
- 20X size of next competitor
- Consistent nationwide coverage and warranty
- Strong management team
- Strong logistics & footprint
- Industry leading fill-rates
  - Aftermarket: 95%
  - Salvage
    - Competitor: 25%
    - LKQ Single Site: 35%
    - LKQ Region: 75%



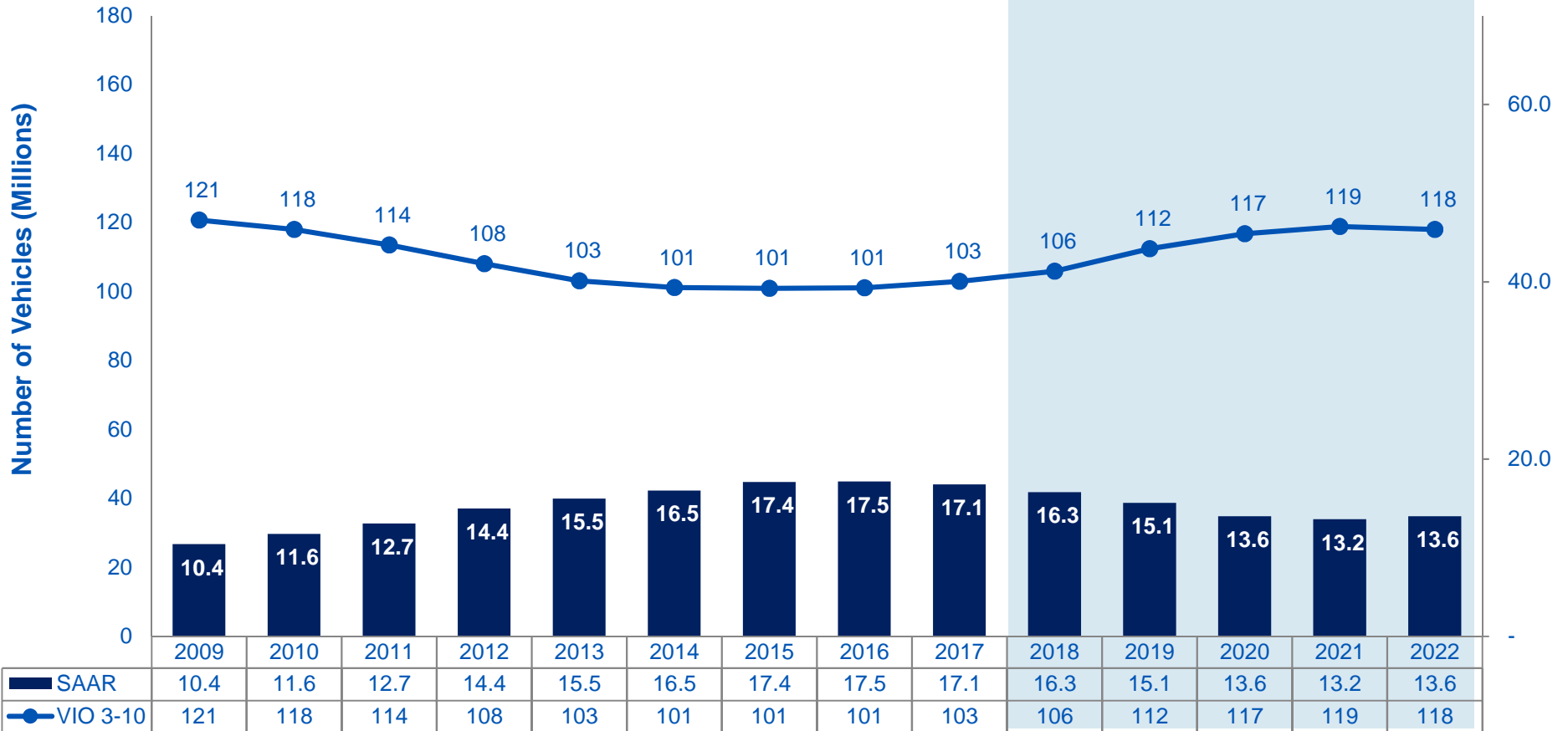
# Wholesale North America Footprint



# Number of Vehicles in LKQ's "Sweet Spot"

United States Vehicles in Operation

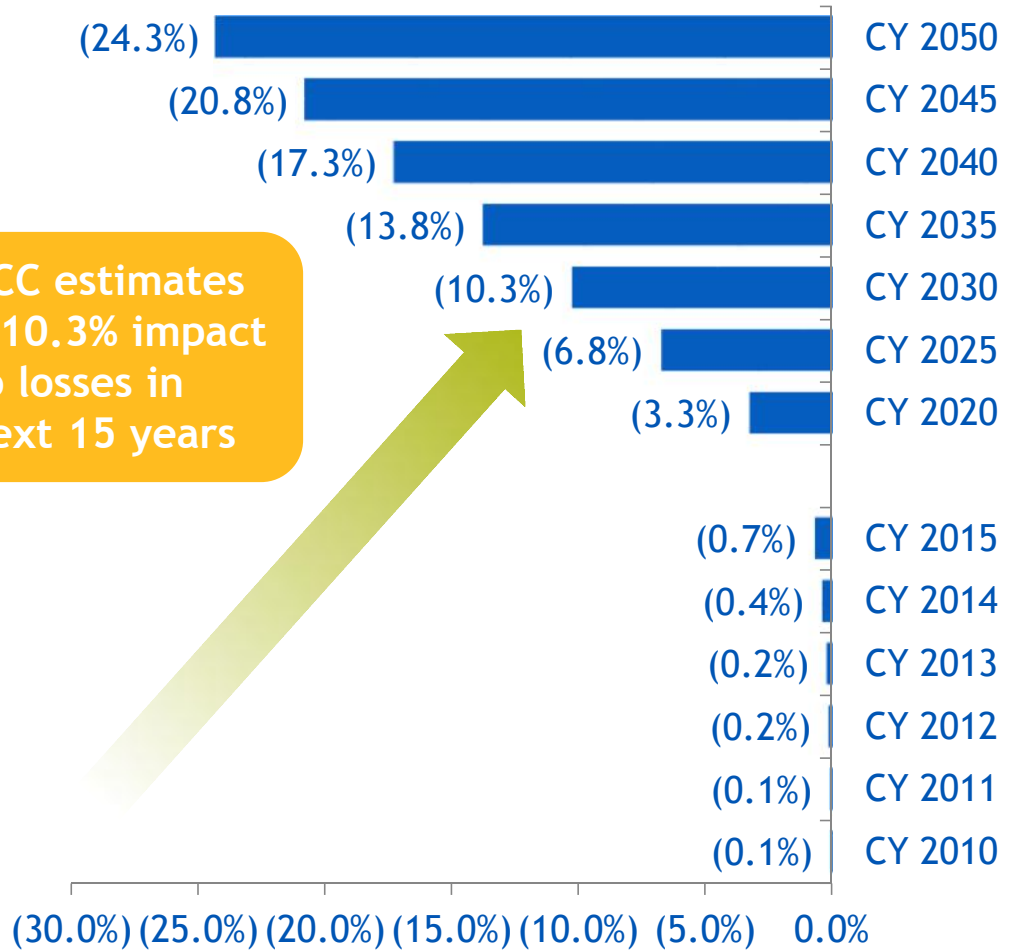
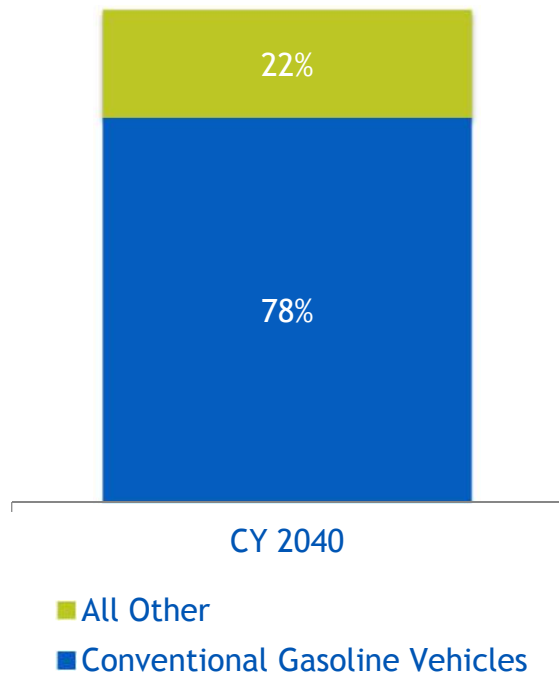
5 year time horizon



