LKQ Corporation

LKQ's 2016 Investor Day

Tuesday, March 15, 2016
NASDAQ MarketSite






Forward Looking Statements

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, 2015 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.

Agenda

	Welcome, Safe Harbor / Opening Remarks	Joe Boutross
8:20 AM	Company Direction & Strategy, Market Overview	Rob Wagman
	Acquisition & Development	Walter Hanley
	Wholesale – North America	Justin Jude
9:45 AM	Q&A	
10:00 AM	Break	
10:15 AM	Wholesale – Europe	John Quinn, Martin Gray, Sinon Galvin
	Specialty	Bill Rogers
	Financial Overview	Nick Zarcone
11:30 AM	Q&A	
12:00 PM	Closing Remarks	
12:15 PM	Lunch	



Rob Wagman

President & Chief Executive Officer

Rob Wagman Background

- Started in our industry in 1987 as an Account Executive for Copart Auto Auctions
- From April 1995 to October 1998 Mr. Wagman was the Outside Sales Manager of Triplett Auto Parts, Inc., a recycled auto parts company that LKQ acquired in July 1998; Triplett was LKQ's first acquisition
- From October 1998 Mr. Wagman managed our insurance company relationships, and from February 2004, added to his responsibilities the oversight of our aftermarket product operations
- Vice President of Insurance Services and Aftermarket Operations in August 2005
- Senior Vice President of Operations—Wholesale Parts Division - August 2009 to January 1, 2011
- President and Co-Chief Executive Officer from January 1, 2011 to January 1, 2012
- Elected to our Board of Directors on November 7, 2011
- Became our President and Chief Executive Officer on January 1, 2012

Mission & Strategic Initiatives

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

Guiding Principles

Integrity & Ethics
Customer First
Humility
Team Centric

Strategic Initiatives

- Broaden Product Offerings in each segment
- Drive Productivity
- Expand E-Commerce Platforms
- Create Pan European Platform
- Expand & integrate through Acquisition

Performance Priorities

Organic Growth
Margin Expansion
Network Leverage
One-Stop-Shop
High Fulfilment Rates

GROW LONG TERM REVENUE 10% Annually **GROW EPS 15% Annually** **ORGANIC REVENUE GROWTH (1) 6% to 8% Annually**

(1) Parts & services.

Consistent Segment Business Models



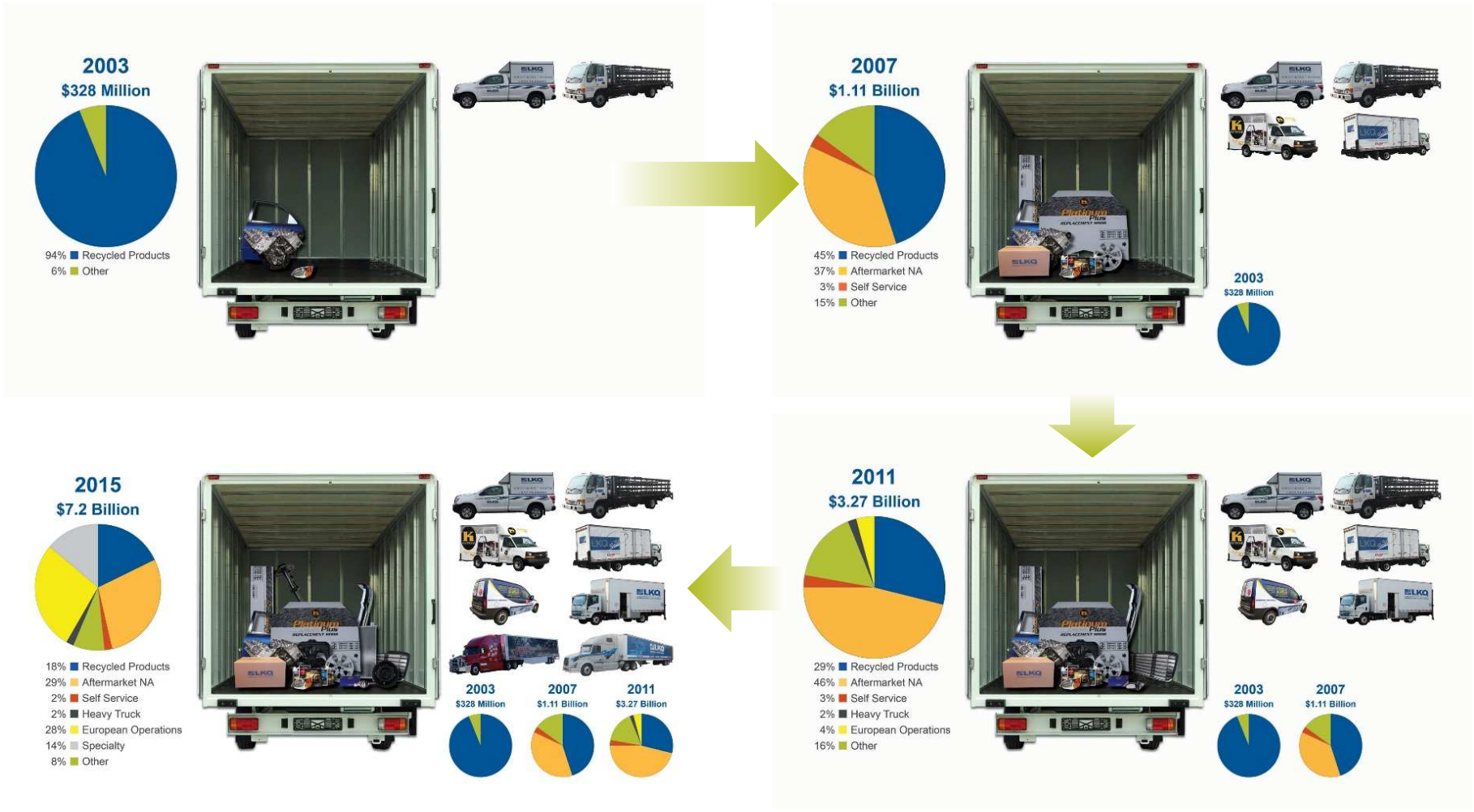
LKQ
Quality Recycled Auto Parts. Guaranteed.™

KEYSTONE
An LKQ Company

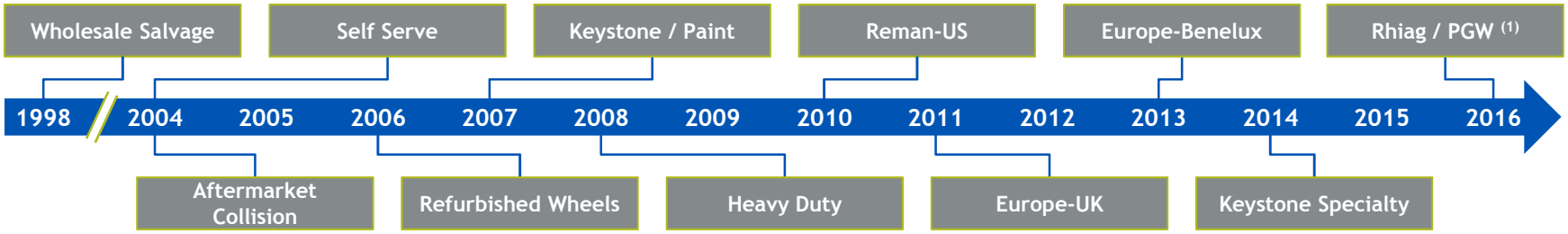
Keystone
Automotive Operations, Inc.

euro CAR PARTS
www.eurocarparts.com
ANY PART FOR ANY CAR

One More Part on the Truck

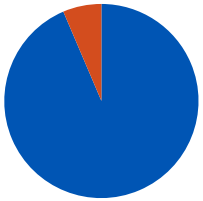


LKQ's Evolution



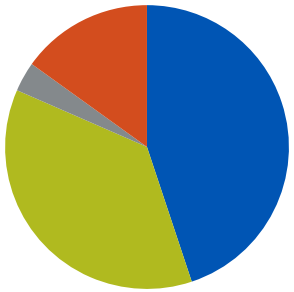
2003

Total Revenue
$328M



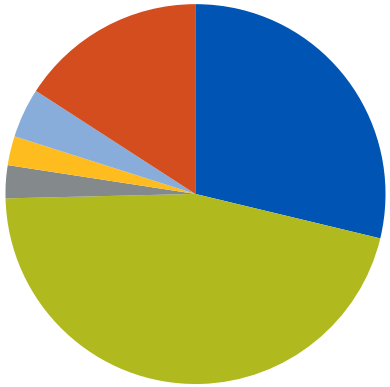
2007

Total Revenue
$1.11B



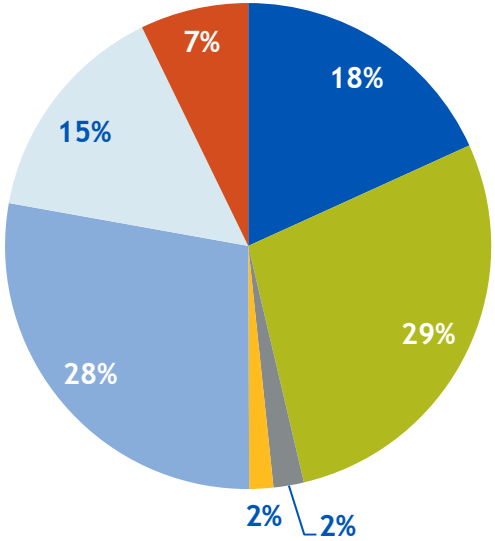
2011

Total Revenue
$3.27B



2015

Total Revenue
$7.2B



Recycled Products | Aftermarket NA | Self Service-Parts | Heavy Truck-Parts | European Operations | Specialty | Other

(1) Pending.

LKQ Corporation

Operating Unit Overview

North America

- Collision
  - Aftermarket automotive products
  - Recycled & Refurbished
- Mechanical
  - Recycled engines & transmissions
  - Remanufactured Engines

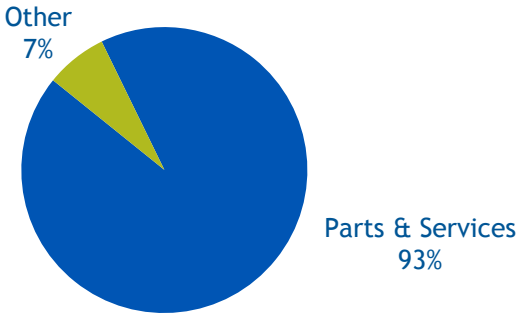
Europe

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

Specialty

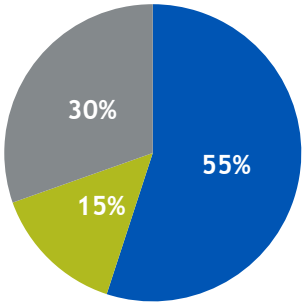
- Performance products
- Appearance & accessories
- RV, trailer & other
- Specialty wheels & tires

Total Revenue

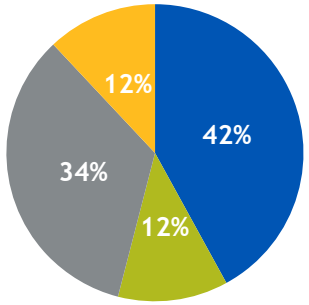


Parts & Services Revenue by Reportable Segment

2015 Actual



2015 Pro Forma With Rhiag & PGW



North America Europe Specialty Glass

Favorable Industry Dynamics

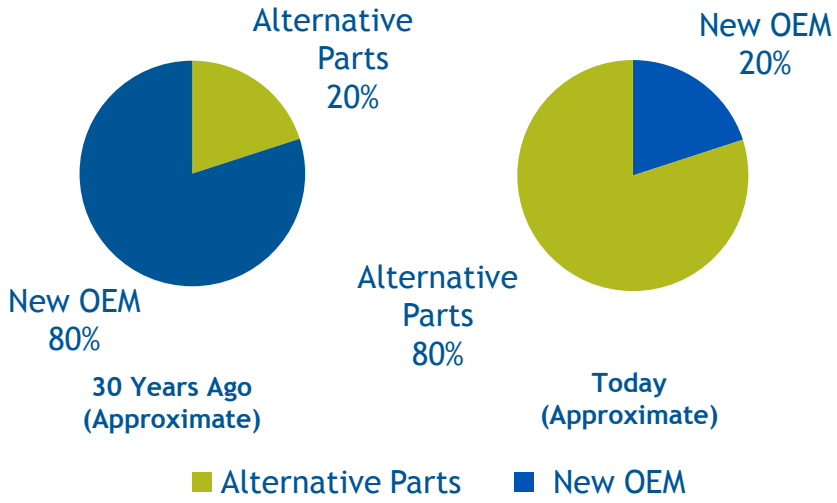
Mechanical Replacement Products Market Shift

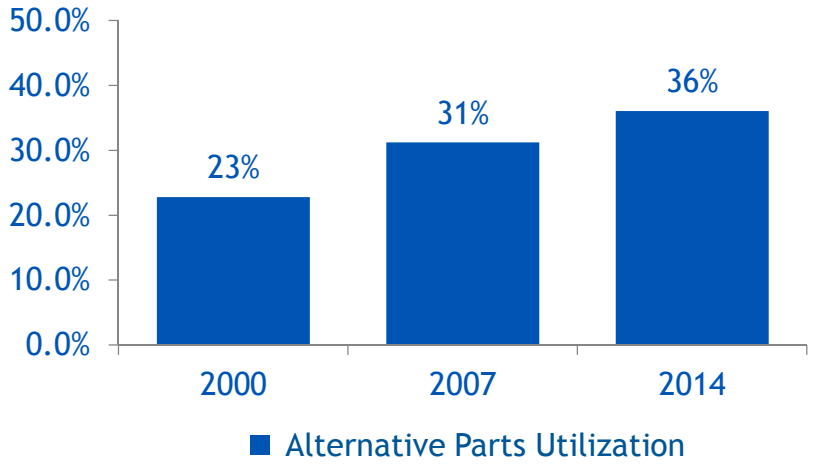
- Mechanical replacement products shifted to 80% from 20% alternative products over a thirty year period

Carriers Influence Collision Repairs

- Shift to alternative collision parts driven by:
  - Need to reduce the cost of claims
  - Increased availability of recycled OEM parts
  - Improved quality of aftermarket parts
  - Broader aftermarket product offering

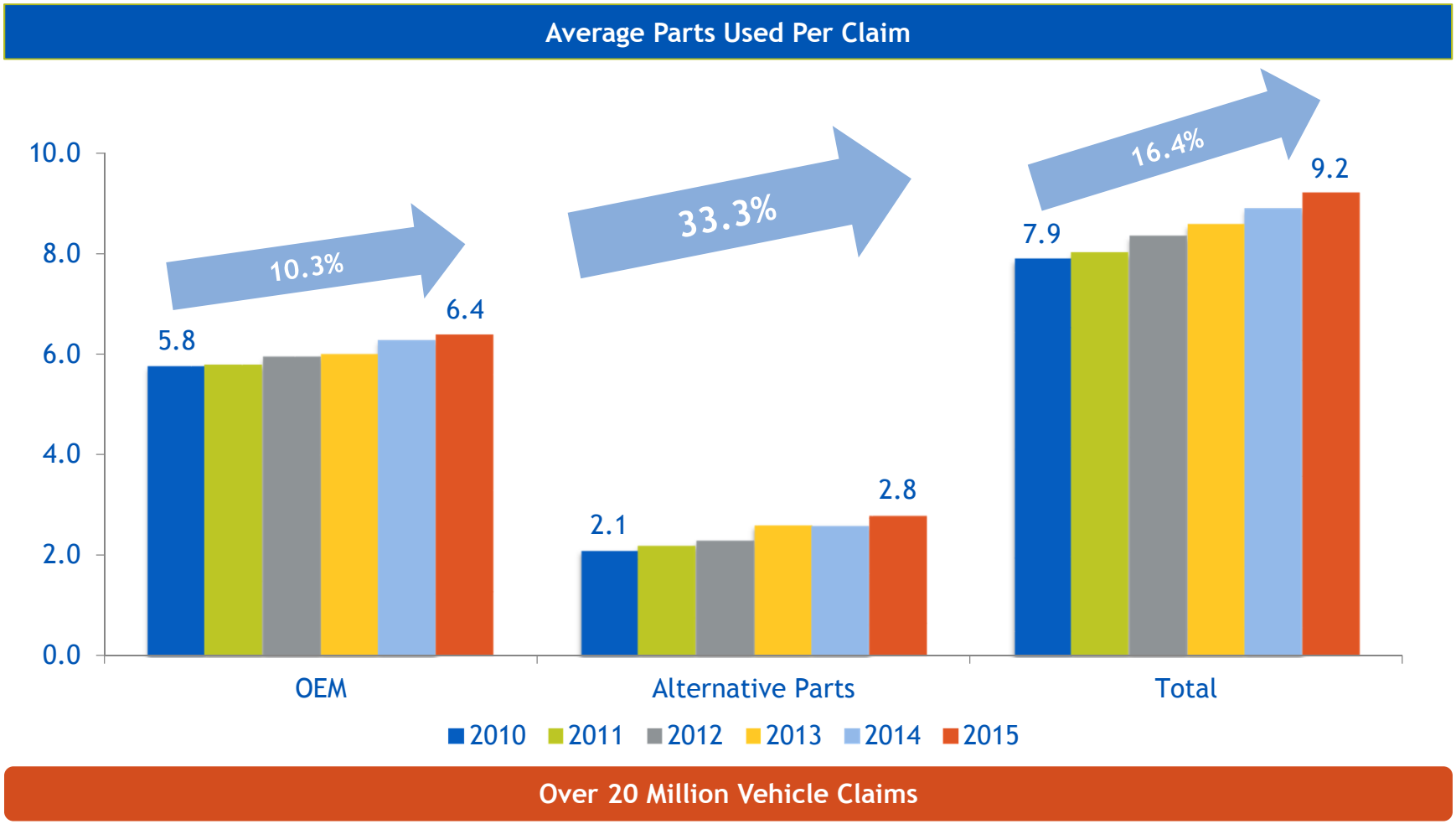
Mechanical Products Transitioned to Alternative





Source: AAIA , CCC Information Services, Inc. and Mitchell International.

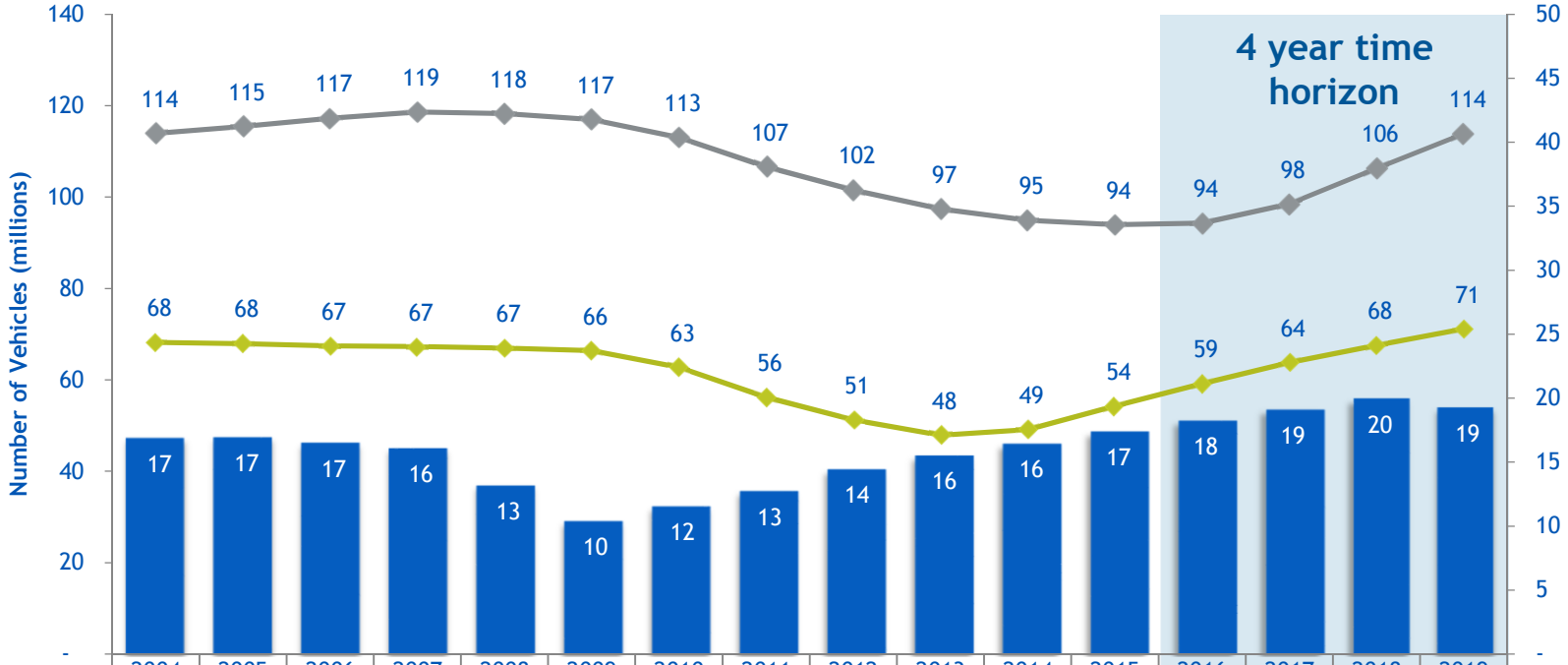
Shift Toward Alternative Parts Usage



Source: CCC Information Services Inc.

LKQ's "Sweet Spot" is Growing

Age & Size of US Car Parc



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
New	17	17	17	16	13	10	12	13	14	16	16	17	18	19	20	19
3-10 years	114	115	117	119	118	117	113	107	102	97	95	94	94	98	106	114
3-7 years	68	68	67	67	67	66	63	56	51	48	49	54	59	64	68	71

Source: Sales & Production-Wards; Projections-Bank of America Merrill Lynch, 1/11/2016.
Data assumes oldest vehicles are retired first in each year (not a precise assumption).

Driven to Distraction

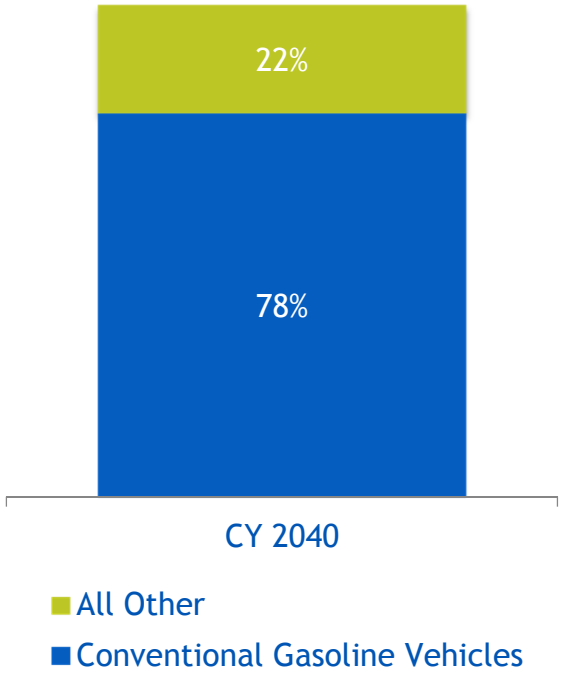
“People did not drive as well (in 2015) as they did the year before. I personally believe that distracted driving ... went up a fair amount.”
Warren Buffet interview CNBC 2/29/2016

State Farm posts auto loss of $4.4B in 2015
Repairer Driven News, February 26, 2016

