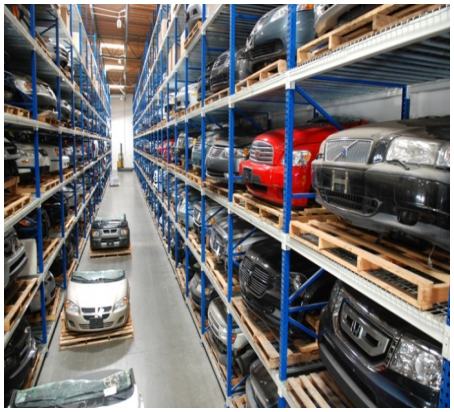
Third Quarter 2016 Earnings Call

October 27, 2016

Rob Wagman - *President & Chief Executive Officer*
Nick Zarcone - *Executive Vice President & Chief Financial Officer*
Joe Boutross - *Director, Investor Relations*






Forward Looking Statements

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

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

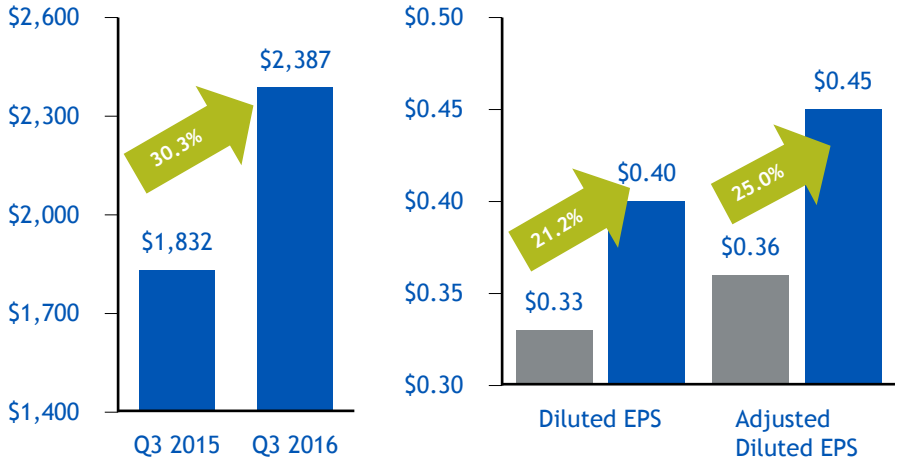
You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks, uncertainties, assumptions and other factors that could cause actual results to differ from the results predicted or implied by our forward-looking statements include the factors disclosed under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2015 and in 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.

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.

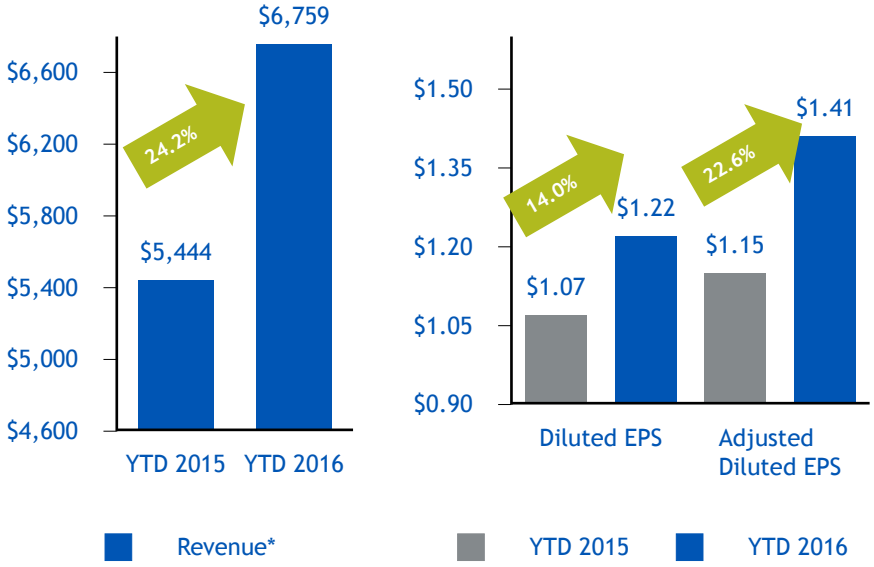
Consolidated Results

Q3 2016



- Organic growth of parts and services revenue of 3.7%
- Net income $122.7 million Q3 2016 vs. $101.3 million Q3 2015
- Segment EBITDA Margin** 11.5% Q3 2016 vs. 11.3% Q3 2015

YTD 2016



- Organic growth of parts and services revenue of 5.1%
- Net income $377.6 million YTD 2016 vs. $328.2 million YTD 2015
- Segment EBITDA Margin** 12.3% YTD 2016 vs. 12.2% YTD 2015

* Revenue in millions
** Refer to Segment EBITDA reconciliation on page 31

Q3 2016 Revenue Growth

Revenue Changes by Source:	Organic	Acquisition	Foreign Exchange	Total[1]
North America	2.1%	0.2%	—%	2.3%
Europe	6.7%	54.6%	(10.6)%	50.8%
Specialty	3.7%	6.2%	—%	9.9%
Glass	nm	nm	nm	nm
Parts and Services	3.7%	32.6%	(3.2)%	33.2%
Other Revenue	(10.1)%	0.8%	(0.2)%	(9.4)%
Total	2.8%	30.5%	(3.0)%	30.3%

- ECP organic revenue growth for parts and services was 6.9%. Revenue growth for branches open more than 12 months was 5.3% and collision parts revenue growth was 13.2%
- Sator organic revenue growth for parts and services was 5.1%
- Unfavorable F/X impact on European revenue of $54 million; European constant currency parts and services revenue growth of 61.4%[2]
- European acquisition growth represented $279 million, of which $266 million was generated by Rhiag-Inter Auto Parts Italia S.p.A. ("Rhiag") (acquired March 18, 2016)
- Through our acquisition of Pittsburgh Glass Works ("PGW") in Q2 2016, the Glass segment was added with Q3 revenue of $258 million
- Specialty acquisition growth reflects Q3 2015 acquisition of The Coast Distribution System, Inc. ("Coast")
- Decrease in Other Revenue attributable to lower volumes. Additionally, scrap steel prices were 4.2% lower quarter over quarter

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding
(2) Refer to constant currency reconciliation on page 30

YTD 2016 Revenue Growth

Revenue Changes by Source:	Organic	Acquisition	Foreign Exchange	Total[1]
North America	3.3%	2.0%	(0.3)%	5.1%
Europe	7.2%	41.1%	(6.3)%	42.0%
Specialty	7.3%	8.9%	(0.4%)	15.8%
Glass	nm	nm	nm	nm
Parts and Services	5.1%	24.0%	(2.1)%	27.0%
Other Revenue	(17.2)%	3.8%	(0.2)%	(13.6)%
Total	3.5%	22.6%	(2.0)%	24.2%

- ECP organic revenue growth for parts and services was 7.9%. Revenue growth for branches open more than 12 months was 6.3% and collision parts revenue growth was 15.6%
- Sator organic revenue growth for parts and services was 5.2%
- Unfavorable F/X impact on European revenue of $95 million; European constant currency parts and services revenue growth of 48.3%[2]
- European acquisition growth represented $619 million, of which $584 million was generated by Rhiag (acquired March 18, 2016)
- Through our acquisition of PGW in Q2 2016, the glass segment was added with YTD revenue of $469 million
- Specialty acquisition growth reflects Q3 2015 acquisition of Coast
- Decrease in Other Revenue attributable to lower precious metals pricing and lower volumes due to the sale of our precious metals business late in the second quarter of 2015. Scrap steel prices were 12.9% lower YOY in YTD 2016

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding
(2) Refer to constant currency reconciliation on page 30

Q3 2016 Operating Highlights

North America

- Roadnet routing software installed in 93% of North American fleet (3,300 trucks) representing an average of 49,500 daily deliveries
- Roadnet is continuing to drive a lower cost per stop
- On pace for 1,000 new trucks to be introduced into the fleet.This will drive our short term rental and maintenance costs down
- Productivity initiatives provided $15.0 million of YTD cost savings

