LKQ Corporation

STIFEL



Conference Fall 2015

as of 9/08/15

Forward Looking Statement

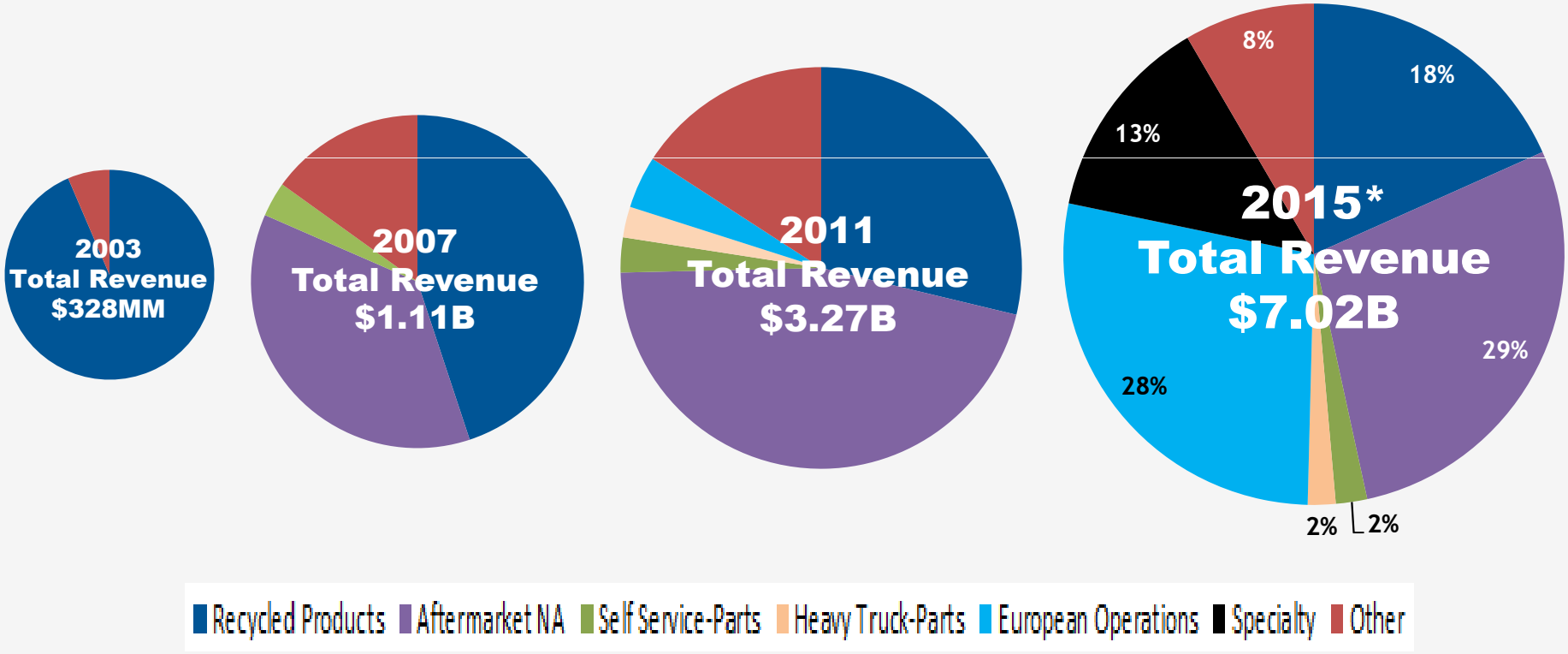
Statements and information included in this presentation that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the "safe harbor" provisions of such Act .

Forward-looking statements include, but are not limited to statements regarding our expectations, intentions, beliefs and strategies regarding the future, including statements regarding trends, cyclicality and changes in the markets we sell into; strategic direction; changes to procurement processes; the cost of compliance with environmental and other laws; expected tax rates; planned capital expenditures; liquidity positions; ability to generate cash from continuing operations; the potential impact of adopting new accounting pronouncements; expected financial results, including revenue and profitability; obligations under our retirement plans; savings or additional costs from business integrations and cost containment programs; and the adequacy of accruals.

All forward-looking statements we make are based on information available to us at the time the statements are made, and we assume no obligation to update any forward-looking statements, except as may be required by law. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by our forward-looking statements include, among others, changes in federal or state laws or regulations that affect our business, changes in the types of replacement parts that insurance carriers will accept, fluctuations in the prices of metals, as well as the risks and uncertainties included 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, 2014 and any of our subsequent Quarterly Reports on Form 10-Q. These reports are available on our investor relations website at lkqcorp.com and on the SEC website at sec.gov.

LKQ's Evolution

July 1998 Wholesale Salvage	February 2004 Self Serve	October 2007 Keystone / Paint	November 2010 Reman	May 2013 EUROPE-Benelux	January 2014 Keystone Specialty
February 2004 Aftermarket Collision	January 2006 Refurbished Wheels	March 2008 Heavy Duty	October 2011 EUROPE-UK	August 2013 Australia JV	



* as of 6/30/2015

Market Leading Positions in Key Markets

	2014	LTM (as of 6/30/2015)	5 Year CAGR*
Revenue *(in millions)*	$6,740	$7,018	27%
Net Income *(in millions)*	$382	$399	25%
Earnings Per Share	$1.25	$1.30	23%

#1 or #2 in Key Markets

- Alternative parts distributor to the collision repair industry in North America
- Distributor of refurbished wheels, bumper covers and lights to the North American collision repair market
- Heavy-duty truck recycling / disposal in the US
- Paint distributor to the US collision repair market
- Remanufactured and recycled engines and recycled transmissions to the North American mechanical repair market
- Self service auto parts yards
- Mechanical and collision alternative parts, and paint distributor in the UK
- Mechanical parts for the automotive aftermarket industry in the Benelux
- Specialty aftermarket automotive equipment and accessories in North America

* As of 12/31/2014

Consistent Segment Strategies



Operating Unit Overview

*Operating Units**

➢ North America

- Sell more than 101,000 SKUs of aftermarket automotive products
- Purchased 290,000 vehicles for dismantling
- Includes aftermarket, recycled, refurbished, and remanufactured
- Purchased 482,000 vehicles at 73 self service facilities in North America

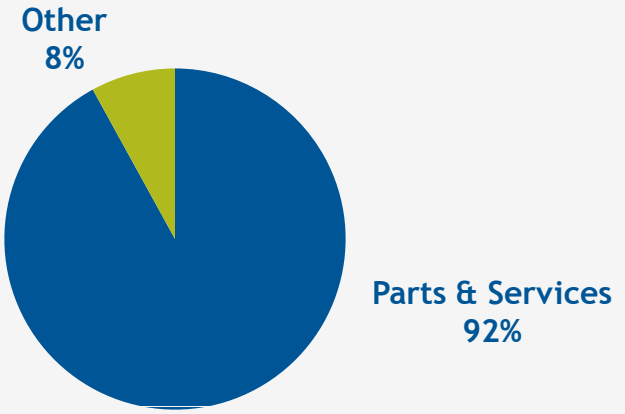
➢ Europe

- Sell more than 185,000 and 171,000 SKUs of primarily aftermarket mechanical parts in our Euro Car Parts and Sator operations, respectively
- Operations in the United Kingdom, the Netherlands, Belgium, France and Scandinavia

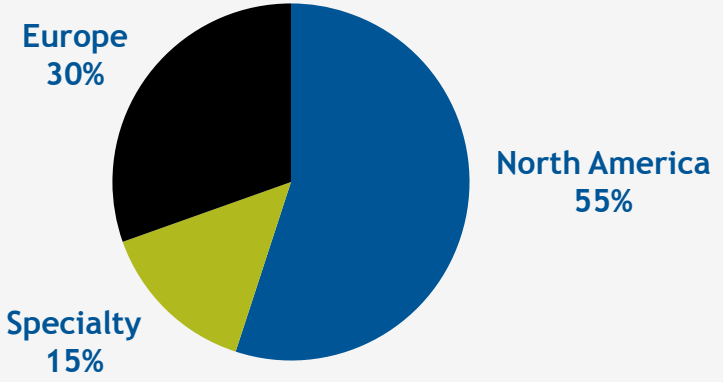
➢ Specialty

- Leading distributor and marketer of specialty aftermarket equipment and accessories products in North America selling more than 235,000 total SKUs

Total Revenue



Parts & Services Revenue by Reportable Segment



* All financial data LTM as of 6/30/2015

Clear Value Proposition

High quality products at lower cost than OEM replacement products

Recycled OEM	Front Door	Engine	Rear Bumper
New OEM	$1,376	$3,458	$531
Recycled OEM	$805	$1,125	$237
Savings	41%	67%	55%