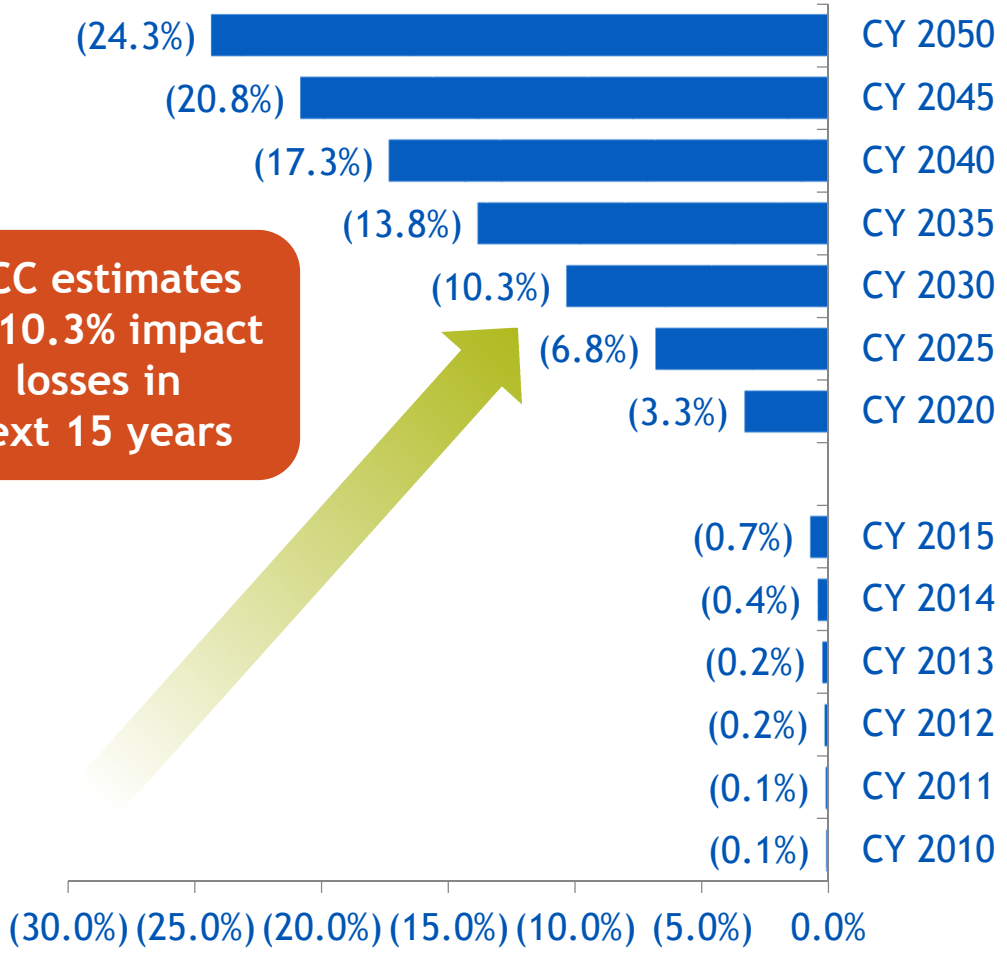


Crash Avoidance Systems Growing… But Impact will Be Very Slow

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

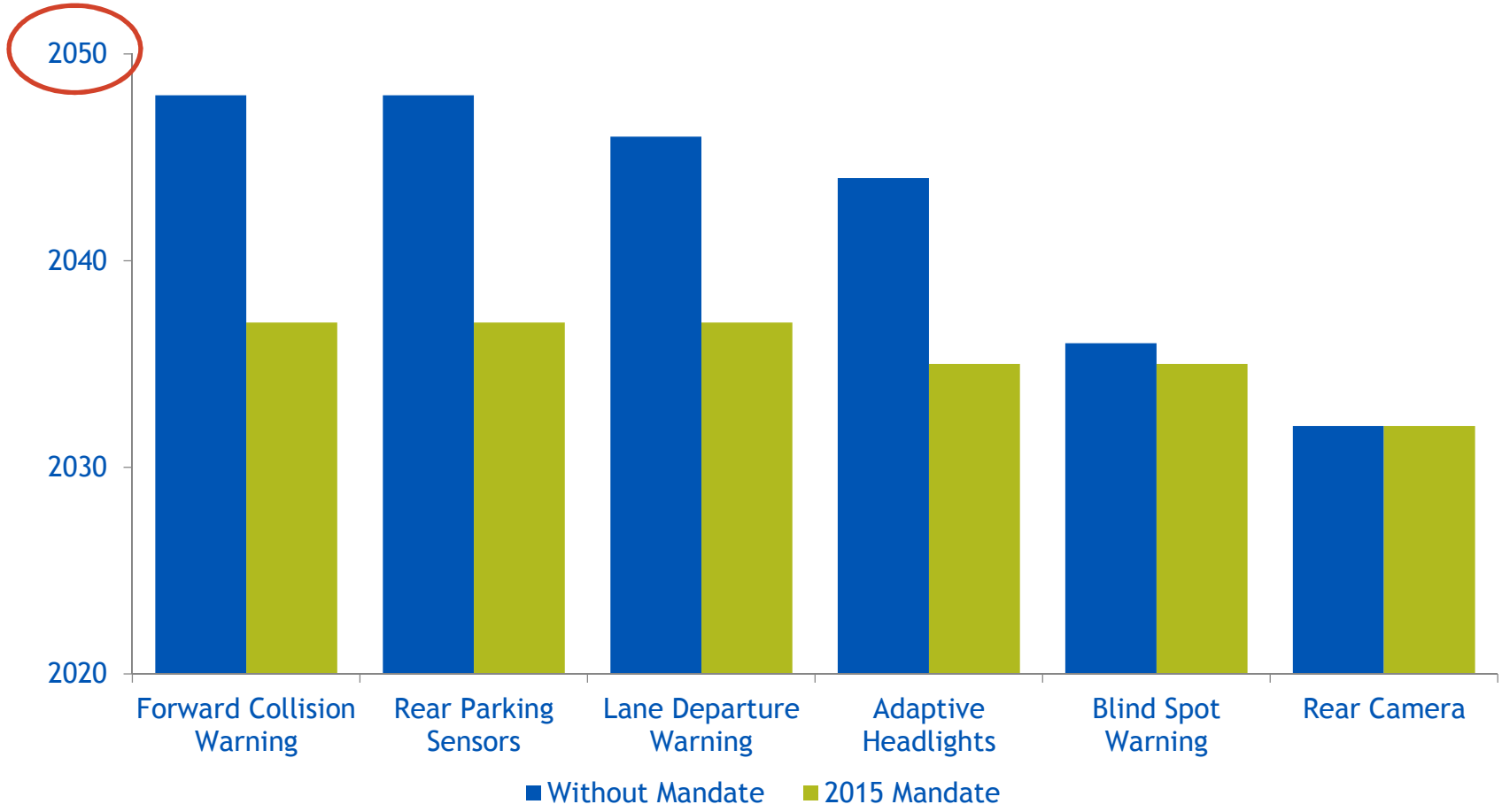


CCC estimates a 10.3% impact to losses in next 15 years



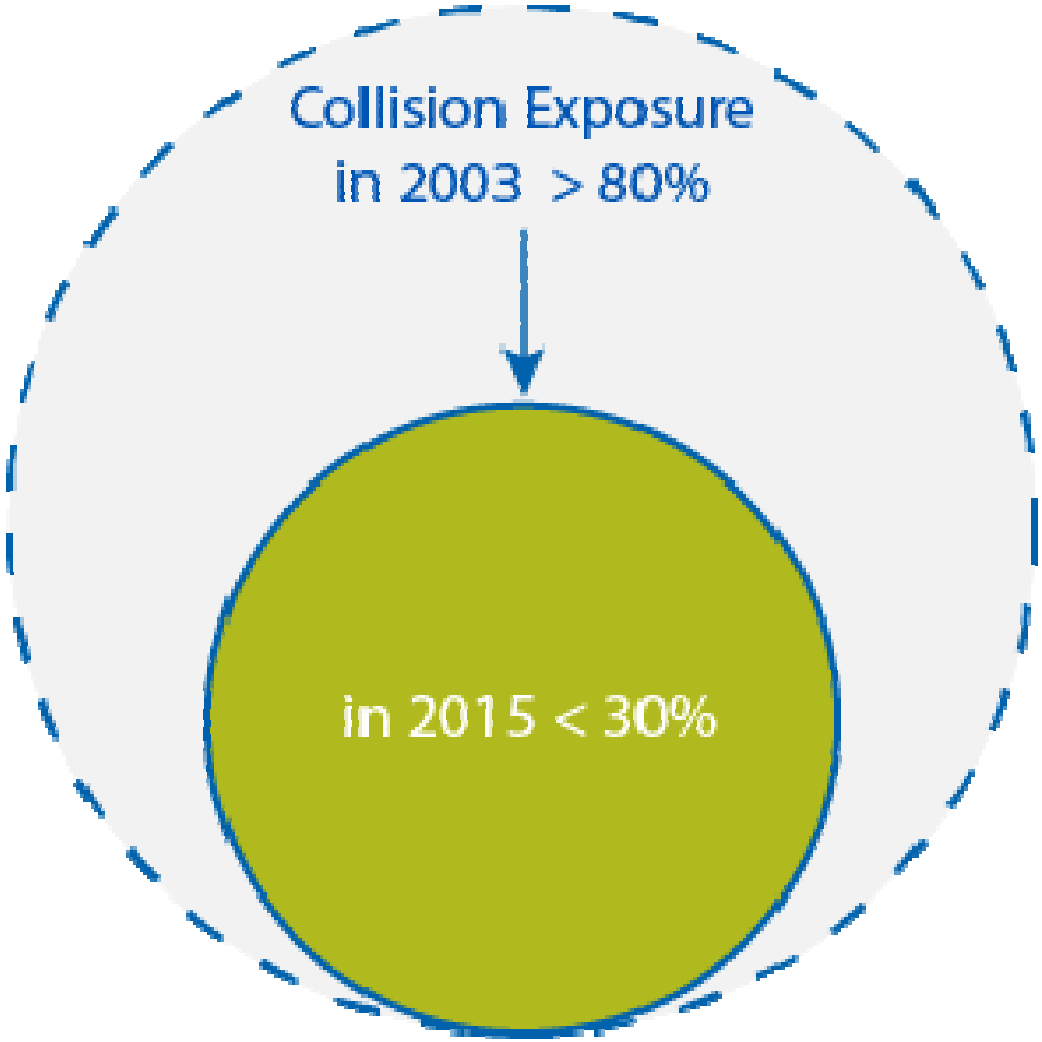
Source: CCC Information Services Inc.

Calendar Year Features Reach 95% of Registered Vehicle Fleet With and Without Mandate



Source: IIHS "Do Smart Cars Equal Safer Road" July 2014.

LKQ's Global Exposure to Collision (1)



(1) Based on Pro Forma 2015 Revenue, includes PGW and Rhiag.



Capital Projects & Development

The T2 Site






- 90K tonnes of soil moved
- 778K square feet warehouse with mezzanine
- 80K tones of concrete poured
- 3K tonnes of steel used
- Main build contractor Winvic
- Automation and fit out: TGW

T2 Automation



Fast Tote Pick

- Pick Rate Age 800 cases/hr
- 600 Fast tote Pick Faces
- Average Daily 89k (31.5%) cases pick
- Auto replenishment from Miniload



Miniload System

- 582k totes storage
- 15 Aisles and 36 levels
- One Crain in each aisle



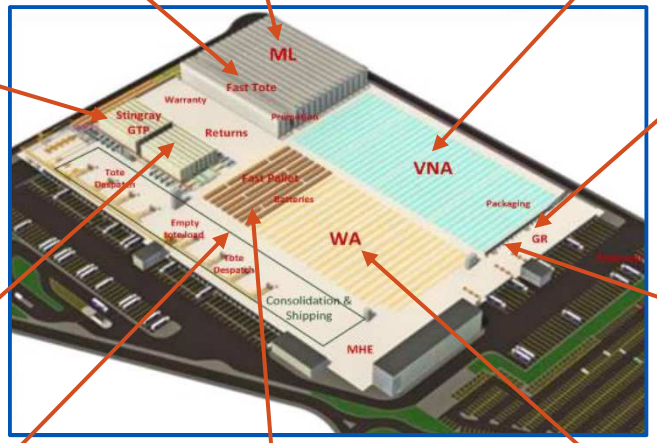
Very Narrow Aisles

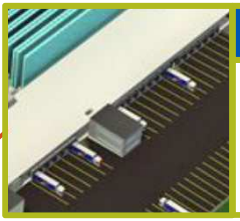
- High Bay (16m) Pallet storage area
- 13 rack level of various heights
- 68k pallet location
- Store buffer stock
- Avg. Daily in out 751 pallets



Stingray System

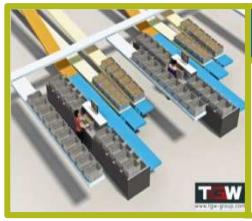
- 8 aisles with 23 levels
- 98k storage totes
- Handle 8k totes/hr 333 totes/station





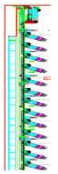
Goods in Area

- 20 dock door
- 24x7 operation
- 148 deliveries
- 4,467 Lines
- 333k Cases
- 1,882 Pallets



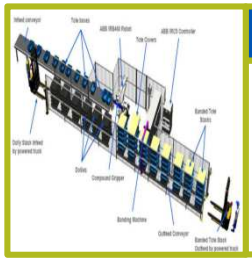
24 GTP Stations

- 2 multifunction stations
- Pick productivity: 558 cases/hour
- Average Day Pick: 127k (45.2%)
- 1 storage totes vs 10



Decant Station

- 15 decant stations
- 2 rework / reject stations
- Decant productivity 800 cases/hr



Dispatch Buffer and Automated Tote Stackers

- Enables sequencing of picked totes and gets it ready for despatch to branches
- 3 robotic tote stacker's station



Fast Pallets Pick

- 549 two pallet deep pick locations
- Avg. daily 29k stock order and 1.6k VOR
- Pick productivity: 400 cases/hr



Wide Aisles Pick Area

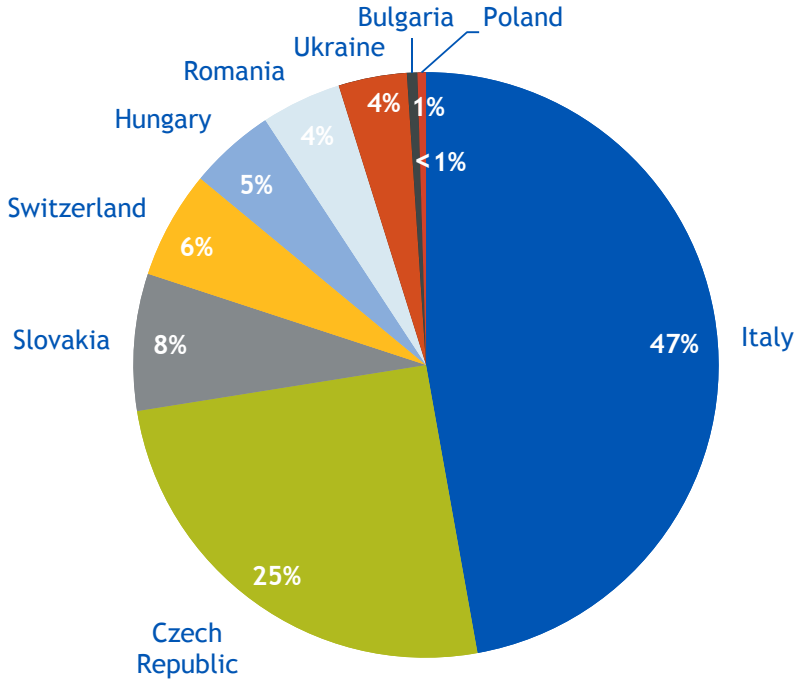
- Currently used picking arrangement in our warehouse
- 26,000 reserve location
- 4,972 pick locations
- Pick productivity: 120 cases per hour
- Avg. daily pallets in 551

LKQ Corporation

Rhiag Company Overview

- Rhiag is the leading automotive mechanical parts distributor in Italy operating in the independent aftermarket segment and the second largest market participant in Switzerland
- The Company has a major presence in Eastern Europe with operations in the Czech Republic, Slovakia, Hungary, Ukraine, Romania, Poland & Bulgaria
- Customer portfolio is characterized by a low degree of concentration. Italy & Switzerland distribution networks operate under a 3 step model & Eastern Europe under a 2 step model
- From 2012 – 2014 Rhiag experienced average sales growth of 6.4% & average Adjusted EBITDA margin [(1)] of 11.4%

2014 Revenue by Geography



Source: Rhiag Company Presentation November 2015 and Rhiag Company information as provided in Rhiag VDR.
(1) See appendix for reconciliation of Rhiag's Adjusted EBITDA (non-GAAP measure).

Rhiag Strategic Rationale

- Establishes LKQ as the clear #1 Player in Europe & Accelerates our Pan-European Strategy
- Enhances our Global Diversification Strategy with New Large Addressable Markets
- Attractive Market Structure (fragmented, professional repair focused)
- Numerous Common Suppliers with Existing European Operations
- Experienced & Accomplished Senior Management Team
- Attractive Distribution Footprint
- Demonstrated Above Market Growth with Identifiable Opportunities to Accelerate
- Attractive & Consistent EBITDA Margin
- Low Penetration of Alternative Collision Parts

PGW Snapshot

Market Leading Auto Glass

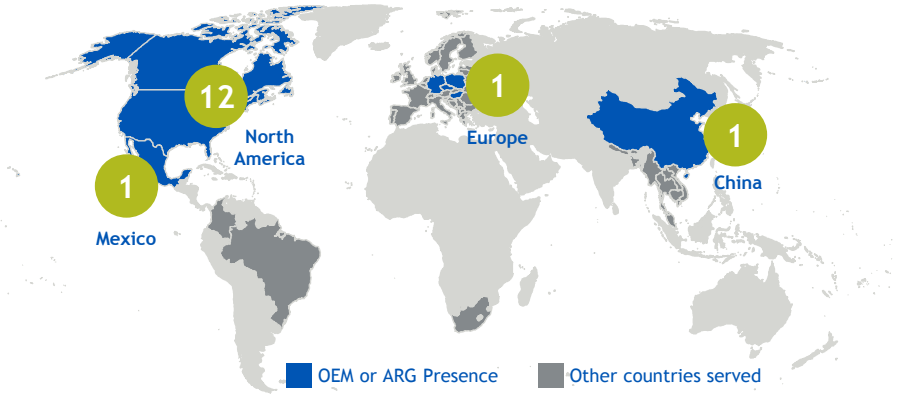
- Pittsburgh Glass Works LLC ("PGW" or the "Company") is the leading North American manufacturer, supplier and distributor of automotive glass products
  - #1 in OEM with approximately 20 global customers across 78 platforms
  - #2 in aftermarket serving over 7,000 customers
- Worldwide, low-cost manufacturing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

Select Automotive Glass Capabilities

Windshields | Sidelites | Backlites | Roof Panels



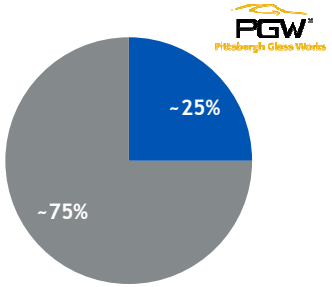
Global Manufacturing and Distribution Footprint(1)



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

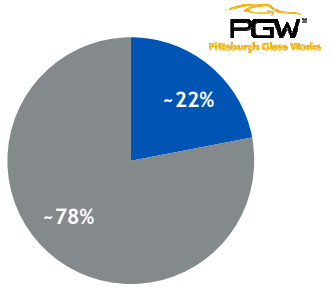
North American Automotive Glass Competitive Landscape(2)

OEM



Market Size: $2.3 billion

Aftermarket(3)



Market Size: $1.2 billion

LKQ Corporation

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

Key Takeaways



Leading Positions In Large Markets	Diversified Revenue Stream	Expanding Alternative Parts Usage	Clear Value Proposition	Solid Financial Metrics
• Largest participant in each market served • Scale provides purchasing leverage and depth of inventory • European & Specialty expansion drives diversification • Opportunities for new locations & adjacent markets remain in all segments	• Global balance with Pan-European footprint • Multiple end markets • Broad parts segment exposure • Self funded growth	• Increasing availability of quality aftermarket and recycled products • Distribution network and inventory levels allow higher fulfillment rates • Expanding number of vehicles comprising “sweet spot” in our target market	• Insurers focused on controlling repair costs • Alternative products offer savings of 20% - 50% of OEM parts repairs • LKQ represents the best partner for the insurance companies	• History of delivering organic revenue growth & EBITDA expansion • Strong FCF generation supports growth • Diversified capital structure • Limited near-term structured debt repayments & ample liquidity

Market Leader | **Growing Markets** | **Diversified Revenue Base** | **Demonstrated Performance**



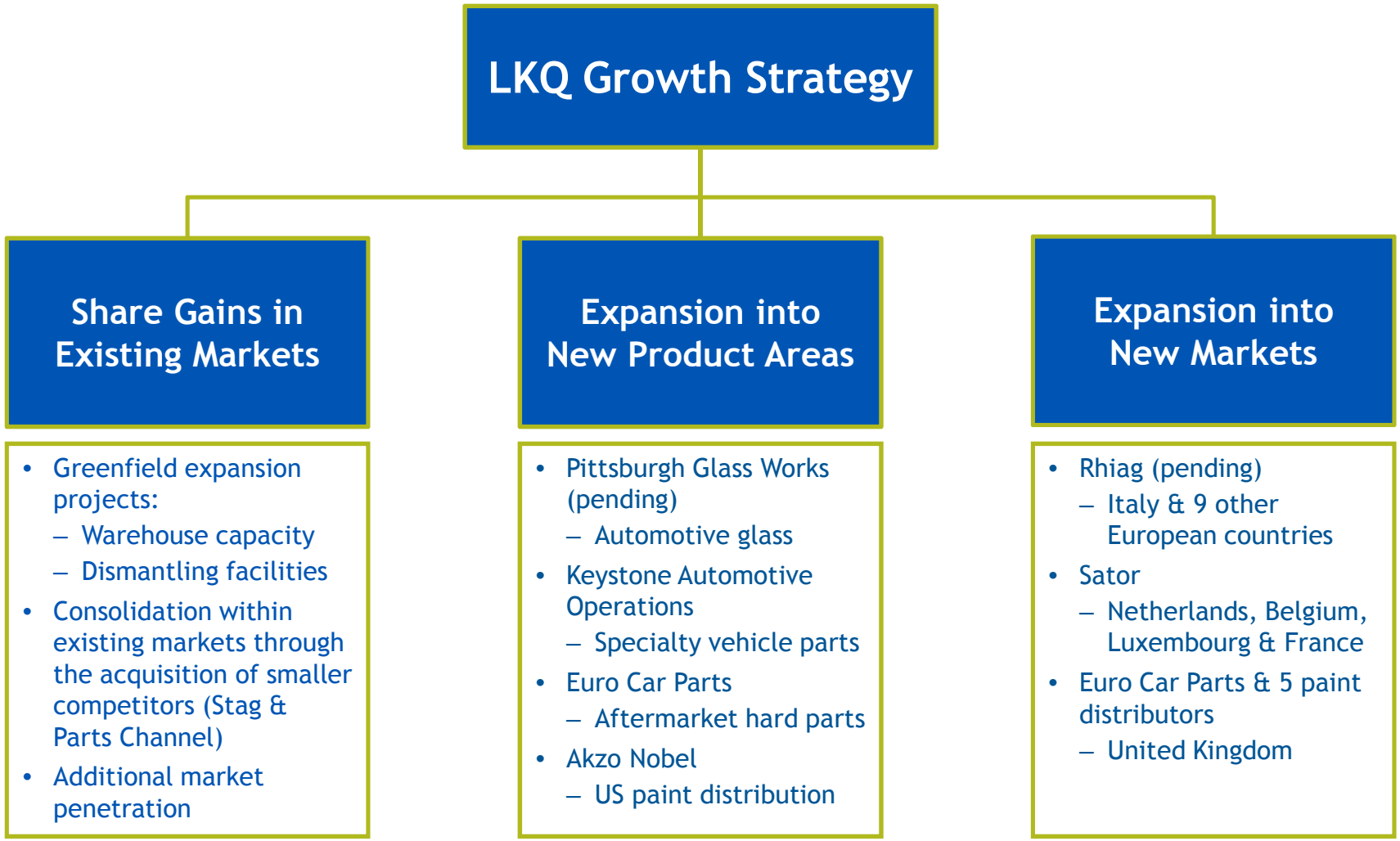
Walter Hanley

Senior Vice President – Development

Walter Hanley Background

- Walter P. Hanley joined us in December 2002 as our Vice President of Development, Associate General Counsel and Assistant Secretary; in December 2005, he became our Senior Vice President of Development
- Mr. Hanley served as Senior Vice President, General Counsel and Secretary of Midwestern riverboat gaming companies from July 1996 until August 2002
- Mr. Hanley served as Vice President and Associate General Counsel of a venture capital firm from May 1995 until February 1998 and as Associate General Counsel of Discovery Zone, Inc. from March 1993 until May 1995
- Prior to March 1993, Mr. Hanley practiced corporate and securities law with the law firm of Bell, Boyd & Lloyd LLP (now known as K&L Gates LLP)

LKQ's Growth Strategy



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

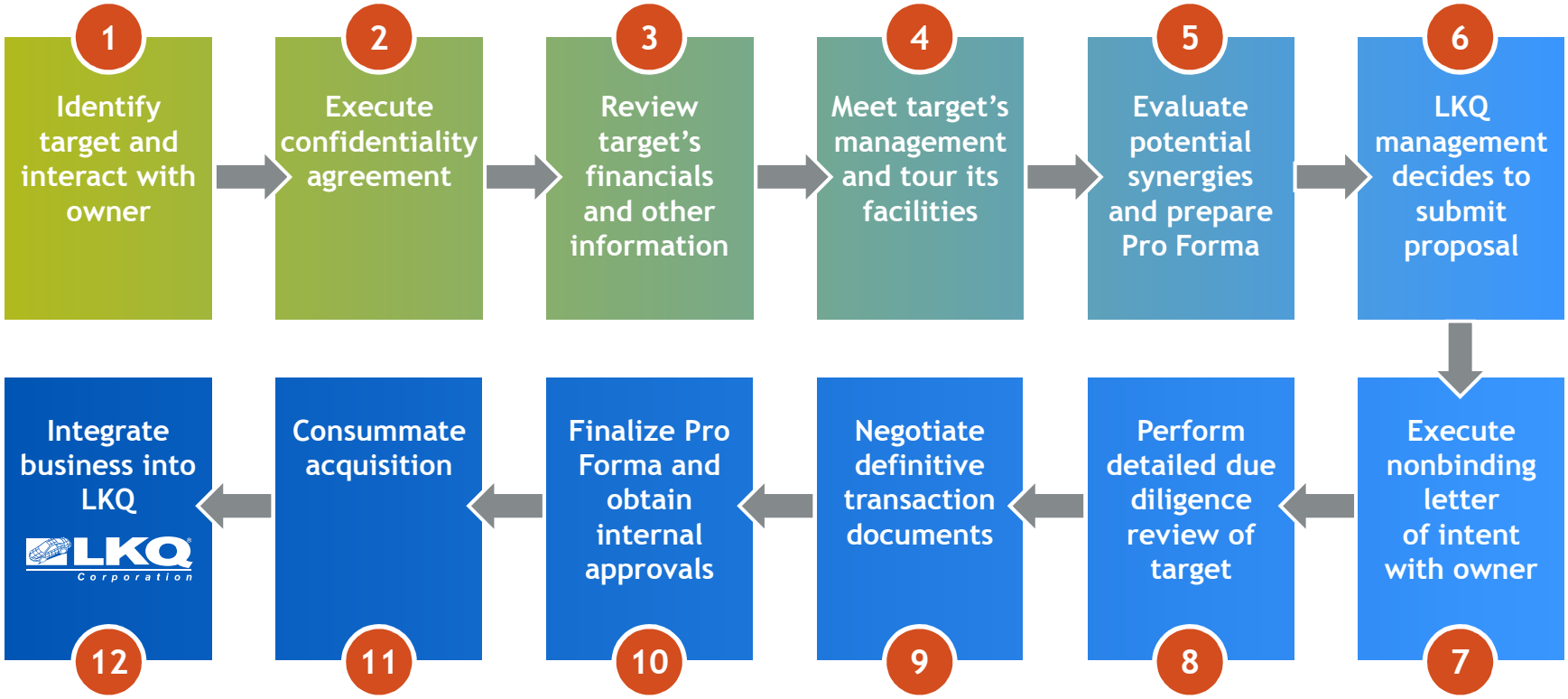
LKQ's M&A Scorecard

Business Acquisitions					
	North American Wholesale Businesses	European Wholesale Businesses	Self Service Retail Businesses	Specialty Vehicle Aftermarket Businesses	Total
2015	4	12	1	1	18
2014	9	9	2	2	22
2013	10	7	2	0	19
2012	22	0	8	0	30
2011	17	1	3	0	21
	62	**29**	**16**	**3**	**110**

LKQ's Experienced Internal Development Team

- Four full-time employees who work on acquisitions
- Smaller transactions pre-screened by regional management
- Support from experienced in-house attorneys
- Regular interaction with senior management
- Internal personnel assist with financial & operational due diligence and implement integration
- Engaged a financial advisor to represent LKQ on only 2 of 229 completed development transactions

LKQ's Acquisition Process



Sample Pro Forma Project Summary

A. REVENUE

Year 1	51,674
5 Years Average	58,258
10 Years Average	68,110

B. R.O.I.

Year 1	7.7%
5 Years Average	12.5%
10 Years Average	16.2%

C. PAYBACK PERIOD / NPV

Simple Cash Flow. (in years)	7.2
Discounted Cash Flow (in years)	8.6
10 Year Discounted Cash Flow	9,903
NPV of all Cash Flows	73,007

D. ANALYSIS OF ACQUISITION PRICE

Purchase Price	53,000
Net Assets Value	(16,547)
Acquisition Costs	100
Goodwill	36,553
Goodwill - Multiple of 1st Year Revenue	0.71
Purchase Price as multiple of trailing EBITDA	8.1
Purchase Price as multiple of Year 1 EBITDA	6.1
Purchase Price as multiple of Year 2 EBITDA	4.7

E. PRETAX AFTER ACQUISITION COSTS

Pretax Income--1st Year	9.4%
Pretax Income--5th year	17.8%
Pretax Income--5 yr Avg.	15.1%
Pretax Income--10th year	22.1%
Pretax Income--10 yr Avg.	18.2%

F. CAPITAL EXPENDITURES

	Fixed Assets	Working Capital
Acquired	1,591	14,956
Year 1	1,350	0
Year 5	350	1,188
5 Year Average	550	872

G. I.R.R. 18.2%

H. KEY ASSUMPTIONS:

Initial Investment	53,100
Cash Flow (% of 1st Yr Rev)	7.6%
Capital Expenditures (% of Avg. Cash Flow)	16.5%
Cash/Debt Interest Rate	6.0%
Discount Rate	7.0%
WACC	10.0%
Goodwill	
% of Goodwill Deemed to be Intangibles	0.5%
Intangibles Amortization Period (in years)	20
Average Annual Revenue Growth	6.0%

I. EPS ACCRETION

GAAP	
First 12 months	$ 0.014
Second 12 months	$ 0.022
Adjusted	
First 12 months	$ 0.014
Second 12 months	$ 0.022

LKQ Corporation

Pending Transactions

	PGW Pittsburgh Glass Works	RHIAG GROUP
Announced	February 29, 2016	December 22, 2015
Revenue	$1.07 billion (TTM 10/13/15)	€882.4 million (TTM 9/30/15)
Adjusted EBITDA	$105 million (TTM 10/31/15)	€103.2 million (TTM 9/30/15)
Enterprise Value	$635 million	€1.0375 billion
Multiple	EV / Adjusted Trailing EBITDA: 6.0x	EV / Adjusted Trailing EBITDA: 10.6x
Expected Closing	Q2 2016	Q2 2016

Key Takeaways

- Target businesses in existing markets, new product areas and new markets
- Continue to improve strategies, philosophies and processes
- Maintain disciplined approach
- Opportunities abound



Justin Jude

Senior Vice President of Operations

Wholesale Parts Division

Justin Jude Background

- Joined LKQ in February 2004
- Vice President - Supply Chain
  March 2008 to February 2011
- Vice President - Information Systems (North America)
  February 2011 to May 2014
- President of Keystone Automotive Operations, Inc., our specialty automotive business
  from June 2014 to July 2015
- 18+ years industry experience

North America

2015 Revenue: $4.1B

Employees: 17,080

DIFM Locations: 171 Aftermarket Warehouses;
130 Dismantling Yards

DIY Locations: 78 Self-Service Locations

#1

- Provider of recycled and aftermarket collision parts
- Provider of recycled and remanufactured engines and transmissions

LKQ
OEM Recycled · Aftermarket by Keystone

Recycled (DIFM)

KEYSTONE
An LKQ Company

Aftermarket (DIFM)

LKQ Pick Your Part
Self Service Auto Parts

Self-Serve (DIY)

LKQ Corporation

Pick Your Part (DIY)

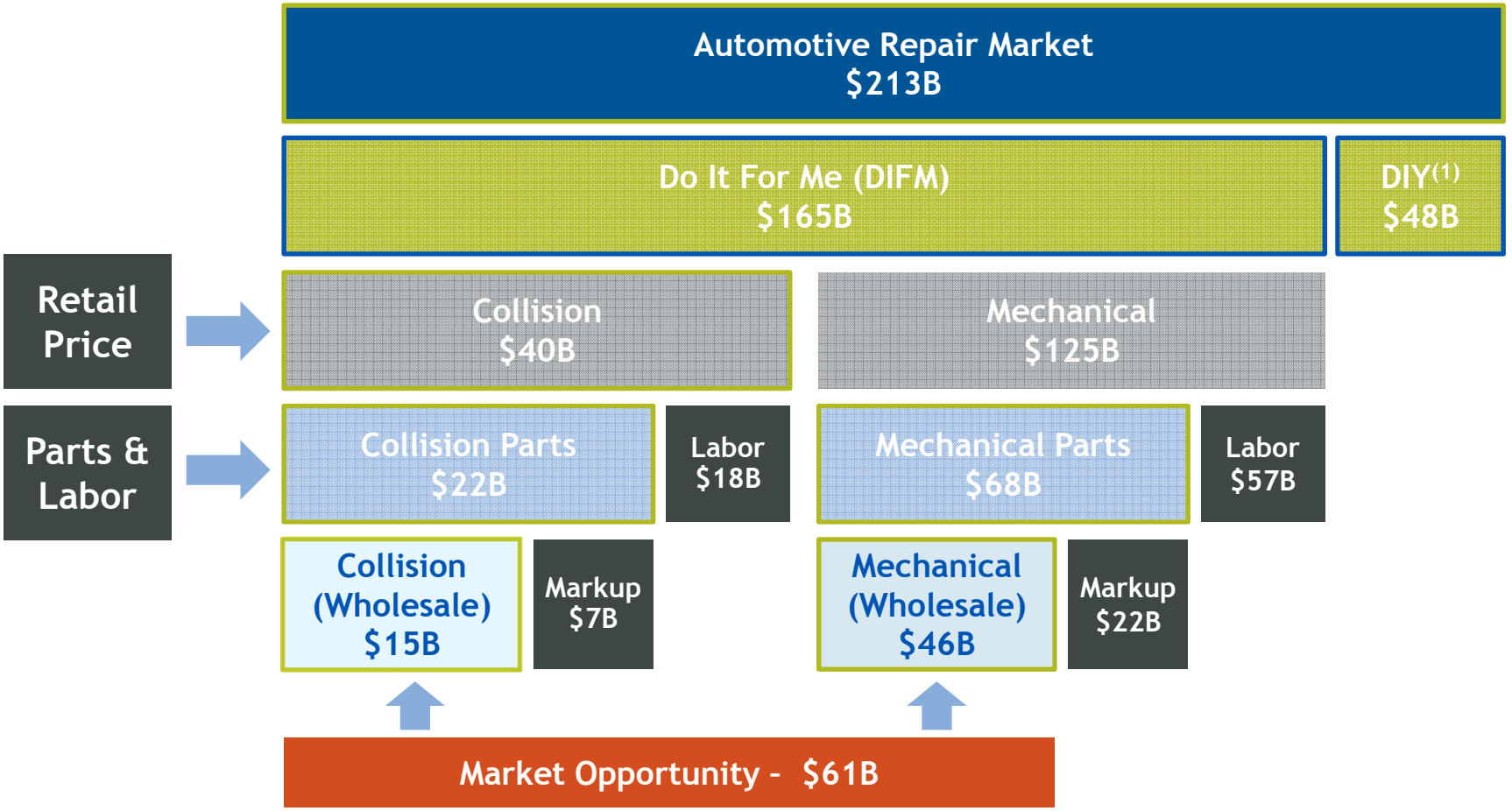
- Vehicles sourced from:
  - Auctions
  - Towing companies
  - Charitable donations
  - Public
- Customer pulls parts
- Vehicles organized by brand
- 78 locations in North America
- Procured 471,000 vehicles in 2015
- 7.6M visitors in 2015
- Majority of revenue is scrap & other commodities



LKQ Pick Your Part
Self Service Auto Parts

LKQ Corporation

Large & Fragmented US Market



Source: AAIA Factbook, 24rd Edition 2014; 2014 data is estimated, excludes tires.
2014 Collision Trends.
(1) Do It Yourself ecommerce only.