Europe

- ECP opened three new branches and two new regional hubs (Glasgow and Leeds) in Q3
- Rhiag opened eight branches in Q3 including one in Ukraine, one in Romania, three in the Czech Republic and three in Slovakia
- ECP's new national distribution center (Tamworth 2) continues to progress on plan. While we are only able to use a small portion, we recognized rent & other property costs during Q3 with costs of approximately £2.0 million ($2.6 million)
- Britain's referendum resulted in a vote for the country to leave the European Union. The Pound Sterling has fallen 13% against the dollar since the referendum was passed. The Pound Sterling has continued to fall in October. The timetable and exact impact is unclear. We anticipate it will have unfavorable currency translation impact in the fourth quarter

Specialty

- Coast warehouse integration completed during Q3 - all Coast sales now being fulfilled through KAO network
- New Distribution Centers and expanded delivery routes / delivery days continue to fuel organic growth
- New RV unit sales continue to exceed prior year rates

Glass

- Secured another manufacturing renewal agreement for an existing OE platform with a new model launch
- Team continues to receive industry accolades as the supplier of choice. These accolades were validated this quarter by signing an agreement with a major customer to procure an incrementally higher volume of windshields and sidelights in 2017

Inventory

Inventory Procurement:	Q3			YTD		
($ in millions, Cars purchased in 000s)	2016	2015	% Change	2016	2015	% Change
Total procurement	$1,267	$747	69.6%	$3,320	$2,136	55.4%
Wholesale salvage cars and trucks	70	71	(1.4)%	214	216	(0.9)%
Europe wholesale salvage cars and trucks	5	5	—%	17	16	6.3%
Self service and "crush only" cars	132	128	3.1%	395	359	10.0%

- We believe aftermarket inventory levels are sufficient to achieve our growth targets
- Inventory purchases for Rhiag totaled $236M and $499M for Q3 and YTD periods
- Total procurement reflects $365 million glass inventory purchases made between April 21 and September 30, 2016 as a result of our April 2016 acquisition of PGW. The amount includes purchases of raw materials used in PGW's manufacturing and fabrication of automotive glass products as well as purchases of aftermarket and refurbished automotive replacement glass and assemblies
- Compared to the the prior year period, we increased our purchases of lower cost self service and "crush only" cars. Prices for these vehicles have come down in certain markets due to the decline in the prices of scrap and other metals allowing us to purchase higher quality vehicles at favorable prices
- Average cost per vehicle in our full service salvage operations was $1,981, which is a 1.9% decrease YOY

Acquisition Activity

	Number of Q3 Acquisitions	TTM Revenue*	Number of YTD Acquisitions	TTM Revenue*
North America	1	$9.0 million	1	$9.0 million
Europe	3	$61.0 million	6	$1.1 billion
Specialty	—	—	—	—
Glass	—	—	1	$1.1 billion
Total	4	$70.0 million	8	$2.2 billion

North America

- We acquired a small salvage heavy truck operation in Q3

Europe

- In Q1, LKQ acquired Rhiag. Additionally, we acquired a small distributor in the Netherlands, a small distributor of aftermarket parts in Ireland and a distributor of products and accessories for recreational vehicles in the United Kingdom in Q3. The vast majority of the acquired TTM revenue in Europe relates to Rhiag

Glass

- On April 21, 2016, LKQ acquired PGW. LKQ created a new reportable segment subsequent to the acquisition (Glass Segment)

Recent Events

- On October 4, 2016, ECP purchased selected assets of Andrew Page, a wholesale distributor of automotive aftermarket mechanical parts in the UK

* Approximate TTM Revenue as of acquisition date

Financial Results

Operating Results

($ in millions,except per share data)	Third Quarter			YTD		
	2016	2015	Change	2016	2015	Change
Revenue	$2,387	$1,832	30.3%	$6,759	$5,444	24.2%
Gross Margin	883	713	23.9%	2,566	2,136	20.1%
Segment EBITDA*	274	207	32.1%	829	662	25.3%
Operating Income	203	167	21.7%	632	553	14.3%
Pre-tax Income	179	155	15.7%	560	510	10.0%
Net Income	123	101	21.1%	378	328	15.1%
EPS - Diluted	$0.40	$0.33	21.2%	$1.22	$1.07	14.0%
EPS - Adjusted**	$0.45	$0.36	25.0%	$1.41	$1.15	22.6%

- Our quarter and year-to-date 2016 tax rates of 31.7% and 32.6% were down from 33.9% and 34.8% in the prior year quarter and year to date periods, respectively. The lower effective income tax rate for the three and nine months ended September 30, 2016 included a $5.0 million and an $11.5 million favorable discrete item, respectively, for excess tax benefits from stock-based payments related to the adoption of ASU 2016-09

* Refer to Segment EBITDA reconciliation on page 31
** Refer to Adjusted Diluted EPS reconciliation on page 33

Q3 2016 Consolidated Margins

(as a % of Revenue)	Q3 2016	Q3 2015	Change F/(U)	QTD Commentary
Revenue	100.0%	100.0%	—%	
Gross Margin	37.0%	38.9%	(1.9)%	Primarily reflects a negative effect of 1.7% and 0.8% from our PGW and Rhiag acquisitions, respectively. Offsetting these negative impacts was a 0.9% increase in gross margin attributable to our North America segment
Facility and Warehouse Expenses	7.7%	7.9%	0.2%	Reflects decreases of 0.6% and 0.3% from our acquisitions of PGW and Rhiag, respectively, which was partially offset by a 0.3% increase in North America and a 0.3% increase in the U.K due to costs associated with the opening of new branch and hub locations in our U.K. operations including the partly operational Tamworth, England distribution center
Distribution Expenses	7.2%	8.7%	1.5%	Primarily reflects a positive impact of 0.9% and 0.3% from our acquisitions of Rhiag and PGW, respectively, and a 0.2% favorable impact from improved fuel prices, primarily in our North America operations
Selling, General and Administrative Expenses	11.0%	11.3%	0.3%	Primarily reflects a positive impact of 0.7% related to our acquisition of PGW offset by an unfavorable impact of 0.3% related to our acquisition of Rhiag
Restructuring and Acquisition Related Expenses	0.4%	0.2%	(0.2)%	Restructuring costs primarily related to integration activities in Specialty, Glass and North America segments
Depreciation and Amortization	2.2%	1.7%	(0.5)%	The increase in amortization expense reflects amortization of intangibles recorded for the Rhiag and PGW acquisitions
Operating Income	8.5%	9.1%	(0.6)%	
Segment EBITDA*	11.5%	11.3%	0.2%	

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

* Refer to segment EBITDA reconciliation on page 31. Segment EBITDA is a measure of segment profitability. Refer to individual segment slides for drivers of Segment EBITDA.

