Investor/Analyst Conference Call

LKQ to Acquire Pittsburgh Glass Works

February 29, 2016

Rob Wagman – *President & Chief Executive Officer*
Nick Zarcone – *Executive Vice President & Chief Financial Officer*

Agenda

- Strategic Rationale & PGW Overview - Rob Wagman
- Financial Overview - Nick Zarcone
- Q & A

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.

Company Snapshot

Market Leading Auto Glass

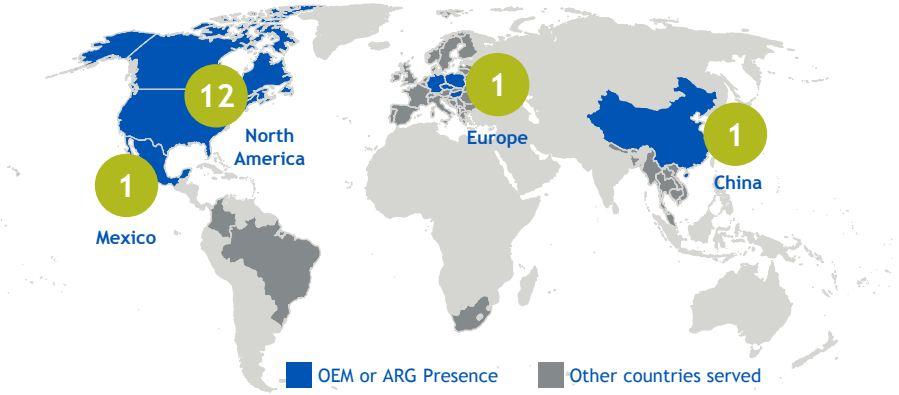
- Pittsburgh Glass Works LLC ("PGW" or the "Company") is the leading North American manufacturer, supplier and distributor of automotive glass products
  - #1 in OEM with approximately 20 global customers across 78 platforms
  - #2 in aftermarket serving over 7,000 customers
- Worldwide, low-cost manufacturing footprint integrated across global supply chain
- Platform company with numerous value creation opportunities

Select Automotive Glass Capabilities

Windshields | **Sidelites** | **Backlites** | **Roof Panels**



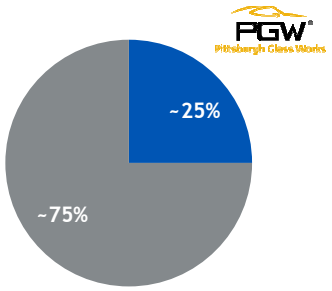
Global Manufacturing and Distribution Footprint(1)



(1) Facilities in Mexico and China are partially-owned JVs.
(2) Management's estimates.
(3) U.S. distributed share.

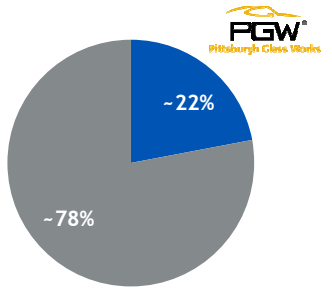
North American Automotive Glass Competitive Landscape(2)

OEM



Market Size: $2.3 billion

Aftermarket(3)



Market Size: $1.2 billion

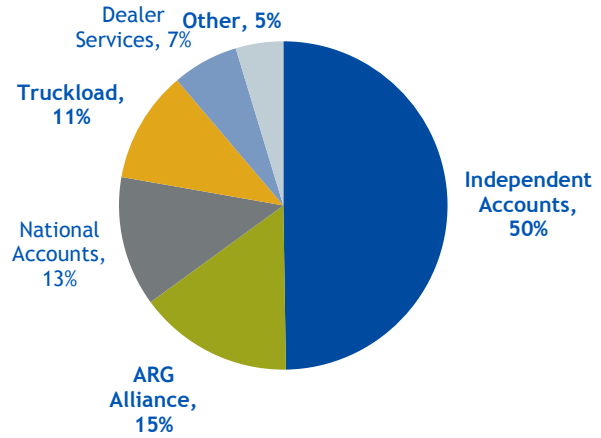
PGW Strategic Rationale

- Fills a meaningful void in the LKQ product offering worldwide
- Only pure-play automotive glass provider in North America
- Leading competitive position in a large and growing global market
- Positioned to capitalize on industry trends toward the use of innovative, higher value applications
- Significant customer overlap with existing collision related activities; strong cross selling opportunities
- Integration/synergy potential between respective NA aftermarket distribution and warehousing networks
- Strong and experienced management team
- Opportunity to grow organically and through further acquisitions
- Solid margins, organic growth, and excellent cash flow dynamics
- Strong barriers to entry