Competitive Dynamics

Customers

- Body Shops
- Tire and wheel shops
- Big Box retailers
- Internet Sites (e-tailers)
- Mechanical repair shops
- Retail / DIY

Suppliers

- A/M
  - Taiwan manufacturers
  - US manufacturers
  - US distributors
- Full-serve
  - Auctions
  - Insurance Direct
  - Consumers (walk-ins)

Competition

- E-Tailers
- Big Box retailers
- OEM dealers
- Wholesale distributors
- Single site recyclers
- Associations

Dynamics

- Consolidation of body shops / MSOs
- Regulatory

Who Are Our DIFM Customers?





- **Body Shop**
  - Hoods, fenders, lights (New & Used)
  - PBE: Paint, Body & Equipment
- **Mechanical Repair Centers**
  - Engines (remanufactured and recycled)
  - Transmissions (remanufactured and recycled)
  - Radiators (new and recycled)
- **Indirectly, Insurance Companies**
- **Over 250K unique customers**
- **11M+ deliveries in 2015**

Clear Value Proposition







	2008 Chevrolet Corvette **Wheel**	2006 Chevrolet Silverado **Engine**	2005 Honda Accord **Bumper Cover**
New OEM	$995	$3,499	$610
Remanufactured	$454	$2,454	$272
Recycled OEM	$425	$1,450	$345
New A/M	$354	N/A	$231
Average Savings	**55%**	**39%**	**49%**

…and Improved Cycle Time for Repairs

Note: Parts price only – excludes labor.

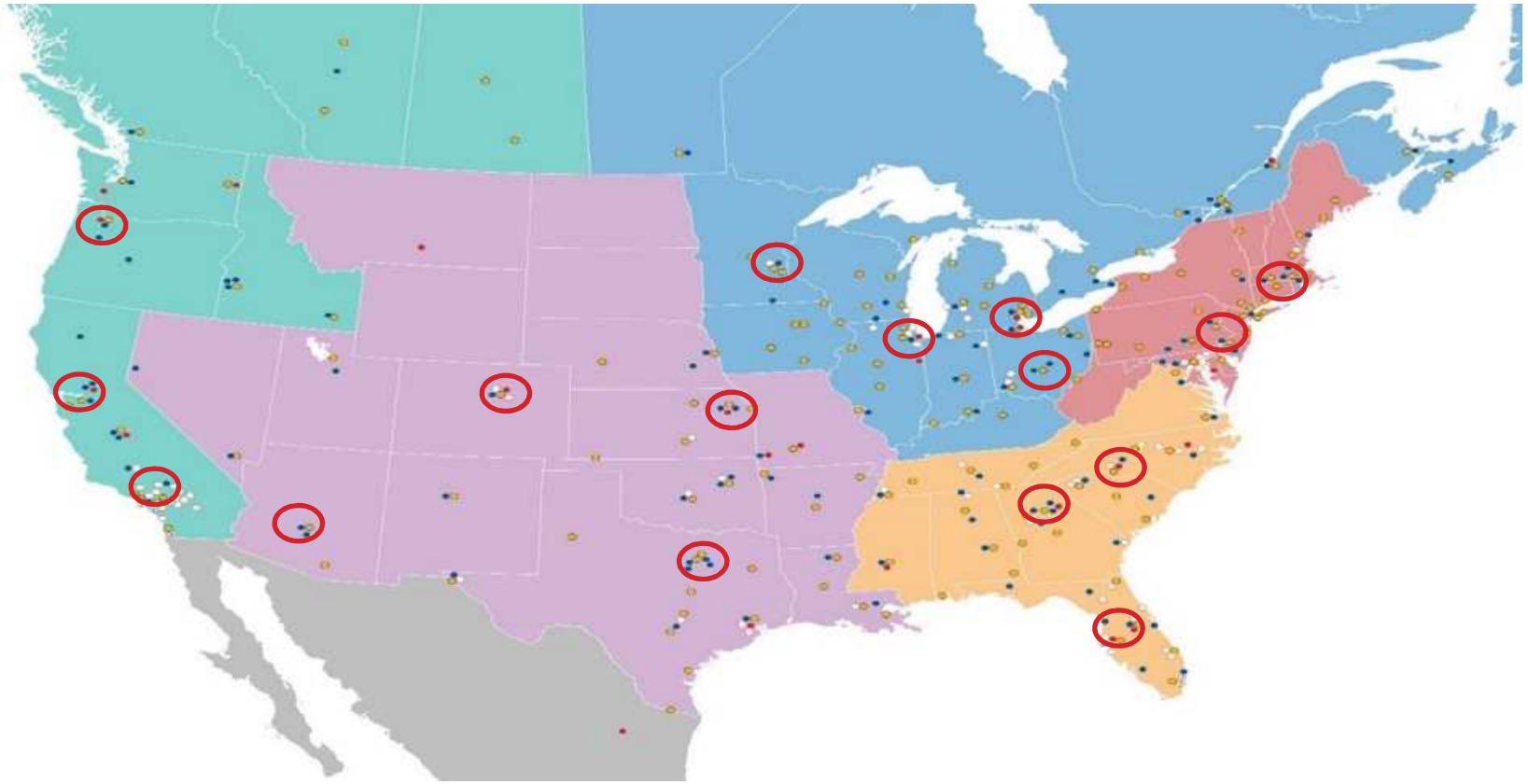
LKQ Corporation

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 Operational Regions



Every Major Market Has Similar Network as Atlanta Was Showing

Regional Distribution Improves Fulfillment

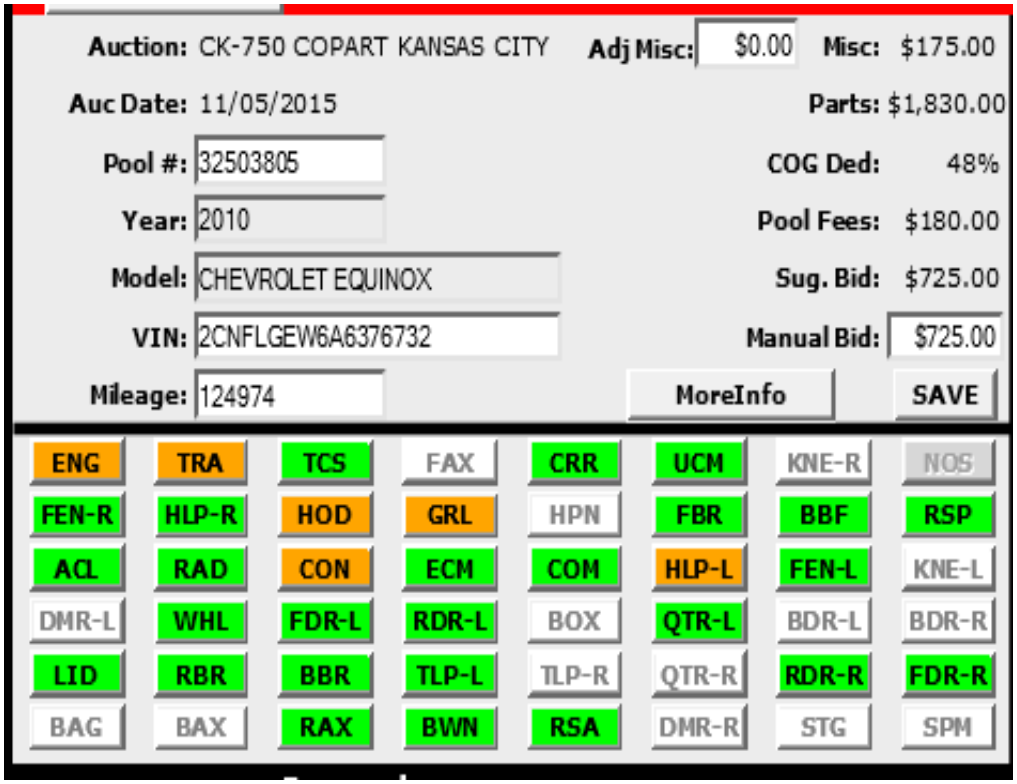


Aftermarket Procurement

- 14,500 containers imported in 2015 (15% increase YoY)
- High SKU proliferation (14% / 85%) on 100K active SKUs
- Taiwan consolidation
- Hub & Spoke Distribution Method
- Platinum Plus Branding
- Full High Quality Coverage
  - CAPA Certified parts
  - NSF Certified parts
  - Leads to “Promise of Protection”
- Exclusive items via licensing agreements with Ford, GM & Chrysler

Salvage Procurement

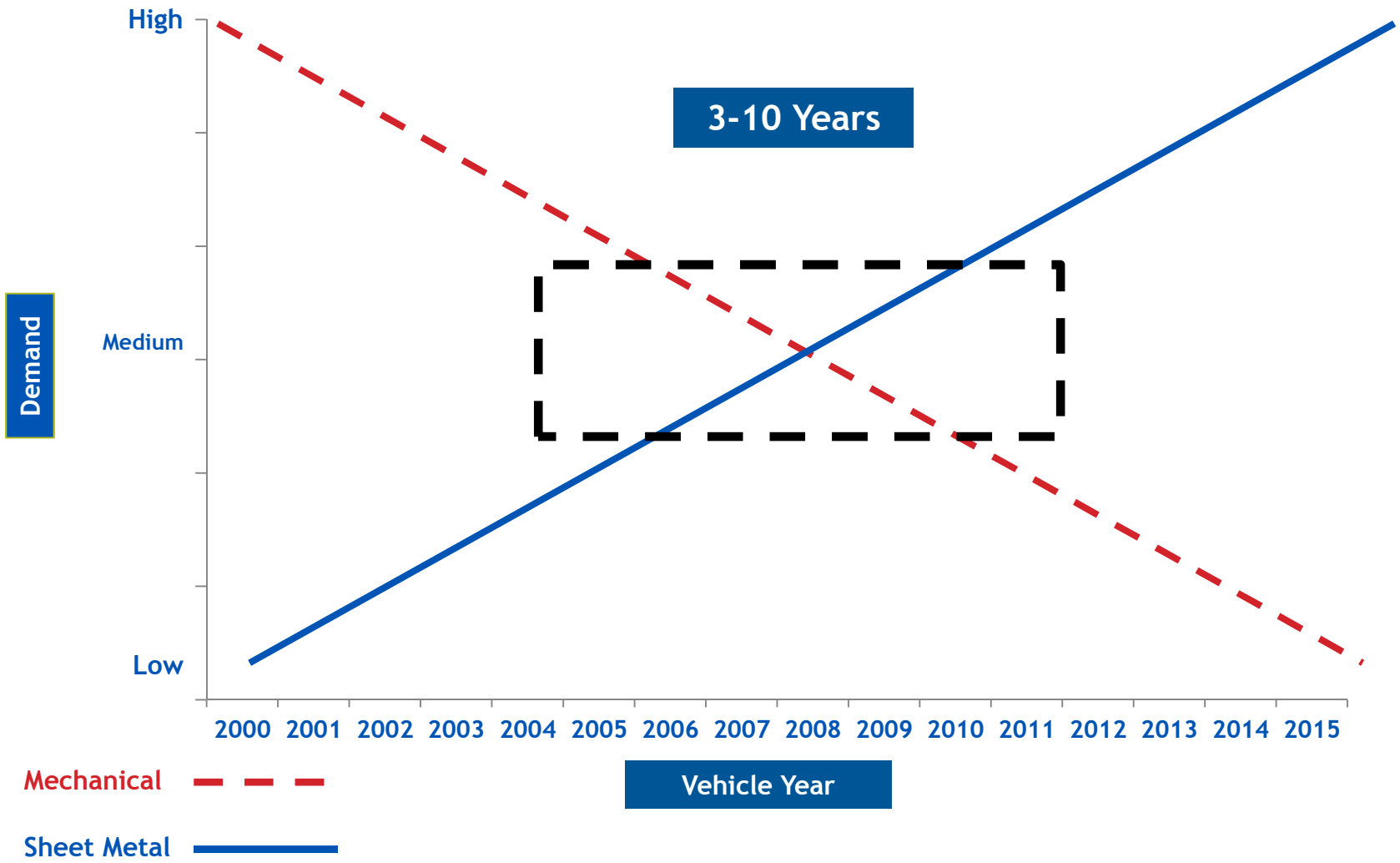
- Buying recently centralized with 87 procurement specialists
- 105 Full Service vehicle dismantling facilities;
  25 Heavy Duty truck facilities
- 288K vehicles processed in 2015
- Planned 4% increase in 2016
- $30M in OE Collision Parts
- Evolving proprietary technology



Suggested Bid	Winning Bid	Projected Revenue	Margin $ (1)	Margin %
$725.00	$625.00	$2,005.00	$895.00	45%

(1) Other costs added: Pool fees = $180; Dismantling labor = 230; Tow = $75.

Maximizing Recycled Parts Sales



Case Study – "Project Marks"

Project Marks Project Summary

- Acquired in 2012
- 12 locations with revenue of $50M
- HR & Payroll converted in first 30 days
- "Best" vendor standardized in first 30 days resulting in quick margin enhancement
- Administrative back office (A/R and A/P) absorbed in second month
- 7 locations consolidated into existing LKQ sites within 5 months achieving headcount reduction and facility savings over $4M annualized
- Achieved targeted multiple of 4.7 by year 2

	Annual Savings
Facility & Warehousing	920,000
Headcount Reduction	2,479,400
Routes-Truck Operating Costs	296,250
Product Handling Costs	402,200
Catalogue	102,000
System Maintenance	14,000
TOTAL	**4,213,850**
Trailing Adjusted EBITDA	6,528,000
Adjusted EBITDA w/Synergies	**10,741,850**

Productivity Initiatives

- Procurement of aftermarket parts, supplies and freight
- Sales Force Effectiveness
- Route Optimization
- Moving to a lean / functional culture

Alix Partners

- Full team from Alix Partners on site since July
- Areas of focus
  - Aftermarket Parts
  - Logistics
  - IT / Telecom
  - General Supplies
- Extensive analysis of spend in each category
- Joined LKQ team on multiple vendor visits to Taiwan
- Implemented numerous RFPs
- Significant potential savings identified

Procurement Savings

- Corrugated boxes:
  - Savings through combining volume → standardizing design → quick pay discounts

Size	Volume	Original Pricing	New Pricing	Savings
10 x 07 x 10	708,388	$1.20	$0.36	70%; $606,900

- Office Supplies:
  - Savings though combining volume → shorter payment terms:

    8.5 x 11 Copy Paper → w/ 2% quick pay discount, savings $51,503

Sales Force Effectiveness

Where We Were

- Sales and Operations combined
- Fragmented business units which lacked consistency across selling activities
- Selling was primarily an order taking function
- Sales people handling non-sales related activities
- Sales organization divided between salvage, aftermarket and PBE
- Customers spent too much time on hold

Where We Want to Be

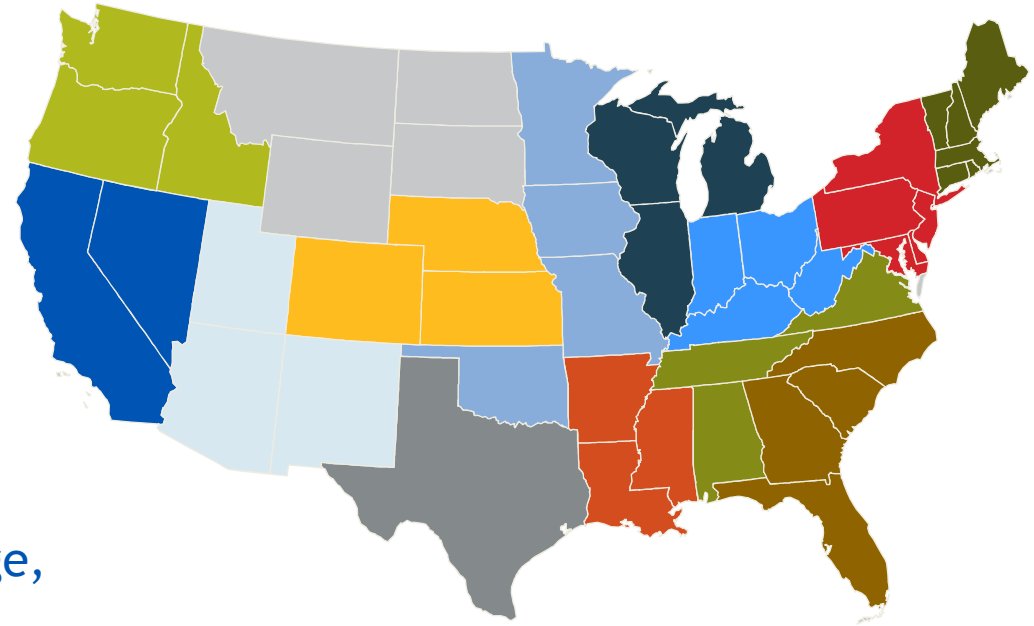
- Separate and distinct Sales Organization
- Three separate roles focused on the customer
  - Sales – increasing share of wallet
  - Customer Support - order takers
  - Customer Service – returns / account tasks
- Geographic based sales teams with account ownership and accountability
- National call routing regardless of geography to the proper customer support group
- Consistent KPI's for each role to drive productivity, growth and service level

Inconsistent Customer Experience, Not Focused on Customer Growth

Sales Force Effectiveness

- Changing the culture
- Key Performance Indicators
  - Total talk time
  - # of Outbound calls
  - Hours of coaching time
  - Formal evaluation process
- Weekly Team Meetings
- Everyone works for LKQ – Salvage, Aftermarket and PBE

Sales Districts



Focus on the Customer Experience, Gaining Better Visibility Around Customer Penetration

Reduce Call Volume → 47 Million Calls in 2015

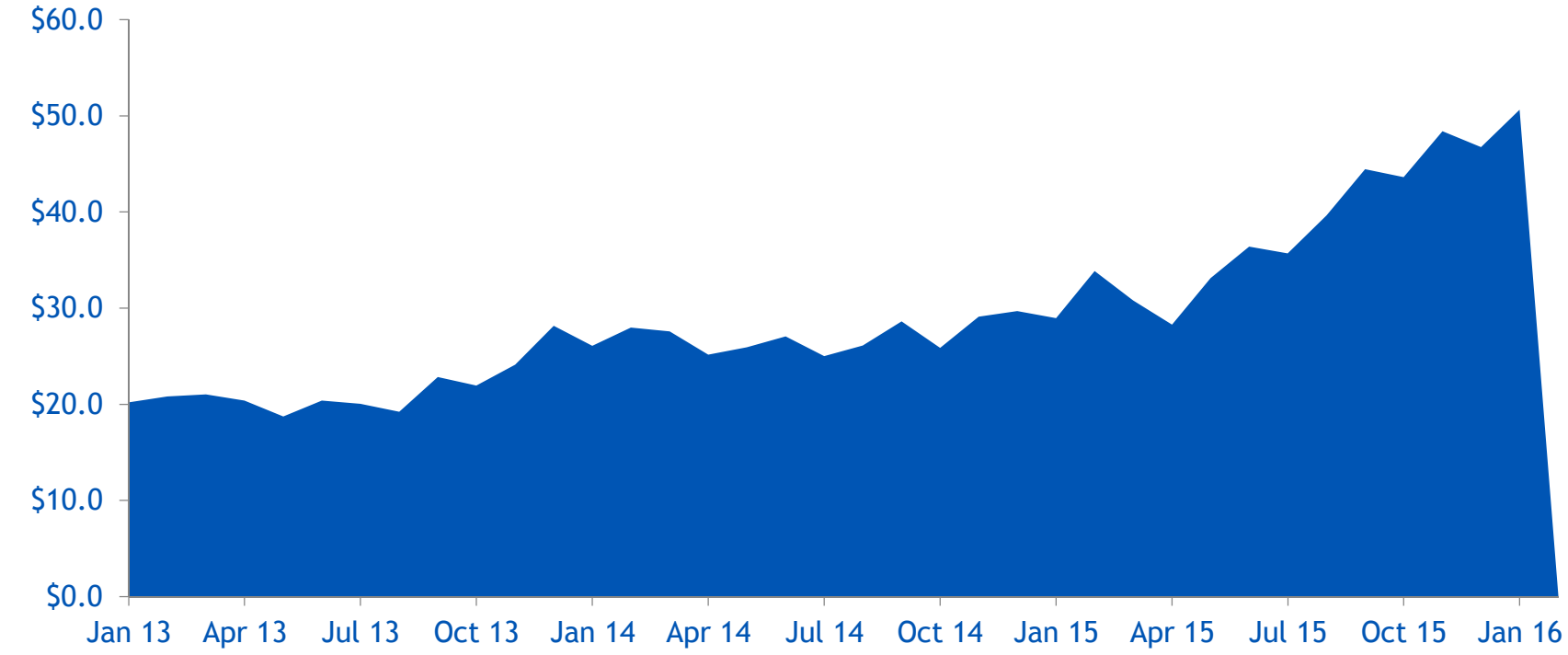




E-Commerce Revenue (B2B or B2B2C)

Revenue of Electronic Orders by Partner

($ in millions)



Trending for a 150% Increase Year over Year

Route Optimization Project

- Selected RoadNet as core operating platform
- Completed significant IT integration
- Completed rollout in Florida as a test market in Q4 2015
- Currently implementing rollout in the Southeast
- Plan to complete national rollout by Q3 2016
- Primary goals are to:
  - Reduce miles driven (save fuel, maintenance, etc.)
  - Improve driver productivity (one more delivery each day)
  - Improve customer service (vehicle tracking / delivery ETA)

Key Takeaways

Strength	Opportunity
Clear value pricing proposition	• High quality at a fraction of the cost with growing demand
Broad coverage via high fill rates and extensive network	• Allows continual organic growth • Difficult & expensive to replicate
Highly fragmented space	• Further consolidation via tuck-in acquisitions
Broad and deep IT department	• Continual efficiencies • Allows for quick reaction to market trends
Evolving culture → Sales effectiveness and drive to leverage spend	• Increase share of wallet from customers • Large cost savings available

Larger Size Enables Economies of Scale that Our Competitors Don't Have

LKQ Corporation

John Quinn

Chief Executive Officer &
Managing Director of European Operations

John Quinn Background

- 6.5 years with LKQ, started as CFO in 2009, March last year, moved to CEO Europe, look after European operations, live in London, UK
- First job ever (in high school) was selling auto parts at Canadian Tire
- Bachelor of Commerce, MBA and CPA
- Out of school worked four years at Ford in the glass division
- Worked in the waste industry in Canada, Europe and the US in both operational and financial roles for three or four different companies, around 20 years
- The UK is my 7th career move and second time in Europe

European Operations - High Level Overview

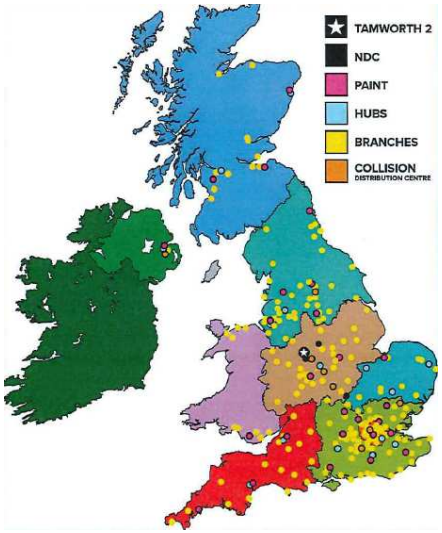
($ in millions)	Revenue	Segment EBITDA	EBITDA %
Europe	$1,995	$201	10.1%
Rhiag	971	107	11.0%
Pro Forma with Rhiag	**$2,966**	**$308**	**10.4%**

- With Rhiag Europe will be roughly 1/3 of LKQ (excludes PGW European operations)
- Primary focus on mechanical parts (such as brakes, filters, batteries, alternators)
- Young operation for LKQ – started in 2011, still a work-in-progress
- Many areas of the market not covered by LKQ (geographically and product)
- Segment EBITDA margins 10.4% - lower than company average of 11.9% but improving

Note: Financial information reflects FY 2015 for LKQ, LTM 9/30/15 for Rhiag.