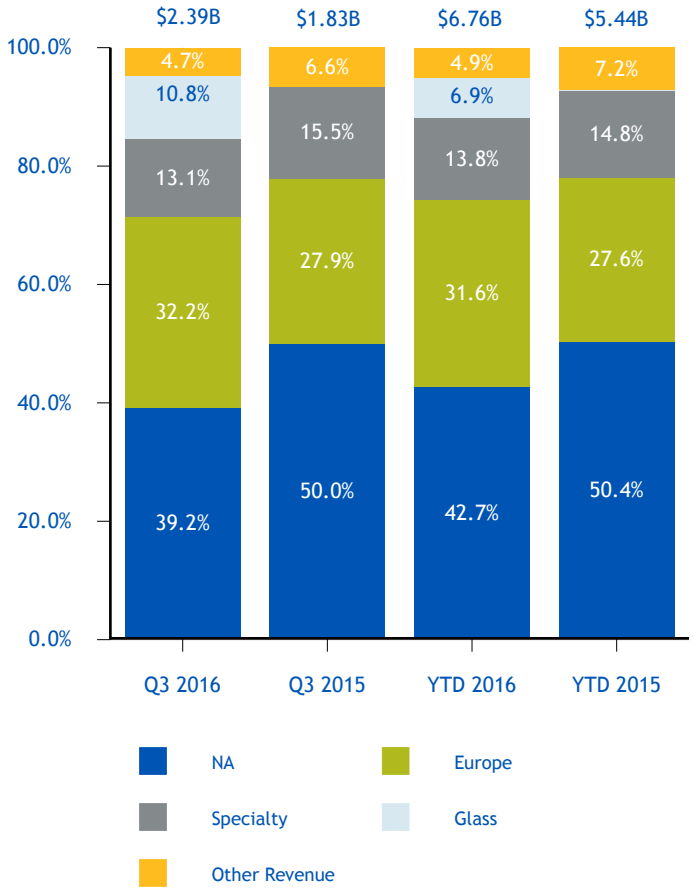
YTD 2016 Consolidated Margins

(as a % of Revenue)	YTD 2016	YTD 2015	Change F/(U)	YTD Commentary
Revenue	100.0%	100.0%	—%	
Gross Margin	38.0%	39.2%	(1.2)%	Reflects a negative effect of 1.3% and 0.5% from our PGW and Rhiag acquisitions, respectively. These negative impacts were partially offset by higher margins of 0.6% related to our North America segment
Facility and Warehouse Expenses	7.7%	7.6%	(0.1)%	The change in facilities and warehouse expense reflects a decrease of 0.4% and 0.2% from our acquisitions of PGW and Rhiag, respectively. These decreases are offset by a 0.3% increase in Europe for the facility costs associated with branch openings and the Tamworth, England distribution facility and a 0.4% increase in North America
Distribution Expenses	7.5%	8.3%	0.8%	The decrease in distribution expense reflects a positive impact of 0.4% and 0.2% from our acquisitions of Rhiag and PGW, respectively. In addition, distribution expenses reflects a 0.2% favorable impact related to improvement in fuel prices, primarily in our North America operations
Selling, General and Administrative Expenses	10.9%	11.3%	0.4%	The decrease primarily relates to an improvement of 0.5% from our acquisition of PGW. Within our North America segment, SG&A personnel expenses were flat as a percentage of revenue
Restructuring and Acquisition Related Expenses	0.5%	0.2%	(0.3)%	Restructuring costs primarily related to integration activities in Specialty, North America and Glass segments; acquisition costs mostly related to the acquisitions of Rhiag and PGW
Depreciation and Amortization	2.0%	1.7%	(0.3)%	The increase in amortization expense reflects amortization of intangibles recorded for the Rhiag and PGW acquisitions
Operating Income	9.3%	10.2%	(0.9)%	
Segment EBITDA*	12.3%	12.2%	0.1%	

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

* Refer to segment EBITDA reconciliation on page 31. Segment EBITDA is a measure of segment profitability. Refer to individual segment slides for drivers of Segment EBITDA

Components of Quarterly Revenue



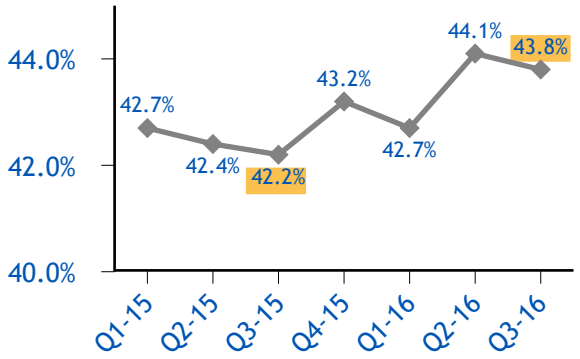
- A large portion of change in margins on a consolidated basis is attributable to change in revenue mix
- North America historically has highest Gross margins and EBITDA margins
- Increase in QTD revenue as a % of consolidated revenue for our European businesses reflects the acquisition of Rhiag
- The Glass revenue relates to revenue from our acquisition of PGW in Q2 2016
- Other Revenue continues to become a lower percentage of total revenue as we grow our other lines of business

North America - Q3 2016 Results

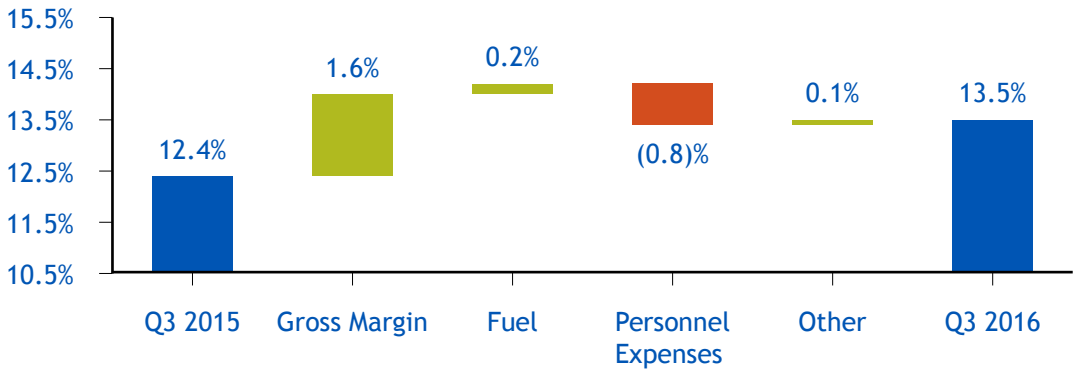
($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$1,047	$1,037	0.9%		
Gross Margin	$459	$438	4.7%	43.8%	42.2%
Operating Expenses	$320	$312	2.6%	30.6%	30.1%
Segment EBITDA*	$141	$129	9.8%	13.5%	12.4%

*Refer to segment EBITDA reconciliation on page 31

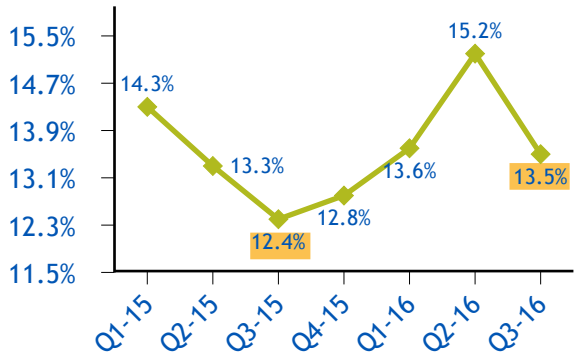
Gross Margin



North America Segment EBITDA Margin Bridge



Segment EBITDA Margin



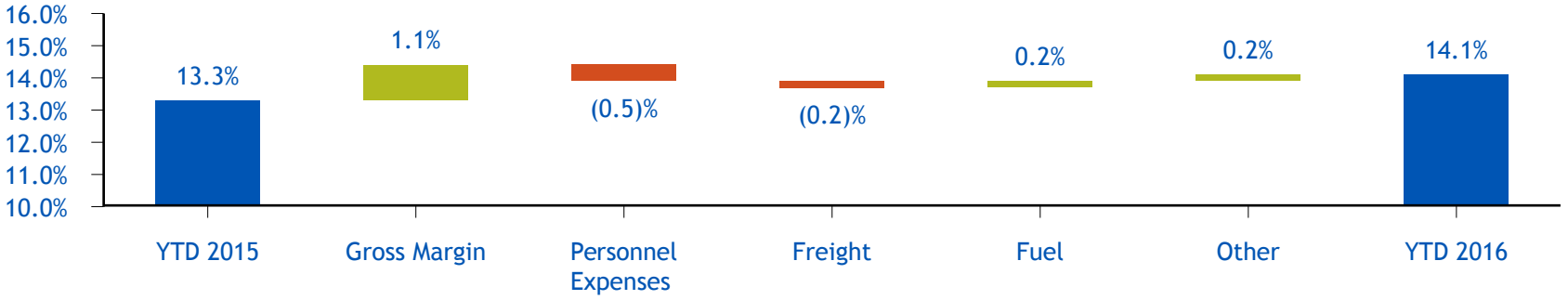
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

North America - YTD 2016 Results

($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$3,215	$3,129	2.8%		
Gross Margin	$1,400	$1,328	5.4%	43.5%	42.5%
Operating Expenses	$955	$916	4.2%	29.7%	29.3%
Segment EBITDA*	$452	$417	8.5%	14.1%	13.3%