Aftermarket Segment Overview

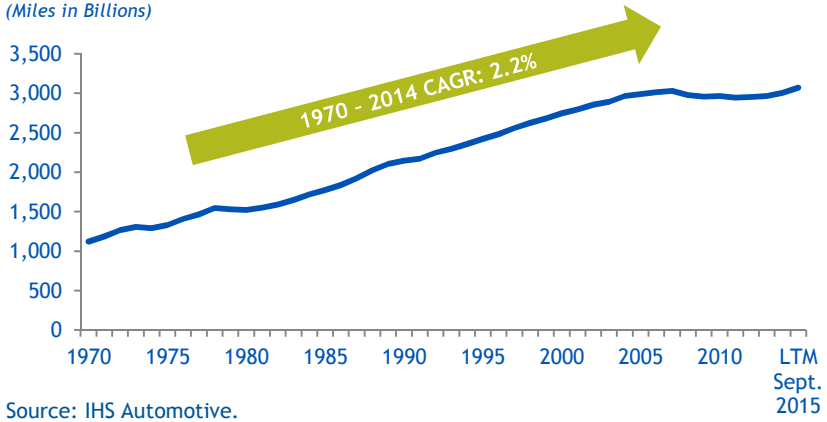
- Market leader in the fabrication and distribution of aftermarket automotive glass
- Highly diverse customer base, serving over 7,000 glass repair and replacement shops
- Maintain 97% platform coverage of vehicle models 15 years or younger
- Stable non-cyclical demand drivers with positive industry momentum
- 2015 unit volume increased by ~11%, significantly above market growth rate of 3%
- In 2014, increased unit volume by 20%, twice the rate of overall market growth
- Successful share gains through expansion into OEM-service channel ("OES")

Revenue by Customer



U.S. Annual Miles Driven

(Miles in Billions)

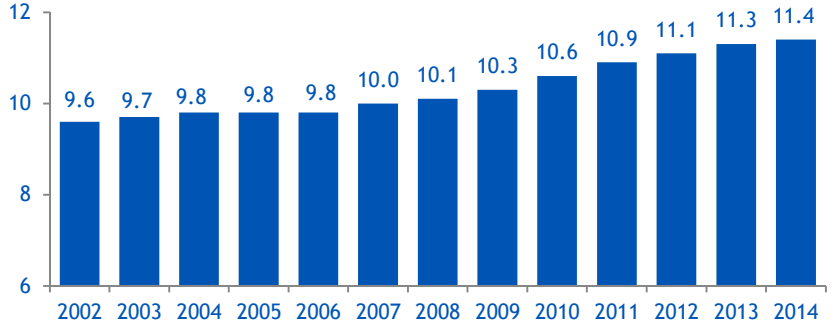


Source: IHS Automotive.

(1) Denotes Original Equipment Service segment.

U.S. Average Vehicle Age

(Average Vehicle Age in Years)

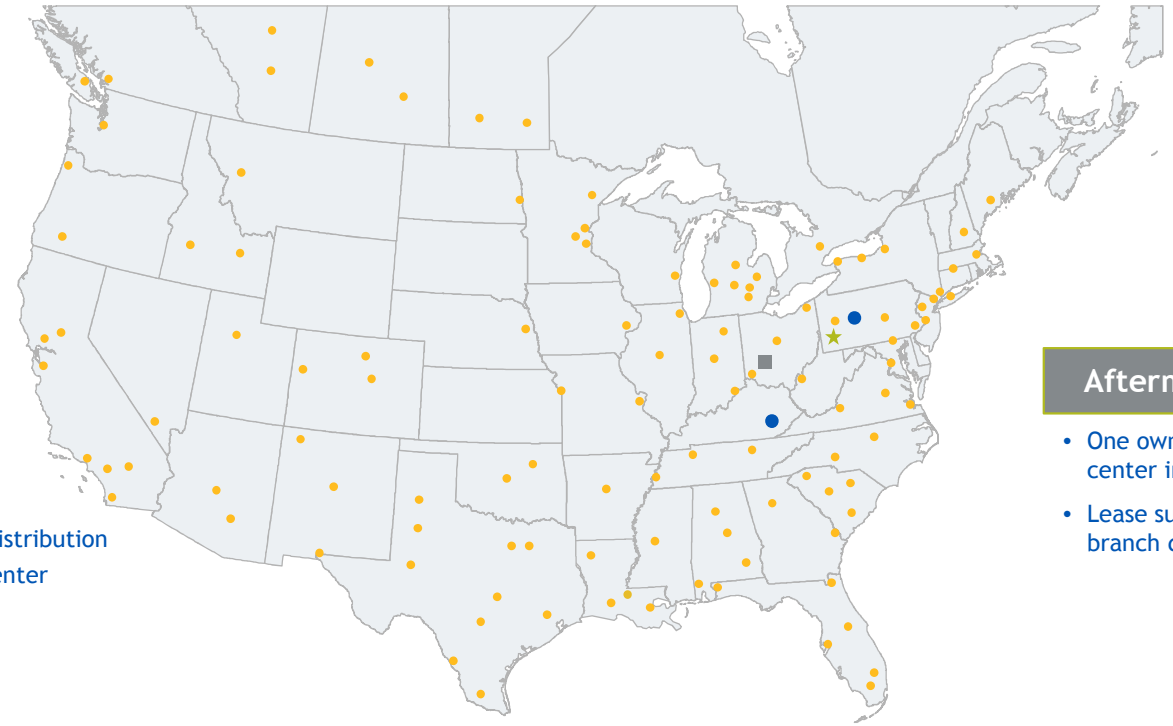


Leading North American Distribution Network

- Highly efficient nationwide system of branches operating in high-growth markets
- Central distribution center in Chillicothe, OH optimally located to service North American customers' distribution needs
- Benefits from integrated supply chain of flat glass production, automotive glass fabrication and just-in-time assembly operations
- Distribution network allows PGW to serve 98% of its customers within 24 hours

Nationwide Distribution Network

(Revenue in $ Millions)



- Aftermarket central distribution
- Branch Distribution Center
- Headquarters
- Sourcing plant

Aftermarket Facilities

- One owned central distribution center in Chillicothe, OH
- Lease substantially all 119 branch distribution centers

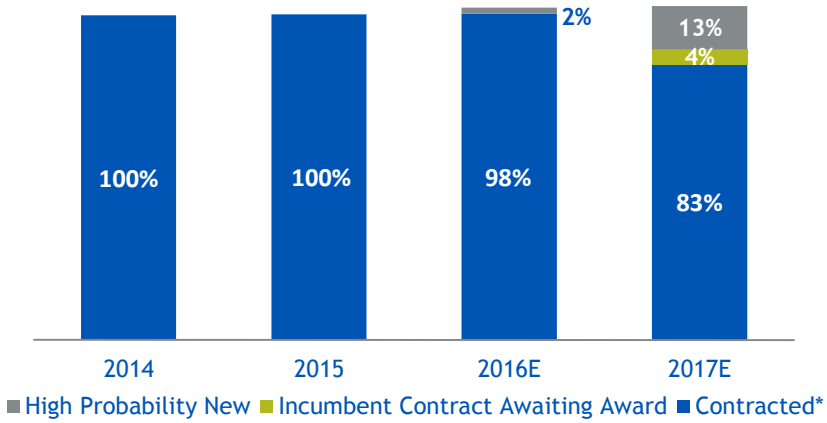
PGW's Tactically Located Branches Allow Timely, Cost-Competitive and Nationwide Coverage

OEM Segment Overview

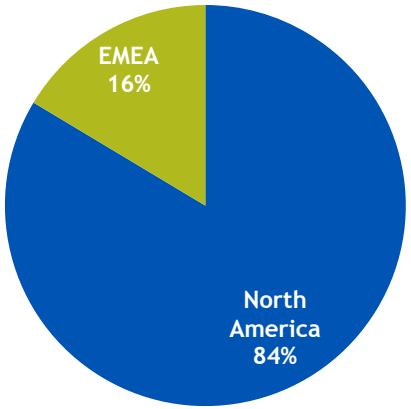
- North American market leader in the production and fabrication of automotive glass parts
- Best-in-class technology capabilities across windshields, sidelites and backlites and roof glass
  - Leading windshield and tempered capabilities at Elkin, North Carolina facility support blue-chip OEM customers' needs for advanced auto glass technology
  - 8 fabrication facilities and 1 float glass facility provide a global, highly efficient manufacturing footprint
- Growing presence in global strategic markets
  - Facilities in Poland, China and Mexico allow PGW to service growing OEM demand in Europe, Asia and North America
- Highly visible revenue stream

Strong OEM Revenue Visibility

(% of OEM Revenue)



LTM Revenues by Geography



PGW is a Global Market Leader in the Production and Fabrication of Automotive Glass Parts

* Some contracts have termination clauses.

Interactive Relationships with Blue-Chip Customer Base

Aftermarket

MYGRANT GLASS
MAGNA
MOPAR
GM
(OES) (1)
ABRA AUTO BODY & GLASS
Binswanger Glass
GLASSDOCTOR HOME • AUTO • BUSINESS
DAIMLER
(OES) (1)

OEM

FCA FIAT CHRYSLER AUTOMOBILES
Ford
BMW
Audi
PORSCHE
GM
DAIMLER
NISSAN
TOYOTA

Top 5 U.S. Auto Platforms(2)

	Make	Model	PGW Aftermarket	PGW OEM
1	Ford	F-Series	✓	✓
2	CHEVROLET	Silverado	✓	✓
3	TOYOTA	Camry	✓	✓
4	RAM	Ram Pickup	✓	✓
5		Accord	✓	✓

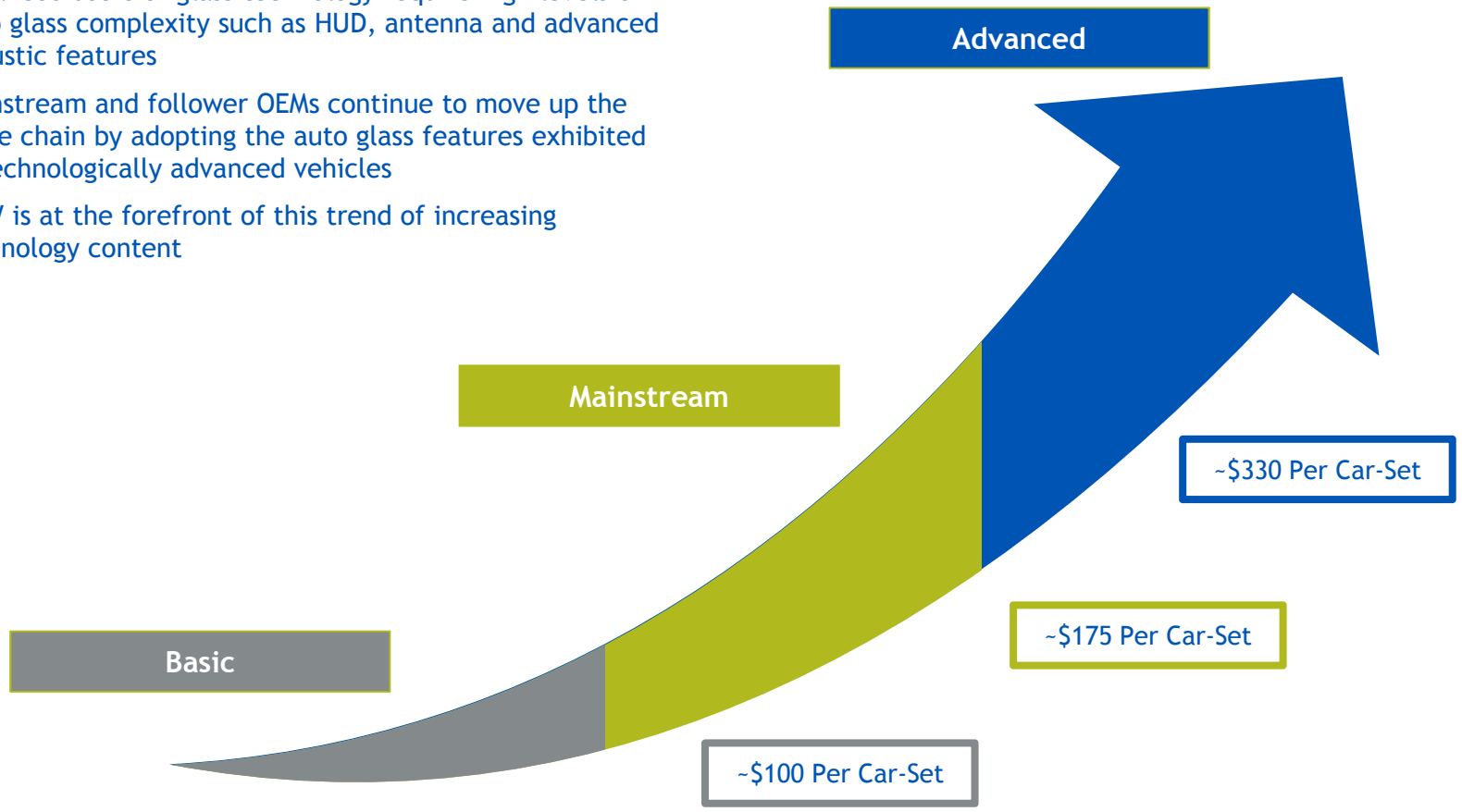
Strong Relationships with Blue-Chip Customer Base Across both aftermarket and OEM

(1) Denotes Original Equipment Service segment.
(2) Source: Automakers & Automotive News Data Center.

LKQ Corporation

Positioned to Capitalize on Increasingly Complex Automotive Glass Needs

- Advanced users of glass technology require high levels of auto glass complexity such as HUD, antenna and advanced acoustic features
- Mainstream and follower OEMs continue to move up the value chain by adopting the auto glass features exhibited in technologically advanced vehicles
- PGW is at the forefront of this trend of increasing technology content



Leading Partner for Technological Advancements with a Broad Spectrum of Customers



Financial Overview

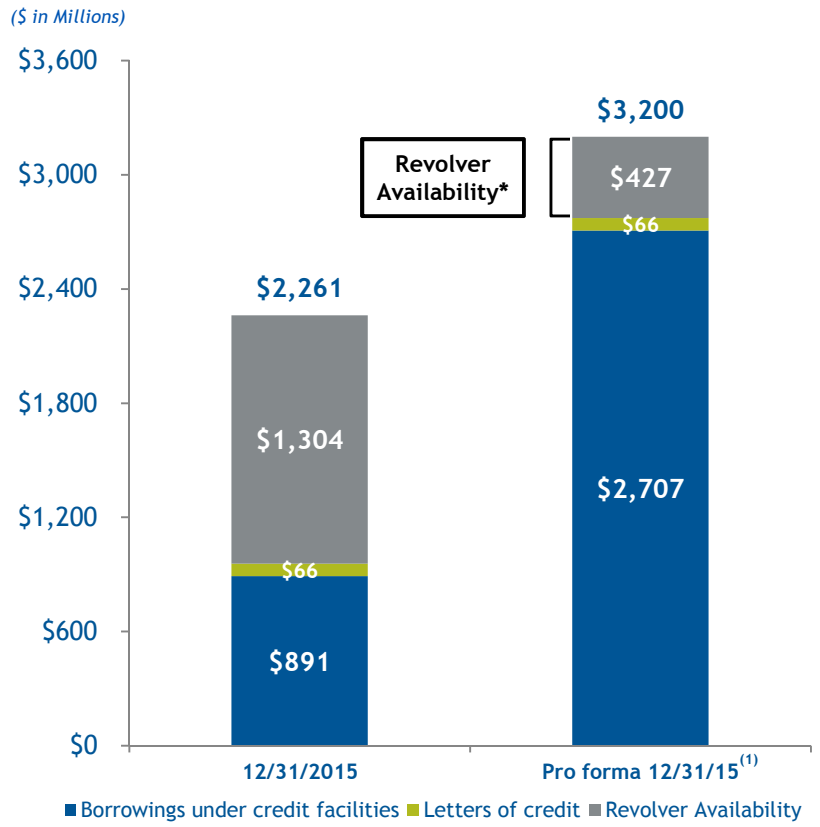
Transaction Summary

Structure and Consideration	• $635 million in total consideration • Represents EV / Adjusted 2015 EBITDA: 6.0x • Transaction expected to be financed with existing facilities • Strong combined financial profile allows for an all cash transaction
Combined Financial Metrics(1)	• $9.2 billion in pro forma Revenue; pro forma Adjusted EBITDA(2) $1.07 billion • Expected to be EPS accretive in first year of LKQ ownership • Expected to eventually generate approximately $7 million in annual run-rate synergies
Approvals and Closing	• The transaction has been approved by LKQ's board of directors • Closing will be subject to customary closing conditions & regulatory approvals • Expected to close in Q2 2016