European Operations

- Leading distributor of automotive aftermarket mechanical parts in the UK
- Nearly 55,000 commercial customers
- 3 National distribution centers totaling 1.2M sq. ft.
- 17 regional hubs, 199 branches, 19 paint distribution locations
- Achieved total organic growth of 8.9% in Q4 2015; organic growth for branches open more than 12 months was 6.8% for Q4 2015



- Leading distributor of automotive aftermarket mechanical parts in the Benelux
- Proprietary, best-in-class online ordering technology for local distributors & repair shops
- Opportunity for meaningful purchasing synergies with Euro Car Parts
- 11 distribution centers & 86 branches



European Strategy

To create shareholder value through the scale benefits which we expect to flow from being the first pan-European distributor of replacement auto parts

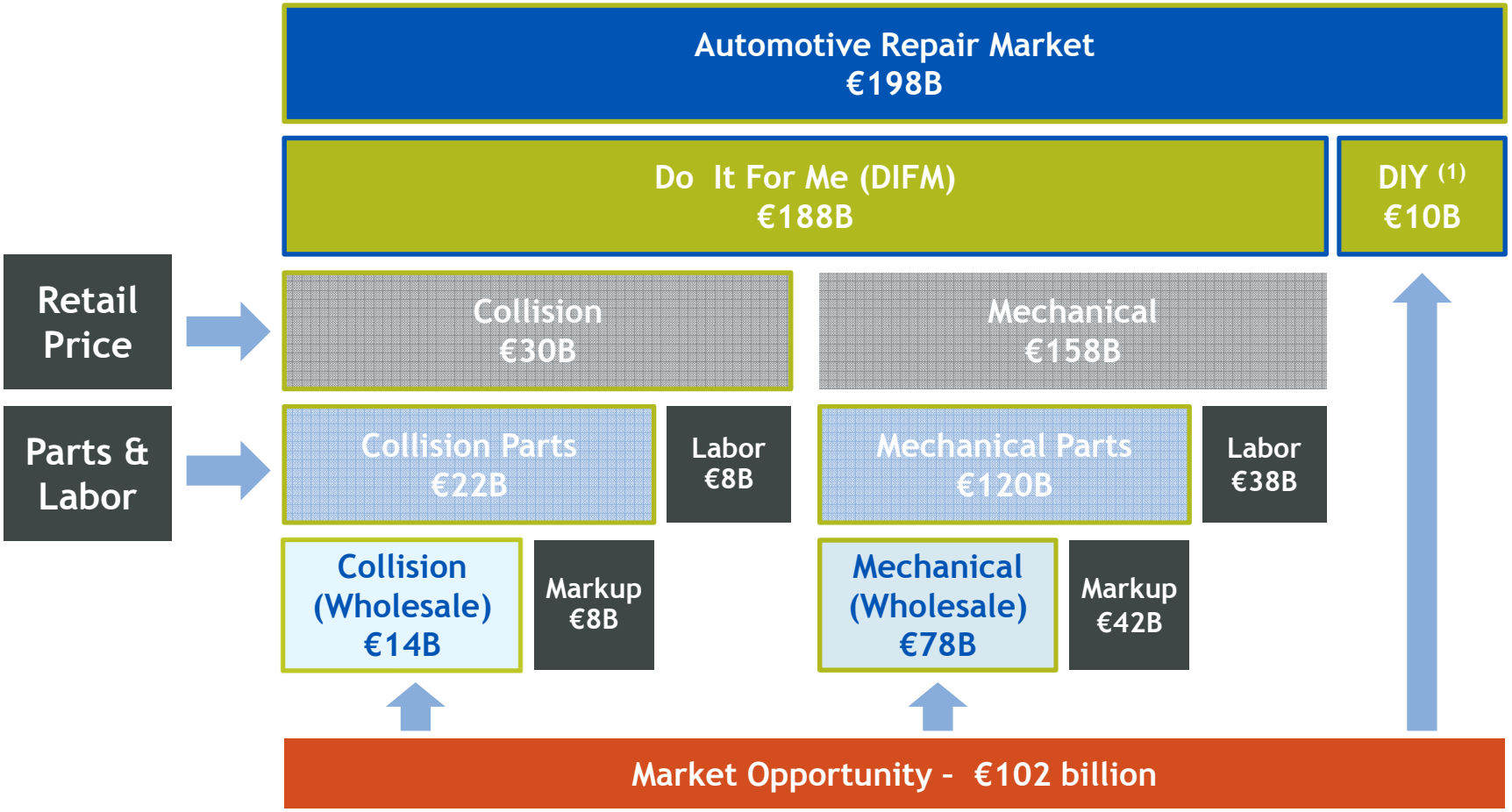
Create customer connections and help them with technological changes to ensure we are their primary parts supplier

Europe - Market Observations

- Large car parc
- Fragmented industry
- Often there is a “country champion”
- In transition from 3-step to 2-step distribution
- Professional repairer focused
- Segmented by the suppliers (local conditions / currencies)
- Focused on mechanical parts
- Low penetration of alternative collision parts with ~7% APU across Europe
- Lower tax rate than US



Large European Market



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

US Has Large Aftermarket Mechanical Parts Distributors – Europe is Fragmented

USA [1]

Company Name	Revenue
AutoZone	$10.2
Advance Auto Parts	$9.3
Genuine Parts Company	$8.1
O'Reilly Automotive	$7.8
Big 4	**$35.4B**

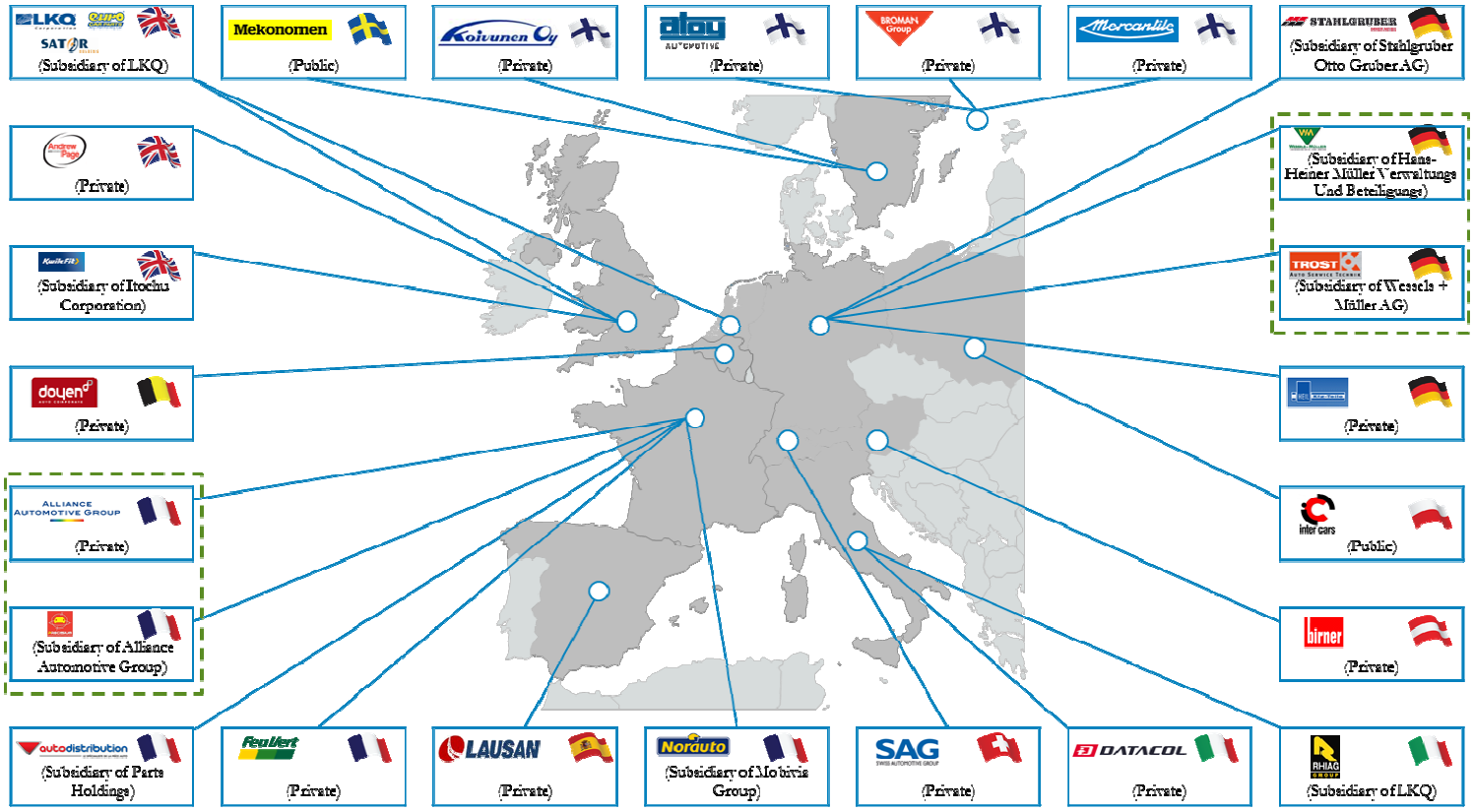
Europe [2]

Company Name	Country	Revenue
LKQ Corp (Europe) [3]	Various	$3.0
WM Fahrzeugteile + Trost	Germany	$1.9
Stahlgruber	Germany	$1.7
Alliance Automotive Group	France	$1.6
Autodistribution	France	$1.6
Inter Cars	Poland	$1.2
Mekonomen Group	Sweden	$0.9
SAG	Switzerland	$0.8
Feu Vert	France	$0.7
Big 10		**$13.4B**

(1) Last 12 months as 30th September 2015.
(2) Based on the last financial information available.
(3) Pro Forma 2015 including Rhiag.

Examples of "Country Champions" and Fragmentation

Selected Market Players



Selected Pan European Platforms

- LKQ—Central and Eastern Europe, Italy, the Netherlands and the United Kingdom
- Alliance Automotive—France, Germany and the United Kingdom
- Mekonomen—Denmark, Finland, Norway and Sweden

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

Rhiag's Operating Presence and Position

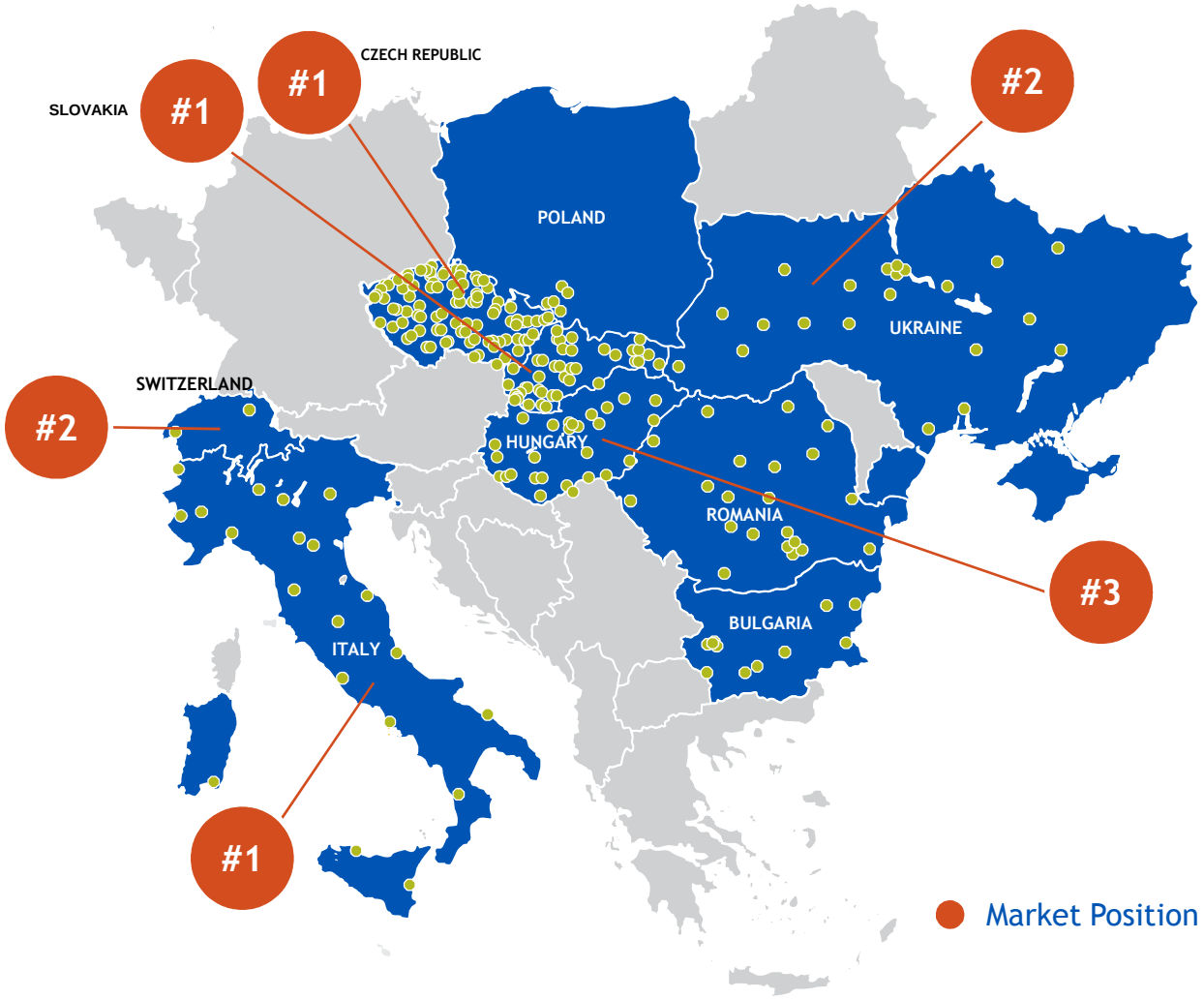
Italy	
Branches	19
Of which Hubs:	*4*
Central Warehouses	1
Customers Served	>8,400

Czech Republic	
Branches	111
Central Warehouses	2
Customers Served	>49,000

Switzerland	
Central Warehouses	2
Customers Served	>1,800

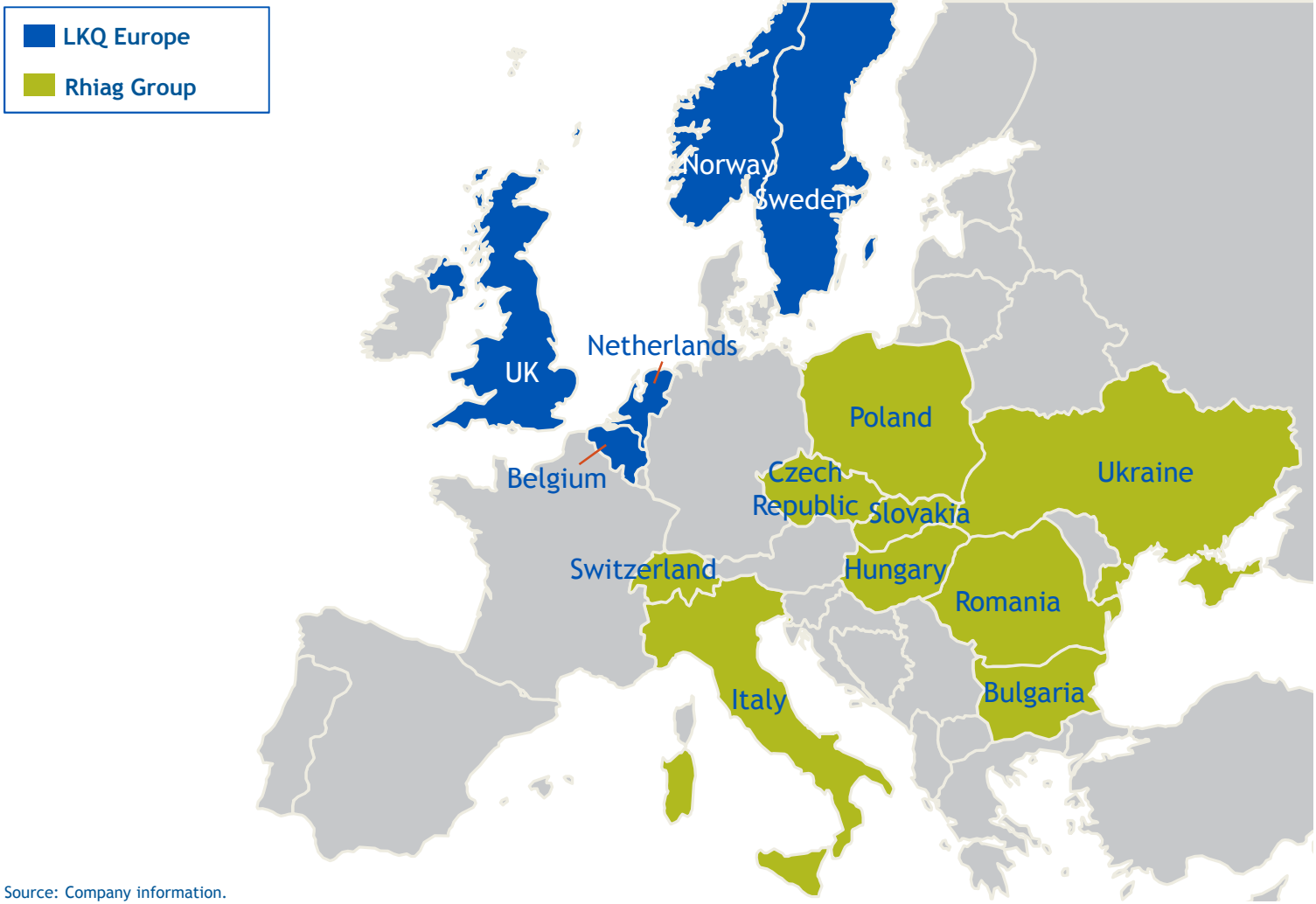
Slovakia	
Branches	42
Customers Served	>12,600

Other EE Countries (1)	
Branches	75
Customers Served	>28,900



Source: Company information.
(1) Bulgaria, Hungary, Poland, Romania and Ukraine.

LKQ's Pan-European Footprint Post Rhiag



Source: Company information.

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
  - Offshoring
  - Cataloguing
- Brand economies of scale
- Vendor financing programs

Longer-Term Margin Drivers

Key Takeaways - Europe

- Roughly 1/3 of LKQ's revenue base (with Rhiag)
- Large, fragmented market
- Further consolidation likely (by us and others)
- Currently market leader – c. $3 billion Pro Forma revenue – approximately 50% larger than #2
- Seeking additional first mover advantages through lower costs structures and marketing benefits
- LKQ will look to add additional geographies and product lines to the portfolio
- Well on our way, but much opportunity remains



Martin Gray

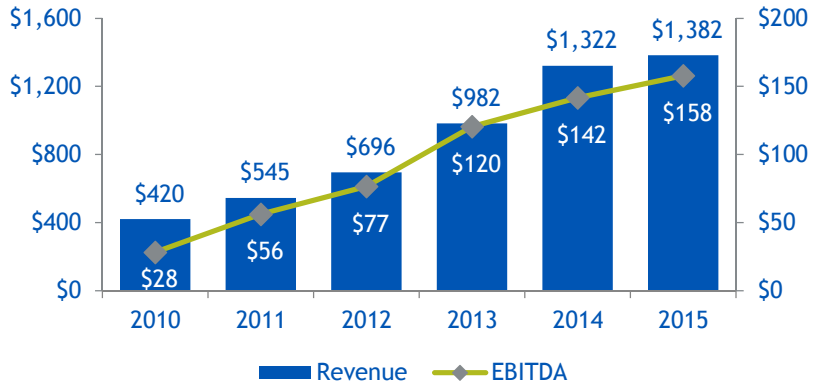
Chief Executive Officer-Euro Car Parts

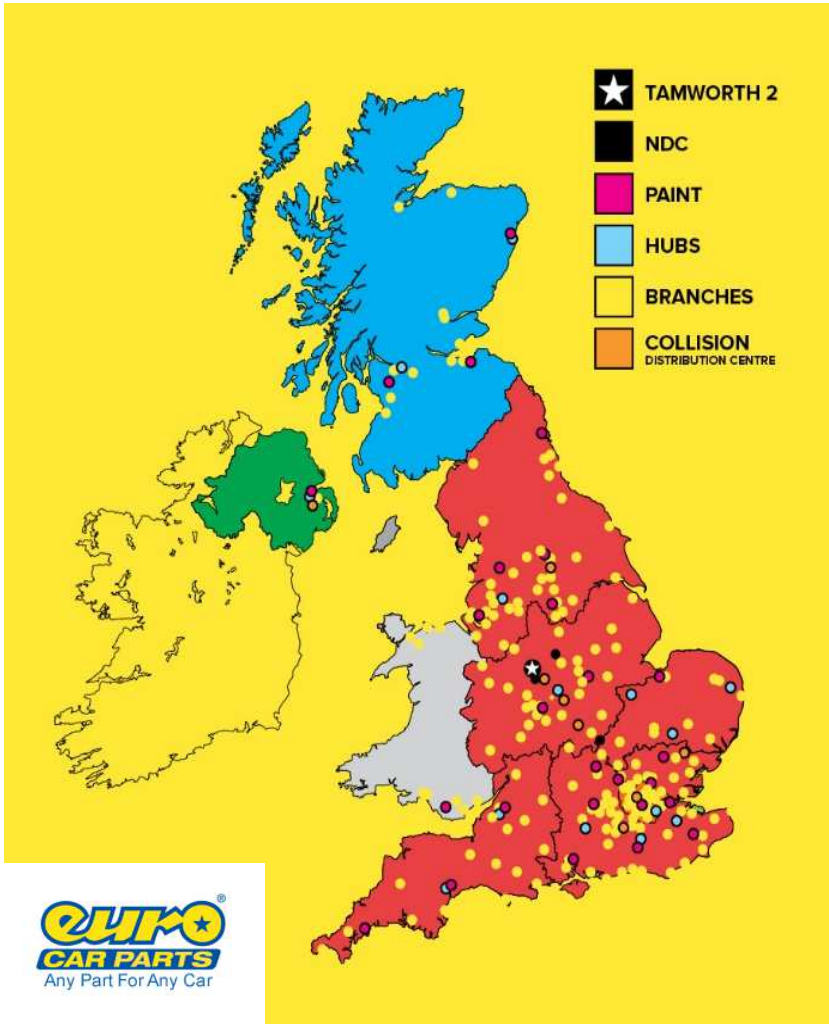
Martin Gray Background

- Promoted to UK CEO in 2013
- Joined Euro Car Parts as People Director in 2008
- 1999 – 2008 Managing Director & Group Board Director, Caudwell Group (Mobile Phone Retail & Distribution); Revenue $3.5B, 14,000 employees; Sold in 2006 for $2.2B
- Previous experience Retail & Hospitality Management including Safeway & Heritage Hotels Group

ECP - “Any Part for Any Car”

- UK Number 1 ~ 218 Branches (1)
- 4 times larger than our nearest competitor
- 92% coverage across the UK within a 30 min drive
- 9,000 Colleagues – Strong Leadership Team
- Revenue has more than tripled last 5 years ($420M in 2010 to $1,382M in 2015, 27% CAGR)
- Profit more than fivefold growth last 5 years ($28M in 2010 to $158M in 2015, 41% CAGR)

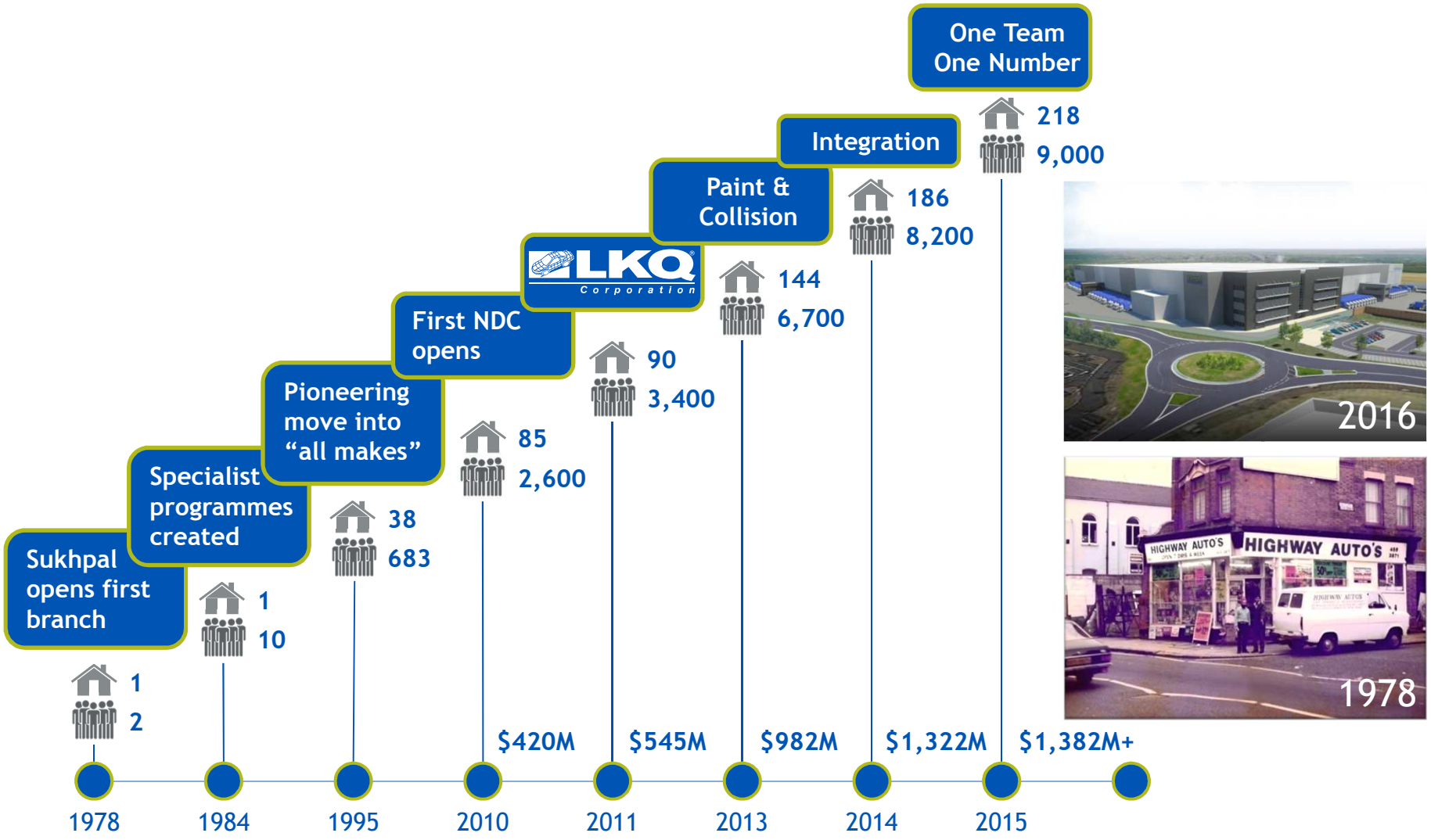




(1) Includes 19 paint distribution branches & 17 regional hubs.

LKQ Corporation

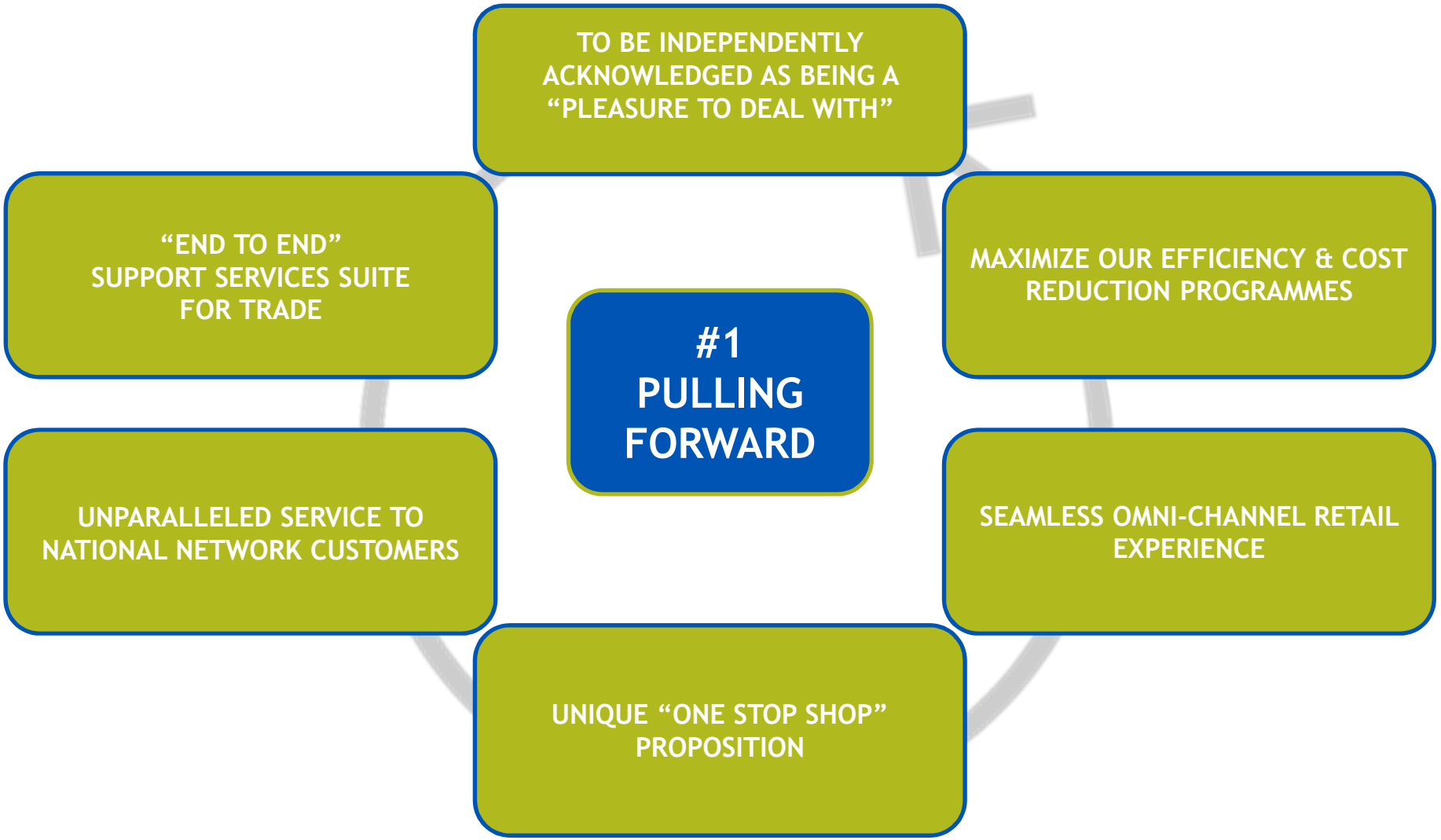
How We Got Here …



Today - Multi-Channel Business



The Future - Distributor / "Enabler"



Customer Segmentation with Supporting Matrix



ECP Trade Segment

- 55,000 trade customers
- S.M.R. (Service Maintenance Repair) ~ 62% of UK total
  Collision / Coatings ~ 15% of UK total
- OE brands from worlds leading parts & paint manufacturers
  - Supported by own-brand value alternatives
- In-house catalogue “Top Cat” via Automotive Data Services
  - 1 of only 5 companies licenced in the UK to hold & use DVLA vehicle registration marks
- Unrivalled Workshop Solutions offer
  (Tools & Capital Equipment for Garages and Bodyshops)
  - Tripled our Workshop Solutions proposition in the last 3 years, full end to end solutions including building prep, CAD design, installation, technical support and full back up and servicing (now circa $28M+ revenue)
- Integrated on-line ordering and real-time, fully integrated ERP and MI System
- UK’s best incentives & loyalty programmes
- Work Referral from B2C Websites



LKQ Corporation

ECP Trade Segment

- Our new Autofirst Network Garage Concept
- Payment Assist – helping manage unexpected payments
- Technician Tool Club – helping spread the cost of tools
- Subsidised Training in ECP and 3rd Party Training Centres
- Large branches 10,000 sq. ft. + including mezzanine
  - Large Customer / Retail Areas
  - $1M stock at trade, 18,000 SKUs, minimum 25 staff
- Industry leading deliveries ~ SLA's from 30 minutes
- 3 National Distribution Centres (93 000 m2) with 180,000 live stocked parts (SKUs)
  - 100,000+ Deliveries Per Day; 2,750 delivery vehicles (all Branches receive 6 overnight Stock deliveries a week)
- 3 Emergency Support Daily deliveries from 17 Regional "Hub" Branches
- Branches profiled for 85% of all demands, regional hubs hold 97% of all demands supported by NDC to deliver 99.3% of daily requests

autofirst network

PAYMENT ASSIST

TECHNICIAN TOOL CLUB

repairanycar

LKQ Corporation

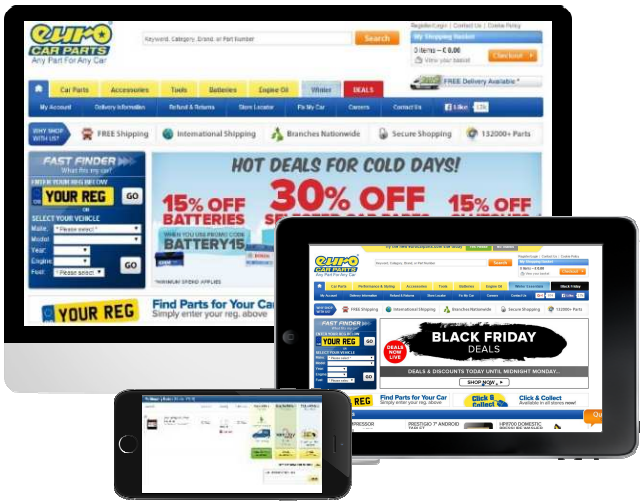
ECP Trade Segment - Collision & Coatings