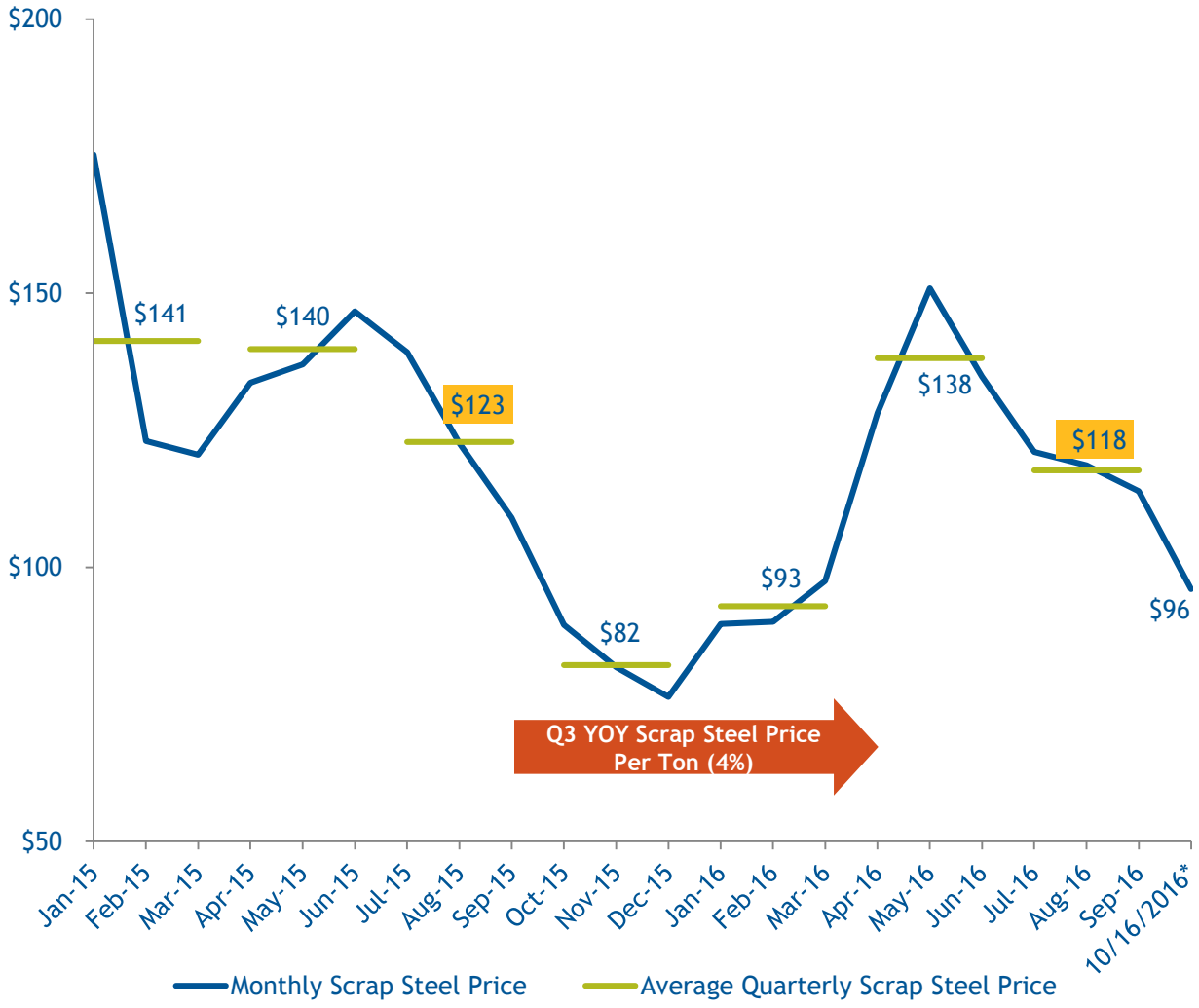
*Refer to segment EBITDA reconciliation on page 31

North America Segment EBITDA Margin Bridge



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

Scrap Steel Prices



- Decrease in other revenue partially attributable to lower scrap steel prices YOY
- Average price we received for scrap steel was ~4% lower YOY, at $123 per ton for Q3 2015 vs. $118 per ton in Q3 2016
- Estimated positive YTD EPS impact of 1¢ due to improved margins as cost to purchase cars has decreased
- Scrap steel has become smaller portion of global revenue mix

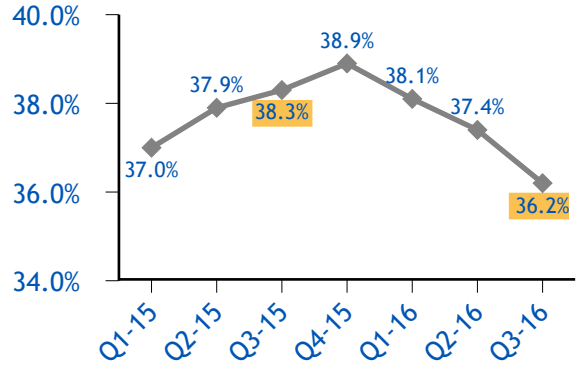
* Scrap Steel prices from the week of 10/10/16 through 10/16/16

Europe - Q3 2016 Results

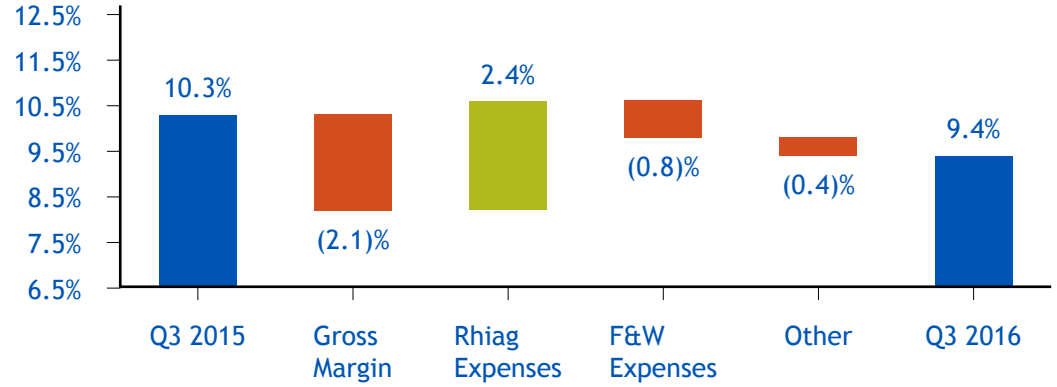
($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$770	$511	50.7%		
Gross Margin	$279	$196	42.6%	36.2%	38.3%
Operating Expenses	$207	$145	42.3%	26.9%	28.4%
Segment EBITDA*	$73	$53	37.6%	9.4%	10.3%
ECP Branches	210	198	12		
Sator Branches	92	86	6		