Source: Experian vehicles in operation as of 12/31/17; SAAR Bank of America Merrill Lynch 1/8/18

# Crash Avoidance Systems Growing

U.S. EIA Energy Outlook 2014  
Light Duty Vehicle Sales by Energy Use



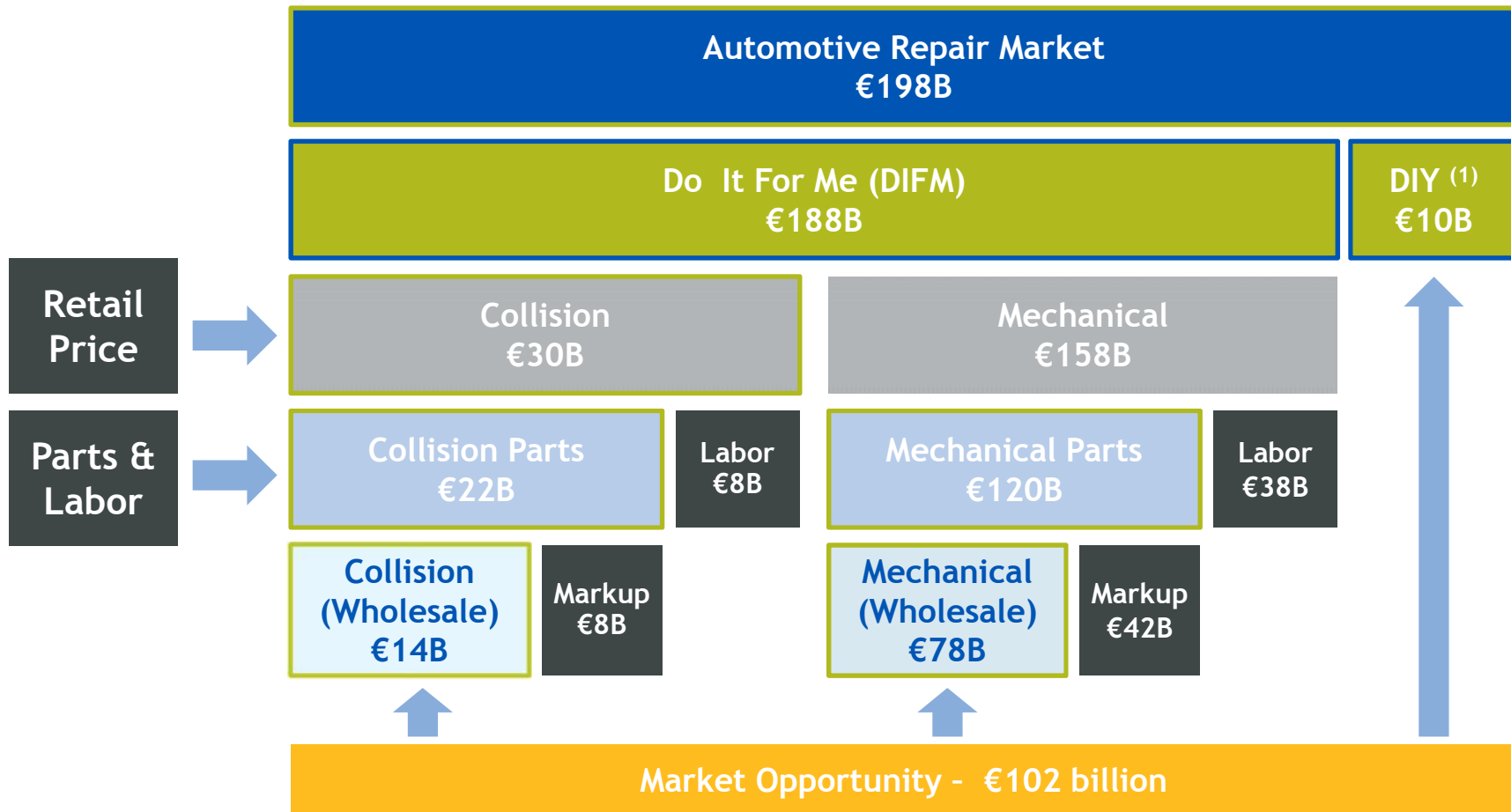
CCC estimates a 10.3% impact to losses in next 15 years

Source: CCC Information Services Inc.

# Europe - Market Observations



# Large European Market



Source: 2014 Datamonitor; Management estimates.  
 Note: All € in millions; Excludes VAT and sales taxes.  
 (1) Do It Yourself e-commerce only.



# LKQ's European Platform Acquisitions



October 2011

- Leading distributor of automotive aftermarket mechanical parts in the UK
- Nearly 55,000 commercial customers
- 1 National Distribution Center totaling 500K square feet
- 8 regional hubs, 89 branches



April 2013

- Leading distributor of automotive aftermarket mechanical parts in the Benelux
- Proprietary, best-in-class online ordering technology for local distributors & repair shops
- 11 distribution centers



March 2016

- Leading automotive aftermarket mechanical parts distributor in Italy, The Czech Republic & Slovakia; #2 or #3 position in 6 other countries in Central & Eastern Europe
- Rhiag utilizes a network of 10 DC's and 247 local branches, distributing product to over 57,000 professional customers



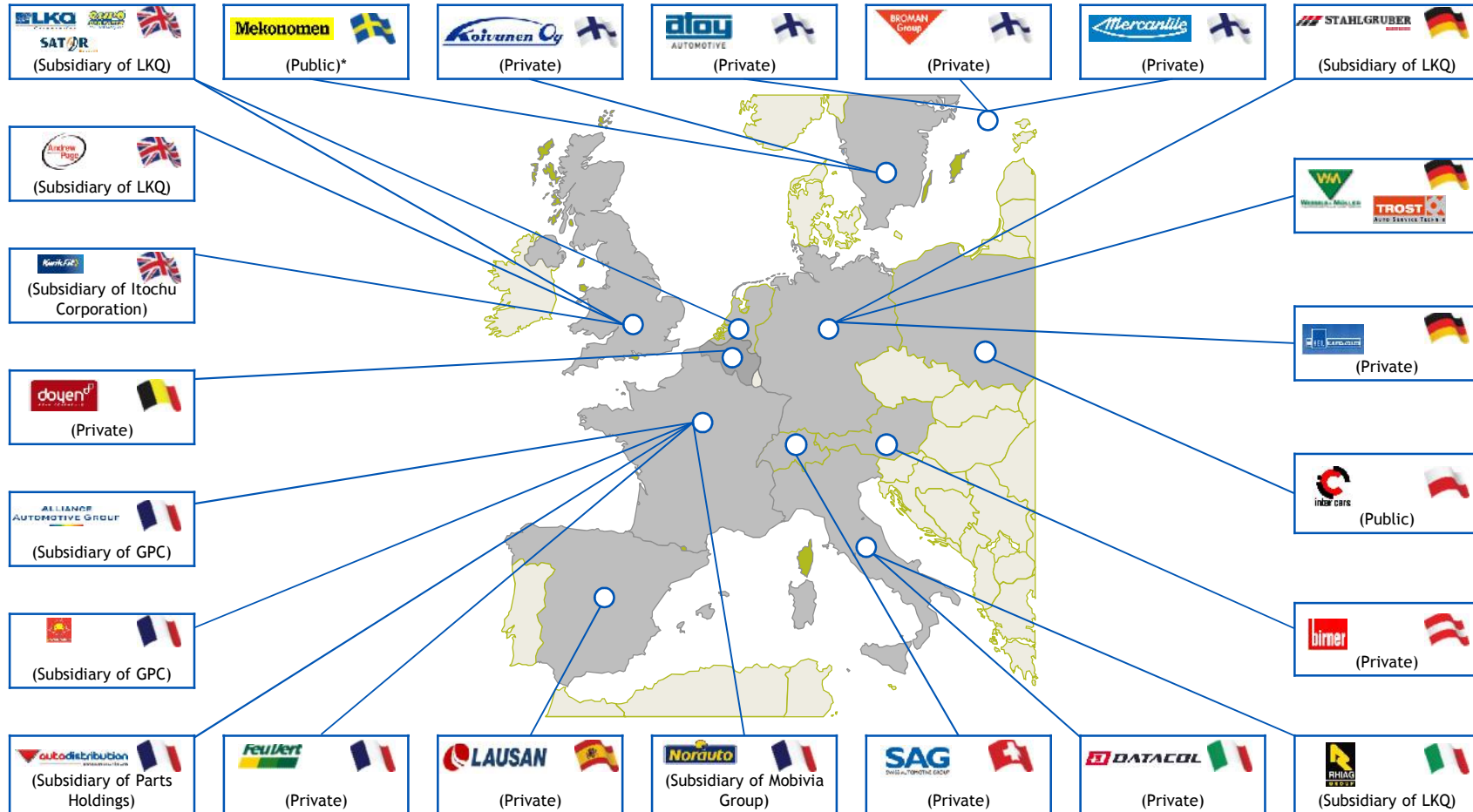
May 2018

- Leading European wholesale distributor of aftermarket spare parts for passenger cars, tools, capital equipment & accessories with operations in Germany, Eastern Europe, Italy, & Switzerland
- 188 sales centers & a 128,000 square meter advanced logistics center in Germany

Opportunities for Procurement & Back Office Synergies

# Highly Fragmented with many “Country Champions”

## Selected Market Players



Source: Company filings, press releases, FactSet, Orbis and CapitalIQ.

- LKQ—Central and Eastern Europe, Italy, the Netherlands and the United Kingdom
- Alliance Automotive—France, Germany and the United Kingdom
- \* On 12/1/2016 LKQ acquired a 26.5% equity interest in Mekonomen AB

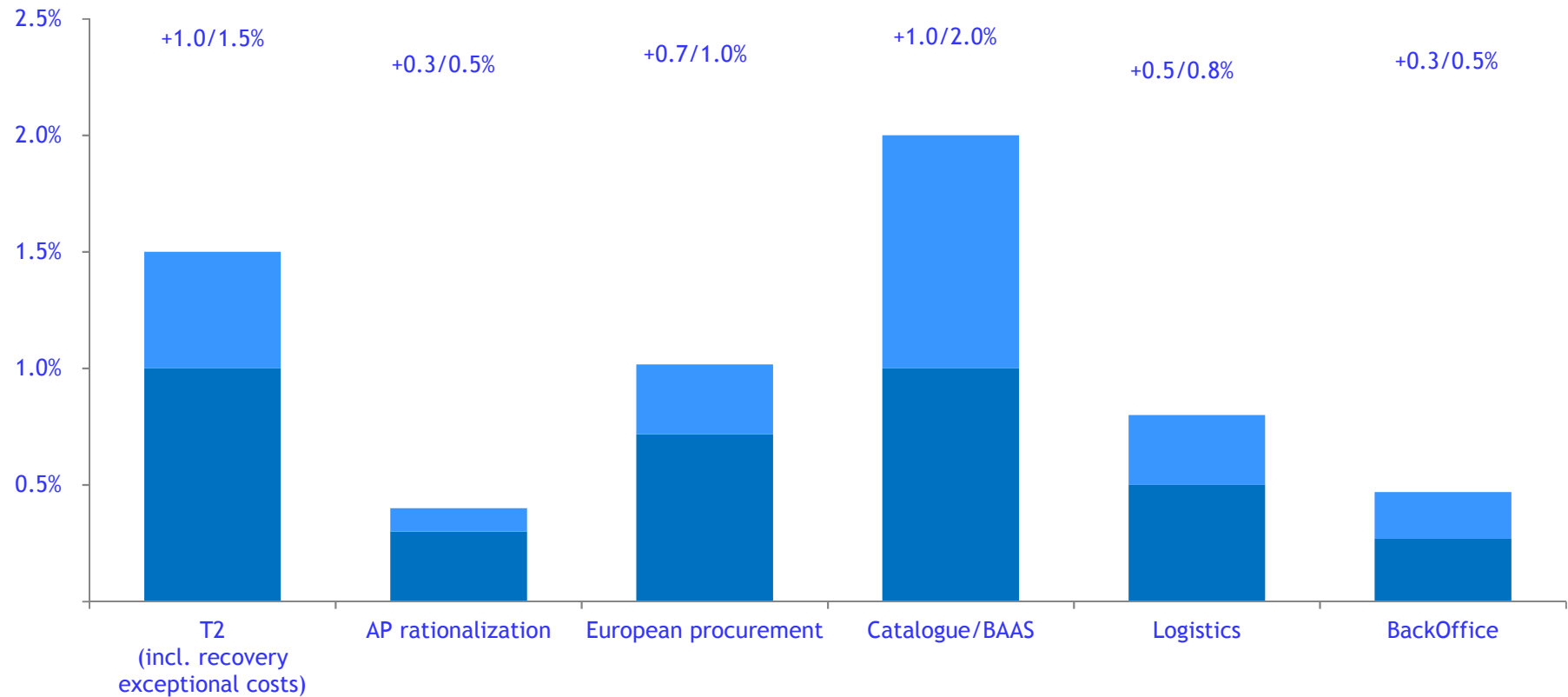
# Benefits of Scale

- Lower procurement costs
  - OES brands (volume)
  - Private label brands (margin)
- Reduced logistics and warehousing
  - e.g. Asian sourcing
  - e.g. long tail products
- Improved overhead costs
  - Back-office activities
  - Cataloguing
  - Rationalize ERP systems
- Brand economies of scale

Longer-Term Margin Drivers

# Potential Effects on Margins of Proposed Initiatives

## Potential effects on Segment EBITDA Margin



- This slide represents ranges of potential effects on Segment EBITDA margins of proposed initiatives in Europe. There can be no assurance that the indicated potential effects will be realized. In addition, the realization of one or more effects may be dependent on the realization of one or more other effects and should not be viewed as guidance by the Company.
- The slide is solely for hypothetical illustration of the possible outcomes of proposed initiatives.
- The slide does not include the effects of new acquisitions completed in the period nor the costs to implement the ERP.
- The slide does not include the dilution effect of the Stahlgruber acquisition.

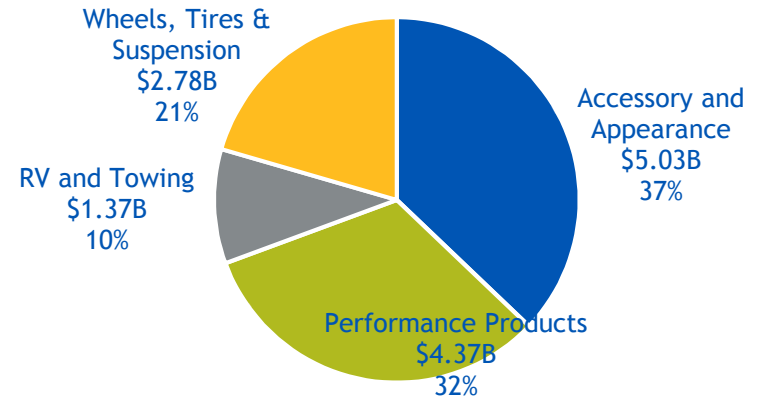
# Specialty

## Specialty Overview

- Leading distributor and marketer of specialty aftermarket equipment, accessories, and products in North America
- Critical link between 800+ suppliers and approximately 20,000 customers selling over 300,000 total SKUs supported by a highly technical sales force
- Diverse product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories
- Best-in-class logistics and distribution network with approximately 1,100,000 annual deliveries and ability to serve over 97% of dealer / jobber customers next-day

## Specialty Directly Addressable Market <sup>(1)</sup>

(\$ in billions)



### Truck & Off-Road



Winches



Toolboxes

### Wheels and Tires



Wheels



Tires

### Speed & Performance



Air Intakes



Superchargers

### RV



Awnings



Satellites

### Towing



Receiver Hitches



5<sup>th</sup> Wheels

### Accessories



Fender Flares



Floor Liners

(1) Management estimates based on AAIA Factbook, SEMA and other industry research

# Consistent Business Model and Strategy





# Financial Overview



# Q2 2018 Revenue Growth

## Revenue Changes by Source:

	Organic	Acquisition	Foreign Exchange	Total <sup>(1)</sup>
North America	7.4%	0.7%	0.3%	8.3%
Europe	8.3%	28.8%	7.1%	44.2%
Specialty	4.1%	9.0%	0.5%	13.6%
Parts and Services	7.2%	12.7%	2.9%	22.8%
Other Revenue	30.2%	0.7%	0.1%	31.1%
Total	8.5%	12.1%	2.8%	23.3%

- Organic revenue growth for parts and services in North America was largely attributable to increased sales volumes and, to a lesser extent, favorable pricing in our wholesale operations
- European organic growth was driven by both established and new branches (44 in Eastern Europe since Q2 2017)
- Collision parts organic revenue growth in the UK was 8.6%
- Favorable F/X impact on European revenue of \$63 million; European constant currency parts and services revenue growth of 37.1%<sup>(2)</sup>
- Specialty acquisition growth was \$32 million, most of which relates to Warn Industries, Inc. (acquired November 1, 2017)
- Increase in Other Revenue was primarily attributable to higher scrap steel and other metal prices. Scrap steel prices were up 33% versus Q2 2017

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding

(2) Constant currency is a non-GAAP financial measure. Refer to constant currency reconciliation on page 43

# YTD 2018 Revenue Growth

## Revenue Changes by Source:

	Organic	Acquisition	Foreign Exchange	Total <sup>(1)</sup>
North America	7.0%	1.2%	0.3%	8.5%
Europe	4.9%	20.4%	10.5%	35.7%
Specialty	2.3%	9.9%	0.5%	12.7%
Parts and Services	5.5%	9.7%	4.1%	19.4%
Other Revenue	26.4%	0.8%	0.2%	27.3%
Total	6.6%	9.2%	3.9%	19.8%

- Organic revenue growth for parts and services in North America was largely attributable to increased sales volumes in our wholesale operations
- Organic revenue growth for parts and services in Europe was driven by both established and new branches (56 in Eastern Europe since the beginning of 2017)
- Collision parts organic revenue growth in the UK was 7.7%
- Favorable F/X impact on European revenue of \$179 million; European constant currency parts and services revenue growth of 25.2%<sup>(2)</sup>
- European acquisition growth was \$349 million, primarily related to the acquisition of Stahlgruber GmbH ("Stahlgruber") (acquired May 30, 2018)
- Specialty acquisition growth was \$67 million, most of which relates to Warn Industries, Inc. (acquired November 1, 2017)
- Increase in Other Revenue was primarily attributable to higher scrap steel and other metals prices. Scrap steel prices were up 35% year over year

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding

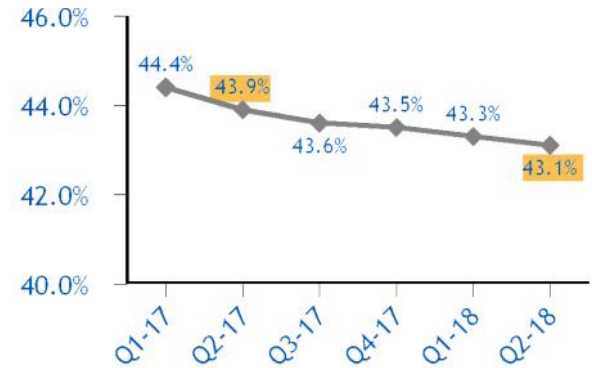
(2) Constant currency is a non-GAAP measure. Refer to constant currency reconciliation on page 43

# North America – Q2 2018 Results

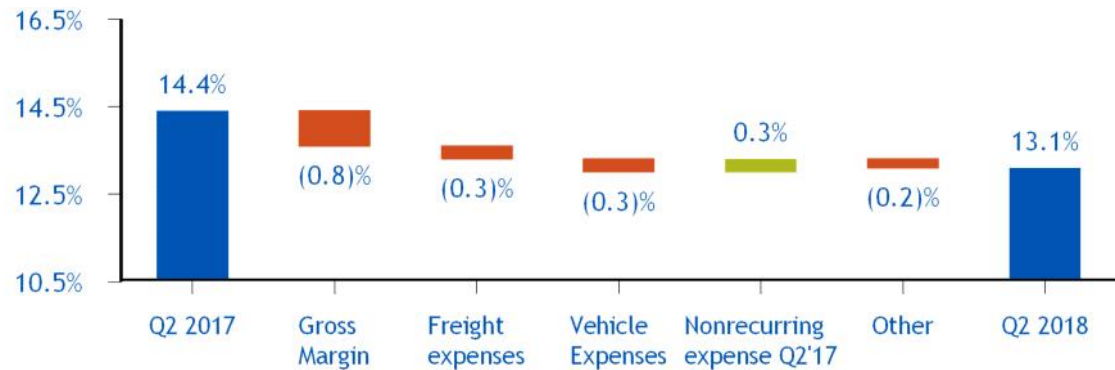
(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$1,335	\$1,207	10.7%		
Gross Margin	\$575	\$529	8.7%	43.1%	43.9%
Operating Expenses	\$402	\$359	12.0%	30.1%	29.8%
Segment EBITDA*	\$175	\$174	0.7%	13.1%	14.4%

\*Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

## Gross Margin



## North America Segment EBITDA Margin Bridge



## Segment EBITDA Margin



Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

# North America – YTD 2018 Results

(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$2,665	\$2,415	10.4%		
Gross Margin	\$1,151	\$1,065	8.0%	43.2%	44.1%
Operating Expenses	\$805	\$721	11.7%	30.2%	29.8%
Segment EBITDA*	\$353	\$350	0.8%	13.2%	14.5%

\*Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

## North America Segment EBITDA Margin Bridge



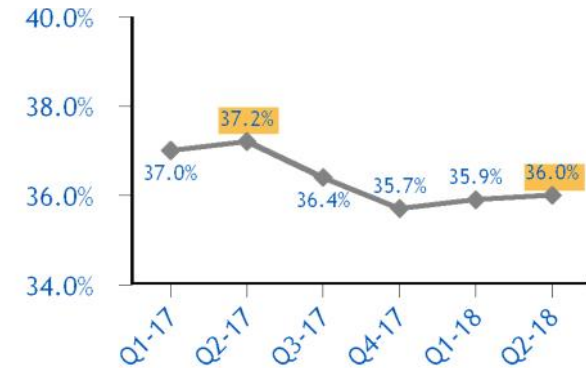
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

# Europe – Q2 2018 Results

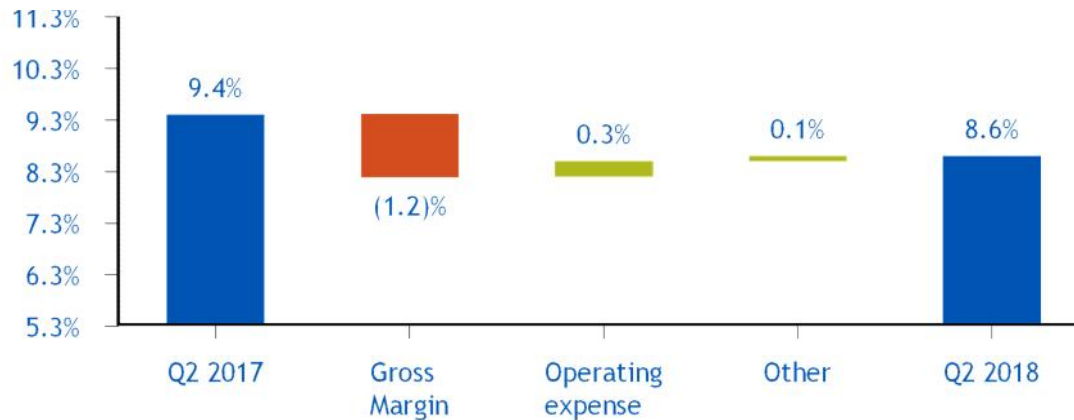
(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$1,284	\$890	44.3%		
Gross Margin	\$462	\$331	39.6%	36.0%	37.2%
Operating Expenses	\$354	\$248	42.6%	27.6%	27.9%
Segment EBITDA*	\$111	\$84	32.7%	8.6%	9.4%

\* Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

## Gross Margin



## Europe Segment EBITDA Margin Bridge



## Segment EBITDA Margin



Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

# Europe – YTD 2018 Results

(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$2,325	\$1,711	35.9%		
Gross Margin	\$835	\$635	31.5%	35.9%	37.1%
Operating Expenses	\$654	\$475	37.8%	28.1%	27.8%
Segment EBITDA*	\$186	\$162	14.9%	8.0%	9.5%
Branches**	1,078	772	306		

\* Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

\*\* Includes 188 Stahlgruber branches

## Europe Segment EBITDA Margin Bridge



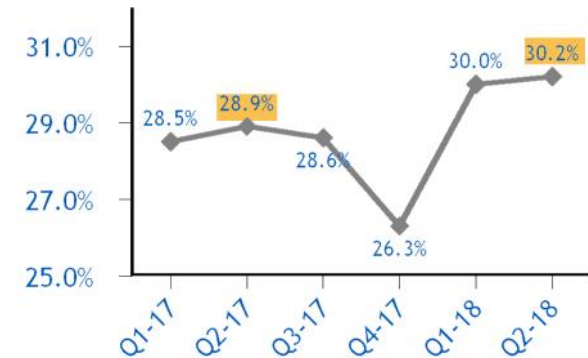
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

# Specialty – Q2 2018 Results

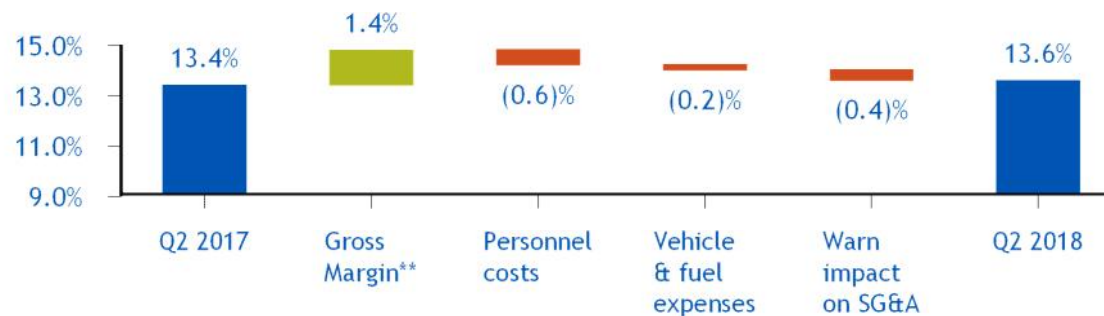
(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$413	\$363	13.6%		
Gross Margin	\$125	\$105	18.9%	30.2%	28.9%
Operating Expenses	\$69	\$57	22.4%	16.8%	15.6%
Segment EBITDA*	\$56	\$49	15.4%	13.6%	13.4%

\*Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

## Gross Margin



## Specialty Segment EBITDA Margin Bridge



\*\* Reported Gross Margin % is negatively impacted by increased COGS depreciation of 0.1%, which is excluded from the calculation of Segment EBITDA

## Segment EBITDA Margin



Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

# Specialty – YTD 2018 Results

(\$ in millions)	2018	2017	Change	% of Revenue	
				2018	2017
Total Revenue	\$765	\$678	12.7%		
Gross Margin	\$230	\$195	18.2%	30.1%	28.7%
Operating Expenses	\$134	\$111	20.2%	17.5%	16.4%
Segment EBITDA*	\$98	\$84	16.7%	12.8%	12.4%

\*Segment EBITDA is a non-GAAP measure. Refer to total segment EBITDA reconciliation on page 33 and the breakout of Segment EBITDA by each respective segment on page 32

## Specialty Segment EBITDA Margin Bridge

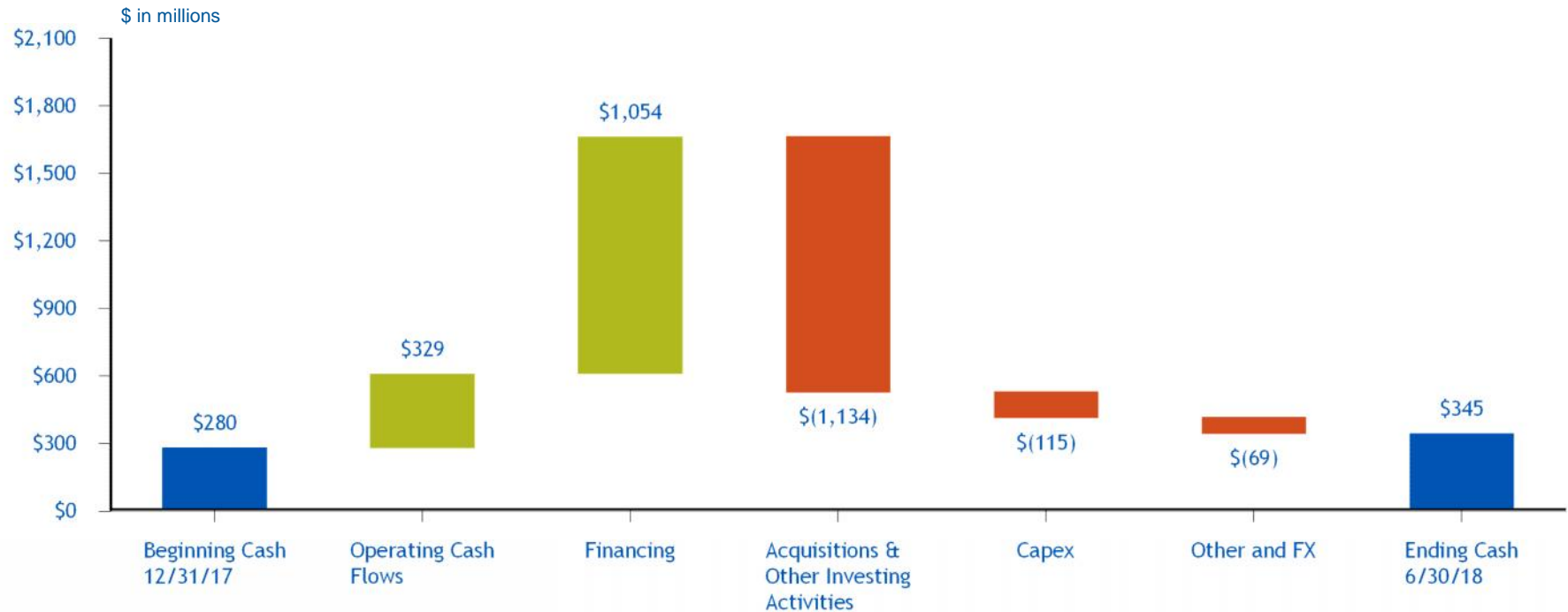


Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

\*\* Reported Gross Margin % is negatively impacted by increased COGS depreciation and inventory step-up adjustment of 0.2%



# 2018 Capital Allocation - Continuing operations



- Operating cash flows:

The \$33 million year over year decrease is primarily driven by a \$69 million reduction in accounts payable balances partially offset by a \$40 million decrease in taxes paid compared to the comparable period of the prior year

- Investing cash flows:

Outflow of \$1.1 billion of acquisitions and other investing activities primarily relates to our acquisition of Stahlgruber

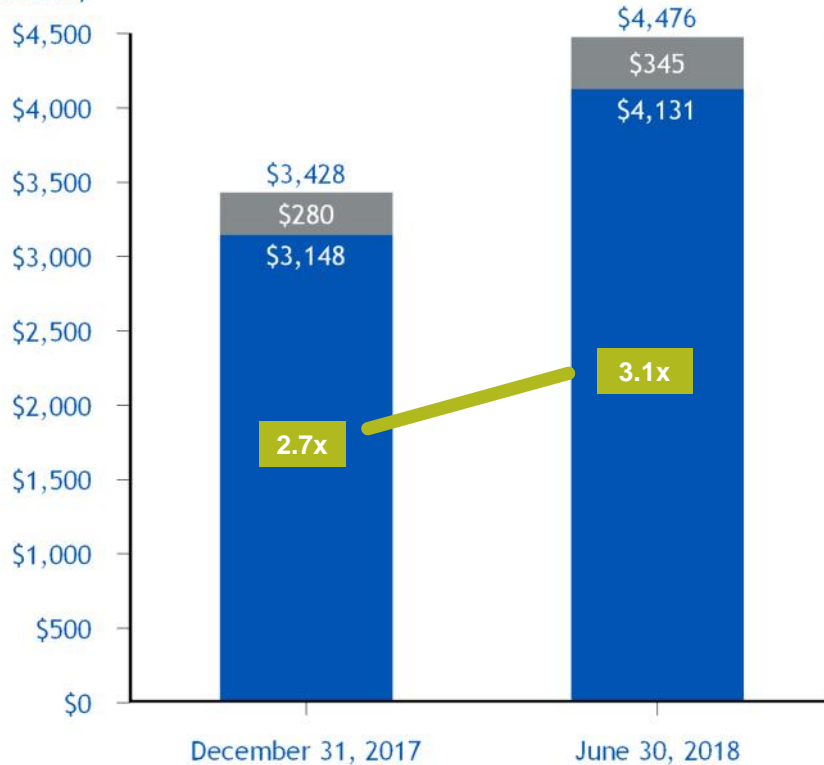
Capex of \$115 million mainly due to our North America Segment

- Financing cash flows

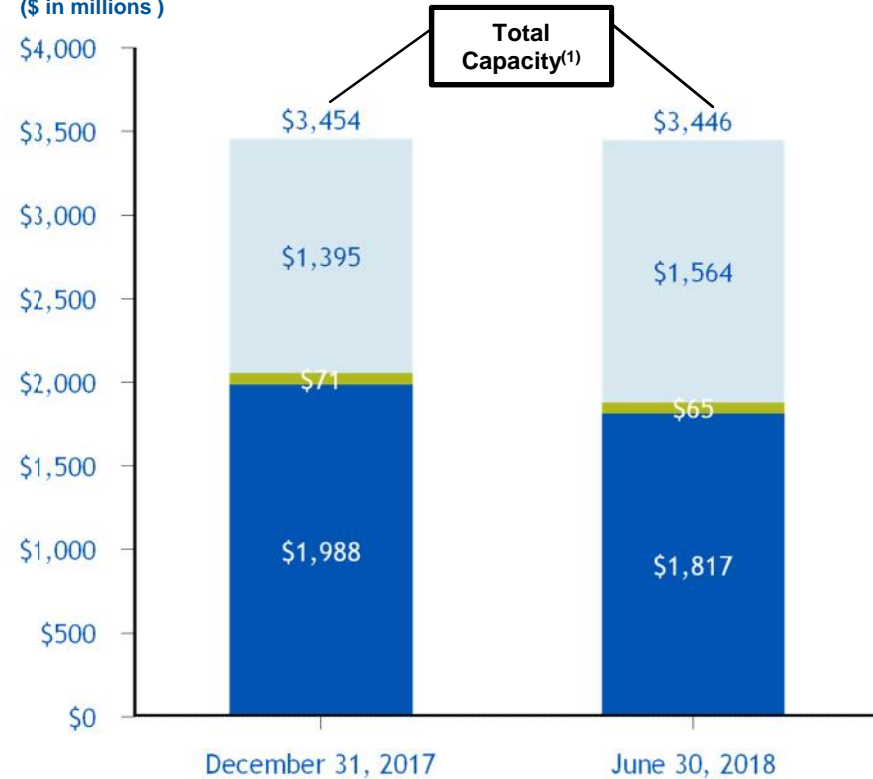
Includes \$1.2 billion in proceeds from the issuance of Euro Notes (2026/28) partially offset by net repayments of \$162 million on our credit facilities

# Leverage & Liquidity

(\$ in millions)



(\$ in millions)



- Net Debt
- Cash & equivalents
- Borrowings under credit facilities
- Letters of credit
- Net Debt/ EBITDA(\*)
- Revolver Availability

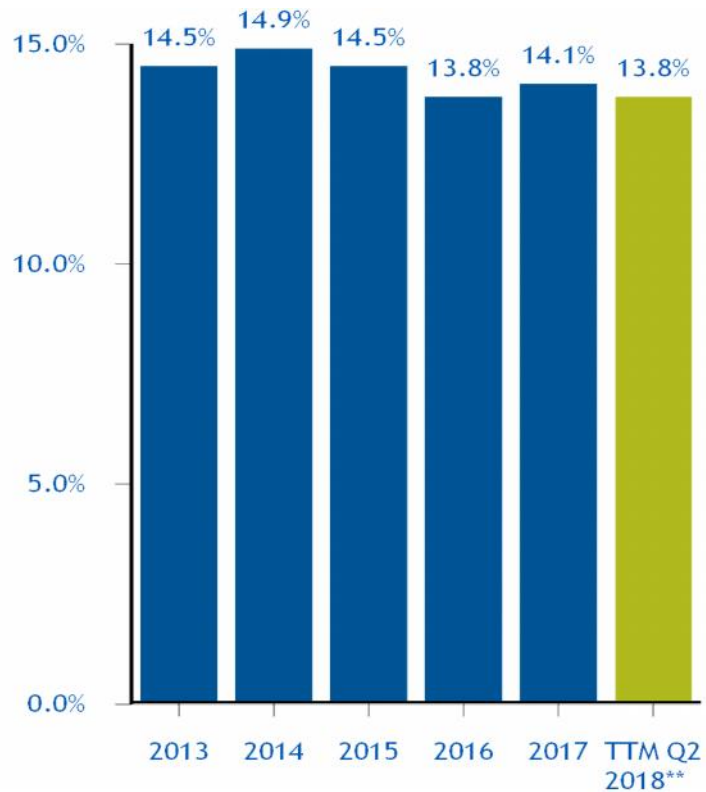
**Effective borrowing rate for Q2 2018 was 3.5%**

(1) Total capacity includes our term loans and revolving credit facilities

\* Net leverage per bank covenants is defined as Net Debt/EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details

# Key Return Metrics

## Return on Equity



## Return on Invested Capital\*



\* Amortization of acquired intangibles has been excluded from the calculation of Return on Invested Capital

\*\* TTM Q2 2018 excludes all income, transaction costs, capital and equity related to the Stahlgruber GmbH acquisition

# Guidance 2018

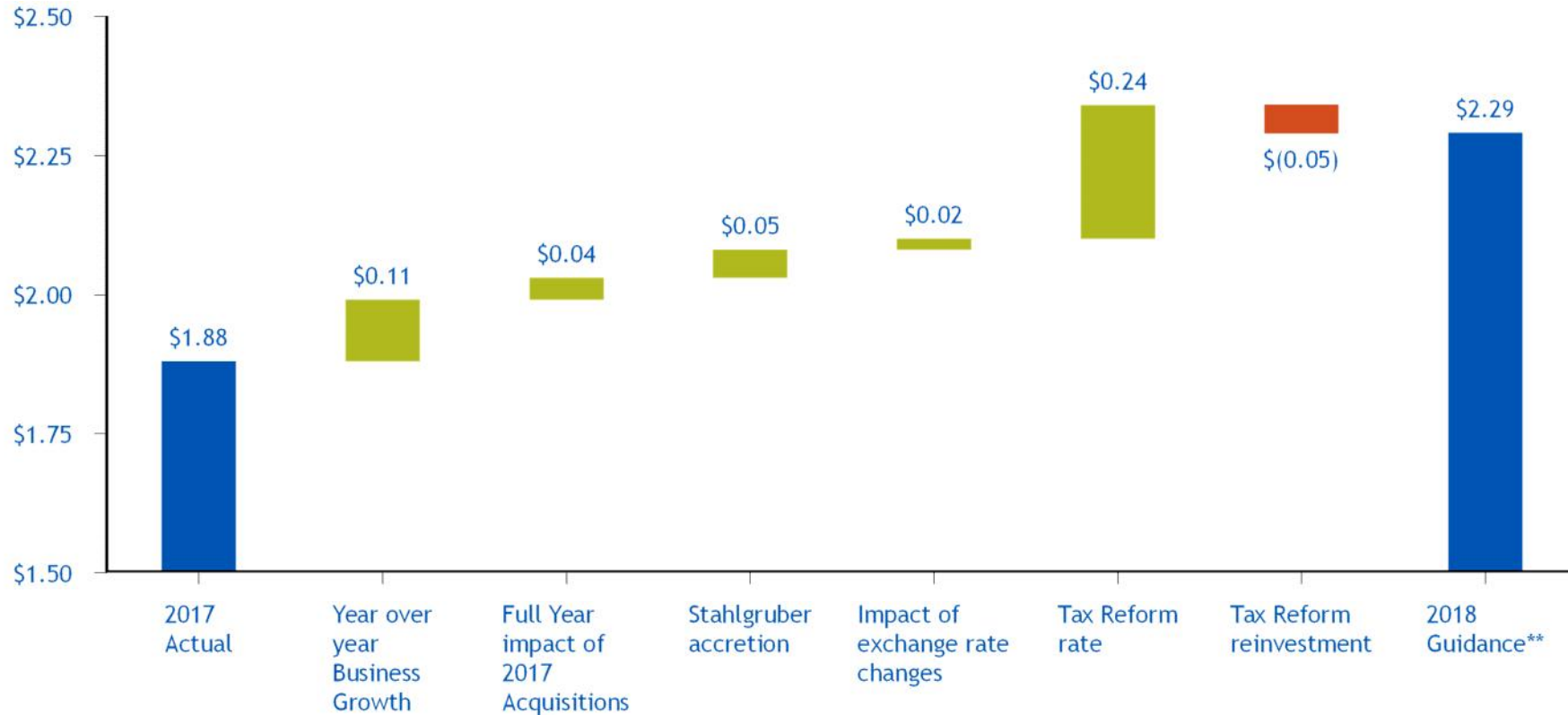
(effective only on the date issued: July 26, 2018)

(\$ in millions excluding EPS)	Full Year 2017 Actual	Full Year 2018 Guidance <sup>(1)</sup>
Organic Growth, Parts and Services	4.1%	4.5% - 5.5%
Net Income - continuing operations attributable to LKQ stockholders	\$540	\$602 - \$627
Adjusted Net Income - continuing operations attributable to LKQ stockholders <sup>(2)</sup>	\$583	\$710 - \$735
Diluted EPS - continuing operations attributable to LKQ stockholders	\$1.74	\$1.91 - \$1.99
Adjusted Diluted EPS - continuing operations attributable to LKQ stockholders <sup>(2)</sup>	\$1.88	\$2.25 - \$2.33
Cash Flow from Operations - continuing operations	\$523	\$660 - \$710
Capital Expenditures - continuing operations	\$175	\$255 - \$285

(1) Guidance for 2018 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, excess tax benefits and deficiencies from stock based payments, adjustments to provisional amounts recorded in 2017 related to the Tax Act and amortization expense related to acquired intangibles. In addition, it excludes gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures. Our forecasted results for our international operations were calculated using current foreign exchange rates for the year. Guidance for 2018 includes a global effective tax rate of 27%. Adjustments to the provisional amounts recorded for the Tax Act in 2017 are not reflected in the estimated rate. Full year 2017 actual figures for Adjusted Net Income and Adjusted Diluted EPS were calculated using the same methodology as the 2018 guidance. Organic revenue guidance refers only to parts and services revenue. LKQ updated its guidance on July 26, 2018, and it is only effective on the date of issuance. It is LKQ's policy to comment on its annual guidance only when the company issues its quarterly press releases with financial results. LKQ has no obligation to update this guidance.

(2) Adjusted income and Adjusted Diluted EPS are non-GAAP measures. See page 37 for reconciliation of forecasted adjusted net income and forecasted adjusted diluted earnings per share from continuing operations attributable to LKQ stockholders

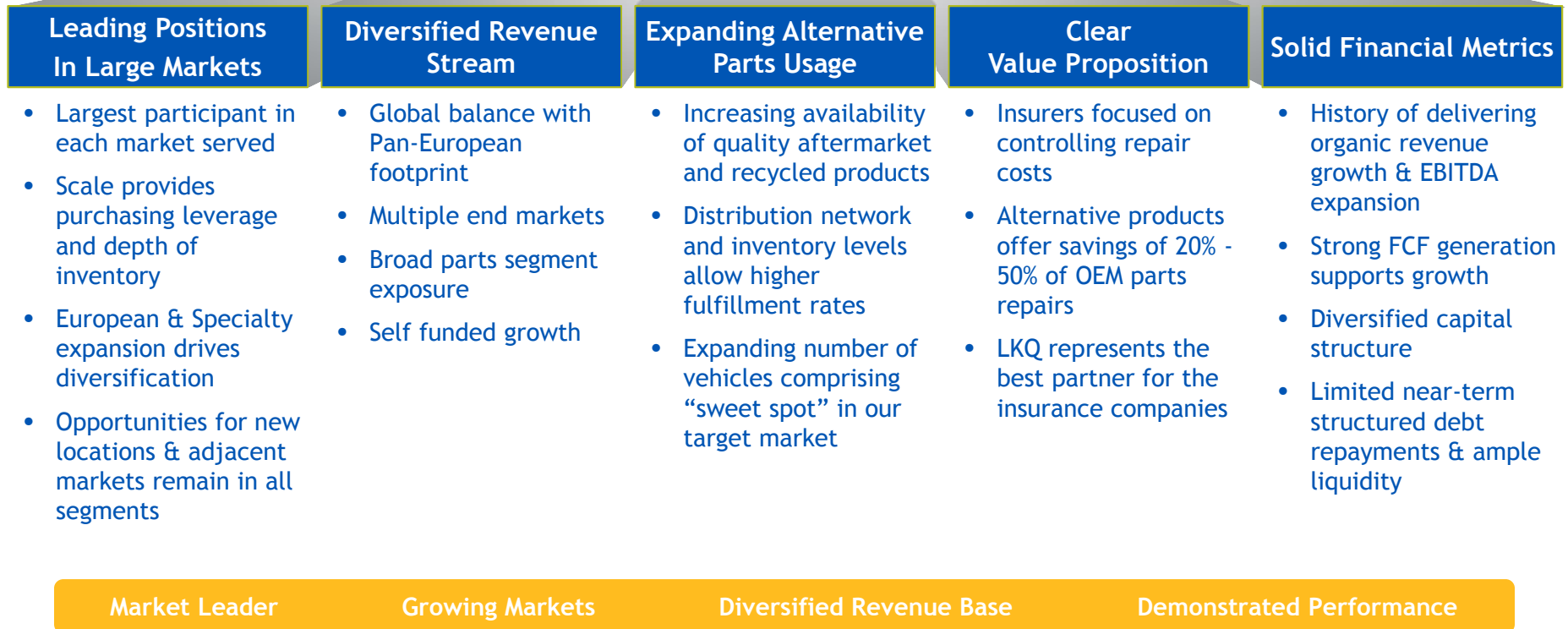
# 2018 Adjusted Diluted EPS Guidance Bridge\*



\*Adjusted net income and adjusted diluted earnings per share are non-GAAP measures. See page 37 for reconciliation of forecasted adjusted net income from continuing operations and forecasted adjusted diluted earnings per share from continuing operations

\*\*Reflects midpoint of Adjusted Diluted EPS guidance range

# Why Invest in LKQ?



# Appendix - Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Included with this presentation are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

# Appendix 1 - Constant Currency Reconciliation

- The following unaudited table reconciles consolidated revenue growth for Parts & Services to constant currency revenue growth for the same measure:

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Consolidated	Europe	Consolidated	Europe
<b>Parts &amp; Services</b>				
Revenue growth as reported	22.8%	44.2%	19.4%	35.7%
Less: Currency impact	2.9%	7.1%	4.1%	10.5%
Revenue growth at constant currency	19.9%	37.1%	15.3%	25.2%

We have presented the growth of our revenue on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP financial measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency revenue information provides valuable supplemental information regarding our growth, consistent with how we evaluate our performance, as this statistic removes the translation impact of exchange rate fluctuations, which are outside of our control and do not reflect our operational performance. Constant currency revenue results are calculated by translating prior year revenue in local currency using the current year's currency conversion rate. This non-GAAP financial measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Our use of this term may vary from the use of similarly-titled measures by other issuers due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation. In addition, not all companies that report revenue growth on a constant currency basis calculate such measure in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.



# Appendix 2 - Revenue and Segment EBITDA by segment

(in millions)	Three Months Ended June 30*				Six Months Ended June 30*			
	2018	% of revenue	2017	% of revenue	2018	% of revenue	2017	% of revenue
<b>Revenue</b>								
North America	\$1,335		\$1,207		\$2,665		\$2,415	
Europe	1,284		890		2,325		1,711	
Specialty	413		363		765		678	
Eliminations	(1)		(1)		(3)		(3)	
<b>Total Revenue</b>	<b>\$3,031</b>		<b>\$2,458</b>		<b>\$5,752</b>		<b>\$4,801</b>	
<b>Segment EBITDA</b>								
North America	\$175	13.1%	\$174	14.4%	\$353	13.2%	\$350	14.5%
Europe	111	8.6%	84	9.4%	186	8.0%	162	9.5%
Specialty	56	13.6%	49	13.4%	98	12.8%	84	12.4%
<b>Total Segment EBITDA</b>	<b>\$342</b>	<b>11.3%</b>	<b>\$306</b>	<b>12.4%</b>	<b>\$637</b>	<b>11.1%</b>	<b>\$596</b>	<b>12.4%</b>

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses, change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions or divestitures and equity in earnings of unconsolidated subsidiaries. EBITDA, which is the basis for Segment EBITDA, is calculated as net income excluding noncontrolling interest, discontinued operations, depreciation, amortization, interest and income tax expense. Our chief operating decision maker, who is our Chief Executive Officer, uses Segment EBITDA as the key measure of our segment profit or loss. We use Segment EBITDA to compare profitability among our segments and evaluate business strategies. We also consider Segment EBITDA to be a useful financial measure in evaluating our operating performance, as it provides investors, securities analysts and other interested parties with supplemental information regarding the underlying trends in our ongoing operations. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. Refer to the table in Appendix 3 for a reconciliation of net income to EBITDA and Segment EBITDA.

\* The sum of the individual components may not equal the total due to rounding

# Appendix 3 - Reconciliation of Net Income to EBITDA and Segment EBITDA

(in millions)	Three Months Ended June 30*		Six Months Ended June 30*	
	2018	2017	2018	2017
Net income	\$158	\$151	\$311	\$287
<b>Subtract:</b>				
Net income attributable to noncontrolling interest	1	—	1	—
Net income attributable to LKQ stockholders	\$157	\$151	\$310	\$287
<b>Subtract:</b>				
Net loss from discontinued operations	—	—	—	(5)
Net income from continuing operations attributable to LKQ stockholders	\$157	\$151	\$310	\$292
<b>Add:</b>				
Depreciation and Amortization	63	54	120	102
Depreciation and Amortization - cost of goods sold	5	2	10	4
Interest expense, net	38	25	67	49
Provision for income taxes	61	76	110	148
EBITDA	\$324	\$307	\$617	\$595
<b>Subtract:</b>				
Equity in earnings of unconsolidated subsidiaries	1	1	2	1
Gains on bargain purchases	0	3	0	3
<b>Add:</b>				
Restructuring and acquisition related expenses	16	3	20	5
Inventory step-up adjustment - acquisition related	—	—	0	—
Impairment of net assets held for sale	2	—	2	—
Change in fair value of contingent consideration liabilities	0	0	0	0
Segment EBITDA	\$342	\$306	\$637	\$596
EBITDA as a percentage of revenue	10.7%	12.5%	10.7%	12.4%
Segment EBITDA as a percentage of revenue	11.3%	12.4%	11.1%	12.4%

\* The sum of the individual components may not equal the total due to rounding

\*\* Loss on debt extinguishment is considered a component of interest in calculating EBITDA

# Appendix 3 - EBITDA and Segment EBITDA Reconciliation

We have presented EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our operating performance and the value of our business. We calculate EBITDA as net income excluding noncontrolling interest, discontinued operations, depreciation, amortization, interest and income tax expense. EBITDA provides insight into our profitability trends and allows management and investors to analyze our operating results with and without the impact of noncontrolling interest, discontinued operations, depreciation, amortization, interest and income tax expense. We believe EBITDA is used by investors, securities analysts and other interested parties in evaluating the operating performance and the value of other companies, many of which present EBITDA when reporting their results.

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss and underlying trends in our ongoing operations. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses, change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions or divestitures and equity in earnings of unconsolidated subsidiaries. Our chief operating decision maker, who is our Chief Executive Officer, uses Segment EBITDA as the key measure of our segment profit or loss. We use Segment EBITDA to compare profitability among our segments and evaluate business strategies. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue.

EBITDA and Segment EBITDA should not be construed as alternatives to operating income, net income or net cash provided by (used in) operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report EBITDA or Segment EBITDA information calculate EBITDA or Segment EBITDA in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly named measures of other companies and may not be appropriate measures for performance relative to other companies.

## Appendix 4 - Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations

(in millions, except per share data)	Three Months Ended June 30*		Six Months Ended June 30*	
	2018	2017	2018	2017
Net income	\$158	\$151	\$311	\$287
Subtract:				
Net income attributable to noncontrolling interest	1	—	1	—
Net income attributable to LKQ stockholders	\$157	\$151	\$310	\$287
Subtract:				
Net loss from discontinued operations	—	—	—	(5)
Net income from continuing operations attributable to LKQ stockholders	\$157	\$151	\$310	\$292
Adjustments - continuing operations attributable to LKQ stockholders:				
Amortization of acquired intangibles	28	25	50	46
Restructuring and acquisition related expenses	16	3	20	5
Inventory step-up adjustment - acquisition related	—	—	0	—
Change in fair value of contingent consideration liabilities	0	0	0	0
Gains on bargain purchases	(0)	(3)	(0)	(3)
Impairment of net assets held for sale	2	—	2	—
Excess tax benefit from stock-based payments	(1)	(2)	(3)	(6)
Tax effect of adjustments	(10)	(10)	(17)	(18)
Adjusted net income from continuing operations attributable to LKQ stockholders	\$192	\$163	\$362	\$317
Weighted average diluted common shares outstanding	314,012	310,396	312,688	310,349
Diluted earnings per share from continuing operations attributable to LKQ stockholders:				
Reported	\$0.50	\$0.49	\$0.99	\$0.94
Adjusted	\$0.61	\$0.53	\$1.16	\$1.02

\*The sum of the individual components may not equal the total due to rounding.

## Appendix 4 - Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations

We have presented Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders as we believe these measures are useful for evaluating the core operating performance of our continuing business across reporting periods and in analyzing the company's historical operating results. We define Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders as Net Income and Diluted Earnings per Share adjusted to eliminate the impact of noncontrolling interest, discontinued operations, restructuring and acquisition related expenses, amortization expense related to acquired intangibles, the change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions or divestitures, excess tax benefits and deficiencies from stock-based payments, adjustments to the estimated tax reform provisions recorded in 2017 and any tax effect of these adjustments. The tax effect of these adjustments is calculated using the effective tax rate for the applicable period or for certain discrete items the specific tax expense or benefit for the adjustment. These financial measures are used by management in its decision making and overall evaluation of our operating performance and are included in the metrics used to determine incentive compensation for our senior management. Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders should not be construed as alternatives to Net Income or Diluted Earnings per Share as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders calculate such measures in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.

# Appendix 5 - Forecasted EPS reconciliation\*

(in millions, except per share data)	For the year ending December 31, 2018	
	Minimum Guidance	Maximum Guidance
Net income from continuing operations attributable to LKQ stockholders	\$602	\$627
Adjustments:		
Amortization of acquired intangibles	125	125
Restructuring and acquisition related expenses	20	20
Other	3	3
Excess tax benefit from stock-based payments	(3)	(3)
Tax effect of adjustments	(37)	(37)
Adjusted net income from continuing operations attributable to LKQ stockholders	\$710	\$735
Weighted average diluted common shares outstanding	316	316
Diluted EPS from continuing operations attributable to LKQ stockholders:		
U.S. GAAP	\$1.91	\$1.99
Non-GAAP (Adjusted)	\$2.25	\$2.33

We have presented forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders in our financial guidance. Refer to the discussion of Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders for details on the calculation of these non-GAAP financial measures. In the calculation of forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders, we included estimates of income from continuing operations attributable to LKQ stockholders, amortization of acquired intangibles for the full fiscal year 2018 and the related tax effect; we included for all other components the amounts incurred as of June 30, 2018.

\*The sum of the individual components may not equal the total due to rounding