- 15% of total UK Revenue
- UK's only integrated Bodyshop proposition of paint, panels, parts, consumables and equipment.
  - Expanded Range of Products and Brands give Full Choice of Price and Quality
- The panel and bumper range was launched under the brand of "Platinum Plus" with the aim of differentiating the brand from other aftermarket products
  - All product within this brand are independently certified
- Major Share of UK Paint Market. Growing share of insurance-funded panels, bumpers, lighting & parts markets
- Customers can now buy mechanical, collision, paint & consumables single point, single invoice
- 20 Collision Centres opened within new ECP hub sites
  - Creating specialist coatings & collision knowledge located in one place
- Collective focus on Body-shop and SMR (Service / Maintenance / Repair)
- Retail paint proposition launching via ECP branches
- Recycled / Green parts programme commenced
- 4 IMI accredited training centres



ECP Retail Segment – E-Commerce

- Ecommerce & counter / shop sales combined = 11% of UK total Revenue
- Ecommerce turnover has quadrupled over the last 3 years
  - Now circa $100M pa business
- 4 million visits per month on the eurocarparts.com site alone
- 10 x larger than next competitor, 150,000 orders per month (B2C)
- Marketplace Integration on Amazon, eBay (UK, IE, France, Germany)
- Bespoke Build Capability (Halfords, RAC)
- 70% of our Ecommerce sales are “Click & Collect”, collected via the network
  - Reducing costs, improving margin and increasing “Average Invoice Value”
  - 1 million C&C orders processed 2015
- Same day deliveries
- Imminent launch of “Order & Collect”
- “Repairanycar.com” & “Fit if for me” propositions
- Expansion into high value accessories & leisure products



ECP Retail Segment - Shops & Counters

- A genuine ‘one stop shop’ for all motoring parts and accessory requirements
- Brand new experience in-store
  - Dedicated trade, retail and click & collect areas
  - Clear customer journey
- Integrated marketing
- Sunday opening in 45 branches
- Specialist management and staff
- High growth, high margin segment

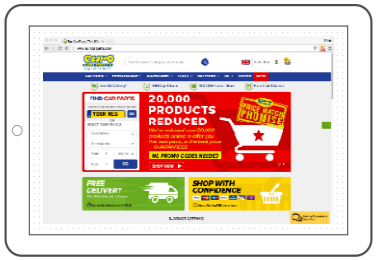




ECP Retail Segment - E-Commerce Platforms

RETAIL
B2C





eurocarparts.com
eurocarparts.fr
eurocarparts.de
carparts4less.co.uk

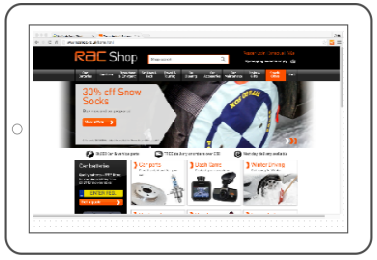
TRADE
B2B





trade.eurocarparts.com
autowork-online.co.uk
repairanycar.com

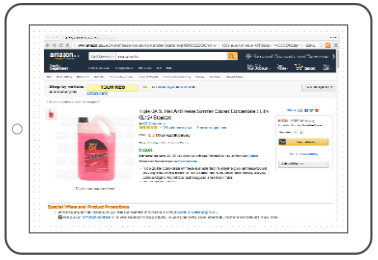
PARTNER
B2B2C





racshop.com
halfords.com

MARKETPLACE
B2C





eBay.co.uk
amazon.co.uk

ECP National Account Segment

- 10% of UK total revenue
- Tripled our National Account business in 3 years, providing the only true ‘one stop shop’
- 100% UK Coverage, full point-of-sale control, central billing & management info
- Complete solutions, not just a parts supplier
  - Garage Equipment, Paint, Body shop & Air Con programmes, Product training, Waste Disposal and Stock Management
- Customer Types:
  - Fastfit & autocentre chains
  - Franchised dealer groups
  - Roadside assistance
  - Car & light truck fleets
  - Daily rental & leasing fleets
  - Bodyshop Chains
  - Motor insurers & claims managers
  - Warranty insurers
  - Concept networks & B2B Aggregators

Euro Car Parts T2 Rationale

- **Supports business growth**
  - In Logistics this means increased throughput and storage requirement
- **Supports business integration**
  - Total proposition under one roof e.g. paints, e-comm, mechanical parts
- **More efficient logistics**
  - Reduced double handling & transport costs
  - Higher pick rates & improved reliability (less reliance on availability of people in a tight labour market)
- **Improved service levels to the branch network**
  - Better order fill, stock accuracy and timeliness ultimately improving product availability at Branches
- **Better for suppliers**
  - Single delivery location
  - Improved Turnaround times for their vehicles
- **Future proofing has been at the core of our thinking, i.e. flexible growth options for the site**
  - Stingray Automation Scalability 50%
  - Fast Tote Pick Scalability 100%
  - Pick Tower Scalability 200%
  - Despatch Buffer Scalability 33%

Euro Car Parts T2 Rationale

- Semi-automated site
  - Automation, only where it makes sense (i.e. we get a good ROI from the automation supporting the faster moving products)
- Size of warehouse
  - Capable of housing NDC, Bonehill and 3PL (third party logistics, i.e. external companies) storage requirements
  - Allows for forecast growth up to 2021 and beyond
- T1 will be re-purposed as a collision repair site (replacing Swadlincote)
  - Providing headroom for growth beyond 2021



Key Takeaways

- UK Number One ~ 92% coverage across the UK within a 30 min drive time
- New NDC (T2) will allow us to leverage best in class capability
- Trade “Category killer” proposition, via support services suite
- Seamless omni-channel retail experience
- Additional UK organic growth and acquisition potential
- Further efficiency & cost reduction opportunities
- Strong, experienced and ambitious leadership team



Sinon Galvin

Chief Executive Officer-Sator

Sinon Galvin Background

- Joined LKQ's acquisition team in October 1998
- From Jan 2000 until Feb 2011 was LKQ's Vice President in charge of Information Technology and systems development
- From Mar 2011 until July 2014 was Vice President of Revenue Optimization and International Projects
- CEO – Sator since August 1, 2014
- Prior to joining LKQ:
  - CEO - Pacific Waste Management based in Sydney Australia
  - Board member of publicly traded Waste Management NZ
  - Led the mobilization of Hong Kong's Enviropace chemical waste treatment facility
  - Various operating roles in US, Europe and Asia
- BBA - Loyola (Chicago), MBA - University of Pennsylvania

Sator Today…

2015 Sales: €500+ million

Customers: 25K+

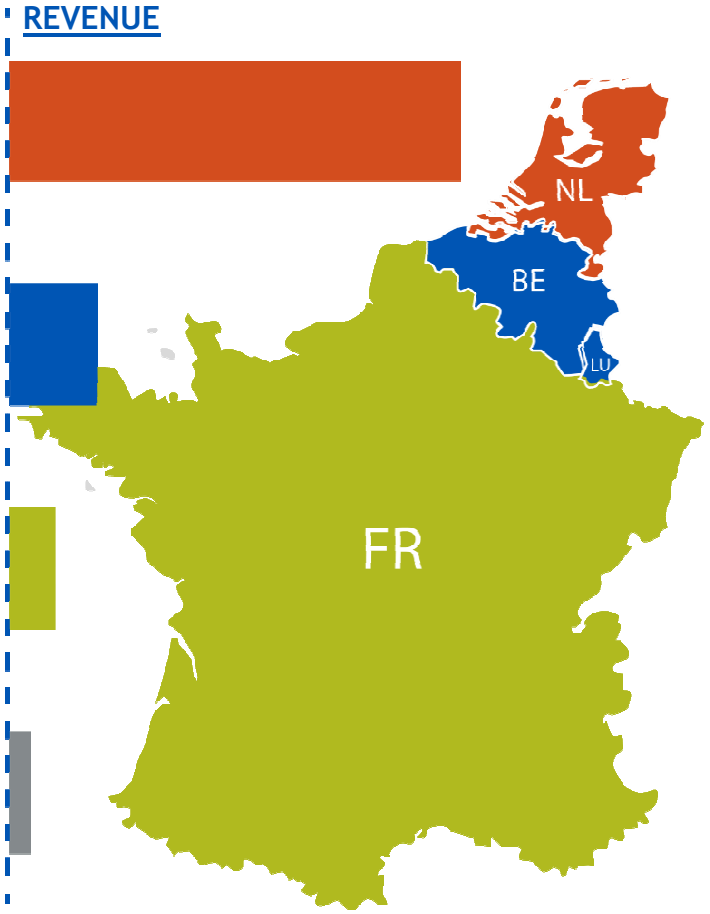
Suppliers: 3K+

Stocking SKUs: 175K+

Locations: 86 Branches, 11 Distribution / Rapid Fulfillment Centers in 3 countries

#1 **Benelux**
Distributor / Wholesaler

- Hybrid NL distributor / wholesaler
  Traditional distributor BE, LU, FR
- Best in class electronic platform
- Widest and deepest product range



Leading Distributor in Benelux Market, Best in Class Platform

Sator Offers Superior Services to Its Business Partners



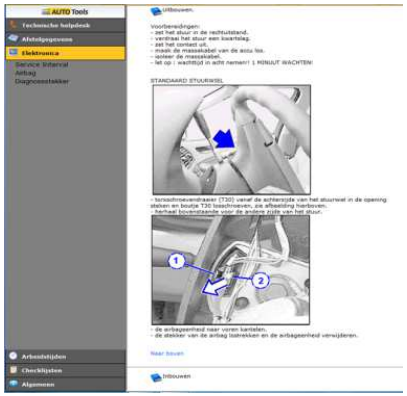
- Catalogue covering 20.000 different autotypes
- Several types of autotype identification (VIN, license plate, KBA, typeschein, CNIT)

Sator's Business Platform

- Catalog
- Market research
- Technical data
- Logistical services
- Concepts

Market Mirror





- Check list
- Labor times
- Recall
- Modification
- Wire diagram
- Motor mgt info
- Manuals
- Tips and Tricks

Own Concepts

PARTSNet®

mijngrossier.nl

mijngarage.nl
vaste én scherpe prijzen voor reparatie en onderhoud

topmec

Close Cooperation

anwb

PROFILE TYRECENTER

VAKGARAGE

BOSCH Service Car Service



LKQ Corporation

Sator - Automotive Academy…
Training for Today and Tomorrow

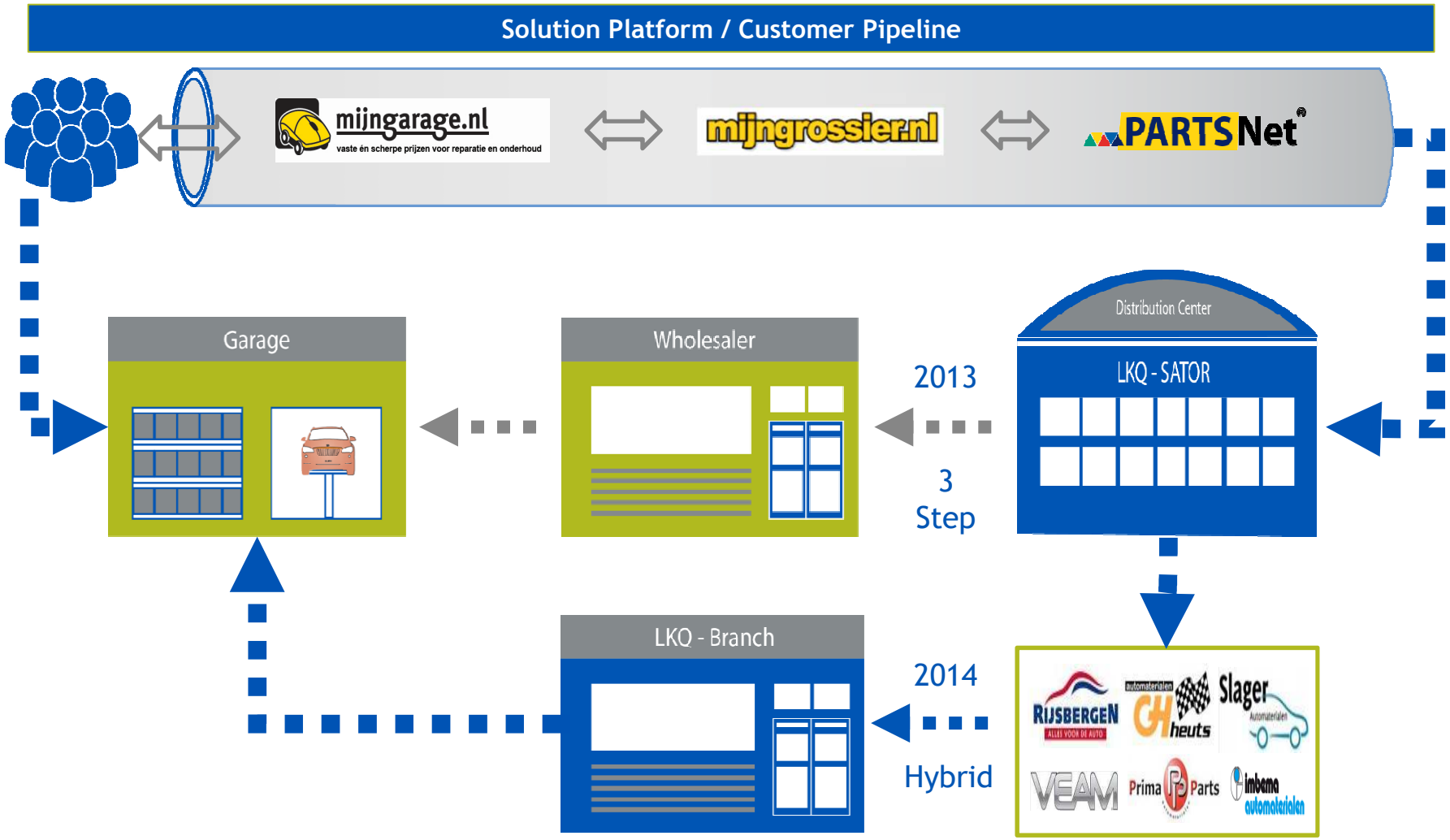








Sator - Platform is the Key…

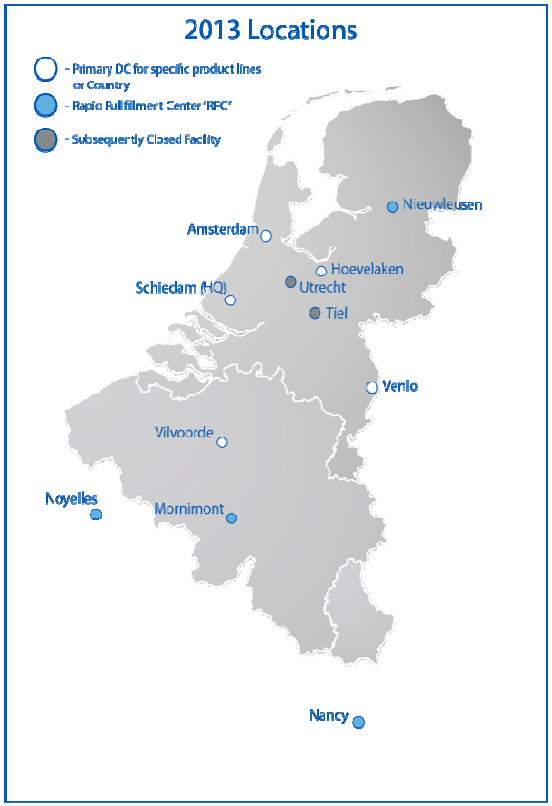


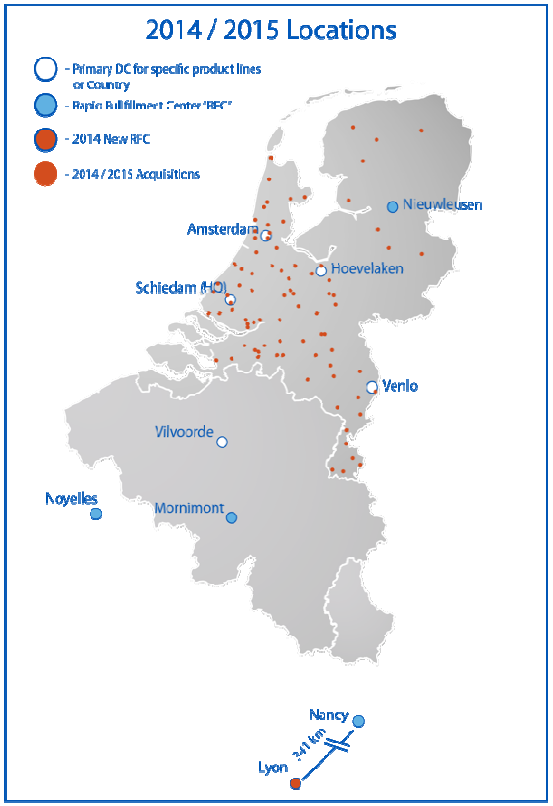
Sator - Leading an Industry Transition

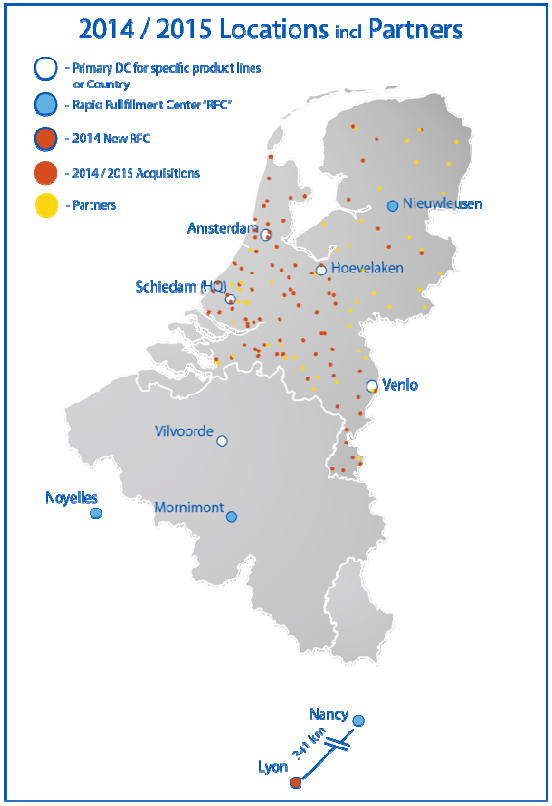
Legacy Network
Orderlines (p.a.)
In-bound 1+ Million
Out-bound 13+ Million

Legacy Network
Deliveries (p.a.)
Nightly 420k+
Same Day 700k+

Branch Network
Deliveries (daily)
Customers 4k+
Orderlines 21k+

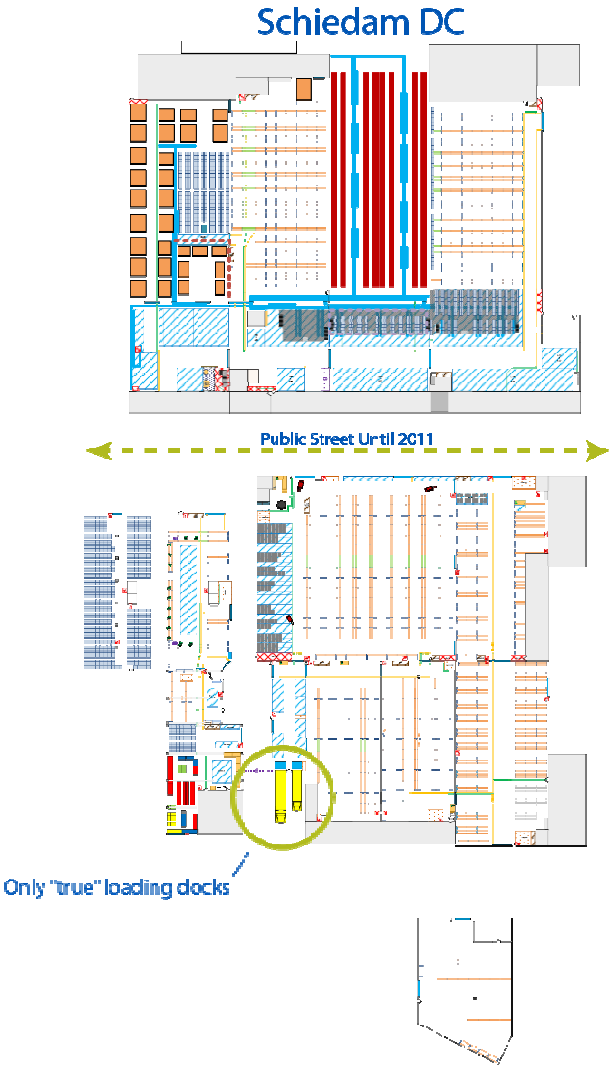






Sator - Footprint / Margin Driver





Traditional



Modular



Robot Crane

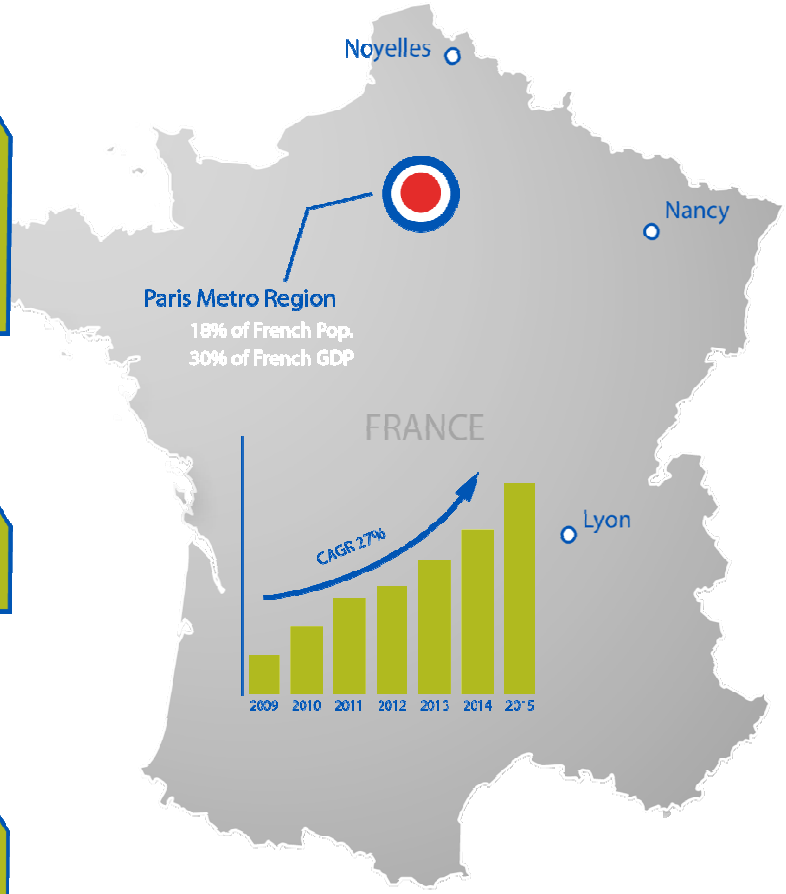


Sator - France

French Market
Repair Shops
Independent 14k+
Integrated 10k+
Total 40k+
50% belong to a network
(Bosch, AD, etc...)

French Market
Wholesalers
Companies 2,500+
Locations 4,000+

French Market
Dominated by
Alliance GA 1.2 bil+
AD France 1.2 bil+



Paris Market
% of France
Population 18%
Car Parc 20%
GDP 30%
Less than 2% of France
(12,012 km²)

Paris Market
Wholesalers
Companies 450+
Locations 600+

Paris Market
Unique Service
Delivered 50%
Collected 50%

- Existing Sator Operation
- Future entry: "A question of when, not if"

Sator - Key Takeaways

- Netherlands Business acquisition phase largely complete. Occasional acquisition as partners seek exit or opportunistic deal presents itself.
- Netherlands is a powerhouse with opportunity for significant margin improvement as logistics network is re-designed
- Belgium will provide consistent market growth and will naturally migrate towards the hybrid model.
- France will be our top line growth market for the rest of the decade, but faces stiff headwinds from 2 dominant competitors with lion's share of of market.



Bill Rogers

Vice President & General Manager
Keystone Automotive Operations

Bill Rogers - Specialty

Education:
- BS Computer Science / MBA / Six Sigma - Lean

Company Experience:
- GE – 13 years multiple locations and businesses
- Textron – 7 years multiple locations Industrial / Aircraft business
- Armstrong – 3 years Building Materials business
- Keystone Automotive Operations – last 6 years

Functional Experience:
- Information Technology
- Materials Management
- Sourcing
- Logistics
- Category Management
- General Management

About Specialty

2015 Sales: $1.05B

Customers: 20K+

Suppliers: 800+

Stocking SKUs: 175K+

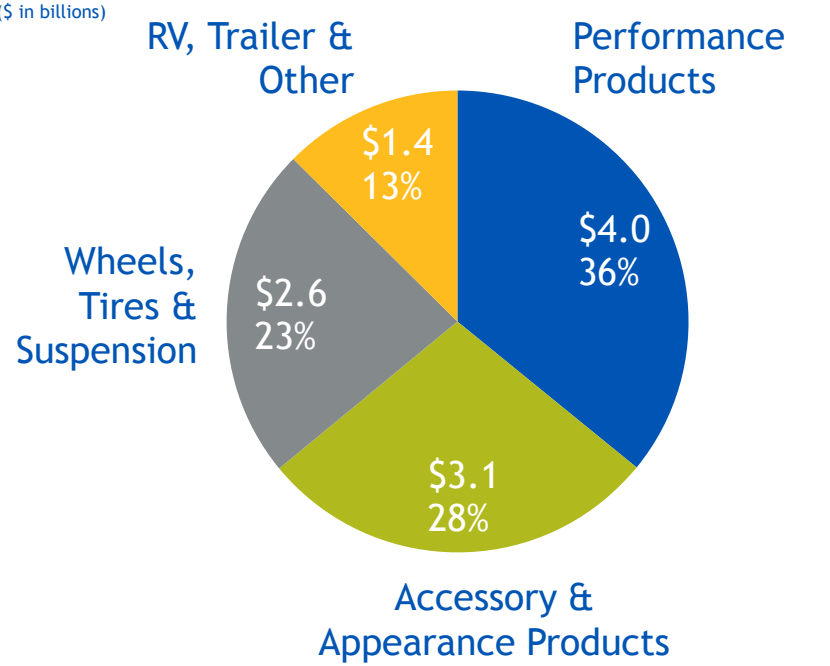
Locations: 53 facilities in 30 states, 3 provinces

#1 North America Wholesale Distributor

- Specialty Aftermarket (SEMA) Products
- Parts & accessories to independent RV Dealers

Directly Addressable Market (1)

($ in billions)

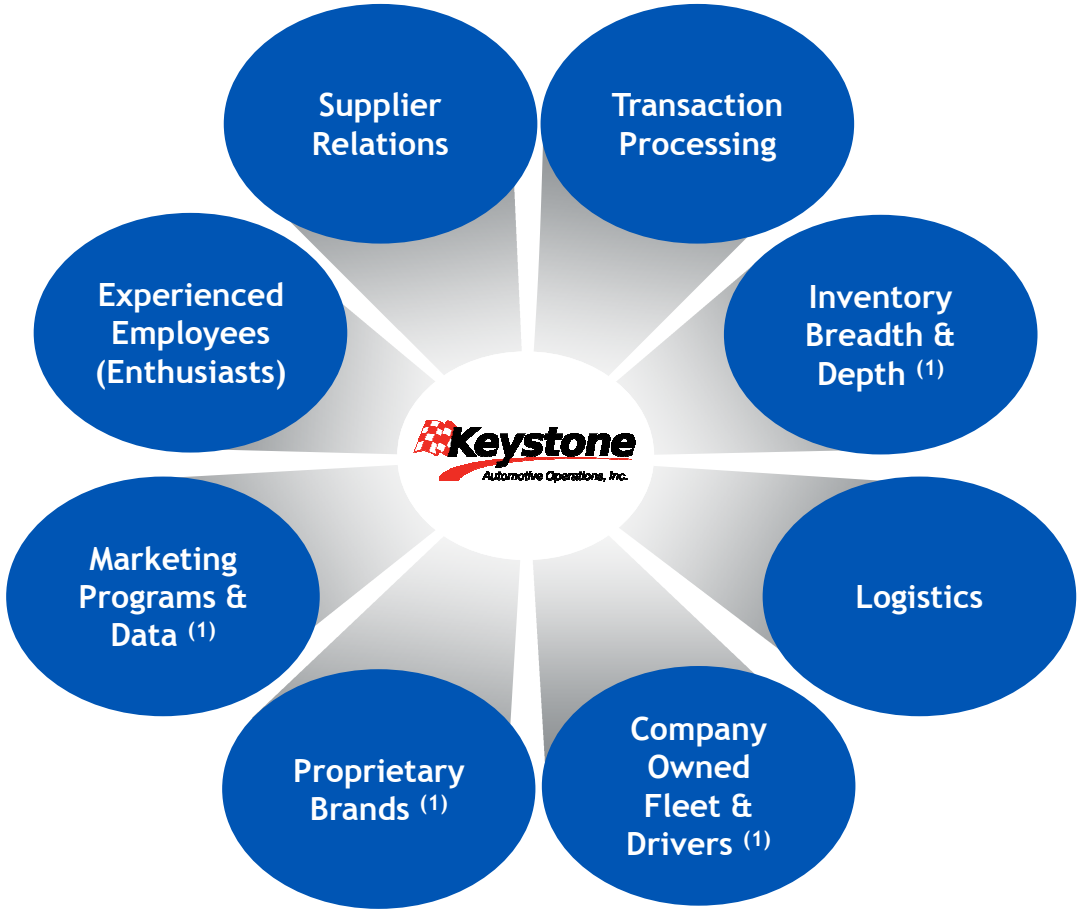


Major Player in Two Markets with Further Potential to Grow

(1) Estimated based on industry estimates of product types, estimated splits between manufacturers and WDs/Retailers, and our participation in the product type.