*Refer to segment EBITDA reconciliation on page 31

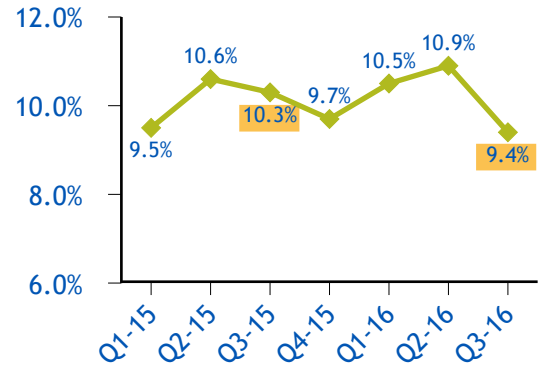
Gross Margin



Europe Segment EBITDA Margin Bridge



Segment EBITDA Margin



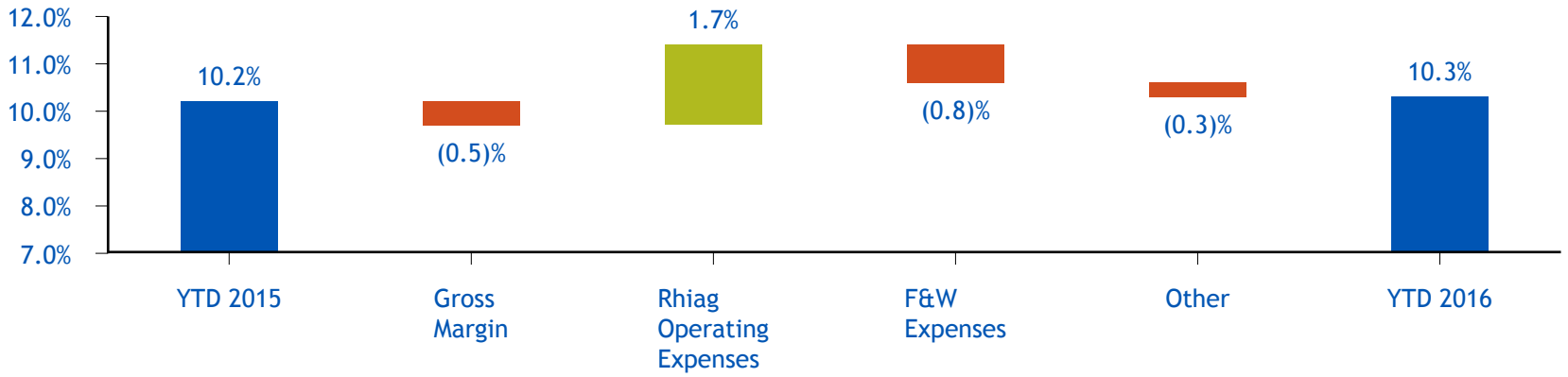
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

Europe – YTD 2016 Results

($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$2,141	$1,508	42.0%		
Gross Margin	$796	$569	39.8%	37.2%	37.7%
Operating Expenses	$577	$416	38.8%	27.0%	27.6%
Segment EBITDA*	$220	$153	43.6%	10.3%	10.2%
ECP Branches	210	198	12		
Sator Branches	92	86	6		

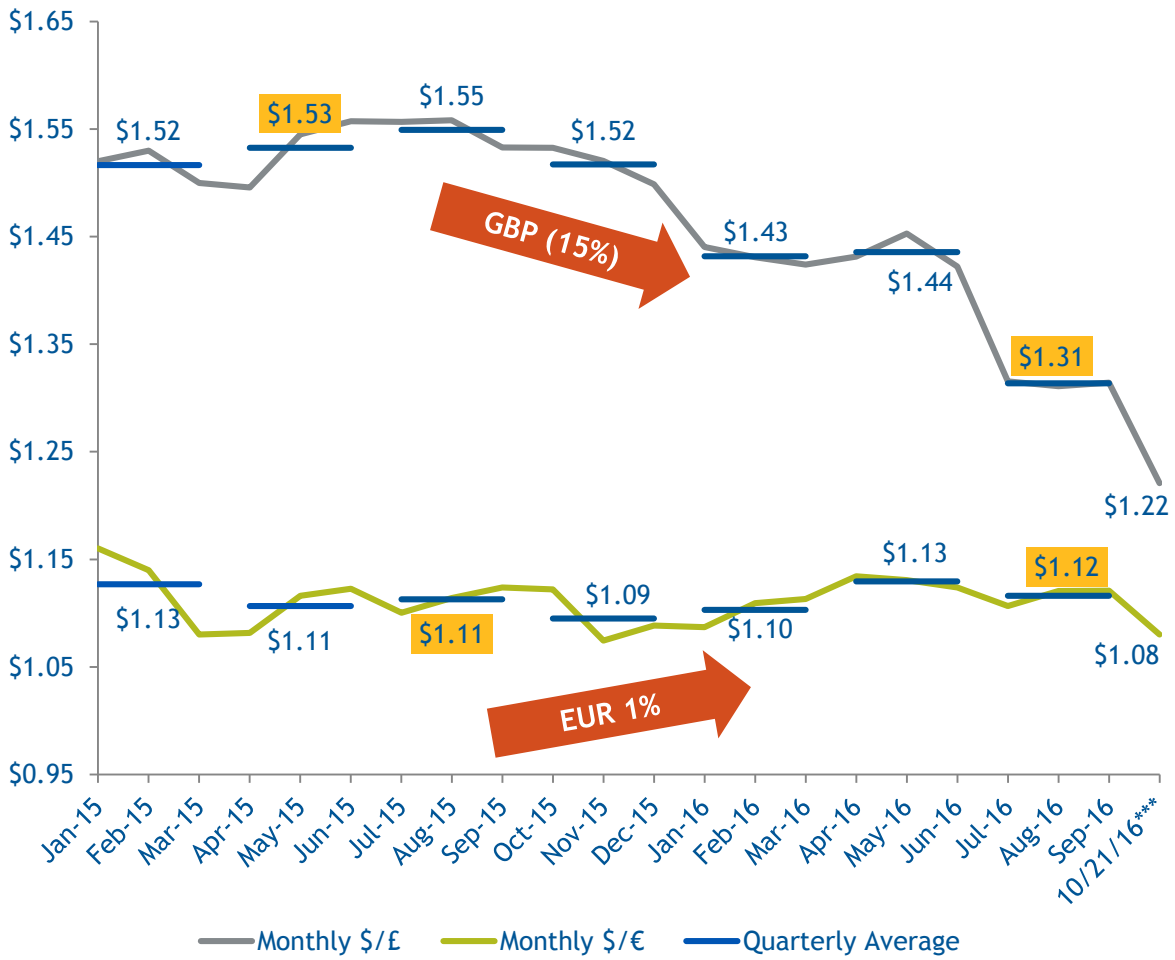
*Refer to segment EBITDA reconciliation on page 31

Europe Segment EBITDA Margin Bridge



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

Foreign Exchange



- £ down 15% Q3 2016 vs. Q3 2015
- UK referendum to leave the EU had an impact on Q3 2016 average rate
- € up 1% Q3 2016 vs. Q3 2015
- Translation impact of stronger dollar on Europe revenue growth:
  - Q3: $(54) million
  - YTD: $(95) million
- Europe constant currency parts and services revenue growth**:
  - Q3: 61.4%
  - YTD: 48.3%
- Estimated currency impact on EPS growth*:
  - Q3: 1¢ negative impact
  - YTD: 2.5¢ negative impact

* Reflects the combined impact of all currencies on consolidated EPS growth (all segments); charts and revenue figures above reflect only GBP and EUR currencies related to Europe segment

** Refer to constant current reconciliation on page 30

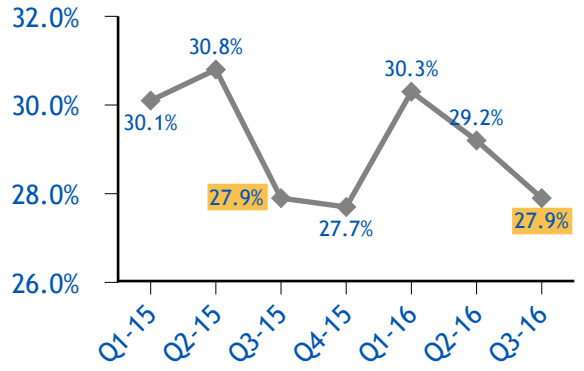
*** The spot rate on 10/21/16 was used for the £ and the €

Specialty - Q3 2016 Results

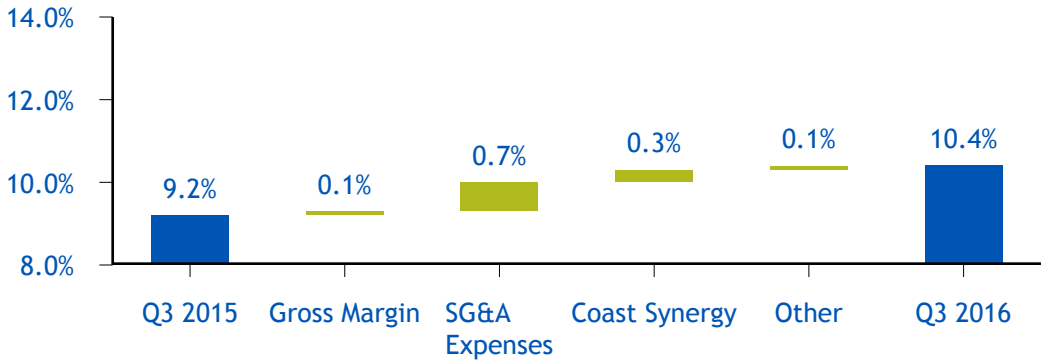
($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$313	$284	9.9%		
Gross Margin	$87	$79	10.1%	27.9%	27.9%
Operating Expenses	$55	$53	4.1%	17.7%	18.7%
Segment EBITDA*	$32	$26	24.4%	10.4%	9.2%

*Refer to segment EBITDA reconciliation on page 31

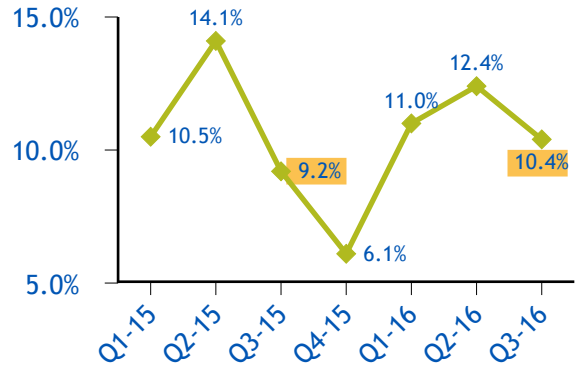
Gross Margin



Specialty Segment EBITDA Margin Bridge



Segment EBITDA Margin



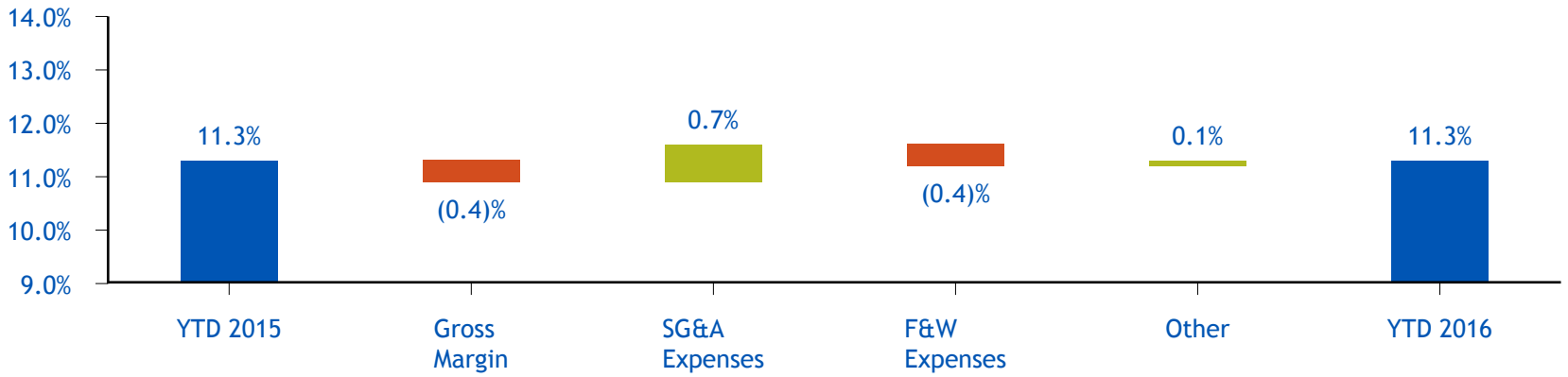
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

Specialty - YTD 2016 Results

($ in millions)	2016	2015	Change	% of Revenue 2016	% of Revenue 2015
Total Revenue	$938	$810	15.8%		
Gross Margin	$273	$239	14.0%	29.1%	29.5%
Operating Expenses	$169	$148	14.0%	18.0%	18.2%
Segment EBITDA*	$106	$92	15.6%	11.3%	11.3%

*Refer to segment EBITDA reconciliation on page 31

Specialty Segment EBITDA Margin Bridge



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

Glass – Q3 and YTD 2016 Results

Q3 2016 QTD		% of Revenue
($ in millions)	2016	2016
Total Revenue	$259	
Gross Margin	$59	22.6%
Operating Expenses	$37	14.1%
Segment EBITDA*	$28	10.7%

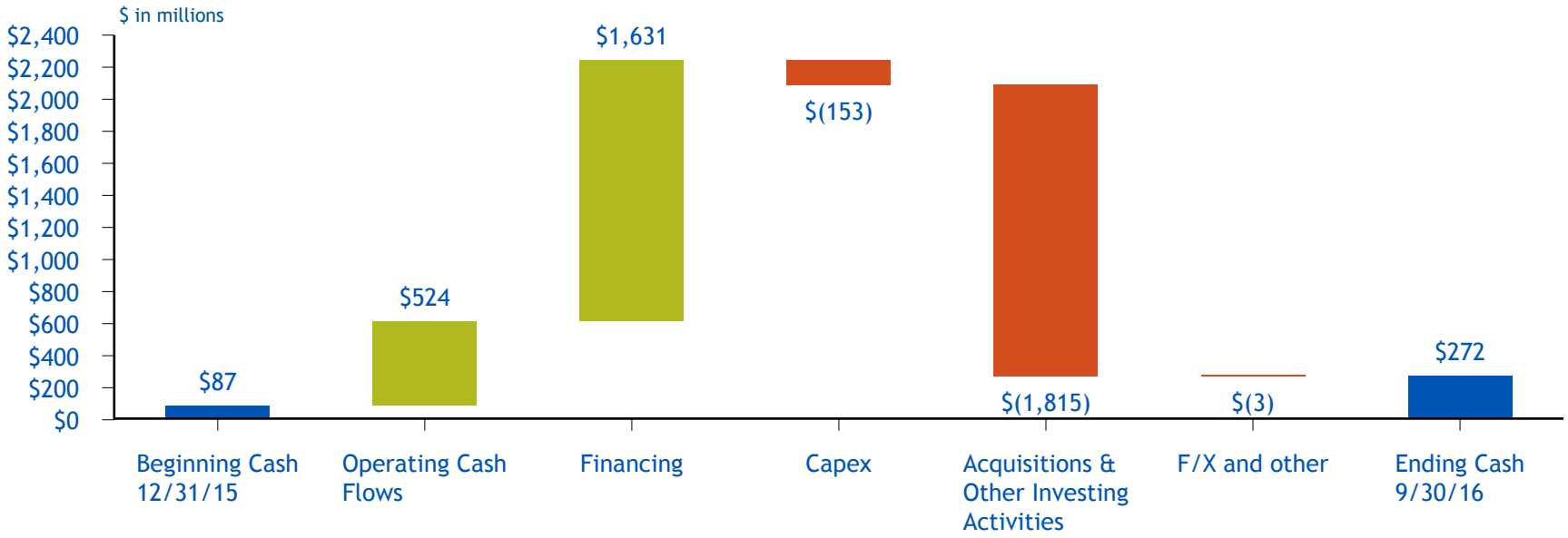
*Refer to segment EBITDA reconciliation on page 31

Q3 2016 YTD		% of Revenue
($ in millions)	2016	2016
Total Revenue	$469	
Gross Margin*	$97	20.8%
Operating Expenses	$64	13.6%
Segment EBITDA**	$51	10.9%

*Includes a $10 million one time inventory step-up adjustment recorded upon acquisition