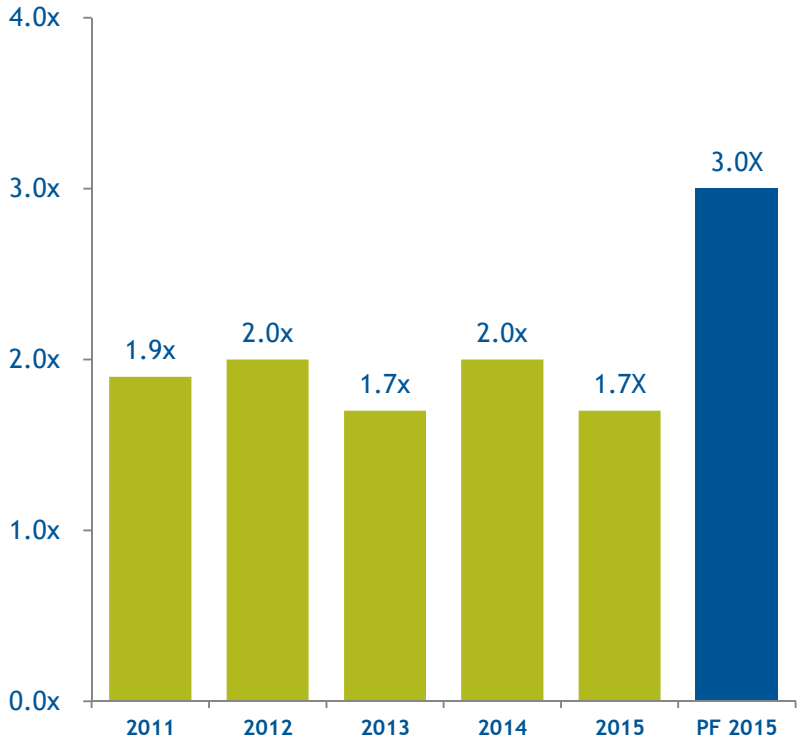
(1) Financial information reflects FY 2015 for LKQ, LTM 9/30/15 for Rhiag and LTM 10/31/15 for PGW.
(2) Represents (i)LKQ Adjusted EBITDA & (ii) Adjusted EBITDA as defined by Rhiag and PGW with LTM results further adjusted by LKQ. See the Appendix for reconciliations of non-GAAP measures.
Note: Assumes EUR/USD exchange rate of 1.10

Financing

Credit Facility



Net Leverage Per Bank Covenants(2)



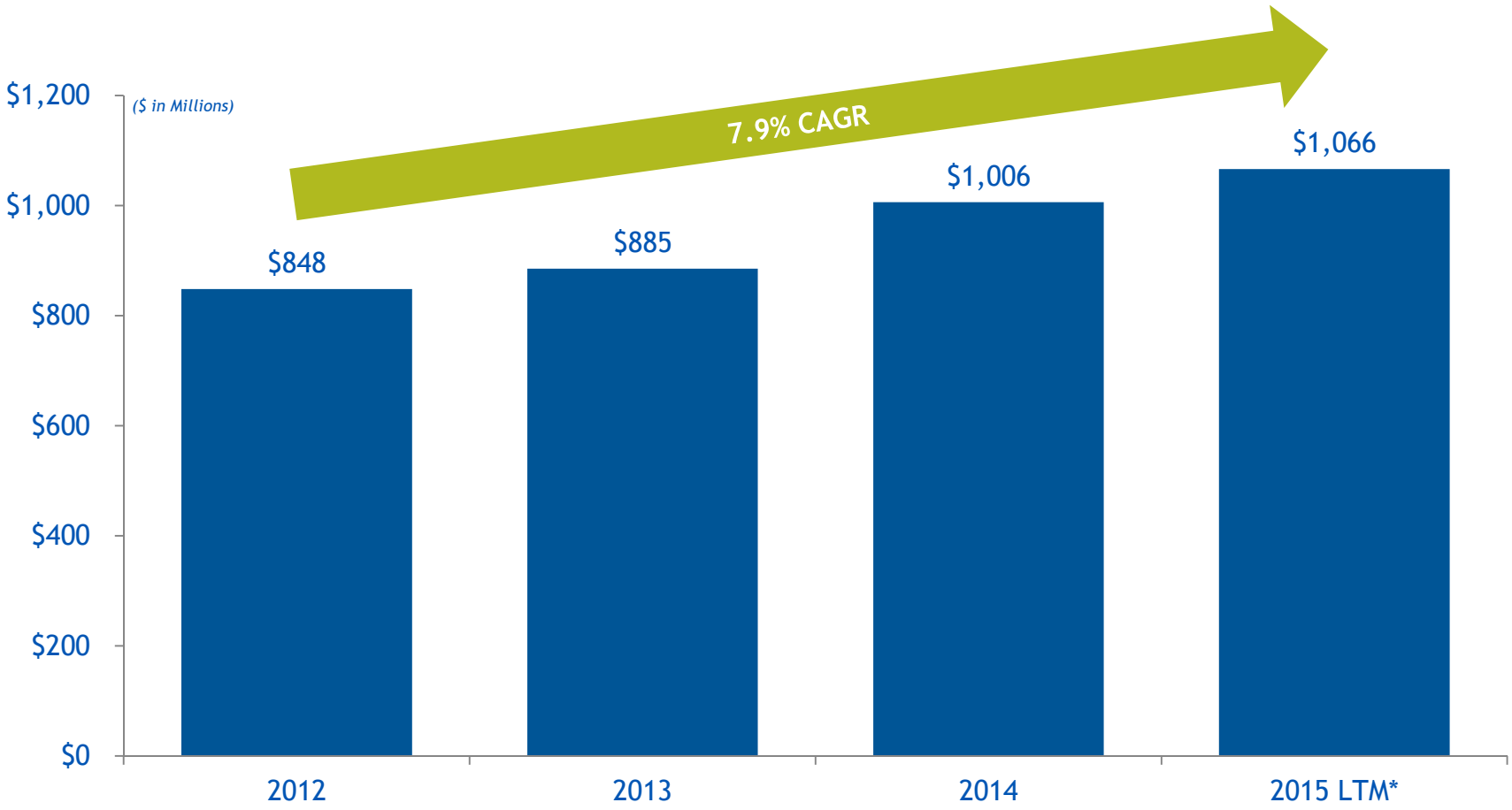
* Revolver availability includes our revolving credit facilities

(1) Pro forma 12/31/15 includes the effects of the January 29, 2016 amendment to the credit arrangement and the pending acquisitions of Rhiag and PGW.

(2) 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.

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PGW's Solid Revenue Growth

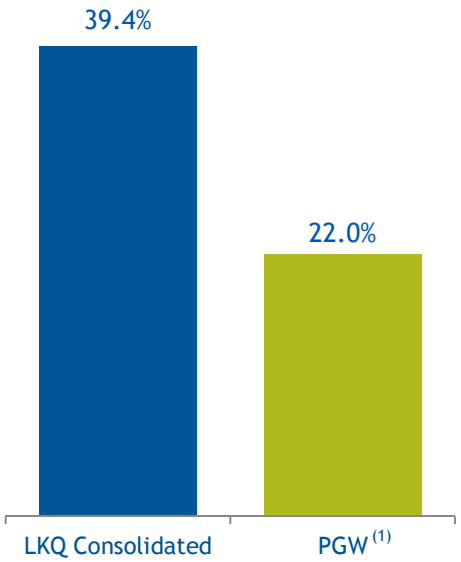


* LTM as of 10/31/15

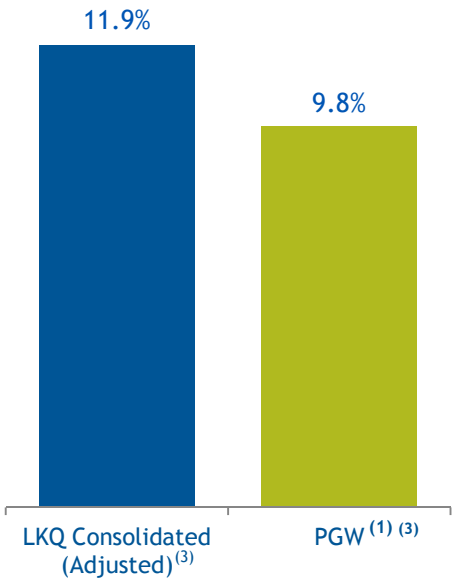
LTM Margin Analysis

- PGW has a different margin profile due to product mix & distribution model
- We expect a decline in Operating Margin post-acquisition related to amortization of intangibles recorded with the transaction

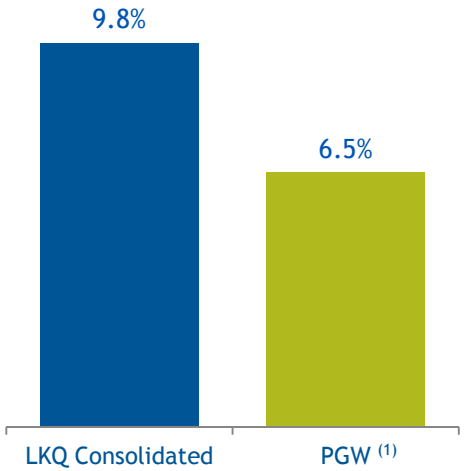
LTM Gross Margin[2]



LTM Adjusted EBITDA Margin[2]



LTM Operating Margin[2]



(1) Reflects estimates based on preliminary financial information. Estimates are subject to change based on final conversion to LKQ policies & mapping to LKQ chart of accounts.
(2) Financial information reflects FY 2015 for LKQ and LTM 10/31/15 for PGW.
(3) Represents (i) LKQ Adjusted EBITDA and (ii) Adjusted EBITDA as defined by PGW with results further adjusted by LKQ. See Appendix for reconciliations of non-GAAP measures.

EPS Accretion

- LKQ anticipates the acquisition will be accretive to EPS on both an Diluted EPS & Adjusted EPS basis

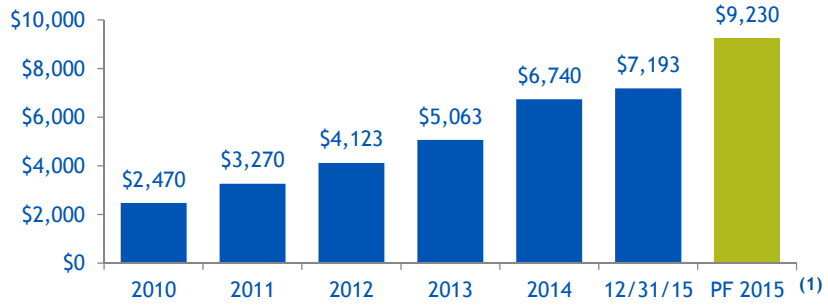
Potential Accretion	2016	2017
Diluted EPS(1)	$0.02	$0.04
Adjusted Diluted EPS(2)	$0.06	$0.10

(1) Reflects estimated GAAP diluted EPS. Note that there are no charges for anticipated restructuring activities in the 2016 or 2017 figures. Accretion assumes Q2 2016 closing.
(2) Adjusted diluted EPS excludes the impact of restructuring and acquisition related expenses; gains or losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities) and amortization of acquired intangibles. The difference between diluted and adjusted diluted EPS represents the after tax impact of intangible amortization expense of approximately $13 million and $19 million for 2016 and 2017, respectively. Accretion assumes Q2 2016 closing.

Historical Financial Performance

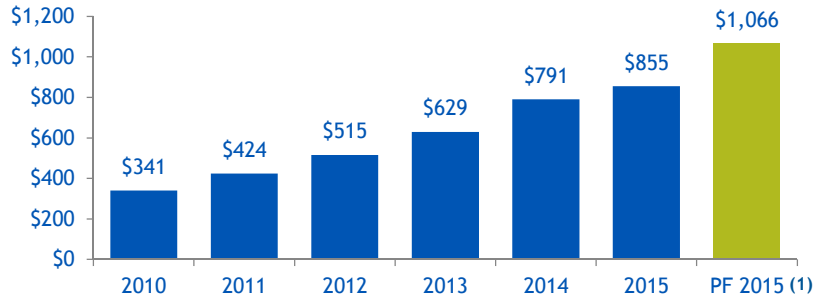
Revenue

($ in Millions)



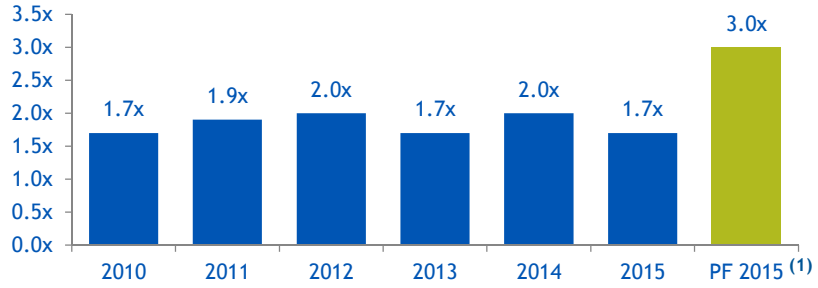
Adjusted EBITDA (2)

($ in Millions)



Net Leverage Per Bank Covenants(3)

($ in Millions)



(1) Pro Forma 2015 reflects a full year impact of Rhiag and PGW acquisitions. Financial information reflects FY 2015 for LKQ, LTM 9/30/15 for Rhiag and LTM 10/31/15 for PGW.
(2) Represents (i)LKQ Adjusted EBITDA & (ii) Adjusted EBITDA as defined by Rhiag and PGW with LTM results further adjusted by LKQ. See the Appendix for reconciliations of non-GAAP measures.
(3) Please refer to footnote 2 on slide 12 for definition for "Net leverage per bank covenants".
Note: Assumes EUR/USD exchange rate of 1.10

Key Takeaways

- Consistent with LKQ's growth and acquisition strategy
- PGW is a recognized market leader and well positioned for the evolving complexity of automotive glass and the robust SAAR projections
- Strong in-place management team
- Attractive distribution system
- Expands product portfolio and allows LKQ to sell deeper into new and existing professional repairer customers across all segments
- PGW expands LKQ's addressable market globally with tuck-in acquisition opportunities
- Strong barriers to entry
- Significant synergies and cost savings with existing LKQ footprint
- Attractive financial metrics

Appendix

Pro Forma Revenue & Adjusted EBITDA

The following unaudited table reflects pro forma 2015 revenue and adjusted EBITDA for LKQ Corporation:

(in thousands)	Revenue	Adjusted EBITDA
LKQ Corporation	$7,192,633	$ 854,529
Rhiag	970,640	106,920
PGW	1,066,400	105,000
Total pro forma	$9,229,673	$ 1,066,449

Notes:
Financial information reflects FY 2015 for LKQ, LTM 9/30/15 for Rhiag and LTM 10/31/15 for PGW.
Assumes EUR/USD exchange rate of $1.10
See other appendices for reconciliations of Adjusted EBITDA for LKQ, Rhiag and PGW.

Adjusted EBITDA Reconciliation-LKQ Corporation

The following unaudited table reconciles Net Income to EBITDA and Adjusted EBITDA for LKQ Corporation:

(in thousands)	Year Ended December 31, 2015	2014	2013	2012	2011	2010
Net income	$ 423,223	$ 381,519	$ 311,623	$ 261,225	$ 210,264	$ 167,118
Depreciation and amortization	128,192	125,437	86,463	70,165	54,505	41,428
Interest expense, net	57,342	63,947	50,825	31,215	22,447	28,316
Loss on debt extinguishment	-	324	2,795	-	5,345	-
Provision for income taxes	219,703	204,264	164,204	147,942	125,507	103,007
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 828,460	$ 775,491	$ 615,910	$ 510,547	$ 418,068	$ 339,869
Add:						
Restructuring and acquisition related expenses	19,511	14,806	10,173	2,751	7,590	668
Change in fair value of contingent consideration liabilities	454	(1,851)	2,504	1,643	(1,408)	-
Deduct:						
Equity in earnings of unconsolidated subsidiaries	(6,104)	(2,105)	-	-	-	-
Adjusted EBITDA	$ 854,529	$ 790,551	$ 628,587	$ 514,941	$ 424,250	$ 340,537
Revenue	$ 7,192,633	$ 6,740,064	$ 5,062,528	$ 4,122,930	$ 3,269,862	$ 2,469,881
Adjusted EBITDA as a % of revenue	11.9%	11.7%	12.4%	12.5%	13.0%	13.8%

We provide a reconciliation of Net Income to EBITDA and Adjusted EBITDA as we believe it offers investors, securities analysts and other interested parties useful information regarding our results of operations because it assists 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. In addition, not all companies that report EBITDA information calculate EBITDA in the same manner as we do and, accordingly, our calculation is not necessarily comparable to similarly named measures of other companies and may not be an appropriate measure for performance relative to other companies.

Adjusted EBITDA is presented as a supplemental measure of our performance that management believes is useful for evaluating and comparing our operating activities across reporting periods. Adjusted EBITDA excludes restructuring and acquisition related expenses, change in fair value of contingent consideration liabilities and equity in earnings of unconsolidated subsidiaries.

LKQ Corporation

Adjusted EBITDA Reconciliation-Rhiag

The following unaudited table reconciles Net Income to EBITDA and Adjusted EBITDA for Rhiag:

	Rhiag Trailing 12 Months September 30, 2015 (in thousands)
Net income	€ 13,264
Depreciation and amortization	39,497
Interest expense, net	41,019
Provision for income taxes	1,626
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ 95,406
Add:	
Non-recurring items and restructuring costs	7,794
Adjusted EBITDA - Rhiag management	€ 103,200
Due diligence adjustments	(6,000) [1]
Adjusted EBITDA	€ 97,200
Revenue	€ 882,400
Adjusted EBITDA as % of Revenue	11.0%

The above table reconciles Net Income as determined under International Financial Reporting Standards (IFRS) to EBITDA and Adjusted EBITDA and was derived from Rhiag's financial reports as provided to LKQ. Rhiag management discloses Adjusted EBITDA in its financial reports as a supplemental measure to provide users additional insight into the operating performance of the business. Rhiag management has informed LKQ that Rhiag's Adjusted EBITDA includes revenues, net of direct costs of sales, cost of sales, distribution costs, administrative costs, other operating costs and excludes non-recurring items and restructuring costs. Adjusted EBITDA is not a recognized measure under International Financial IAS / IFRS adopted by the European Union.

[1] As a result of information learned during LKQ's due diligence process, Adjusted EBITDA as originally reported by Rhiag for the trailing twelve months ended September 30, 2015 has been reduced by approximately €6 million.

Adjusted EBITDA Reconciliation-PGW

The following unaudited table reconciles Net Income to EBITDA and Adjusted EBITDA for PGW:

	PGW Trailing 12 Months October 31, 2015 (in thousands)
Net income	$ 25,400
Depreciation and amortization	34,800
Interest expense, net	30,200
Provision for income taxes	300
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 90,700
Add:	
Non-recurring items and restructuring costs	18,100
Adjusted EBITDA - PGW management	$ 108,800
Due diligence adjustments	(3,800) (1)
Adjusted EBITDA	$ 105,000
Revenue	$ 1,066,400
Adjusted EBITDA as % of Revenue	9.8%

The above table reconciles Net Income as determined under US GAAP to EBITDA as presented by PGW management. Adjusted EBITDA excludes certain non-recurring items and restructuring costs that are viewed by PGW management as not reflective of the core business' operating trends (e.g. start-up costs related to a new production line, incremental costs related to down time for significant repair work). Adjusted EBITDA as presented by PGW management should not be viewed 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. In addition, not all companies that report EBITDA information calculate EBITDA in the same manner as PGW does and accordingly, the calculation is not necessarily comparative to similarly named measures. Going forward, Adjusted EBITDA will be determined using the LKQ methodology and thus may not be comparable to the PGW amount presented above.

(1) As a result of information learned during LKQ's due diligence process, Adjusted EBITDA as originally reported by PGW for the trailing twelve months ended October 31, 2015 has been adjusted by approximately $3.8 million.

LKQ Corporation