Key Strengths

- Critical link between fragmented suppliers and customers
- Best-in-class logistics and distribution network; serve over 98% of jobber customers next day
- Management and infrastructure in place to aggressively pursue growth
- Successful track record of rapid expansion into adjacent markets
- Strong financial performance



(1) Margin Drivers plus Centralized Pricing Function and MAP / UPP Programs.

What We Do and How It Helps

Competitive Advantages	Enabling
Utilize 7 LARGE Warehouses (2.3M sq. ft. with RF technology) and multiple cross-docks to deliver next day	• Higher fill rates
We own & operate our own fleet of tractor trailers and cube vans	• Later cut off times – 5 PM+ • Big and bulky parts delivery
Our warehouses are interconnected by our trailers	• Access to all ~2.3M sq. ft. of our inventory
Our drivers deliver the product themselves	• Less product damage • Our drivers pick-up returns

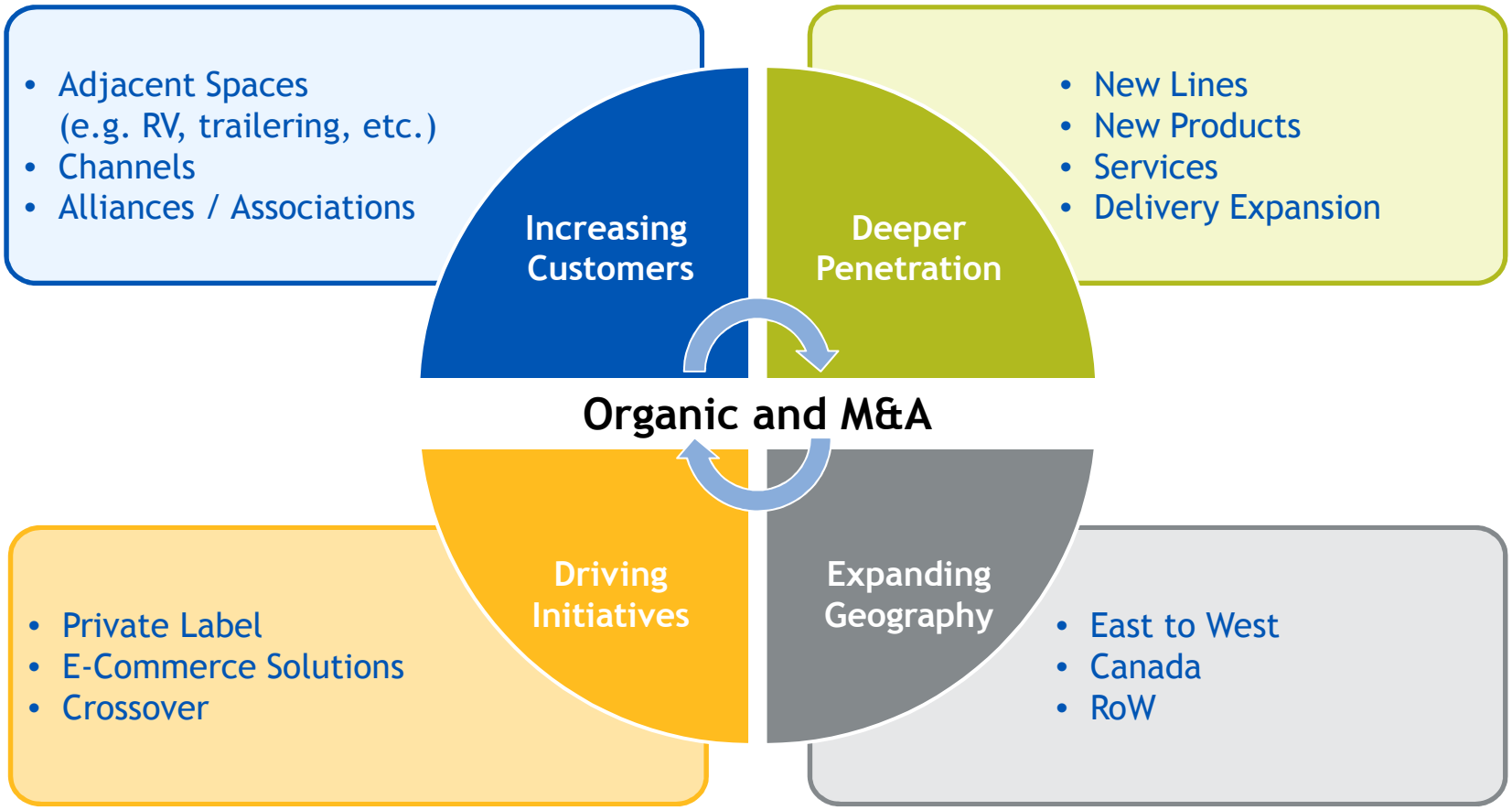
Our Delivery Network Enables Many of Our Service Benefits

Competitive Landscape

Customers	• Jobbers • Dealers • Retailers • e-tailers
Suppliers	• Manufacturers • OE's • Niche Distributors
Competition	• Wholesale Distributors • Manufacturers Direct • Retailers • Wobbers (Jobber/WD)
Dynamics	• Pricing Policies • Online Selling • Groups • Consolidation

Many Blurred Lines in the Marketplace

Growth Strategy



Supported by Operational Efficiency Initiatives

Results of Our Strategy in Action



2010
- 4 DCs, 24 CDs
- <$500M

2015
- 6 DCs, 47CDs
- >$1B

202?
- 9 DCs, 65 CDs
- >$2B

Speed & Performance

Truck & Automotive Accessories

Towing Products

RV Parts & Accessories

Trailering Products

Adjacent Markets

Objective is for Annual Double-Digit Growth

Strong Acquisition Integration Process

Key considerations are:

1) People - full associate review / changes

2) Customers – complete analysis – tie to DCs / Inventory, take and incorporate feedback

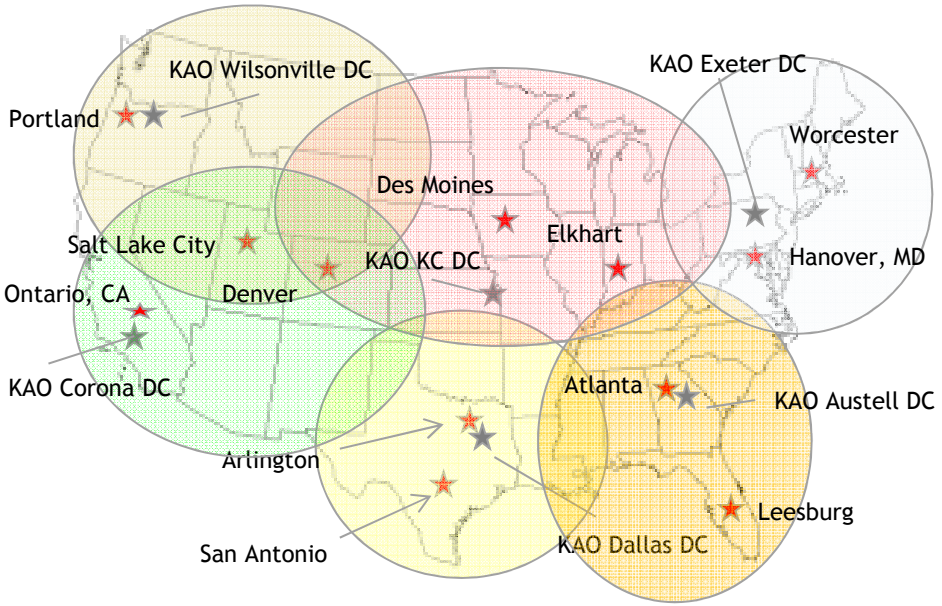
3) Logistics – capacity analysis, timing consideration, DC by DC Migration

4) Sales - training on systems and team building

5) Systems - process and systems review - selected "Best of the Best" across both companies – shift to solution

Stag Parkway example

12 DCs integrated into existing network in 12 months



Integration Completed Within 12 Months; 30%+ Benefit on Pure Operating Cost

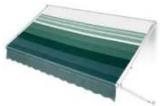
Consumer Types

Outdoorsman	Fleet / Oil & Gas	Gearhead	Off-Roader	RV'er
				

Soccer Mom	Street Truck	Contractor	Tuner	Lifestyle
				

Diverse Array of Enthusiast and End-User Segments

Product Overview by Market Segment

RV	Towing	Truck & Off-Road	Wheels and Tires	Speed & Performance	Accessories
 Awnings	 Receiver Hitches	 Winches	 Wheels	 Air Intakes	 Fender Flares
 Satellites	 5th Wheels	 Toolboxes	 Tires	 Superchargers	 Floor Liners
 Accessories	 Electrical	 Tonneaus	 W&T Accessories	 Exhaust	 Chemicals
 Axles	 Weight Distribution and Goosenecks	 Suspension	 Performance Handling	 Performance Parts	 Lighting

Market Consists of a Diverse Range of Consumers & Products

Leading & Recognized Brands



Top Brands from Across all Market Segments

LKQ Corporation

Marketing Support

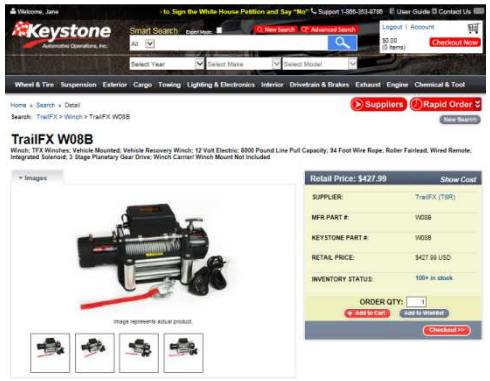
Events

- Each year, Keystone hosts the BIG Shows, which marry suppliers and customers in the largest buying event in the Automotive Aftermarket



Digital Marketing

- We leverage technology to reach our customers through E-Commerce, digital communication tools and social media







Publications

- Keystone produces a variety of retail and wholesale focused publications designed specifically to educate and influence purchases.



Programs

- The Keystone vehicle wrap program turns our delivery fleet into hundreds of mobile billboards, promoting the products and brands of over 30 suppliers





LKQ Corporation

Training and Education

Facilities

Top-Notch Learning Centers in Dallas and Exeter, PA









Nationally Recognized Trade Shows

The largest actual Automotive Accessory and RV Parts selling shows in North America



The Expo

New Orleans
Convention Center



The Big Show East

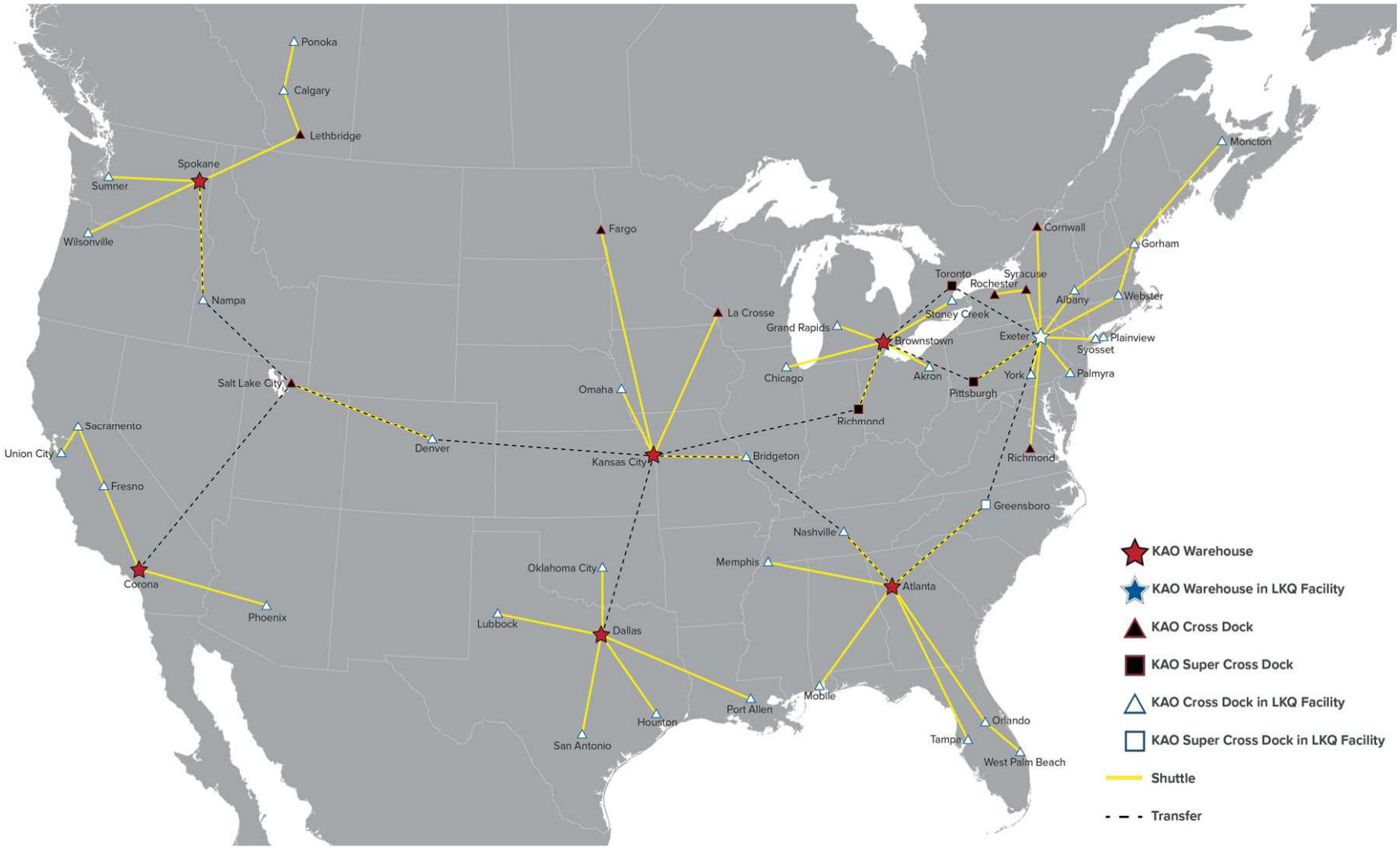
Washington, DC
Convention Center



The Big Show West

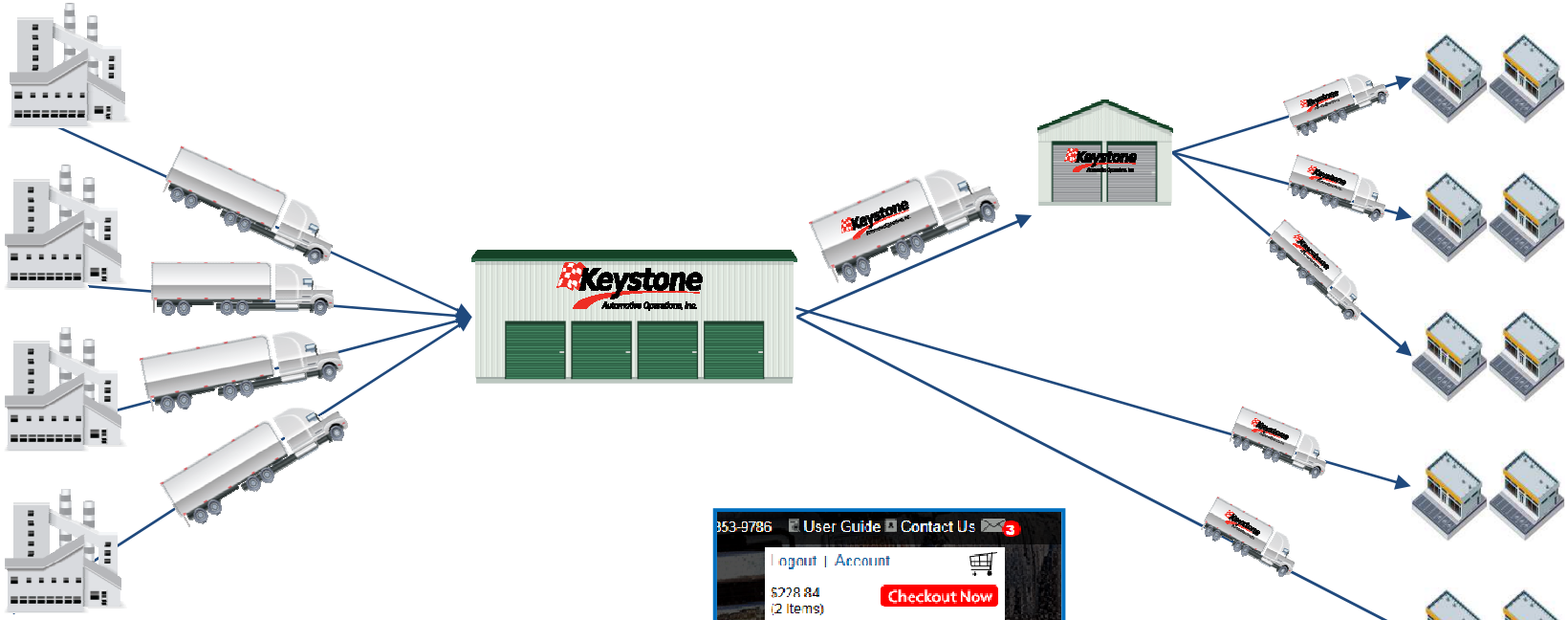
Gaylord Texan

Keystone's Next Day Delivery Network

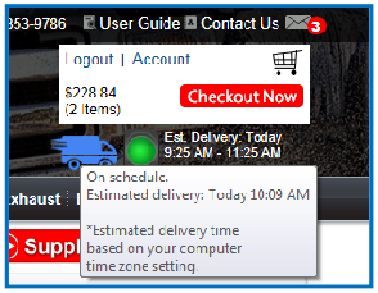


Best-in-Class Distribution Network

800+	X	7	70+	46	400+	20k+
Specialty Aftermarket Suppliers	Supplier or 3rd Party Trailers	Distribution Centers	Tractor Trailer Fleet	Cross Docks	Delivery Fleet	Customers/ Jobbers



Where's My Truck?



Proven Process Founded on Continuous Improvement

LKQ Corporation

Order Fulfillment Illustration



START: ORDER PLACED

3 PM: *Construction worker in Eau Claire, WI visits local jobber and orders Weather Guard toolbox*



4 PM: *Jobber calls Keystone Call Center in Dallas, TX to identify and order correct part*



5 PM: *"Pick ticket" created*
5:30 PM: *Toolbox picked and placed in holding area*
6 PM: *Toolbox loaded onto tractor trailer*



6:30 PM: *Tractor trailer leaves Kansas City, KS distribution center*



Monday Afternoon

12 PM: *Friendly driver, who knows jobber well, delivers toolbox*



7 AM: *Cube van packed, leaves La Crosse cross-dock*

Tuesday Morning

3:30 AM: *Tractor trailer arrives at La Crosse cross-dock; unloading begins immediately*



END: TOOLBOX INSTALLED

2 PM: *Toolbox installed on truck less than 24 hours after order*



425	80	$95	20
miles driven on a typical route	toolbox weight in lbs.	estimated cost to deliver via third party	hours from jobber call to delivery

Proven Process Founded on Continuous Improvement

LKQ Corporation

Private Label Initiative



TRAILFX

Home & Road

HUSKY TOWING PRODUCTS

SpeedFX

Arcon

VentMate

LINK™ TRAILER PARTS
A Division of Keystone Automotive Operations, Inc.

FX WHEELS

ConnX

POWERHOUSE GENERATORS

ProEFX CUSTOM ACCESSORIES

Tote-N-Stor™

Faulkner®
FOLDING OUTDOOR FURNITURE

Lots of Runway for Higher Margin Private Label

E-Commerce Programs

B2B - Existing

eKeystone.com/ ViaNTP.com

C2M - *NEW*

Click to Mortar

B2C - Existing

Streetside Auto / Microsites / Marketplaces / Supplier Sites

New E-Commerce Strategy

- Existing programs provide the ability to service core customers and the flexibility of expanding it's presence in new channels
- New C2M program unites Suppliers and Customers with consumer direct model including pick up in store and installation

- Work with Manufactures on capability to take orders online and offer delivery options
- Parcel shipment or LTL to a residential address
- Pick-up at a local participating Dealer
- Pick-up with installation pre-purchased

Home Delivery



Pick Up



Each Manufacturer Dealer has a defined geography based on zip code



Leveraging KAO Strenghts in a Changing Retail Enviroment

Crossover Product Opportunities

Penetration of existing lines into new customers

- Provides an opportunity for the RV dealer to expand and differentiate
- Initial product focus has been on functional, easy to understand accessory products
- Second wave focuses more on creating a Truck Accessory presence within an RV Dealership

AUTOMOTIVE → RV

Products

- Floor Liners
- Tonneau Covers
- Tool Boxes
- Bed Liners
- Cargo Management
- Tuners
- Exhaust









Brands

- Weathertech
- Extang
- Weathergard
- Dee Zee
- Magnaflow
- Edge

Leveraging Automotive Knowledge into the RV Space

Operational Efficiency

Operational Efficiency

- State-of-the-art phone system allows interoperability among 9 call centers
- RF technology in all DCs and cross-dock ensuring delivery accuracy and tracking
- Network optimization process that adjusts network and run schedules on a dynamic basis
- Best search / lookup tool in the industry
- Returns processing (standard processes at each DC) – 90+% back to stock
- Transaction process improvement (back office, accounting, data, etc.)

Leverage

- Sales per employee up 7% since 2013
- Call volume up 5% vs. PY while dropping abandonment rate
- Bigger / Deeper Inventories – 90+% fill rates - 95+% with xfers, 99.61% accuracy
- More runs equal customer benefits – increased routes and stops by 38% since 2013
- Purchasing – standard centralized process; added 61 new organic lines since 2014
- Data management process and team are applied to new products and lines
- Dynamic marketing & promotion process applied to new suppliers and customers

Expansion and Continuous Improvement Turn Opportunities into Results

Key Takeaways

- Very strong, experienced team
- Critical link between many suppliers and customers
- Partnered with strong brands as well as proprietary brands
- Demonstrated ability to grow organically and through acquisition
- Strong integration process yielding revenue, cost synergies
- Ability to manage high volume of transactions and continually improve efficiencies
- Platform offers multiple adjacency opportunities

Scalable Platform Poised for Continued Growth



Nick Zarcone

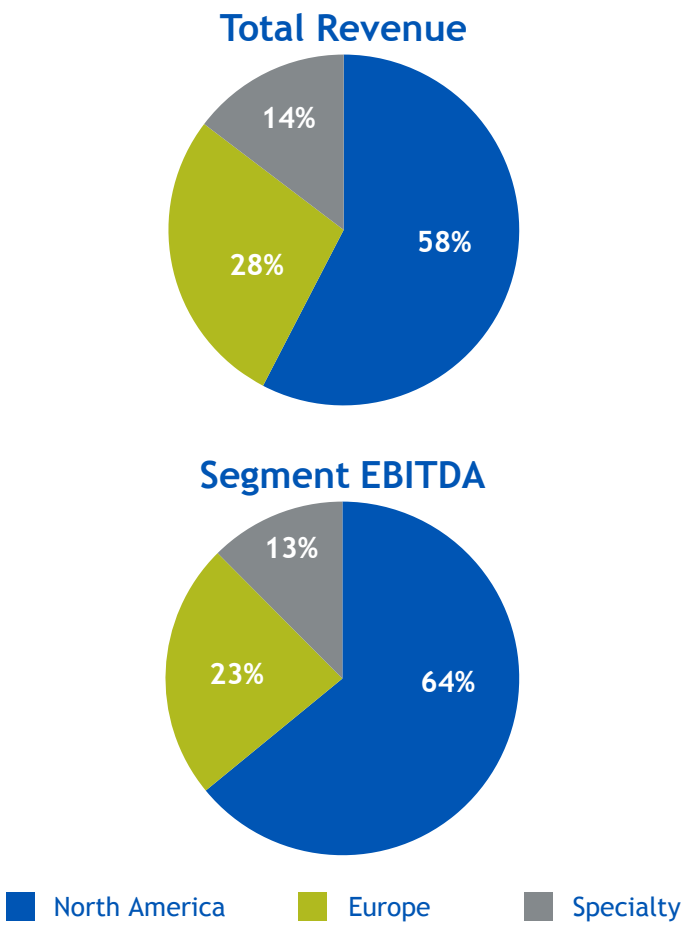
Executive Vice President & Chief Financial Officer

Nick Zarcone Background

- Joined LKQ in March 2015
- Previously CFO of Baird
- 25 years of Investment Banking experience with Baird and Kidder, Peabody focused on Capital Raising and M&A activities for growth oriented corporations
- Led Baird Teams that were involved in 7 major LKQ transactions including the IPO (2003), two follow-on equity offerings (2005 & 2007) and the acquisitions of Keystone Industries (2007), Euro Car Parts (2011), Sator (2013), and Keystone Automotive Operations (2014)
- B.S. (Illinois) and MBA (University of Chicago)

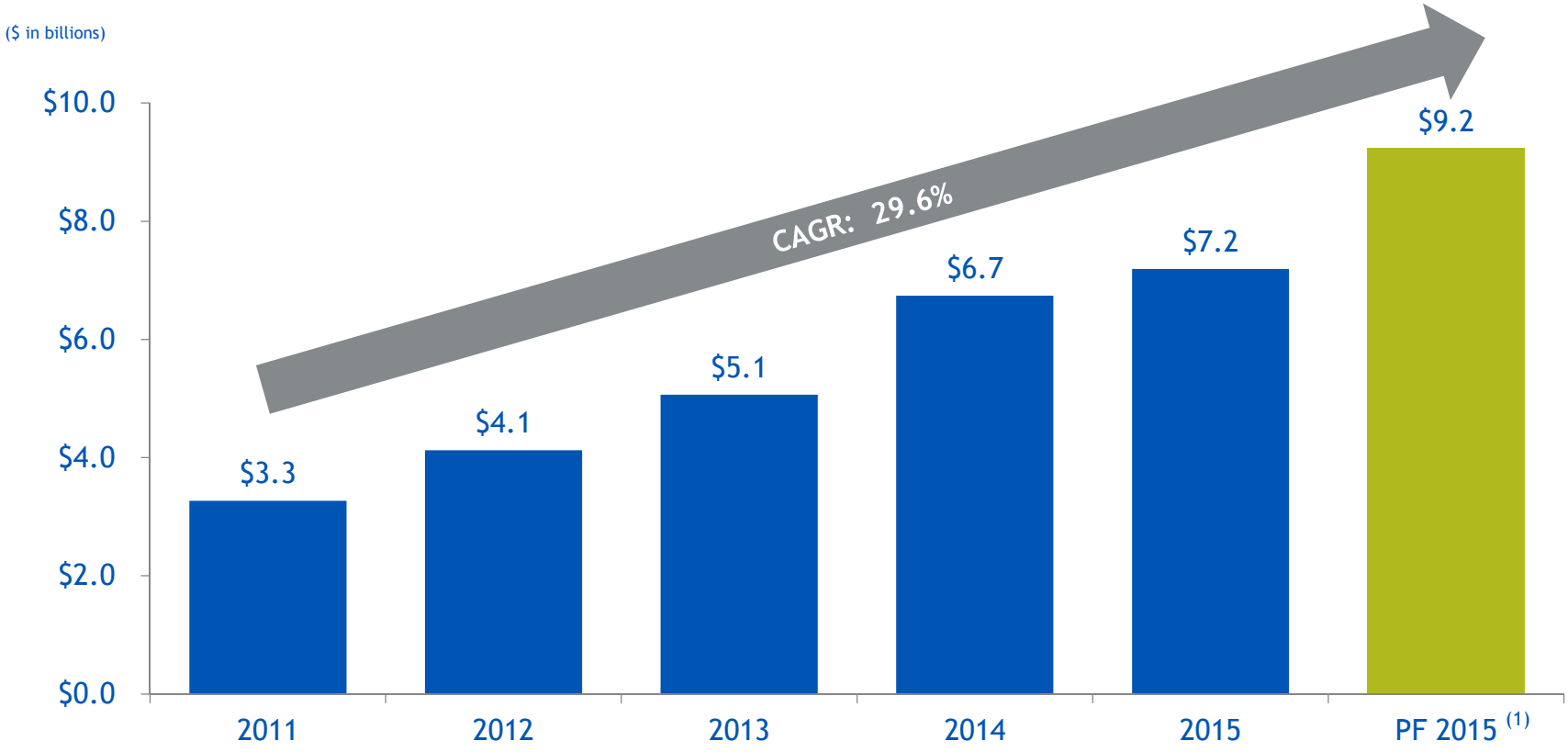
LKQ - Current Snapshot (1)

($ in millions, except per share amounts)	2015
Revenue	$7,193
Segment EBITDA	$855
Adjusted Net Income	$459
Adjusted EPS	$1.49
Total Debt (2)	$1,600
Equity	$3,115
Market Capitalization (3)	$9,295
Credit Rating (4)	Ba1 / BB



(1) All amounts as of 12/31/15 or for the year then ended unless otherwise indicated. See the Appendix for reconciliations of non-GAAP measures.
(2) Total debt excludes debt issuance costs.
(3) Based on 3/9/16 closing price of $30.42 and 12/31/15 outstanding shares.
(4) As of 3/4/16.