**Refer to segment EBITDA reconciliation on page 31

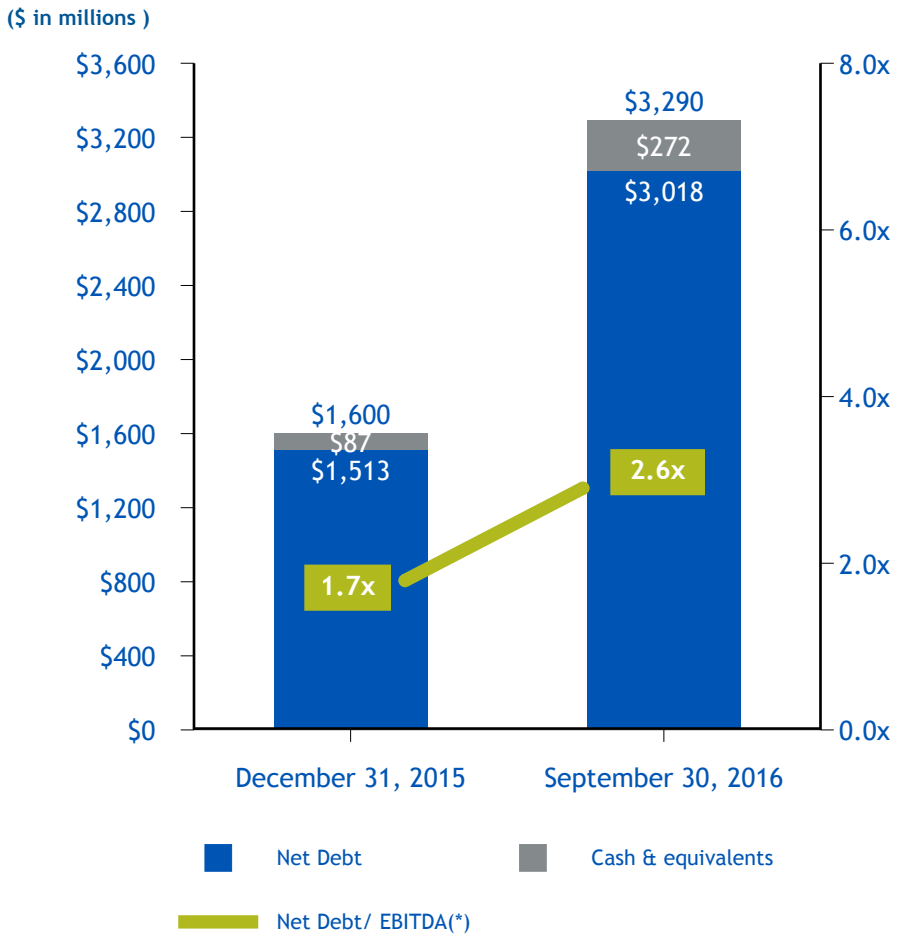
2016 Capital Allocation

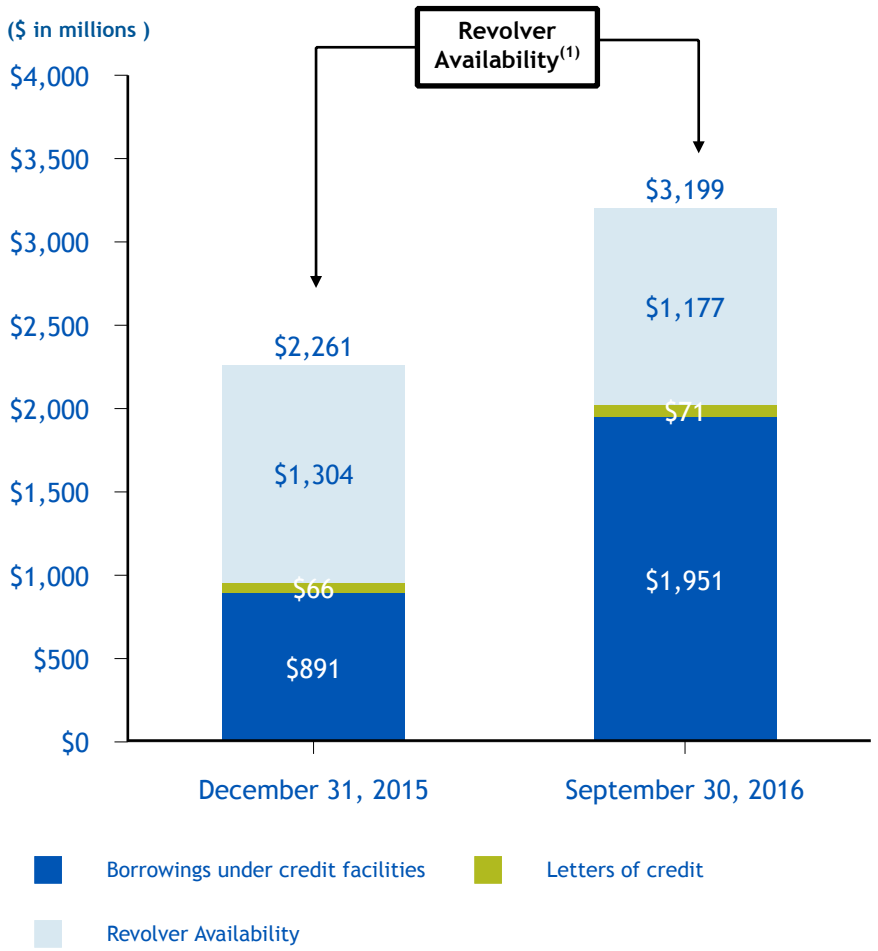


- Operating cash flows:
  - $560M of cash earnings[(1)] in YTD 2016 compared to $446M in YTD 2015
  - $36M cash outflow from operating assets and liabilities due mainly to an $46M increase in receivables and $12M decrease in payables offset by a $27M decrease in inventories
- Acquisitions and other investing activities include $1.8B of cash used to acquire Rhiag and PGW, including $0.5B of Rhiag debt paid off after closing, and $153M related to purchases of property and equipment
- Financing activities include borrowings on our revolving credit facility to fund acquisitions and proceeds from the issuance of our senior notes

(1) Cash earnings from the cash flow statement equals Net Income plus Depreciation and Amortization plus Stock-based Compensation Expense plus Deferred Income Tax plus Costs Associated with Early Debt Termination plus Gain on Foreign Exchange Contract plus Other

Leverage & Liquidity



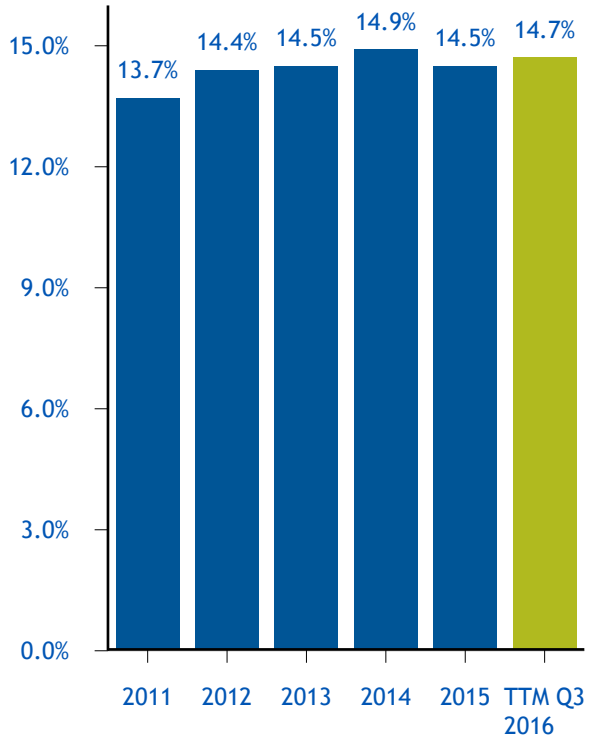


Effective borrowing rate for Q3 2016 was 2.9%

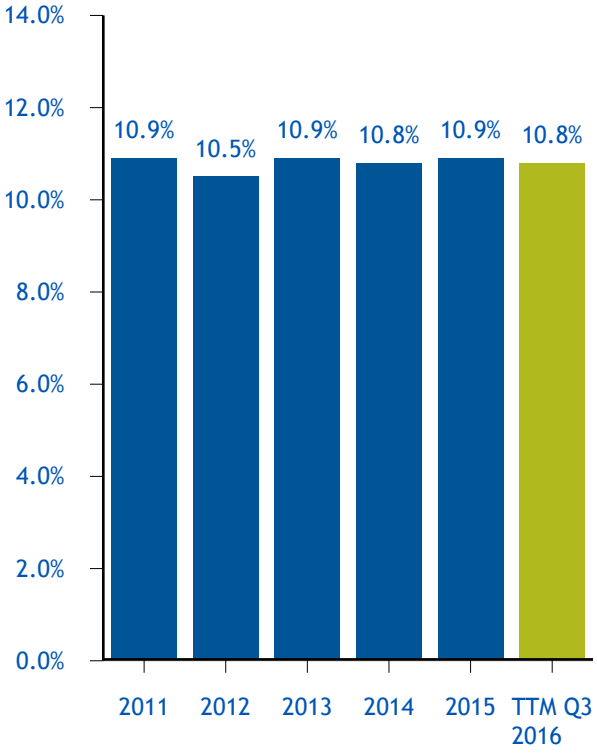
(1) Revolver availability includes our term loans and revolving credit facilities
(*) Net leverage per bank covenants is defined as Net Debt/EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details

Key Return Metrics

Return on Equity



Return on Invested Capital*



(*) Amortization of intangibles has been excluded from the calculation of Return of Invested Capital

LKQ Corporation

Guidance 2016
(effective only on the date issued: October 27, 2016)

($ in millions excluding EPS)	Full Year 2015 Actual	Full Year 2016 Guidance[1]
Organic Revenue Growth, for parts and services	7.0%	4.5%-5.0%
Adjusted Net Income[2]	$459	$551-$569
Adjusted Diluted EPS[2]	$1.49	$1.78-$1.84
Cash Flow from Operations	$530	$575-$600
Capital Expenditures	$170	$200-$225

(1) Guidance for 2016 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, excess tax benefits and deficiencies from stock based payments, losses on debt extinguishment and amortization expense related to acquired intangibles. In addition, it excludes gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures. Our forecasted results for our U.K. and other international operations were calculated using current foreign exchange rates for the remainder of the year
Full year 2015 actual figures for Adjusted Net Income and Adjusted Diluted EPS were calculated using the same methodology as the 2016 guidance. Organic revenue guidance refers only to parts and services revenue. LKQ updated its guidance on October 27, 2016, and it is only effective on the date of issuance. It is LKQ's policy to comment on its annual guidance only when the company issues its quarterly press releases with financial results. LKQ has no obligation to update this guidance.

Note: Guidance includes the projected results of Rhiag and PGW from the respective acquisition dates through year-end.

(2) See page 35 for reconciliation of forecasted adjusted net income and forecasted adjusted diluted earnings per share

Q3 2016 Key Takeaways

- Organic revenue growth of 3.7% and 5.1% for parts and services in Q3 and YTD 2016, respectively
- Constant currency* revenue growth of 36.4% and 29.1% for parts and services in Q3 and YTD 2016, respectively
- Net Income improvement of 21.1% and 15.1% for Q3 and YTD, respectively
- Segment EBITDA** margin improvement for Q3 and YTD periods primarily due to improvement in gross margin in our North American segment
- Q3 Diluted EPS of $0.40 vs. $0.33, a 21.2% increase
- Q3 Adjusted Diluted EPS*** of $0.45 vs. $0.36, a 25.0% increase

(*) Refer to segment Constant Currency reconciliation on page 30
(**) Refer to segment Segment EBITDA reconciliation on page 31
(***) Refer to EPS reconciliation on page 33

Consistent Business Model and Strategy



Appendix - Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Included with this presentation are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

Appendix 1- Constant Currency Reconciliation

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

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	Consolidated	Europe	Consolidated	Europe
Parts and Services				
Revenue Growth as reported	33.2%	50.8%	27.0%	42.0%
Less: Currency impact	(3.2%)	(10.6%)	(2.1%)	(6.3%)
Revenue growth at constant currency	36.4%	61.4%	29.1%	48.3%

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

Appendix 2- EBITDA and Segment EBITDA Reconciliation

(in millions)	QTD** Q3 2016	% of revenue	Q3 2015	% of revenue	YTD** Q3 2016	% of revenue	Q3 2015	% of revenue
Segment EBITDA								
North America	$ 141.1	13.5%	$ 128.5	12.4%	$ 452.3	14.1%	$ 416.8	13.3%
Europe	72.6	9.4%	52.8	10.3%	220.1	10.3%	153.2	10.2%
Specialty	32.4	10.4%	26.0	9.2%	106.0	11.3%	91.7	11.3%
Glass	27.8	10.7%	—	nm	51.1	10.9%	—	nm
Total Segment EBITDA	$ 273.8	11.5%	$ 207.3	11.3%	$ 829.4	12.3%	$ 661.7	12.2%
Deduct:								
Restructuring and acquisition related expenses	8.4		4.6		32.3		12.7	
Inventory step-up adjustment- acquisition related	(0.4)		—		9.8		—	
Change in fair value of contingent consideration liabilities	0.1		0.1		0.2		0.4	
Add:								
Equity in earnings of unconsolidated subsidiaries	0.3		(1.1)		0.1		(4.2)	
Gains on foreign exchange contracts- acquisition related	—		—		18.3		—	
EBITDA	$ 266.0	11.1%	$ 201.5	11.0%	$ 805.4	11.9%	$ 644.4	11.8%
Depreciation and Amortization	59.5		33.0		150.4		94.7	
Interest Expense, Net	27.1		14.7		68.0		44.3	
Loss on debt extinguishment*	—		—		26.7		—	
Provision for Income Taxes	56.8		52.5		182.8		177.3	
Net Income	**$ 122.7**		**$ 101.3**		**$ 377.6**		**$ 328.2**	

* Loss on debt extinguishment is considered a component of interest in calculating EBITDA
** The sum of the individual components may not equal the total due to rounding.

Appendix 2- EBITDA and Segment EBITDA Reconciliation

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

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

Appendix 3- Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	QTD Q3 2016*	QTD Q3 2015*	YTD Q3 2016*	YTD Q3 2015*
Net Income	$122.7	$101.3	$377.6	$328.2
Adjustments:				
Restructuring and acquisition related expenses	8.4	4.6	32.3	12.7
Loss of debt extinguishment	—	—	26.7	—
Amortization of acquired intangibles	25.0	8.2	58.2	24.7
Inventory step-up adjustment- acquisition related	(0.4)	—	9.8	—
Change in fair value of contingent consideration liabilities	0.1	0.1	0.2	0.4
Gains on foreign exchange contracts- acquisition related	—	—	(18.3)	—
Excess tax benefit from stock-based payments	(5.0)	—	(11.5)	
Tax effect of adjustments	(11.5)	(4.0)	(37.7)	(13.0)
Adjusted net income	$139.3	$109.9	$437.2	$353.0
Weighted average diluted common shares outstanding	310,036	307,728	309,671	307,326
Diluted earnings per share	$0.40	$0.33	$1.22	$1.07
Adjusted diluted earnings per share	$0.45	$0.36	$1.41	$1.15

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

Appendix 3- Adjusted Net Income and EPS Reconciliation

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

Appendix 4- Forecasted EPS reconciliation*

(in millions, except per share data)	Minimum Guidance	Maximum Guidance
Net Income	$475	$493
Adjustments:		
Restructuring and acquisition related expenses	32	32
Loss of debt extinguishment	27	27
Amortization of acquired intangibles	83	83
Inventory step-up adjustment – acquisition related	10	10
Gains on foreign exchange contracts - acquisition related	(18)	(18)
Excess tax benefit from stock-based payments	(11)	(11)
Tax effect of adjustments	(47)	(47)
Adjusted net income	$551	$569
Weighted average diluted common shares outstanding	310	310
Diluted earnings per share	$1.53	$1.59
Adjusted diluted earnings per share	$1.78	$1.84

We have presented forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share in our financial guidance. Refer to the discussion of Adjusted Net Income and Adjusted Diluted Earnings per Share (Appendix 3) for details on the calculation of these non-GAAP financial measures. In the calculation of forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share, we included estimates of net income and amortization of acquired intangibles for the full fiscal year 2016; we included for all other components the amounts incurred as of September 30, 2016.

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