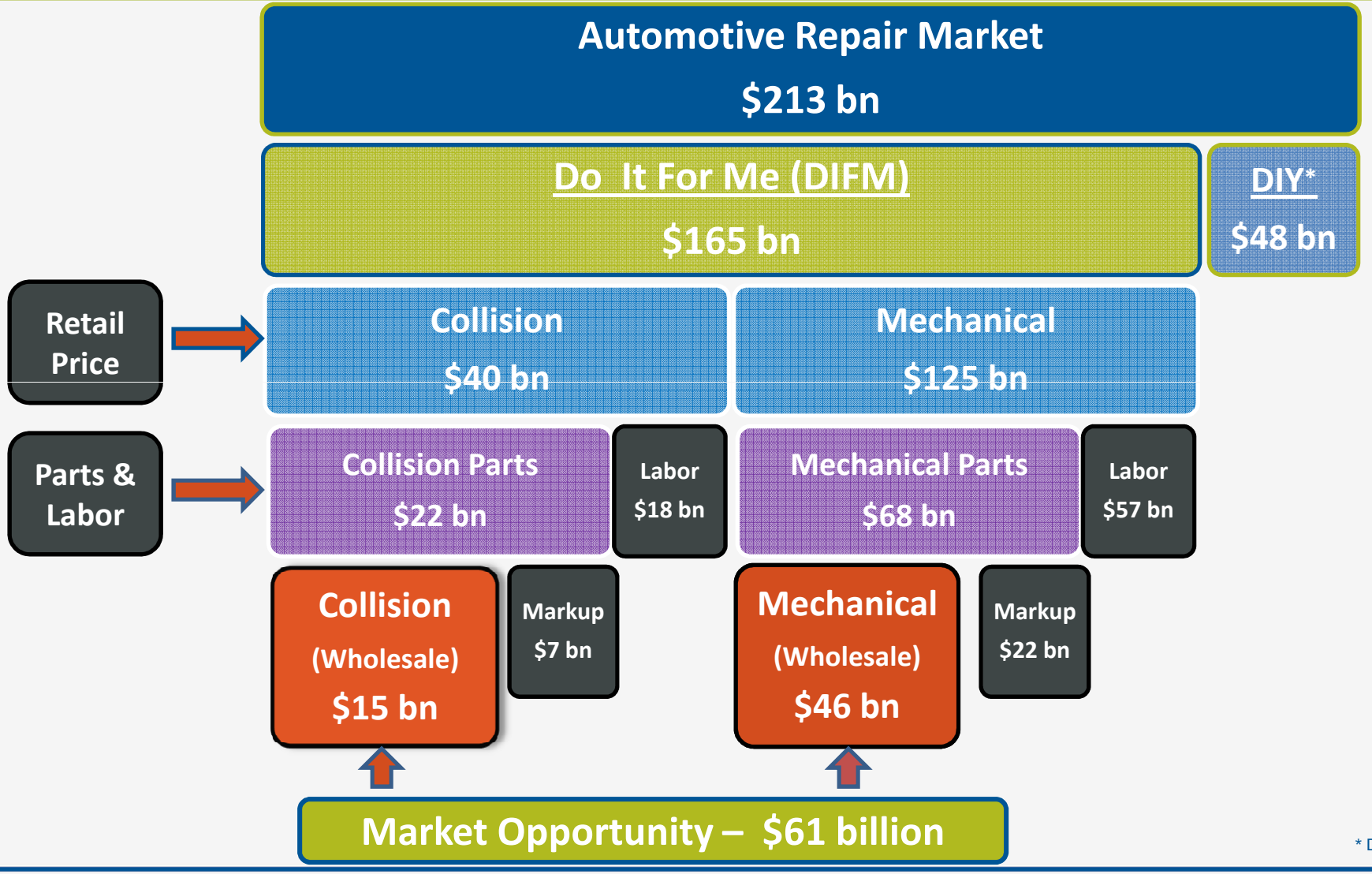
Aftermarket	Fender	Door Mirror	Hood
New OEM	$209	$160	$446
Aftermarket	$163	$92	$307
Savings	22%	43%	31%

…and improved cycle time for repairs

Parts price only-excludes labor

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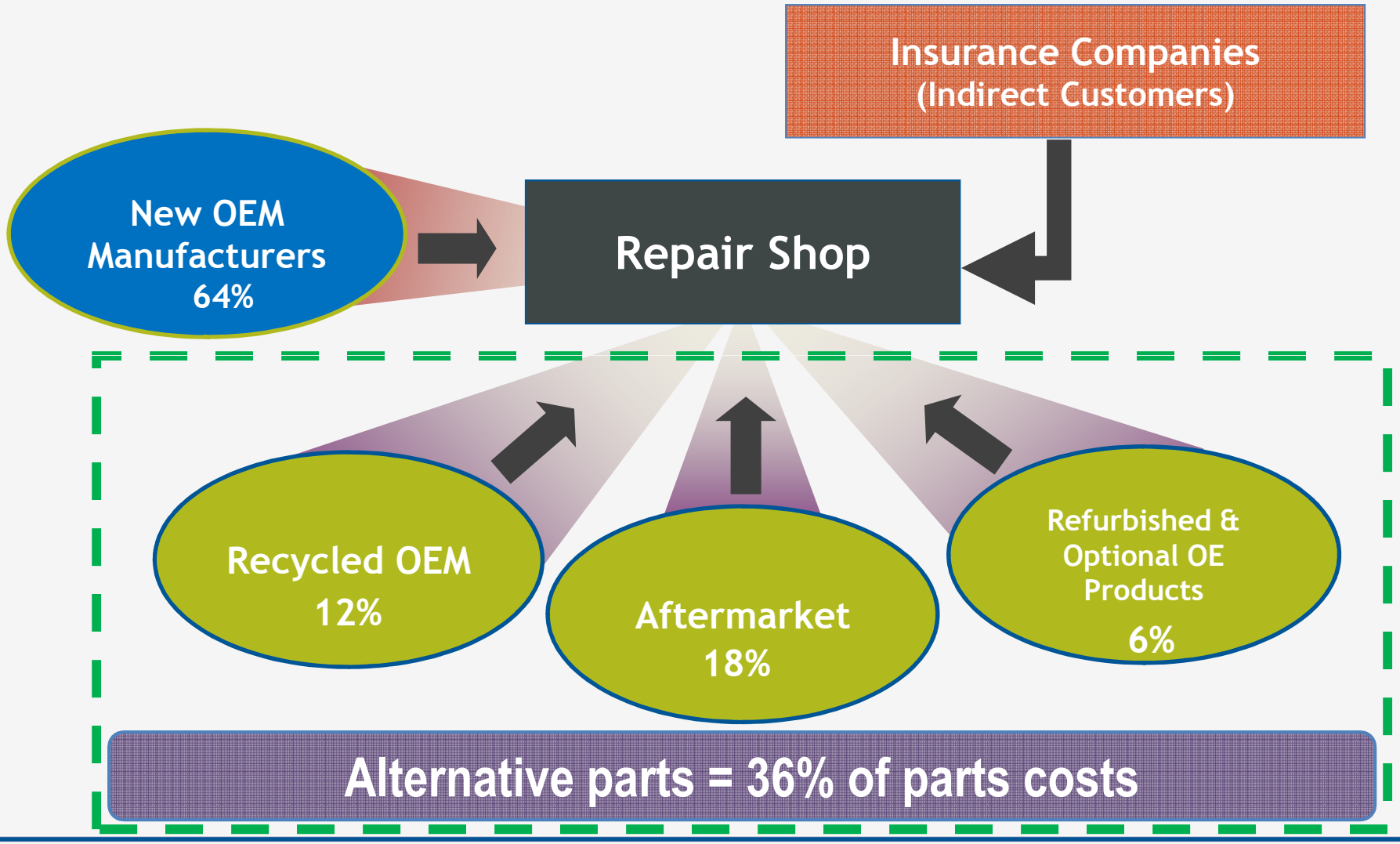
US Automotive Repair Industry



* Do It Yourself

Source:
AAIA Factbook, 24rd Edition 2014; 2014 data is estimated, excludes tires
2014 Collision Trends

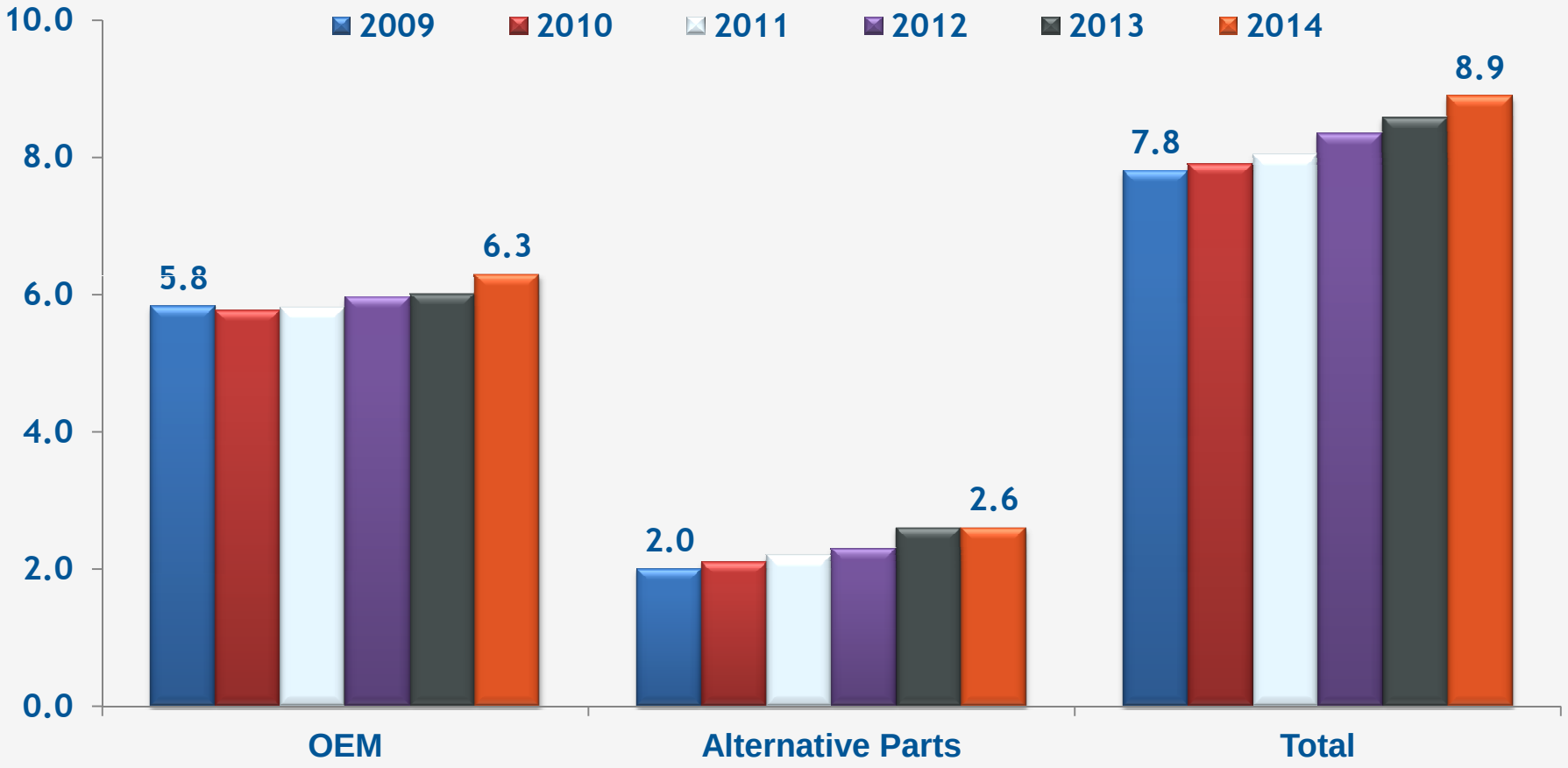
Collision Products, a $15 Billion Industry



Source: CCC Information Services –Crash Course 2015

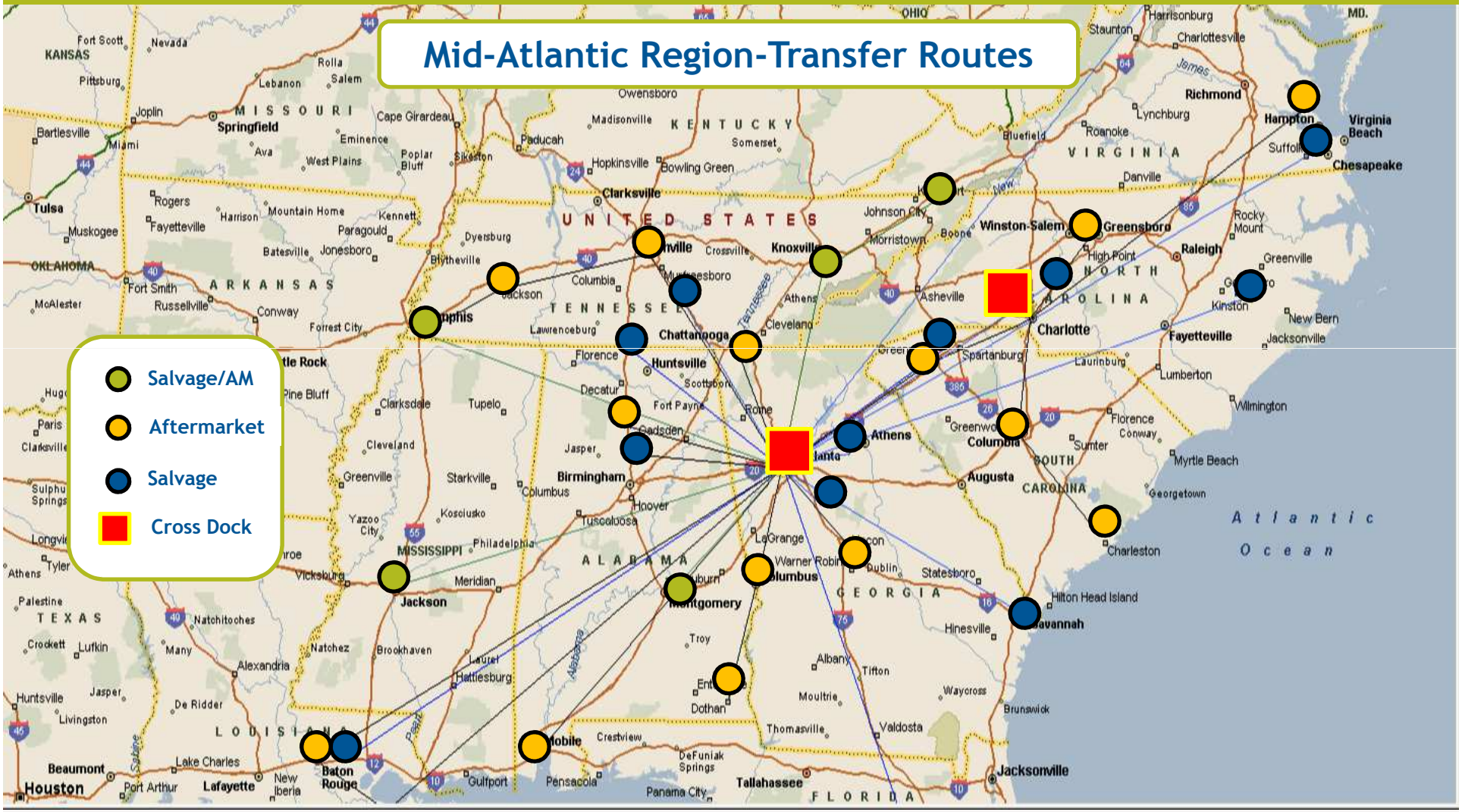
Average Parts Replaced Per Claim by Part Type

Over 19 million repairable claims



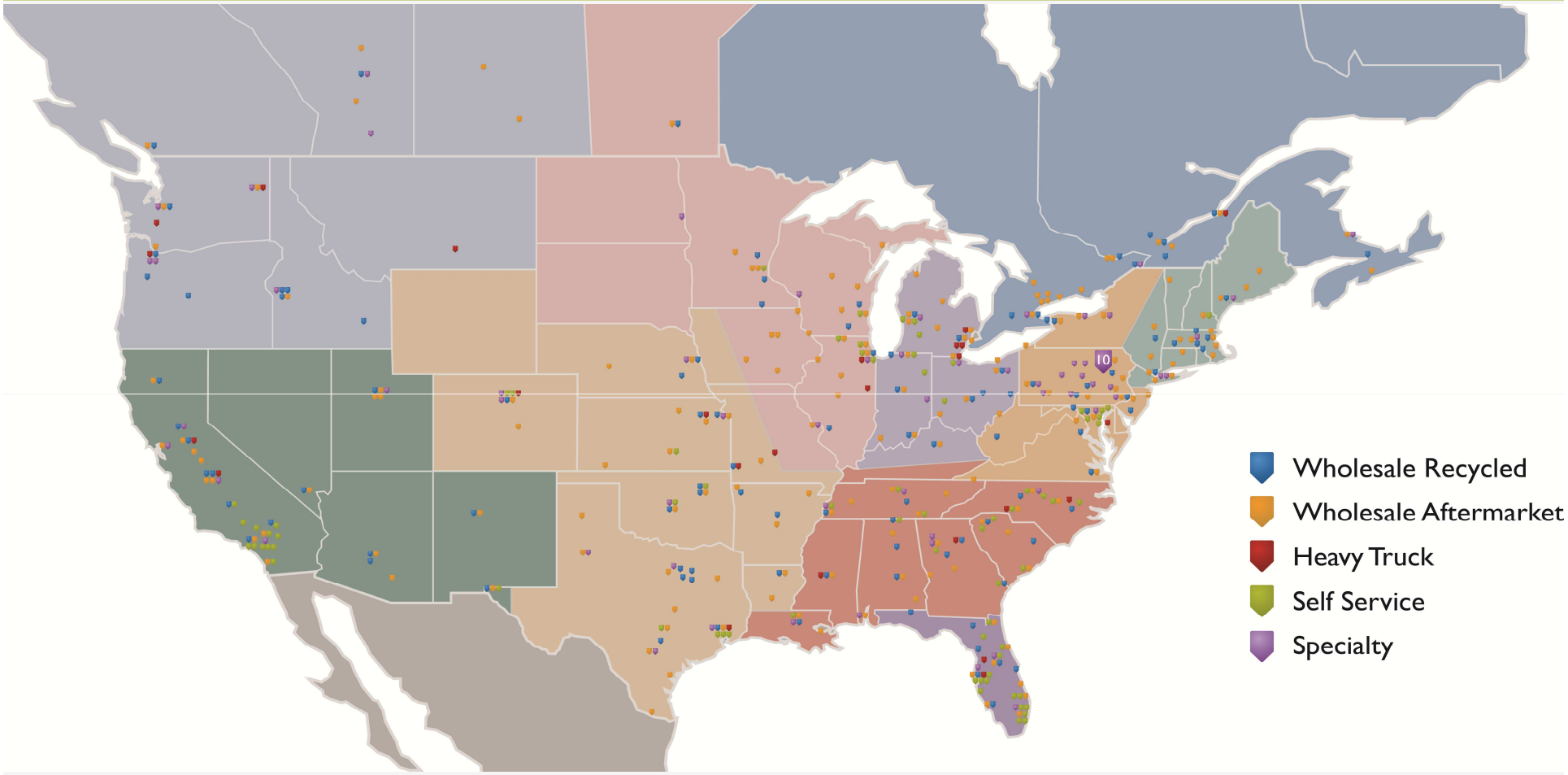
Source: CCC Information Services Inc.

Regional Distribution Improves Fulfillment



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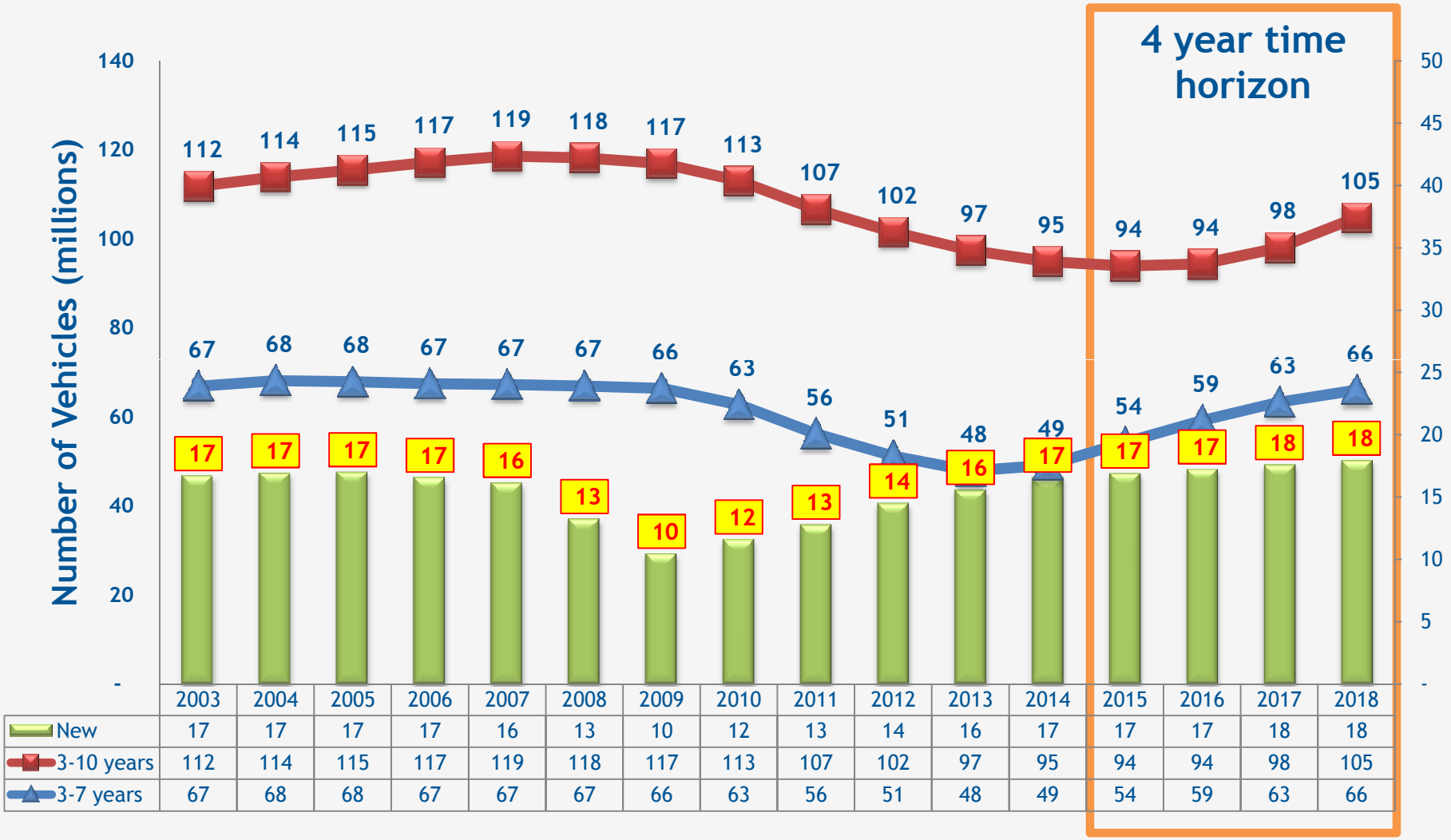
Locations Provide Strategic Advantage



Next day delivery leveraging regional distribution infrastructure

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Age & Size of US Car Parc Improving



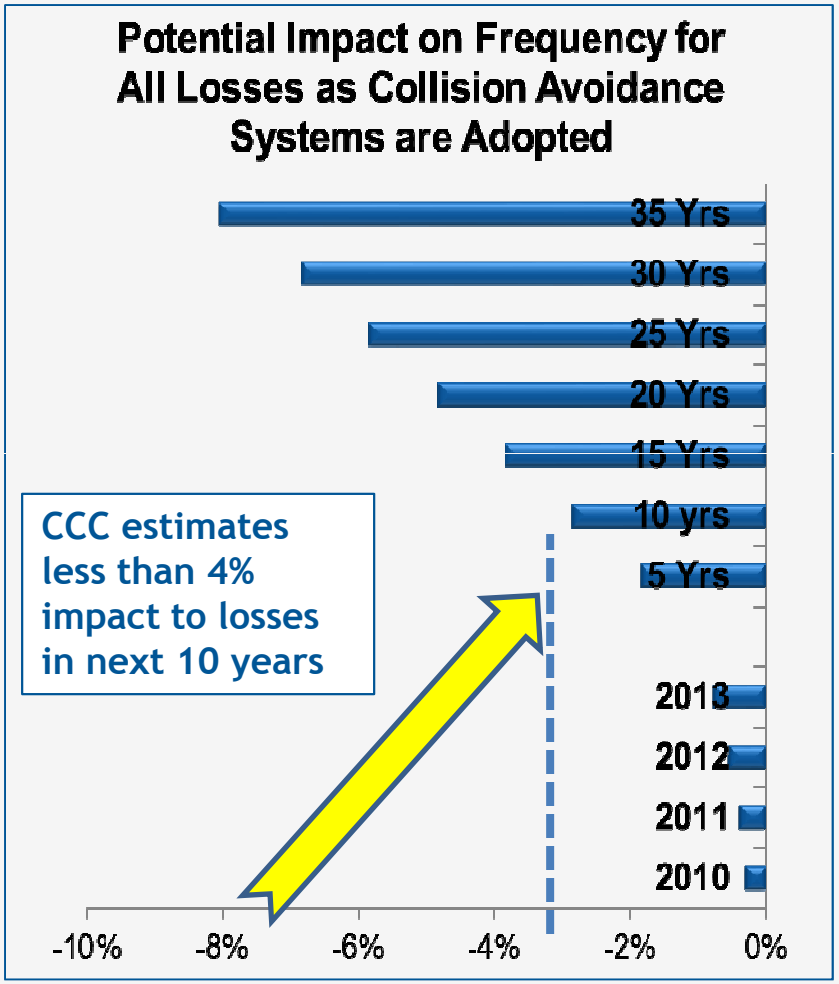
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
New	17	17	17	17	16	13	10	12	13	14	16	17	17	17	18	18
3-10 years	112	114	115	117	119	118	117	113	107	102	97	95	94	94	98	105
3-7 years	67	68	68	67	67	67	66	63	56	51	48	49	54	59	63	66

Sources: Sales & Production-Wards; Projections-Bank of America Merrill Lynch, 1/06/2015

Data assumes oldest vehicles are retired first in each year (not a precise assumption)

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Crash Avoidance Systems Growing….
But Impact will Be Very Slow





Source: CCC Information Services Inc.

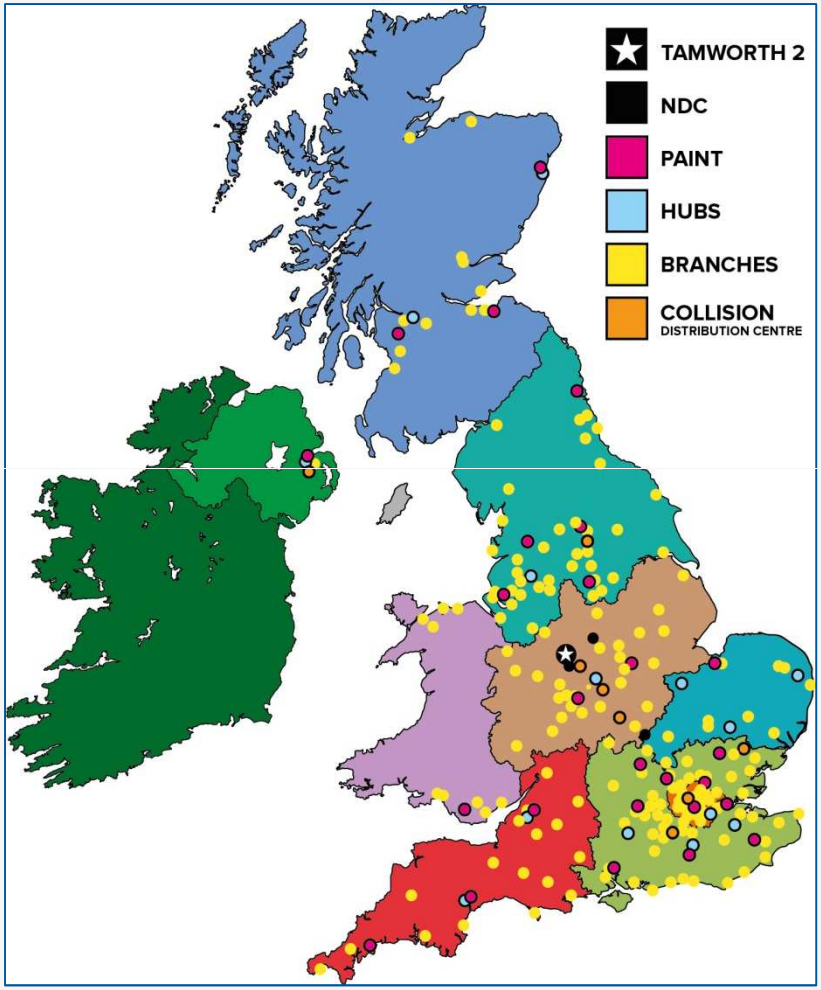
Projections based on annual rate of change between 2010 & 2013 - Impact may increase on market adoption & system improvements

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Euro Car Parts

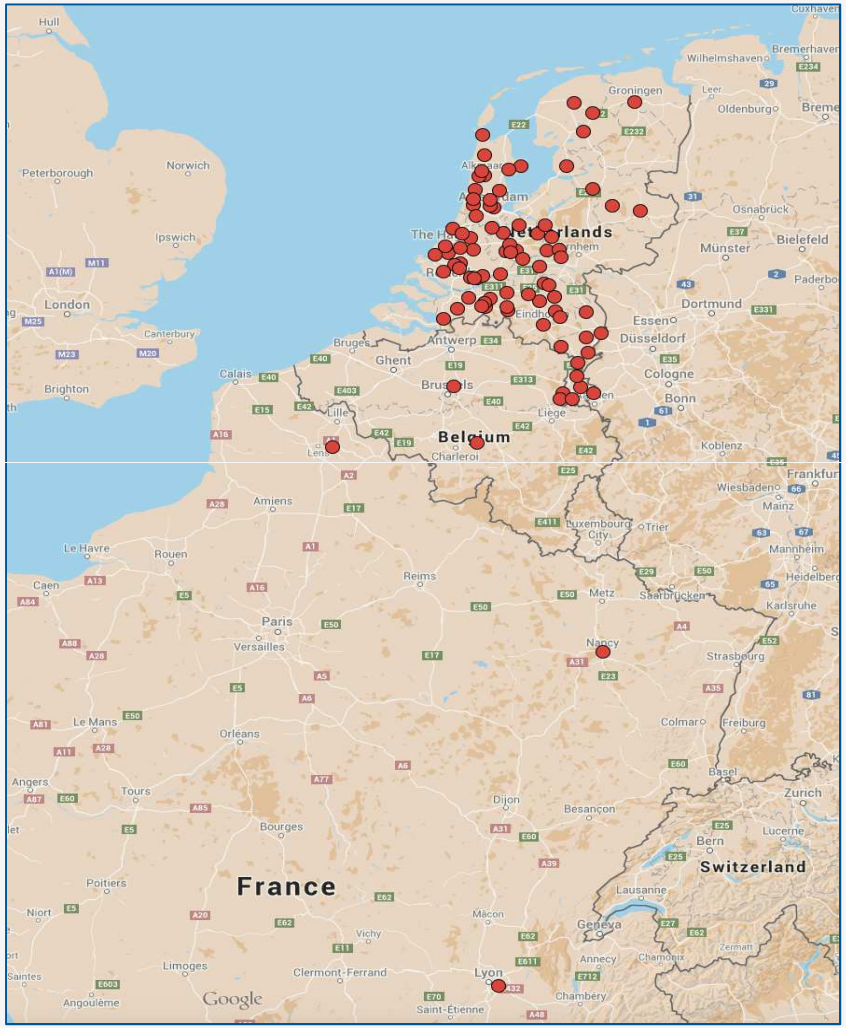
Leading distributor of automotive aftermarket parts in the UK

- Nearly 55,000 commercial customers
- 3 National Distribution Centers totaling 1.2MM square feet
- 13 regional hubs, 194 branches, 25 paint distribution locations
- Over 2,200 delivery routes
- Launched collision parts program in March 2012; now offering over 20,000 collision SKU's
- Achieved total organic growth of 11.6% in Q2 2015; organic growth for branches open more than 12 months was 7.1% for Q2 2015



Benelux Markets-Sator

- Leading distributor of automotive aftermarket mechanical parts in the Benelux offering more than 171,000 SKUs
- Proprietary, best-in-class online ordering technology for local distributors & repair shops
- Opportunity for meaningful purchasing synergies with Euro Car Parts
- Serve more than 9,500 repairers and 450 local wholesale customers with overnight & daily delivery service
- 11 distribution centres & 82 branches
- LKQ converting from 3 step to 2 step distribution model

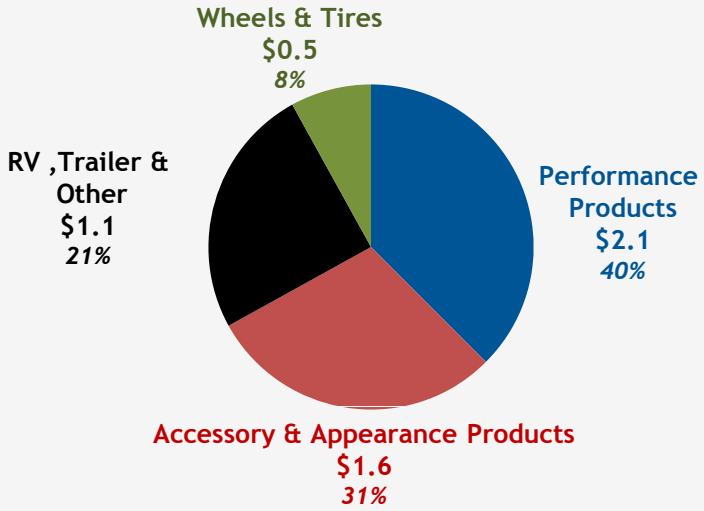


Keystone Specialty

Keystone Overview

- Leading distributor and marketer of specialty aftermarket equipment, accessories, and products in North America
- Critical link between 800+ suppliers and approximately 17,000 customers selling over 235,000 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 800,000 annual deliveries and ability to serve over 99% of jobber customers next-day
- Management and infrastructure in place to aggressively pursue growth organically and through strategic acquisitions
- Achieved Q2 2015 revenue of $283MM

Keystone's Directly Addressable Market *



North American Distribution Footprint



Keystone Automotive Operations, Inc.

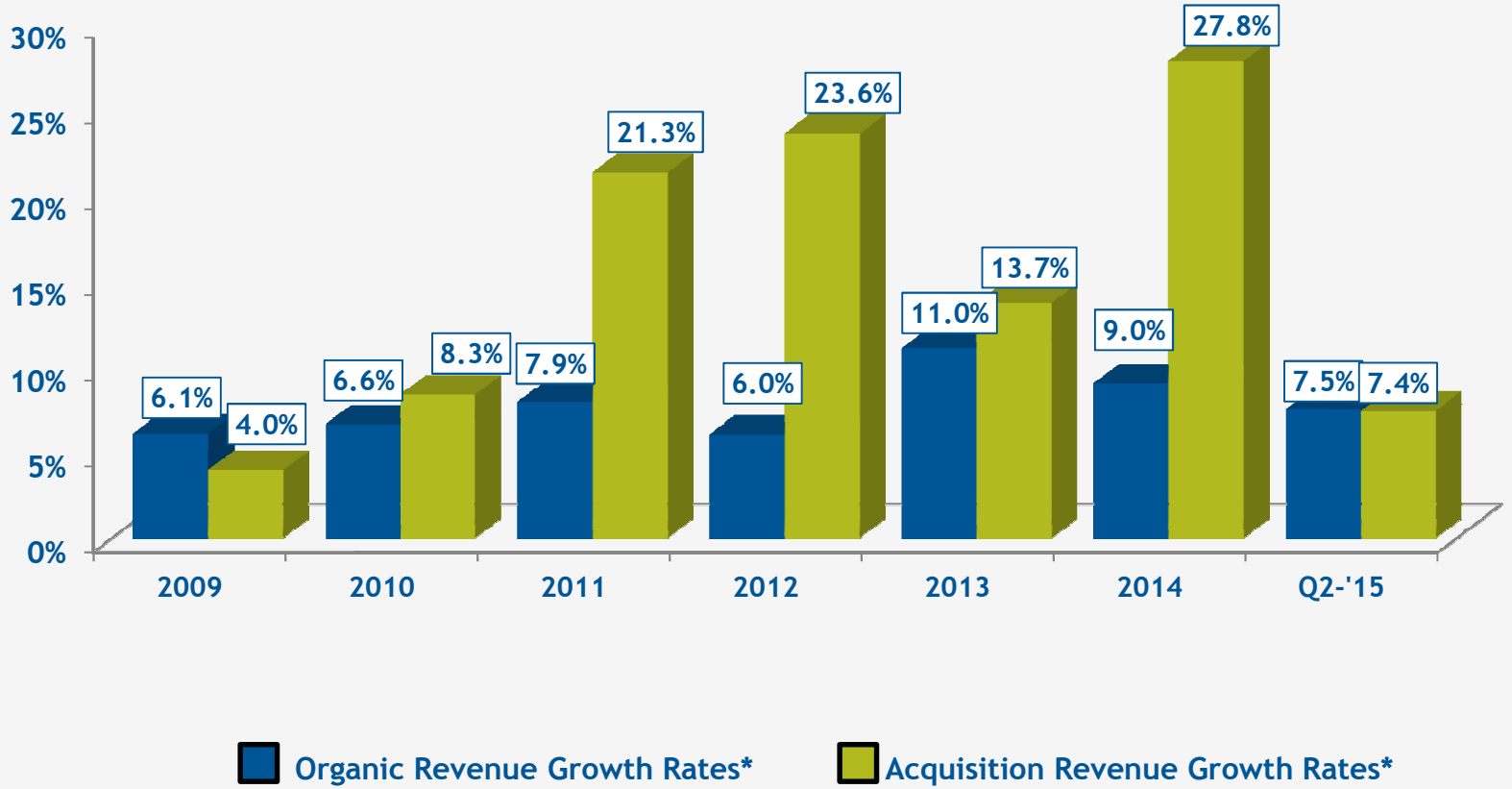
* Management estimates based on AAIA Factbook, SEMA and other industry research; data $ in billions

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Financial Overview

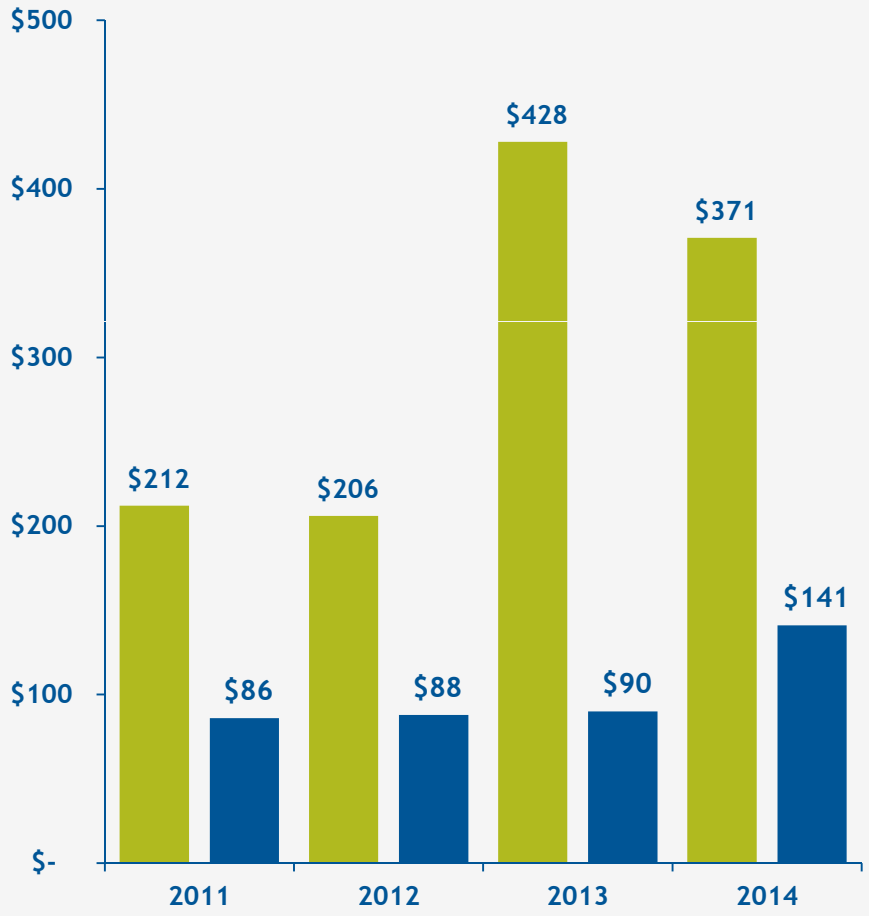
Unique Combination of Strong Organic & Acquisition Revenue Growth



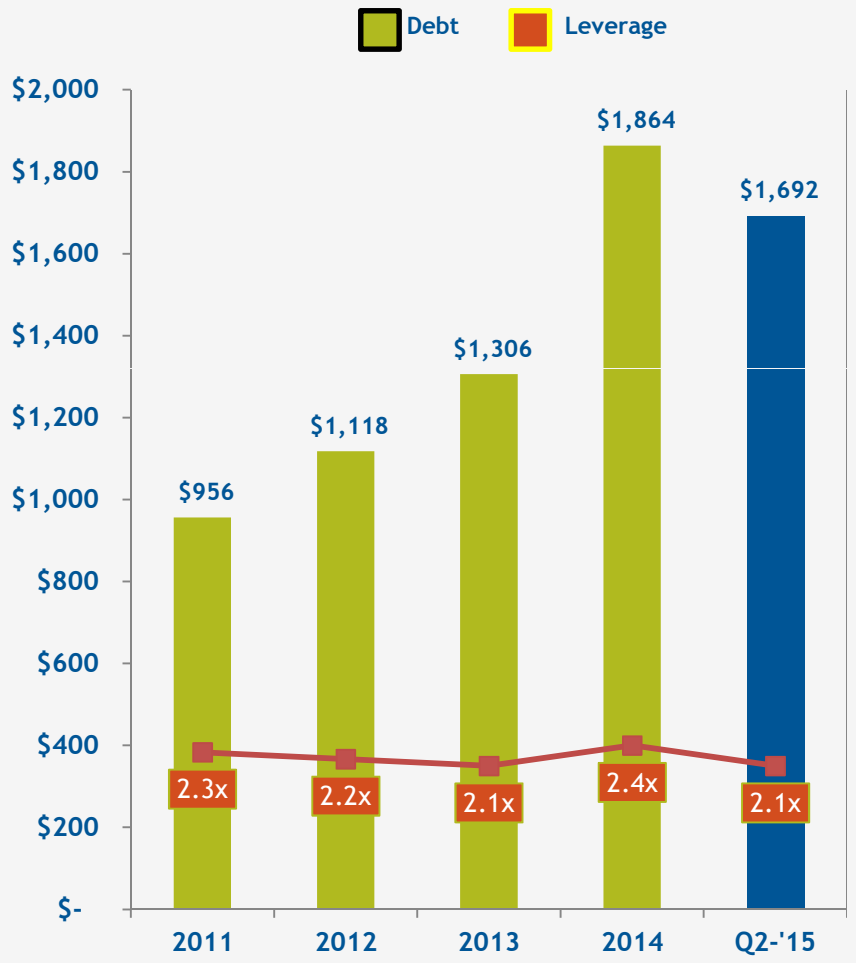
** Parts and services only*

Cash Flow & Leverage

Operating Cash Flow & CAPEX



Debt & Leverage Multiple [a]



a) EBITDA FY on a Reported Basis (i.e. not per bank covenant definitions)
* All data in millions

Q2 2015 Operating Highlights

North America

- Cumulative miles driven witnessed a YOY increase of 3.4% through May; 12-month moving average for miles driven through May 2015 reached its highest level since 1990
- YTD average price of unleaded regular gas was $2.42 a gallon through May 2015 compared to an average of $3.51 during the same period in 2014, a 31% decrease YOY
- US unemployment rate in Q2 2015 was 5.4% compared to 6.2% Q2 2014, a 13% decrease YOY

Europe

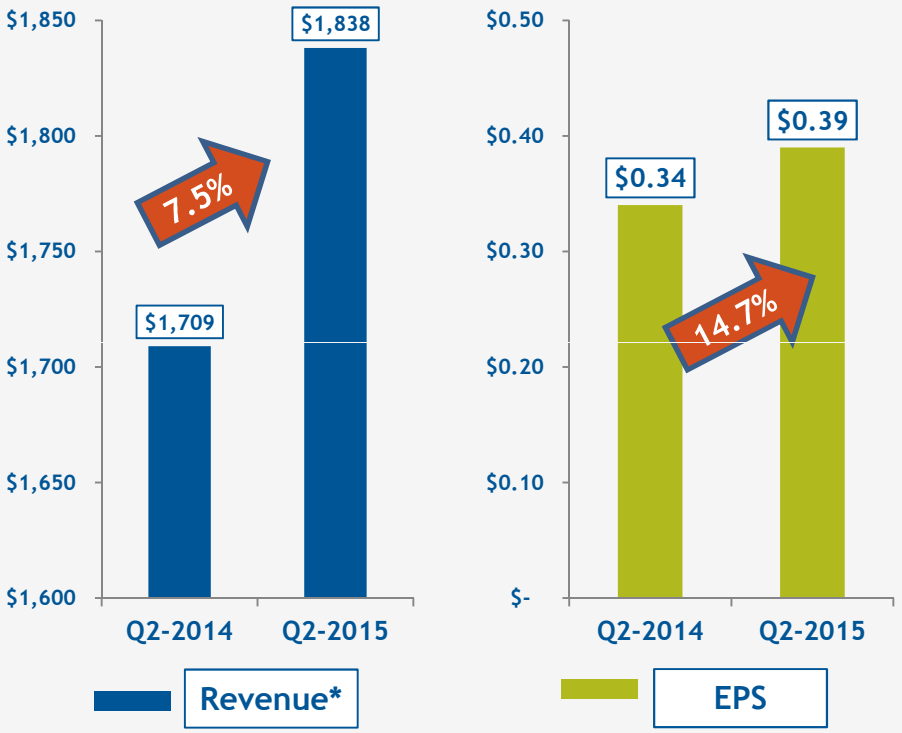
- ECP opened a net 2 additional branches bringing our network to 194 branch locations. We anticipate opening five branches in Q3 & three in Q4. On track to open the 13 branches we approved for 2015
- ECP's industry relations team is working diligently with our UK insurance partners to drive increased alternative parts usage levels within their body shop networks
- Sator achieved 6.2% organic growth in the quarter & witnessed additional gross margin benefit YOY, primarily from the shift in its network from a 3 step to a 2 step distribution model & the opening of our Lyon location in 2014

Specialty

- Integration activities related to the Stag acquisition continued in the quarter and generated cost savings in overhead expenses
- Moving forward with a new 250,000 square foot distribution center in Washington State. This facility will allow us to improve service levels across the Pacific Northwest and Western Canada. Scheduled to open by the end of 2015
- SEMA data indicated the industry increased sales for the fifth year in row, with total sales volume growth of over 8% from 2013

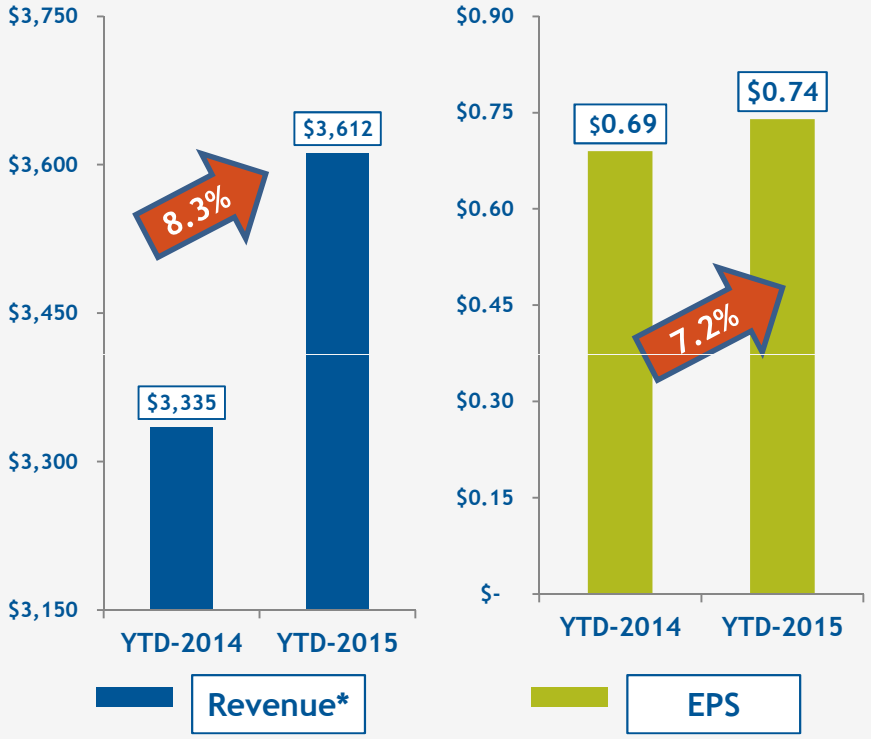
Consolidated Results

Q2 2015



- Organic growth of parts & services 7.5%
- Segment EBITDA Margin 12.7%
- Adjusted diluted EPS of $0.39 for Q2 2015
- Declining scrap prices & FX combined to negatively impact YOY EPS growth ($0.03)

YTD 2015



- Organic growth of parts & services 7.5%
- Segment EBITDA Margin 12.6%
- Adjusted diluted EPS of $0.76 for YTD 2015
- Declining scrap prices & FX combined to negatively impact YOY EPS growth ($0.06)

YTD data as of 6/30/15

* Revenue in millions

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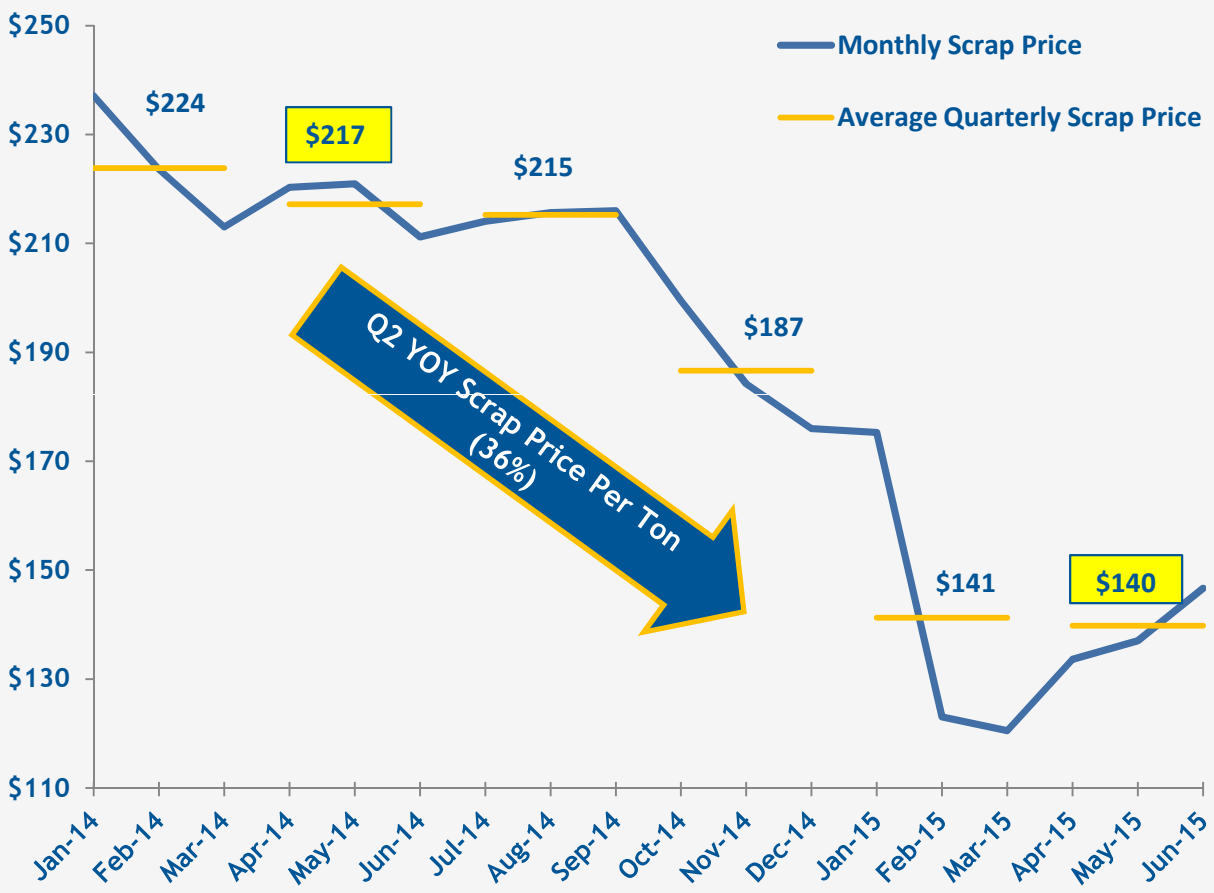
Q2 2015 Revenue Growth

Q2 revenue changes by source:	Organic	Acquisition	Foreign Exchange	Total [1]
North America	6.3%	0.9%	(0.9%)	6.3%
Europe	10.1%	11.1%	(11.7%)	9.5%
Specialty	6.6%	25.3%	(1.9%)	30.0%
Parts and services	**7.5%**	**7.4%**	**(4.3%)**	**10.6%**
Other Revenue	(20.6%)	0.4%	(0.4%)	(20.5%)
Total	4.7%	6.7%	(3.9%)	7.5%

[1] The sum of the individual revenue change components may not equal the total percentage change due to rounding.

- **North American growth equally weighted between volume & price**
- **ECP organic revenue growth for branches open more than 12 months was 7.1%**
- **ECP YOY collision parts revenue growth of 33%**
- **Unfavorable F/X impact on European revenue of $54 million**
- **European constant currency growth of 21.2%**
- **Specialty acquisition growth reflects Q4 2014 acquisition of Stag Parkway**
- **Decrease in Other Revenue primarily attributable to decline in scrap prices. Scrap was 36% lower YOY in Q2 2015**

Scrap Prices



- Decrease in other revenue primarily attributable to lower scrap prices
- Average price we receive for scrap steel was ~36% lower YOY, at $140 for YTD June 2015 vs. $217 per ton in 2014
- Estimated negative EPS impact of $0.03, or approximately $10M of net income for YTD June 2015
- Scrap has become smaller portion of global revenue mix

(1) The scrap pricing above is based on the weighted average price achieved. Prices and volume vary by region.

Capitalization

Capitalization[(a)]

($ in millions)	Amount	%
Debt	$ 1,692	36%
Stockholders' equity (book)	2,954	64%
Total capitalization	$ 4,646	100%

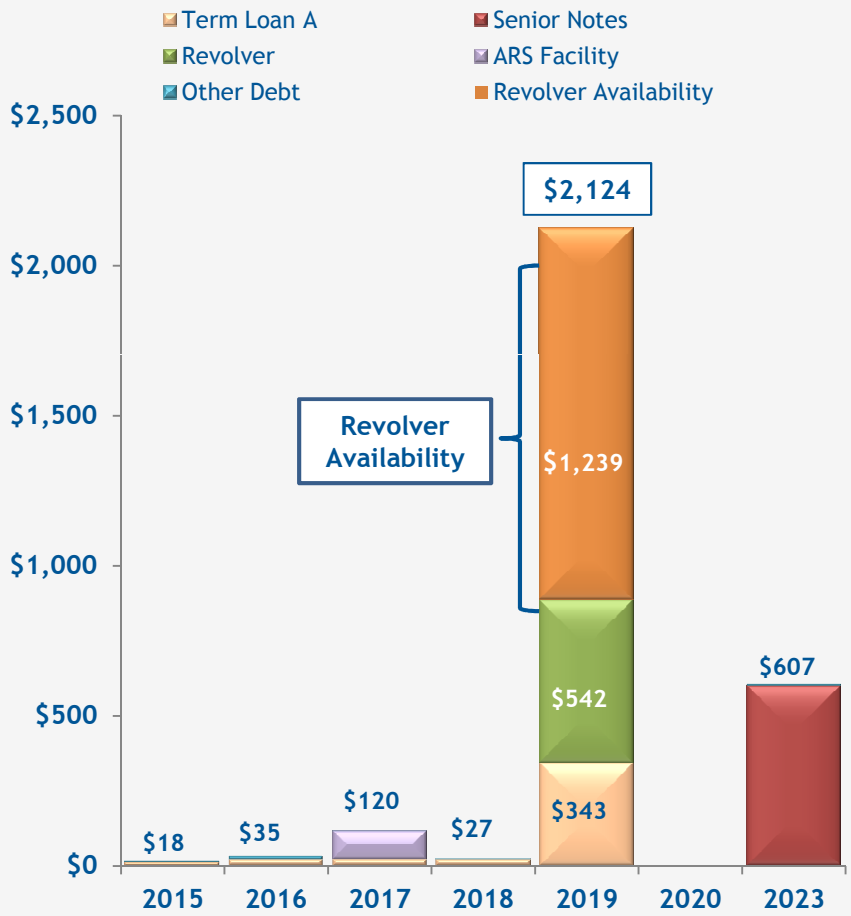
Liquidity[(b)]

($ in millions)	Amount
Cash and cash equivalents	$143
Availability under credit facilities	1,239
Total liquidity	$1,382

Credit Ratings

S&P	BB+	Stable
Moody's	Ba1	Stable

Debt Maturity Profile[(b)]



(a) As of 6/30/2015
(b) Includes our senior secured credit agreement borrowings, our receivables securitization facility and senior notes

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Guidance 2015

(effective only on the date issued: July 30, 2015)

($ in millions excluding EPS)

	Full Year 2014 Actual	Full Year 2015 Guidance [(a)]
Organic revenue growth, ***for parts & services***	9.0%	7.0% to 8.5%
Net Income	$382	$425 to $445
Diluted EPS	$1.25	$1.38 to $1.45
Cash flow from operations	$371	~$450
Capital expenditures	$141	$150 to $180

(a) Guidance for 2015 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, losses on debt extinguishment, and gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures. Organic revenue guidance refers only to parts and services revenue. LKQ updated its February 2015 guidance on July 30, 2015, 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.

Appendix

Appendix - Non-GAAP Financial Measures

The financial data contained in the presentation materials includes earnings before interest, taxes, depreciation and amortization ("EBITDA") and provides a reconciliation of net income to EBITDA. The financial data contained in the presentation materials also includes adjusted net income and adjusted diluted earnings per share ("EPS") and provides a reconciliation of net income and diluted EPS to adjusted net income and adjusted diluted EPS. The Company defines adjusted net income and adjusted diluted EPS as net income and diluted EPS adjusted to eliminate the impact of restructuring and acquisition related expenses, net of tax, loss on debt extinguishment, net of tax, and the change in fair value of contingent consideration liabilities. EBITDA, adjusted net income and adjusted diluted EPS are not measures of financial performance under generally accepted accounting principles in the United States.

We have presented EBITDA, adjusted net income and adjusted diluted EPS information solely as supplemental disclosures because we believe they offer investors, securities analysts and other interested parties useful information regarding our results of operations because they assist in analyzing our performance and the value of our business. EBITDA provides insight into our profitability trends, and allows management and investors to analyze our operating results with and without the impact of depreciation, amortization, interest and income tax expense. We believe EBITDA is used by securities analysts, investors and other interested parties in evaluating companies, many of which present EBITDA when reporting their results. EBITDA should not be construed as an alternative 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. Adjusted net income and adjusted diluted EPS are presented as supplemental measures of our performance that management believes are useful for evaluating and comparing our operating activities across reporting periods. Adjusted net income and adjusted diluted EPS should not be construed as alternatives to net income or diluted EPS as determined in accordance with accounting principles generally accepted in the United States. Not all companies that report EBITDA, adjusted net income and adjusted diluted EPS information calculate these 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.

EBITDA & Segment EBITDA Reconciliation

	QTD		YTD	
	Q2-2015	Q2-2014	Q2-2015	Q2-2014
(in thousands)				
Segment EBITDA				
North America	$ 138,880	$ 137,150	$ 288,268	$ 283,288
Europe	53,943	45,945	100,466	87,100
Specialty	40,198	28,356	65,602	46,160
Total Segment EBITDA	233,021	211,451	454,336	416,548
Deduct:				
Restructuring and acquisition related expenses	1,663	5,901	8,151	9,222
Change in fair value of contingent consideration liabilities	125	(790)	276	(2,012)
Add:				
Equity in earnings of unconsolidated subsidiaries	(1,162)	(442)	(3,070)	(478)
EBITDA	$ 230,071	$ 205,898	$ 442,839	$ 408,860
Depreciation and Amortization	31,045	31,047	61,714	58,893
Interest Expense, Net	14,622	15,628	29,528	31,746
Loss on debt extinguishment				324
Provision for Income Taxes	64,682	54,341	124,780	108,362
Net Income	$ 119,722	$ 104,882	$ 226,817	$ 209,535

*Loss on debt extinguishment is considered a component of interest in calculating EBITDA, as the write-off of debt issuance costs is similar to the treatment of debt issuance cost amortization.

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Adjusted Net Income & Adjusted EPS Reconciliation

(In thousands, except per share data)	QTD Q2-2015	QTD Q2-2014	YTD YTD-2015	YTD YTD-2014
Net income	$ 119,722	$ 104,882	$ 226,817	$ 209,535
Adjustments:				
Restructuring and acquisition related expenses, net of tax	1,079	3,895	5,290	6,087
Loss on debt extinguishment, net of tax				214
Change in fair value of contingent consideration liabilities	125	(790)	276	(2,012)
Adjusted net income	$ 120,926	$ 107,987	$ 232,383	$ 213,824
Weighted average diluted common shares outstanding	307,247	305,837	307,105	305,677
Diluted earnings per share	$ 0.39	$ 0.34	$ 0.74	$ 0.69
Adjusted diluted earnings per share	$ 0.39	$ 0.35	$ 0.76	$ 0.70

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Constant Currency Reconciliation

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

	Three Months Ended June 30, 2015		Six Months Ended June 30, 2015	
	Consolidated	Europe	Consolidated	Europe
Parts & Services				
Revenue growth as reported	10.6%	9.5%	11.3%	12.6%
Less: Currency impact	-4.3%	-11.7%	-4.0%	-11.2%
Revenue growth at constant currency	14.9%	21.2%	15.3%	23.8%

We evaluate growth in our operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our growth, consistent with how we evaluate our 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 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.