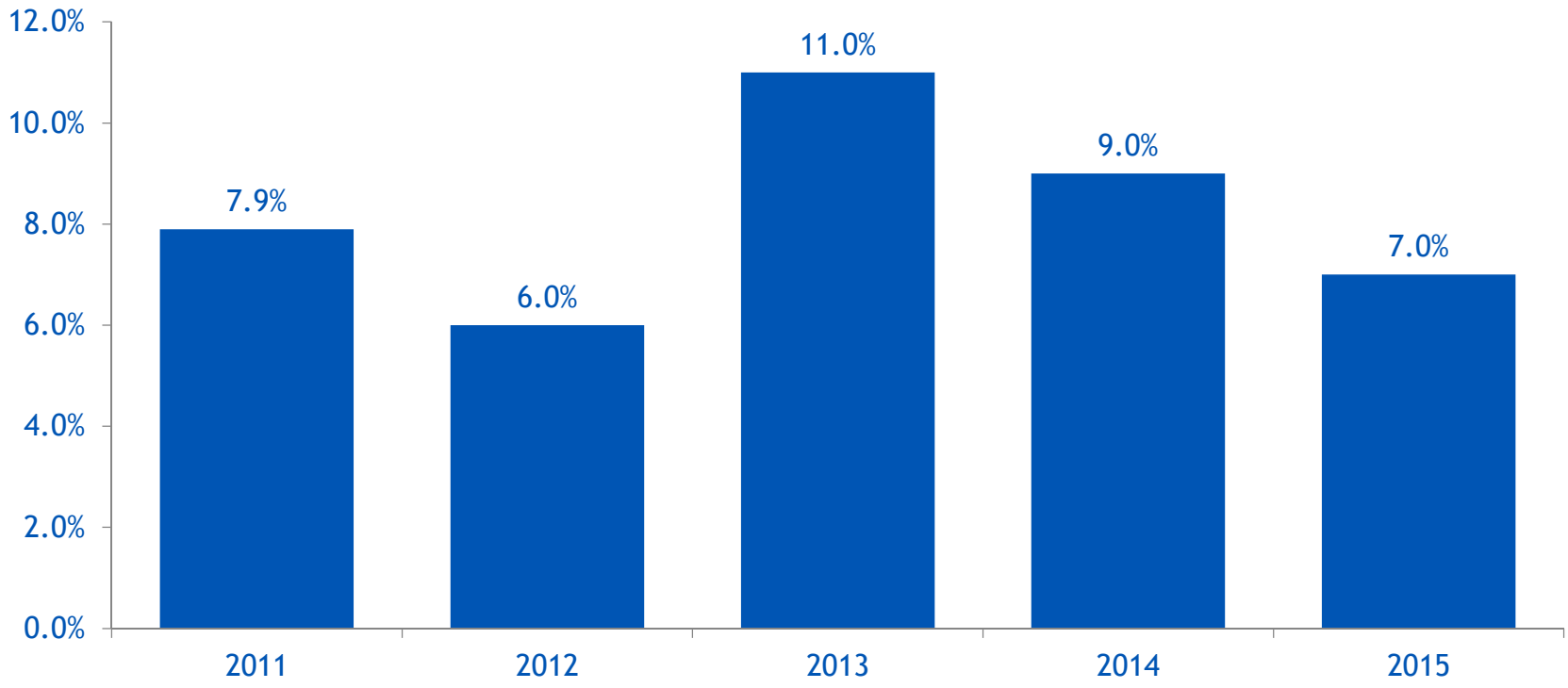
Revenue



(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. See the Appendix for reconciliations of non-GAAP measures.

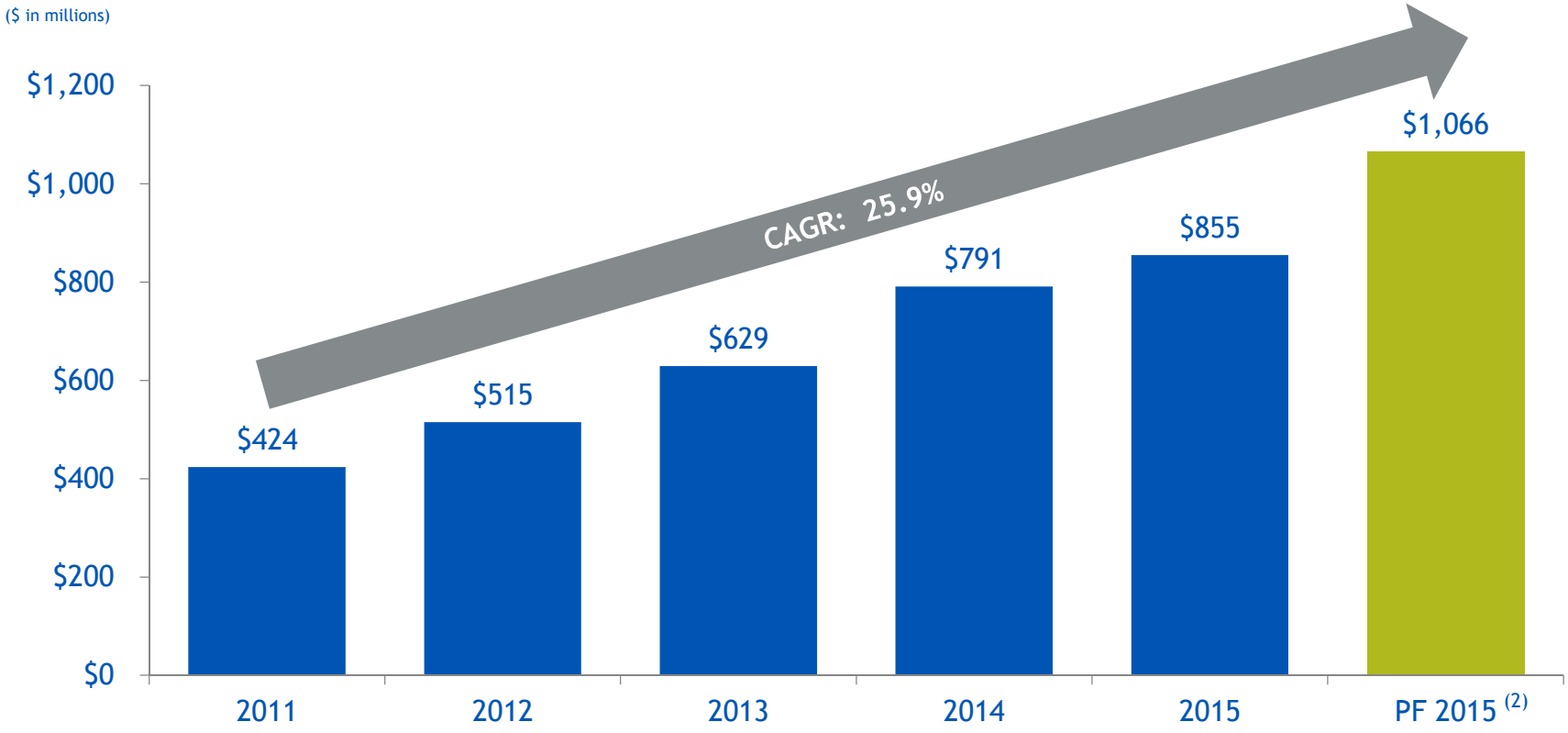
History of Strong Organic Growth

Organic Revenue Growth Rates [1]



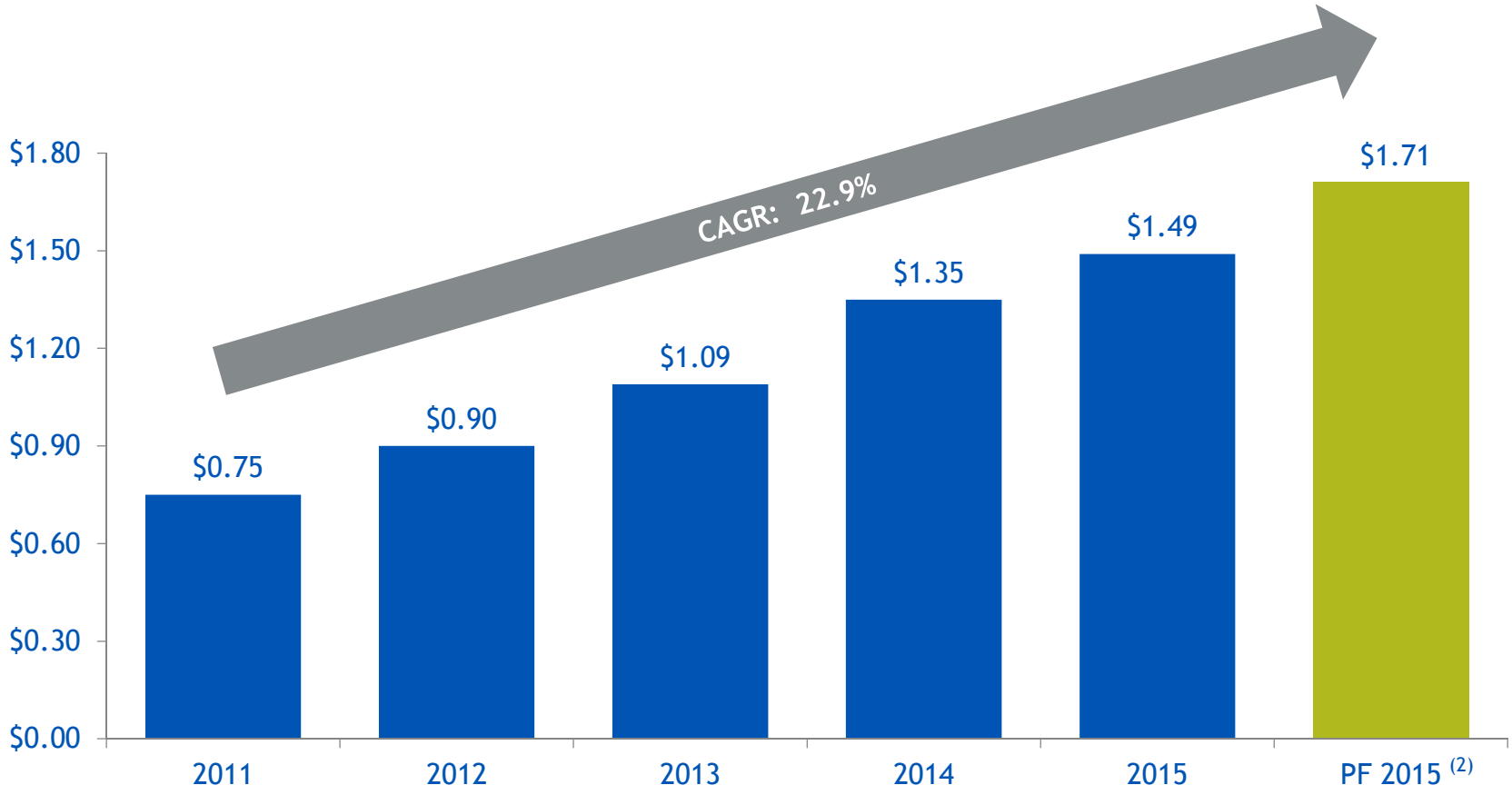
(1) Parts and services only.

Adjusted EBITDA (1)



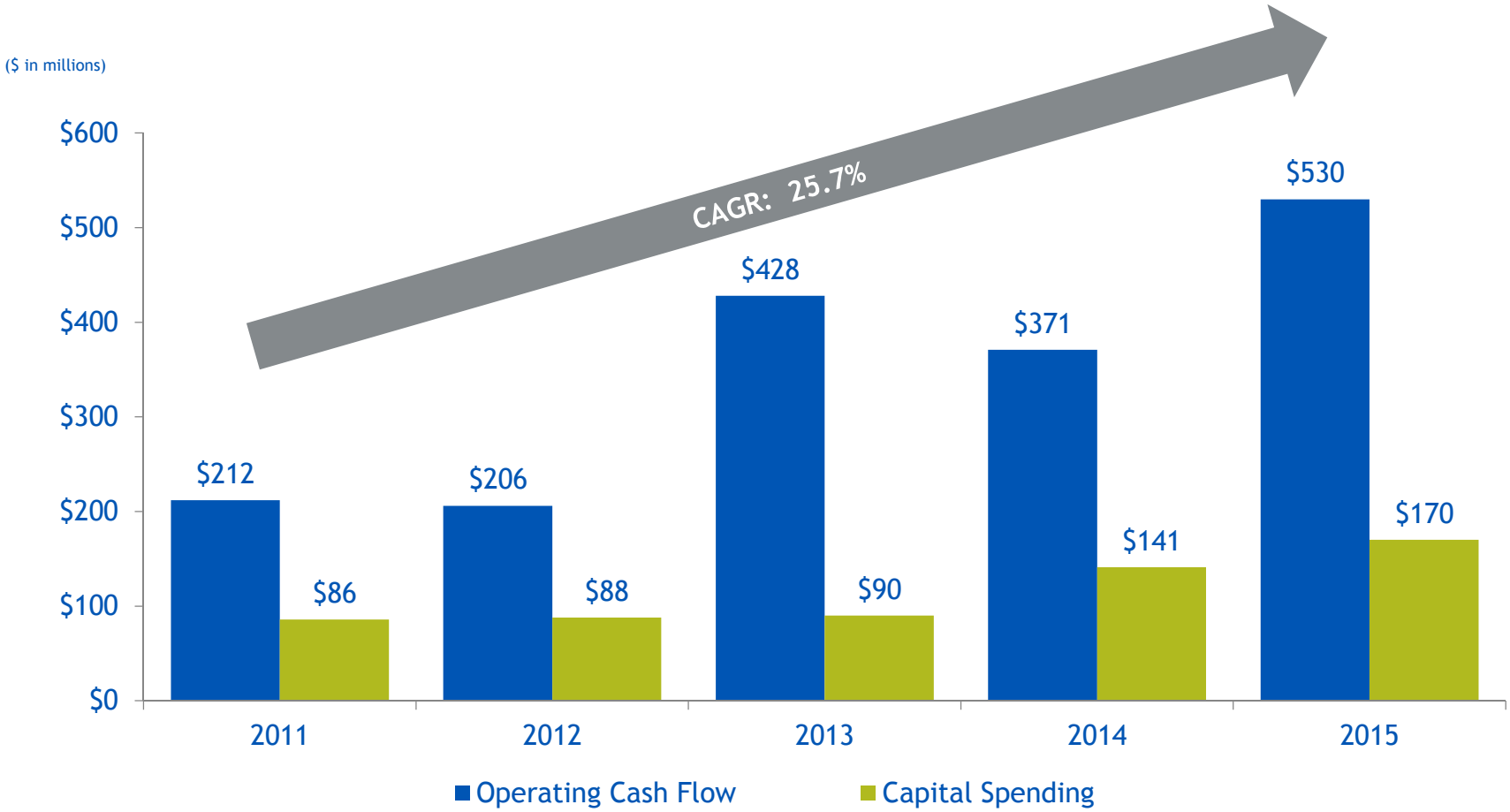
(1) Represents (i) LKQ Adjusted EBITDA and (ii) Adjusted EBITDA as defined by Rhiag and PGW with LTM results further adjusted by LKQ. See the Appendix for reconciliations of non-GAAP measures.
(2) Pro Forma 2015 reflects a full year impact of Rhiag and PGW acquisitions. Financial information reflects FY 2015 for LKQ, LTM 9/30/15 for Rhiag and LTM 10/31/15 for PGW.

Adjusted EPS (1)



(1) Adjusted Diluted EPS excludes the impact of restructuring and acquisition related expenses, net of tax; losses of debt extinguishment, net of tax; changes in the fair value of contingent consideration liabilities; and amortization of acquired intangibles, net of tax. See the Appendix for reconciliations of non-GAAP measures.
(2) 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.

Cash Flow / Capex

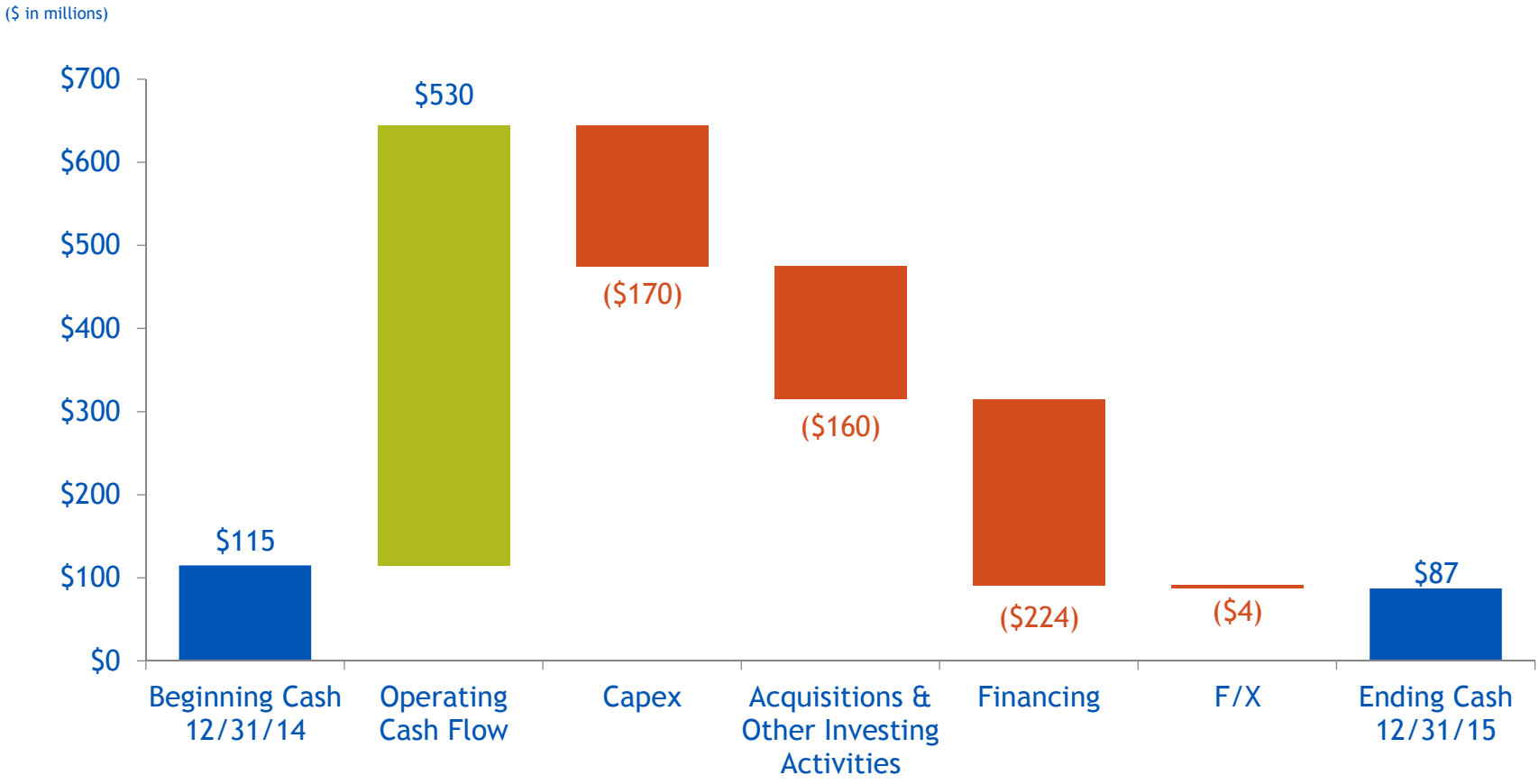


Financial Policy

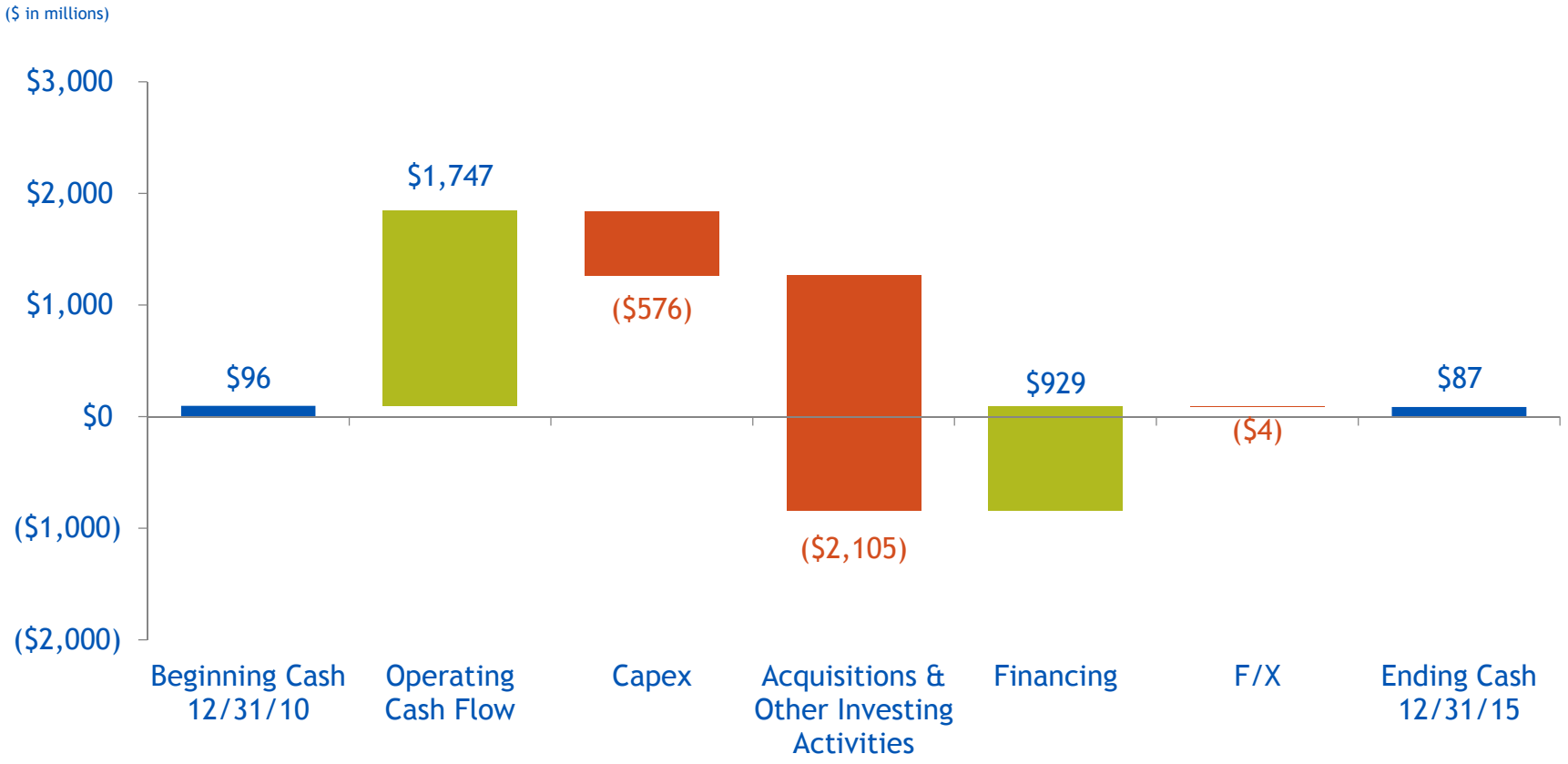
Focus on Free Cash Flow Generation	• Organic revenue growth of ≥ 6.0% • Margin expansion in each business • Working capital management
Maintain Liquidity	• Cash balances • Revolver capacity • Sufficient maturity of bank facility ≥ 18 months • Term out bank debt with longer dated notes
Retain Capital in Business	• Capital spending to support organic growth • Tuck-in acquisitions with synergies • Larger strategic platform additions where justified while preserving strong balance sheet
Maintain Reasonable Debt Levels	• Pre-payable debt structure • Near-term target <3x Net Debt/EBITDA • Mid-term target ~2x Net Debt/EBITDA
Manage Interest Rate Risk	• Target 60% of debt with a fixed rate – Fixed coupons – Interest rate swaps

LKQ's Business Strength and Financial Metrics Will Evolve into an Investment Grade Profile

2015 Capital Allocation



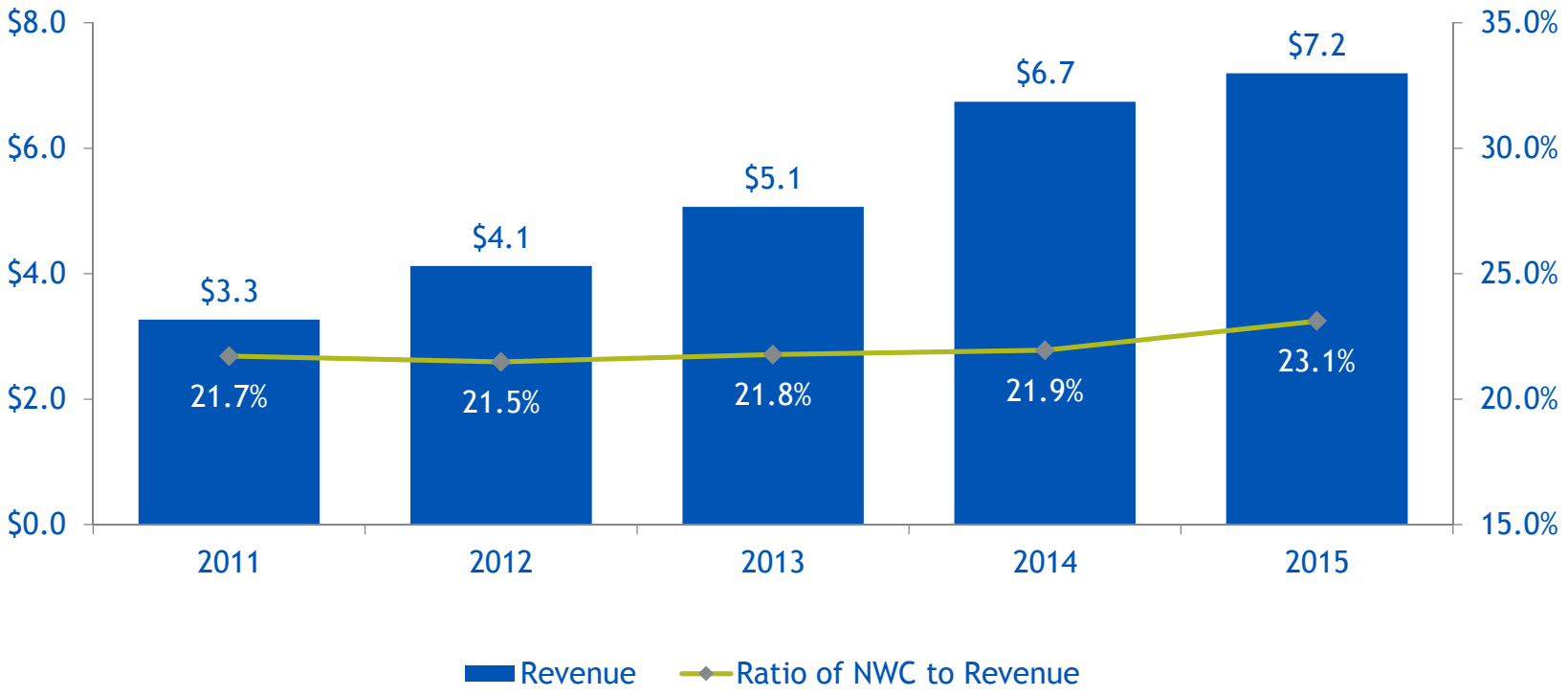
5 Year Capital Allocation (2011-2015)



All Free Cash Flow Has Been Reinvested to Support Growth of the Business

Net Working Capital (1)

($ in billions)

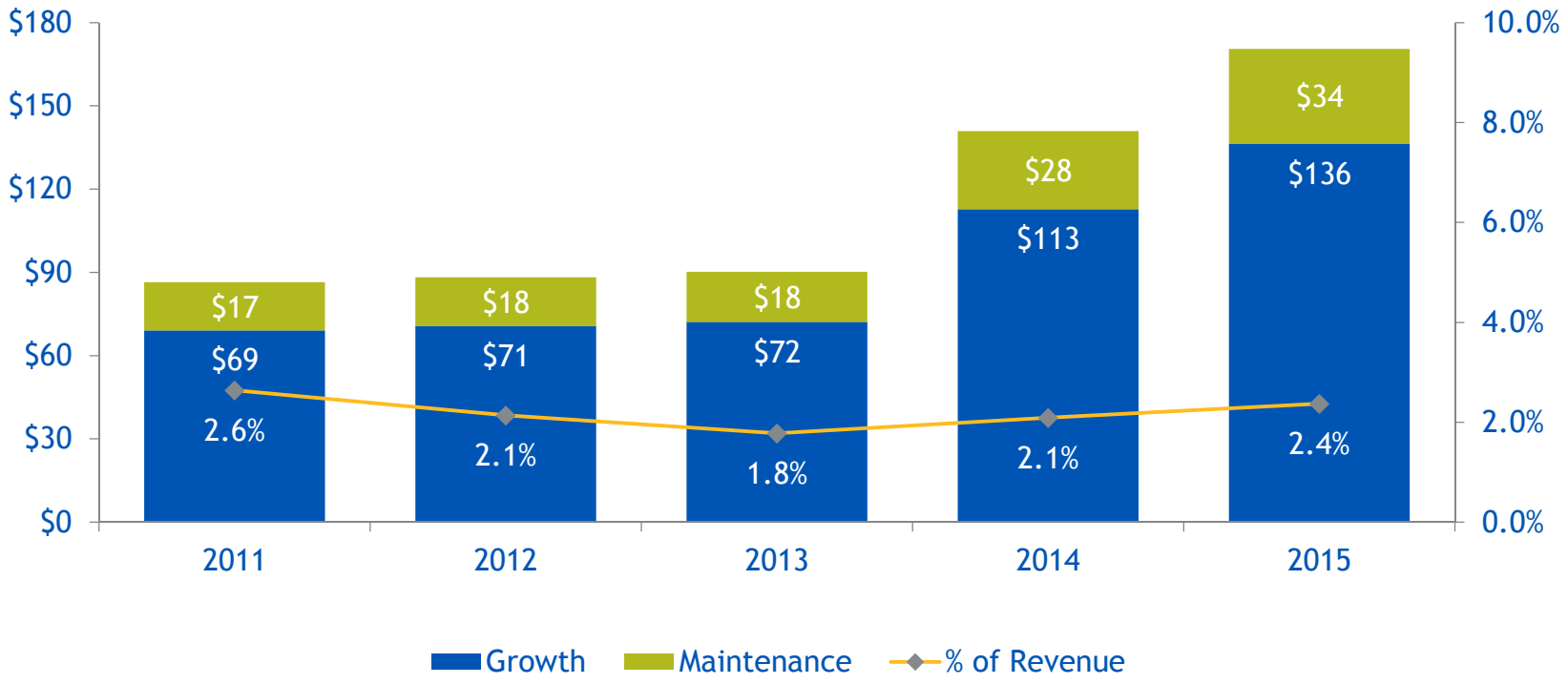


Working Capital Requirements are Consistent and Reflective of a Wholesale Distributor

(1) Net Working Capital = Receivables, Net + Inventory – Accounts Payable.

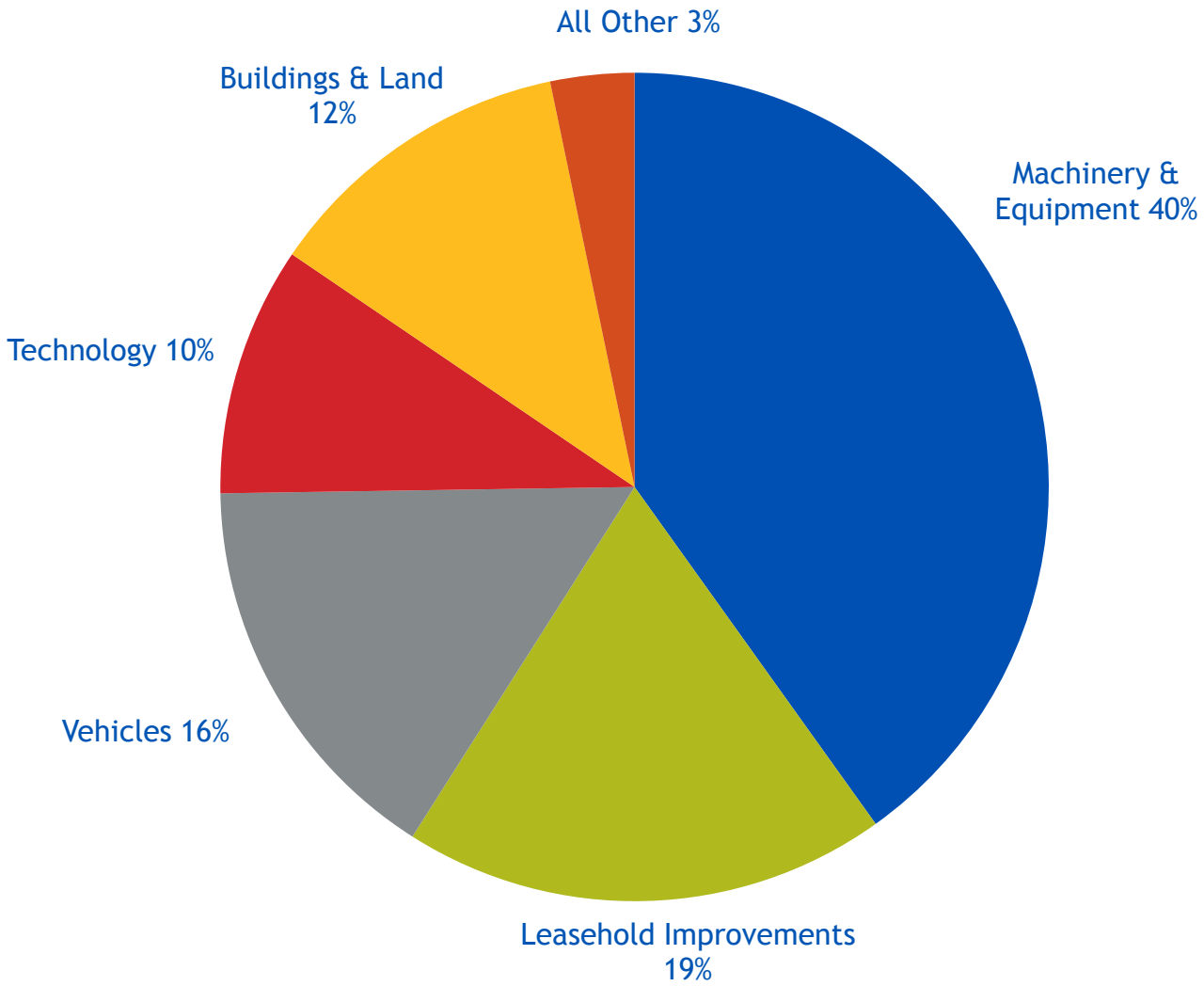
Capital Expenditures

($ in millions)

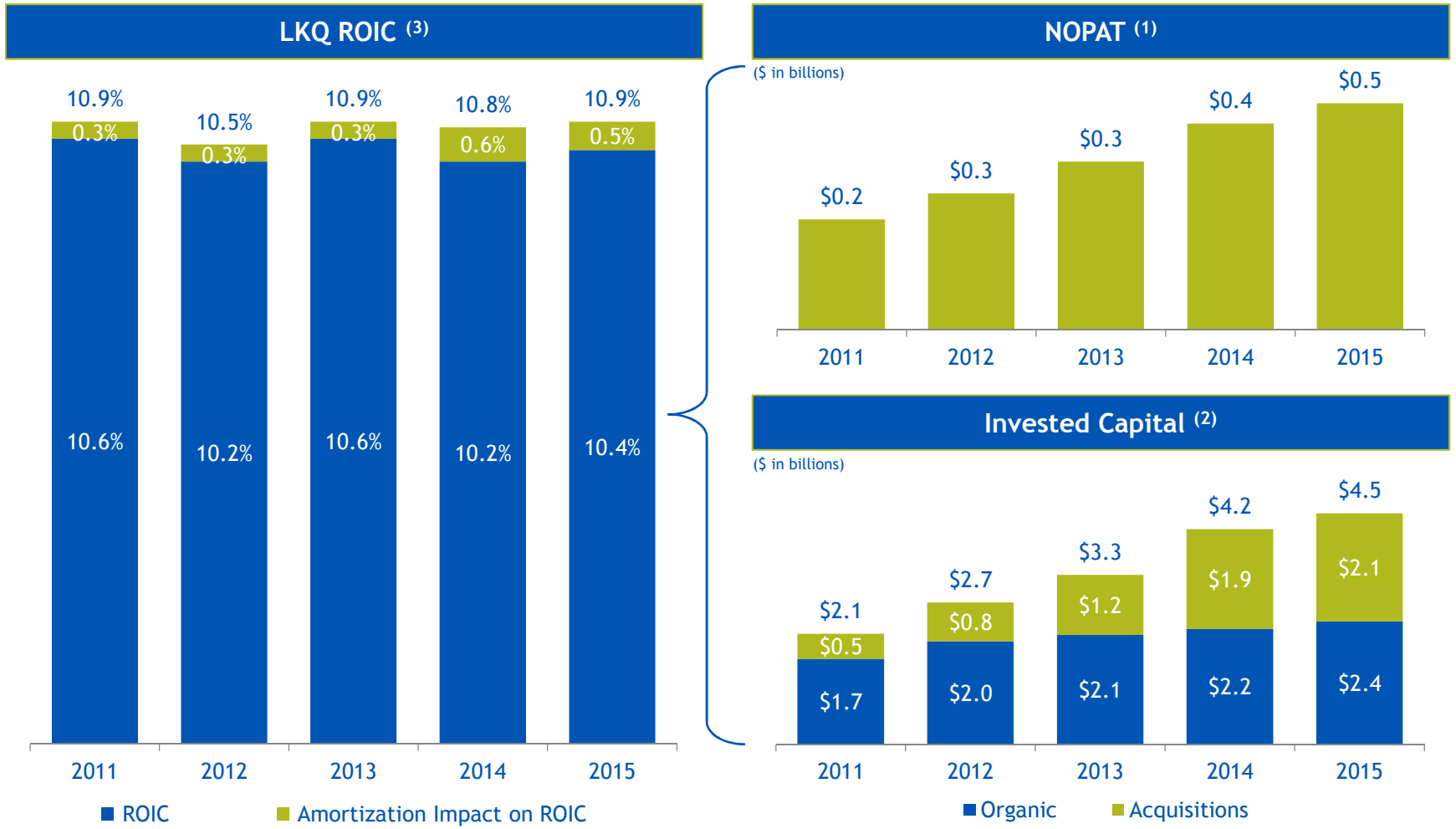


Capital Spending is Highly Discretionary and Has Been Largely Used to Support of LKQ's Growth

2015 Capital Expenditures by Asset Type



Historical ROIC Trends



(1) NOPAT = (Pretax Income – Interest Expense, Net) x (1 – Tax Rate).
(2) Invested Capital = Equity + Debt – Cash.
(3) ROIC = NOPAT/5 Quarter Average of Invested Capital.

ROIC Anatomy of a Hypothetical Acquisition

$ in millions

Assumptions:

EBITDA	$12.0
Purchase Price (6x EBITDA):	$72.0
Revenue Growth	6.0%
EBITDA Margin	12.0%

	Year 1	Year 5
Revenue	$100.0	$126.2
EBITDA	12.0	15.1
D&A	2.0	2.5
Taxes (@ 35%)	3.5	4.4
NOPAT	**$6.5**	**$8.2**
Purchase Price	$72.0	$72.0
Additional Investment in Working Capital & Growth Capex	-	5.8
Invested Capital	**$72.0**	**$77.8**
ROIC	**9.0%**	**10.6%**

ROIC in Early Years After Acquisition Lags the Expected Long Term Return

LKQ Weighted Average Cost of Capital

Cost of Equity	
Risk-free rate [1]	2.7%
LKQ relevered equity beta [2]	1.16
Market risk premium [3]	6.2%
Size premium [3]	0.9%
LKQ Cost of Equity	10.7%
% Equity [6]	73%

Cost of Debt	
Pre-tax cost of debt [4]	3.4%
Tax rate [5]	35%
LKQ After-tax Cost of Debt	2.2%
% Debt [6]	27%

LKQ Weighted Average Cost of Capital: 8.5%

Sensitivity to Changes in Ratio of Debt to Enterprise Value [7]	
Debt / Enterprise Value	WACC
20%	8.8%
25%	8.5%
30%	8.3%
35%	8.0%

(1) 20-year treasury yield as of 12/31/2015.
(2) LKQ's weekly equity returns relative to the market return for the 3 year period ended 1/6/2016; relevered to reflect Pro Forma capital structure including January 29, 2016 amendment to the credit agreement, Rhiag and PGW acquisitions.
(3) From Duff & Phelps 2015 Cost of Capital Report.
(4) Weighted average interest rate for 2015.
(5) LKQ's 2015 effective tax rate.
(6) Debt/equity split reflects market value of equity at 12/31/15 combined with Pro Forma debt balances reflecting January 29, 2016 amendment to the credit agreement, Rhiag and PGW acquisitions.
(7) Equity beta relevered to reflect adjusted capital structure.

Capitalization (1)

($ in millions)

Capitalization

	Amount	%
Debt (2)	$1,600	34%
Stockholders' Equity	$3,115	66%
Total Capitalization	**$4,715**	**100%**

Pro Forma Liquidity (3)

	Amount
Cash and cash equivalents	$87
Availability under credit facilities (3)	$427
Total Liquidity	**$514**

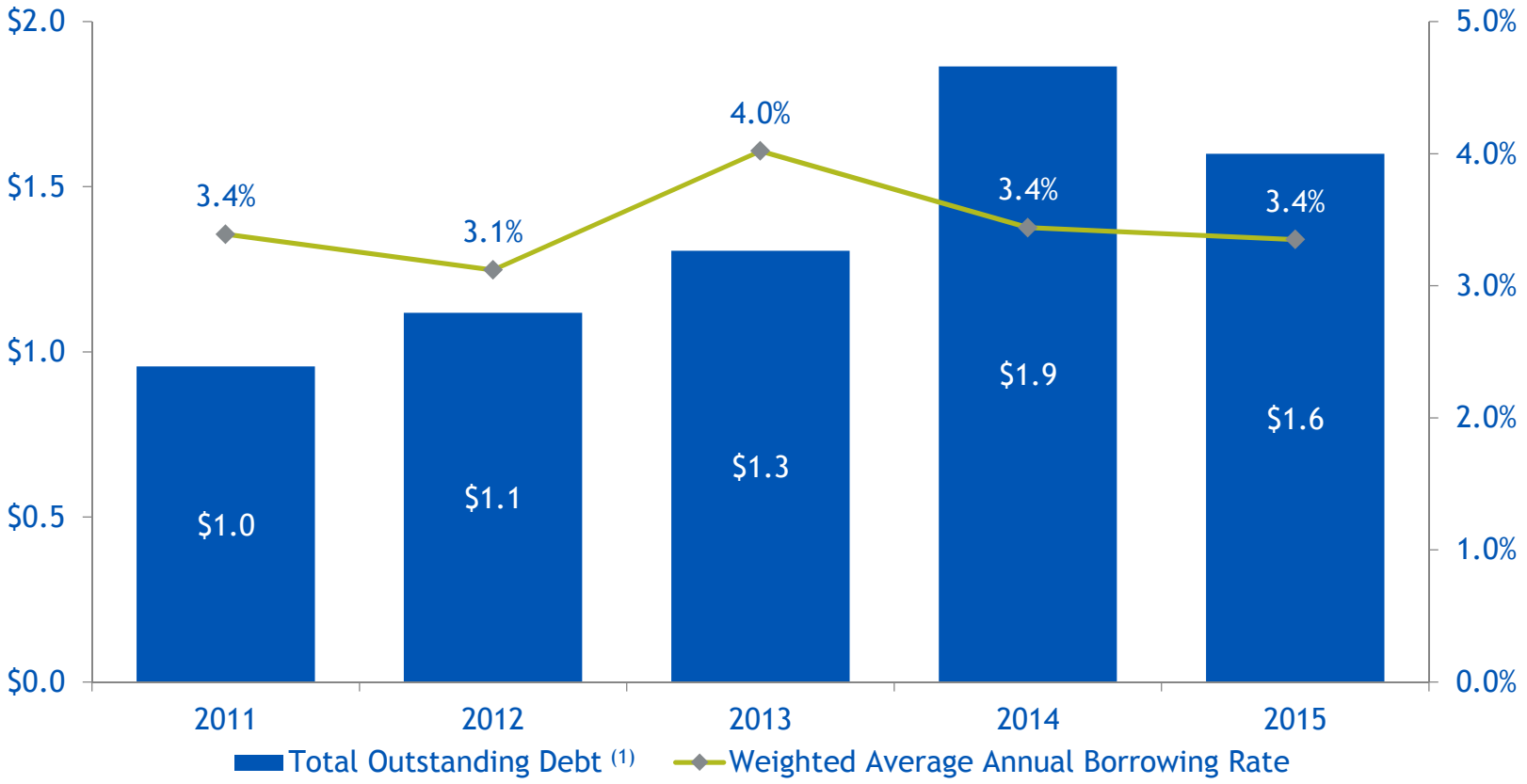
Corporate Credit Ratings (4)

Moody's	Ba1	Negative
S&P	BB	Stable

(1) All amounts as of 12/31/15 unless otherwise indicated.
(2) Debt excludes debt issuance costs.
(3) Pro Forma 12/31/15 includes the effects of the January 29, 2016 amendment to the credit agreement and the pending acquisitions of Rhiag and PGW.
(4) As of 3/4/16.

Debt and Interest Rate Trends

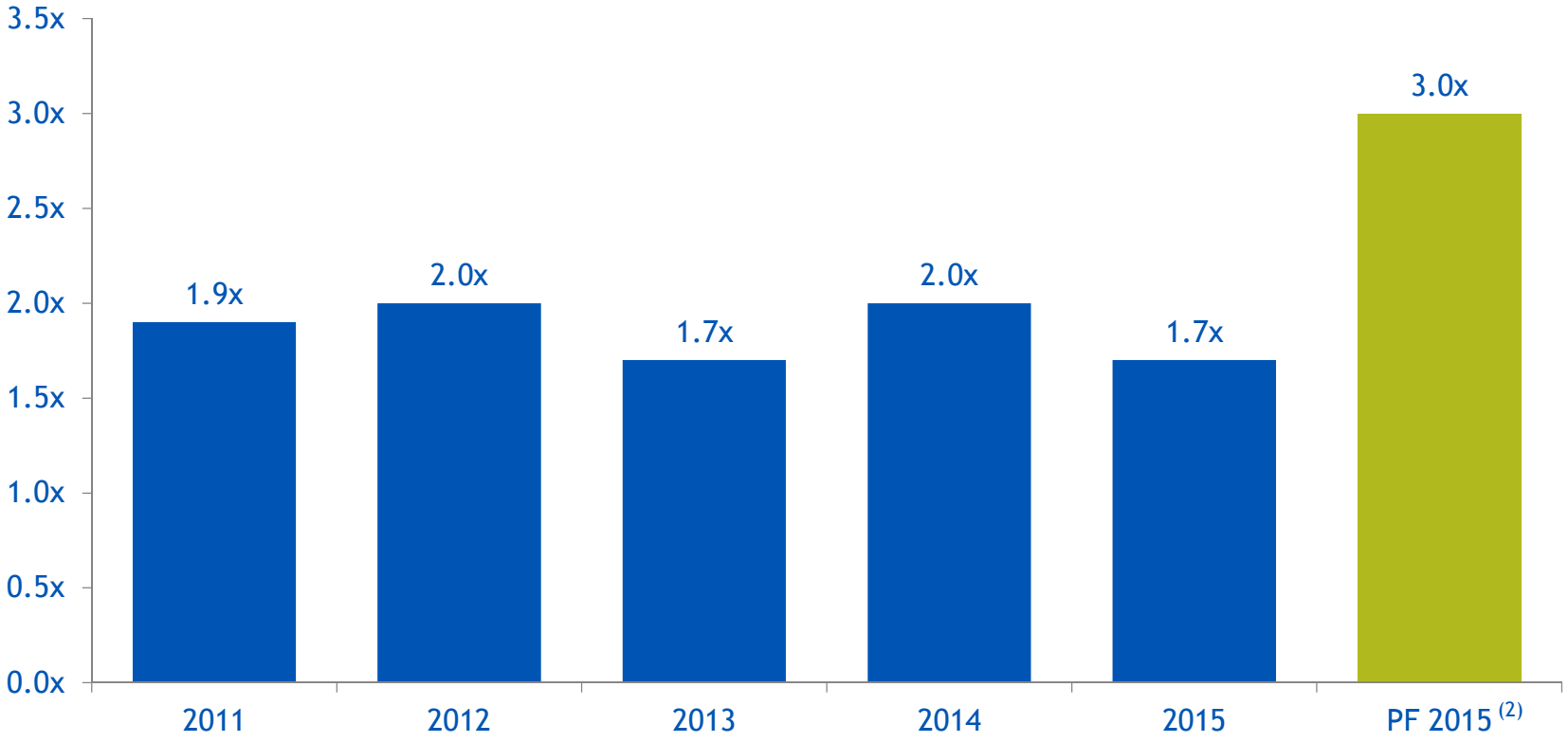
($ in billions)



(1) Total outstanding debt excludes debt issuance costs.

Net Leverage Per Bank Covenants (1)

($ in millions)

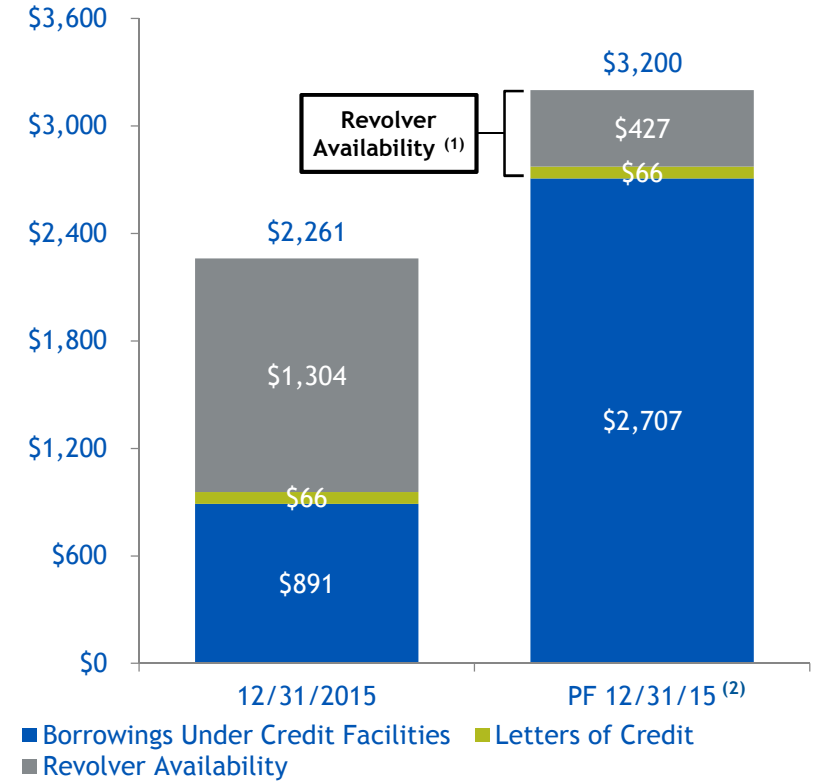


(1) Net leverage per bank covenants is defined as (Net Debt) / (EBITDA). See the definition of Net Debt and EBITDA in the credit agreement filed with the SEC for further details.
(2) Pro Forma 12/31/15 includes the effects of the January 29, 2016 amendment to the credit agreement and the pending acquisitions of Rhiag and PGW.

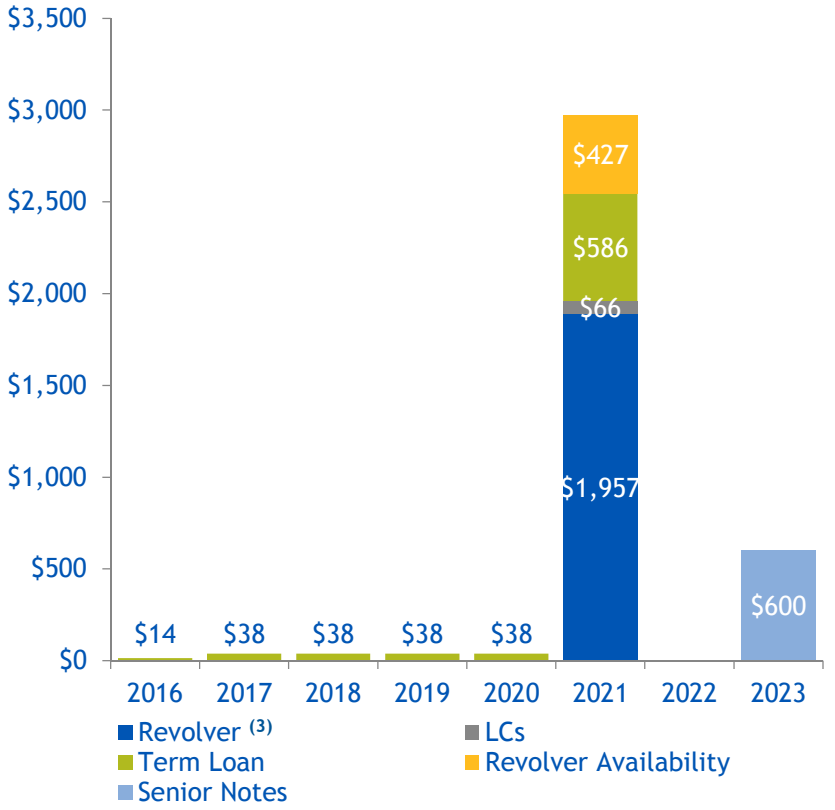
Liquidity

Credit Facility

($ in millions)



Pro Forma Debt Maturity Profile



(1) Revolver availability includes our revolving credit facilities.
(2) Pro Forma 12/31/15 includes the effects of the January 29, 2016 amendment to the credit agreement and the pending acquisitions of Rhiag and PGW.
(3) Assumes $848 million of Target Debt is paid down with revolver borrowings.

Finance Takeaways



LKQ has the Capacity to Achieve Long-Term Revenue Growth of 10% & EPS Growth of 15%

Mission & Strategic Initiatives

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

Guiding Principles

Integrity & Ethics
Customer First
Humility
Team Centric

Strategic Initiatives

- Broaden Product Offerings in each segment
- Drive Productivity
- Expand E-Commerce Platforms
- Create Pan European Platform
- Expand & integrate through Acquisition

Performance Priorities

Organic Growth
Margin Expansion
Network Leverage
One-Stop-Shop
High Fulfilment Rates

GROW LONG TERM REVENUE 10% Annually **GROW EPS 15% Annually** **ORGANIC REVENUE GROWTH (1) 6% to 8% Annually**

(1) Parts & services.

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
Net income	$423,223	$381,519	$311,623	$261,225	$210,264
Depreciation and amortization	128,192	125,437	86,463	70,165	54,505
Interest expense, net	57,342	63,947	50,825	31,215	22,447
Loss on debt extinguishment	-	324	2,795	-	5,345
Provision for income taxes	219,703	204,264	164,204	147,942	125,507
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**$828,460**	**$775,491**	**$615,910**	**$510,547**	**$418,068**
Add:					
Restructuring and acquisition related expenses	19,511	14,806	10,173	2,751	7,590
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**
Revenue	$7,192,633	$6,740,064	$5,062,528	$4,122,930	$3,269,862
Adjusted EBITDA as a % of revenue	11.9%	11.7%	12.4%	12.5%	13.0%

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.

Adjusted EBITDA Reconciliation - Rhiag

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

(€ in thousands)	Rhiag Trailing 12 Months September 30, 2015
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)
Adjusted EBITDA	**€97,200 (1)**
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:

(€ in thousands)	PGW Trailing 12 Months October 31, 2015
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.

Adjusted EPS Reconciliation

The following unaudited table reconciles Net Income and Diluted Earnings per Share to Adjusted Net Income and Adjusted Diluted Earnings per Share, respectively:

(in thousands, except per share data)	2015	2014	2013	2012	2011
Net income	$423,223	$381,519	$311,623	$261,225	$210,264
Adjustments:					
Restructuring and acquisition related expenses, net of tax	12,770	9,661	6,587	1,741	4,753
Loss on debt extinguishment, net of tax	-	214	1,808	-	3,347
Change in fair value of contingent consideration liabilities	454	(1,851)	2,504	1,643	(1,408)
Amortization of acquired intangibles, net of tax	22,111	22,513	9,015	6,042	4,941
Adjusted net income	**$458,558**	**$412,056**	**$331,537**	**$270,651**	**$221,897**
Weighted average diluted common shares outstanding	307,496	306,045	304,131	300,693	296,750
Diluted earnings per share	$1.38	$1.25	$1.02	$0.87	$0.71
Adjusted diluted earnings per share	$1.49	$1.35	$1.09	$0.90	$0.75

We provide a reconciliation of Net Income and Diluted Earnings per Share ("EPS") to Adjusted Net Income and Adjusted Diluted EPS 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. 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. In all periods presented, 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; the change in fair value of contingent consideration liabilities; and amortization of acquired intangibles, net of tax. 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. In addition, because not all companies use identical calculations, this presentation of Adjusted Net Income and Adjusted Diluted EPS may not be comparable to similarly titled measures of other companies.

We modified our calculations of Adjusted Net Income and Adjusted Diluted EPS from prior periods by excluding the after tax impact of amortization of acquired intangibles. We believe that amortization of acquired intangibles is non-operational in nature and may create comparability issues between periods in the results of our core operations. With the pending Rhiag and PGW transactions and several of our large recent acquisitions, the annual amortization expense recorded in our financial statements is increasing. Amortization of intangible assets may be inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions.