

First Quarter 2024 Earnings Call Presentation

April 23, 2024

LKQ Keeping you moving

Forward Looking Statements and Non-GAAP Financial Measures

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

Forward-looking statements include, but are not limited to, statements regarding our outlook, guidance, expectations, beliefs, hopes, intentions and strategies. These statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different. 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 events or results to differ from the events or results predicted or implied by our forward-looking statements include factors discussed in our filings with the SEC, including those 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, 2023 and in our subsequent Quarterly Reports on Form 10-Q. These reports are available at the Investor Relations section on our website (www.lkqcorp.com) and on the SEC’s website (www.sec.gov).

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

Q1 2024 Highlights

- Organic revenue for parts and services declined 0.3% (0.5% growth on a per day basis)
 - Europe: growth of 2.7% (4.4% on a per day basis)
 - Wholesale - North America: decrease of 3.3% reflecting repairable claims drop / mild winter weather conditions
- Segment EBITDA⁽¹⁾ of \$430 million; Segment EBITDA⁽¹⁾ margin of 11.6%
 - Wholesale - North America Segment EBITDA⁽¹⁾ margin of 16.3%
 - Europe Segment EBITDA⁽¹⁾ margin of 8.7%
- Net income of \$158 million and Diluted EPS of \$0.59; Adjusted Net Income⁽²⁾ of \$220 million and Adjusted Diluted EPS⁽²⁾ of \$0.82
- Operating cash flow of \$253 million; free cash flow⁽³⁾ of \$187 million
- Repurchased \$30 million of LKQ shares
- Paid quarterly dividend of \$0.30 per share in March 2024 totaling \$81 million; approved a \$0.30 per share dividend to be paid in May 2024
- Wholesale - North America accelerated the FinishMaster footprint rationalization by consolidating 65 branches in Q1 bringing the total to date to 99. The three-year targeted synergies increased from \$55 million to \$65 million
- In March 2024, completed an offering of €750 million (4.125%) of senior unsecured notes due in March 2031
- Divested our Slovenia operations in April and signed a sale agreement to divest our Bosnia operations
- Reiterated full year Adjusted Diluted EPS⁽⁴⁾ and free cash flow⁽⁴⁾ guidance

(1) Segment EBITDA for each segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 2 for the breakout of Segment EBITDA for each segment and Appendix 3 for total Segment EBITDA reconciliation

(2) Adjusted Net Income and Adjusted Diluted EPS are non-GAAP measures. Refer to Appendix 4 for Adjusted Net Income and Adjusted Diluted EPS reconciliations

(3) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation

(4) Adjusted Diluted EPS and Free Cash Flow are non-GAAP measures. Refer to Appendix 5 for the forecasted Adjusted Diluted EPS reconciliation and Appendix 6 for forecasted Free Cash Flow reconciliation

Outlook 2024⁽¹⁾

(effective only on the date issued: April 23, 2024)

	<u>Full Year 2024</u>
	Outlook
Organic parts and services revenue growth	2.5% to 4.5%
Diluted EPS ⁽²⁾	\$3.32 to \$3.62
Adjusted Diluted EPS ⁽²⁾⁽³⁾	\$3.90 to \$4.20
Operating cash flow	\$1.35 billion
Free cash flow ⁽⁴⁾	\$1.0 billion
Free cash flow conversion of Adjusted EBITDA ⁽⁴⁾	50% to 60%

(1) Our outlook for the full year 2024 is based on current conditions, recent trends and our expectations, and assumes a global effective tax rate of 26.8%, the prices of scrap and precious metals hold near the March average and no further deterioration due to the Ukraine/Russia conflict. We have applied foreign currency exchange rates near first quarter average levels, including \$1.09, \$1.27 and \$0.74 for the euro, pound sterling and Canadian dollar, respectively, for the balance of the year, which are unchanged from prior guidance. Changes in these conditions may impact our ability to achieve the estimates. Adjusted figures exclude (to the extent applicable) the impact of restructuring and transaction related expenses; amortization expense related to acquired intangibles; excess tax benefits and deficiencies from stock-based payments; losses on debt extinguishment; impairment charges; direct impacts of the Ukraine/Russia conflict; and gains and losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities)

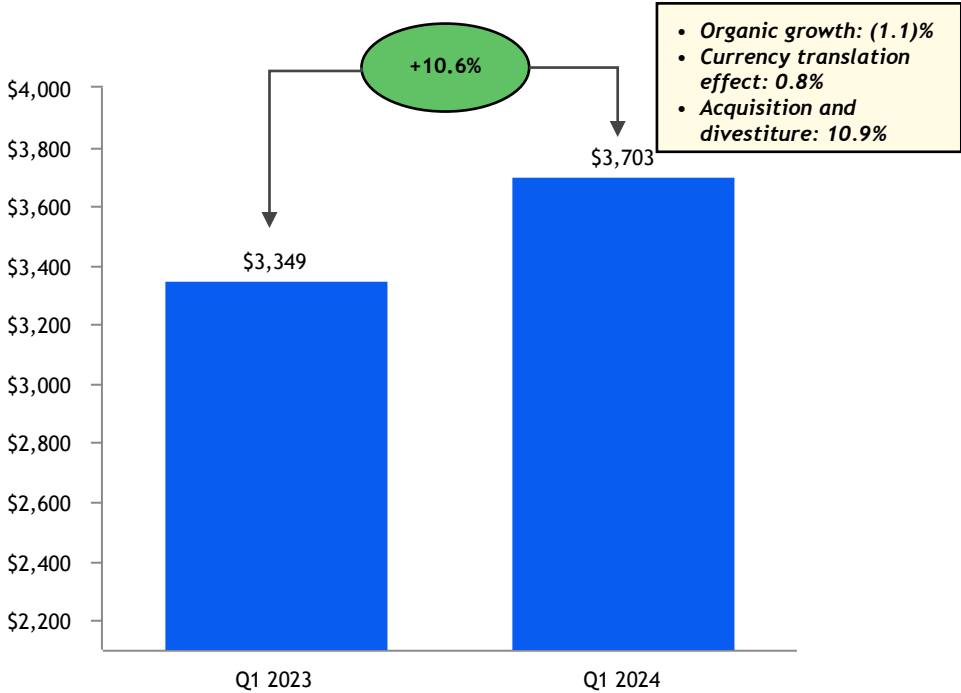
(2) Actuals and outlook figures are for continuing operations attributable to LKQ stockholders

(3) Adjusted net income and Adjusted Diluted EPS are non-GAAP measures. Refer to Appendix 5 for reconciliation of forecasted adjusted Net income and forecasted Adjusted Diluted EPS attributable to LKQ stockholders

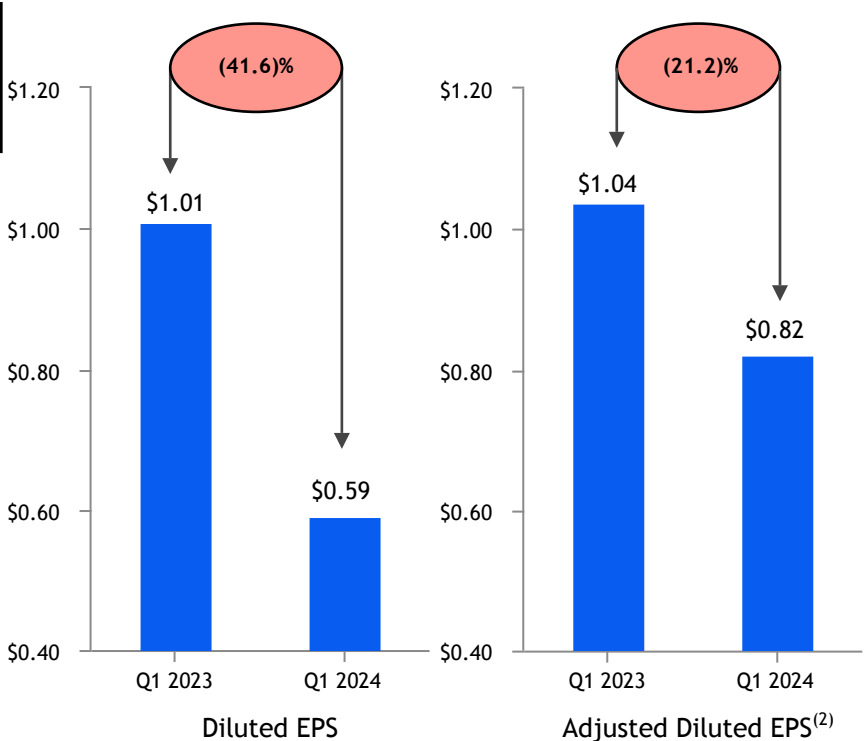
(4) Free Cash Flow and Adjusted EBITDA are non-GAAP measures. Refer to Appendix 6 for forecasted Free Cash Flow reconciliation

Consolidated Results Q1 2024

Revenue⁽¹⁾



EPS



(1) Revenue in millions.
 (2) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation



The background features two thick, wavy blue lines that create a sense of motion and flow. One line starts from the left, peaks in the upper middle, and then descends towards the right. The second line starts lower, peaks to the right of the first line's peak, and then descends towards the bottom right. The lines are set against a light gray background.

Financial Results

Q1 2024

Q1 2024 Revenue

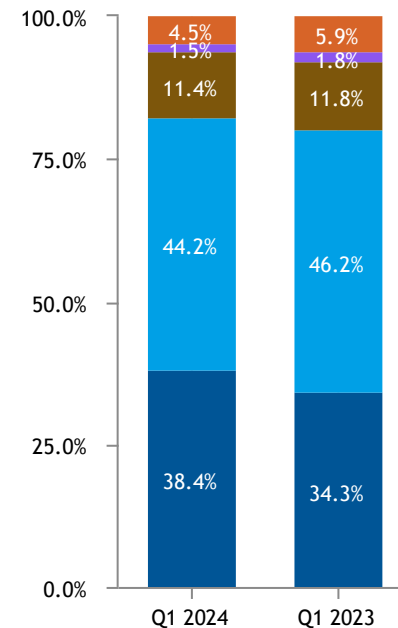
Revenue Changes by Source:

	Organic	Acquisition and Divestiture	Foreign Exchange	Total ⁽¹⁾
Wholesale - North America	(3.3)%	27.1%	—%	23.8%
Europe	2.7%	1.4%	1.7%	5.7%
Specialty	(1.4)%	8.1%	—%	6.7%
Self Service	(10.5)%	—%	—%	(10.5)%
Parts and Services	(0.3)%	11.6%	0.8%	12.1%
Other	(15.1)%	0.5%	—%	(14.6)%
Total Revenue	(1.1)%	10.9%	0.8%	10.6%

- Wholesale - North America organic revenue for parts and services decreased 3.3%; primarily driven by decreased aftermarket collision volumes which were negatively impacted by lower repairable claims, which we believe is primarily attributable to comparatively warmer weather
- Wholesale - North America acquisition and divestiture revenue was a net increase of \$312 million primarily due to the acquisition of Uni-Select in the third quarter of 2023
- Europe organic revenue for parts and services increased 2.7% (4.4% on a per day basis); primarily driven by increased volumes and, to a lesser extent, pricing initiatives to offset increased costs resulting from inflationary pressures
- Favorable F/X impact on European parts and services revenue of \$26 million; European constant currency⁽²⁾ parts and services revenue increased 4.0%
- Specialty organic revenue for parts and services decreased 1.4%; primarily due to demand softness in the recreational vehicle ("RV") product line, as RV unit retail sales have declined year over year
- Self Service organic revenue for parts and services decreased 10.5%; primarily driven by lower retail volumes from reduced admissions, which were impacted by adverse weather conditions (primarily in California)
- Other organic revenue decreased 15.1% primarily driven by lower precious metals prices

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding
 (2) Constant currency is a non-GAAP financial measure. Refer to Appendix 1 for constant currency reconciliation

Components of Revenue



- WS - NA P&S
- Europe P&S
- Specialty P&S
- Self Service P&S
- Other Revenue

Operating Results - Q1

(\$ in millions, except per share data)	First Quarter		
	2024	2023	Change F/(U)
Revenue	\$3,703	\$3,349	10.6%
Gross Margin	1,452	1,372	5.8%
Operating Expenses	1,044	931	(12.1)%
Operating Income	289	365	(20.8)%
Income before provision for income taxes	231	361	(36.0)%
Net income	158	270	(41.5)%
Segment EBITDA ⁽¹⁾	430	456	(5.7)%
Segment EBITDA ⁽¹⁾ Margin	11.6%	13.6%	(200) bps
Diluted EPS:			
Reported	\$0.59	\$1.01	(41.6)%
Adjusted ⁽²⁾	\$0.82	\$1.04	(21.2)%

- Effective income tax rate for the three months ended March 31, 2024 was 30.7%, compared to 26.1% for the three months ended March 31, 2023
- 2023 figures include a \$23 million gain on foreign exchange contracts related to the CAD purchase price for the Uni-Select acquisition; gain is excluded from Segment EBITDA⁽¹⁾ and Adjusted Diluted EPS⁽²⁾ (\$0.06 per share)

(1) Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for Segment EBITDA reconciliation

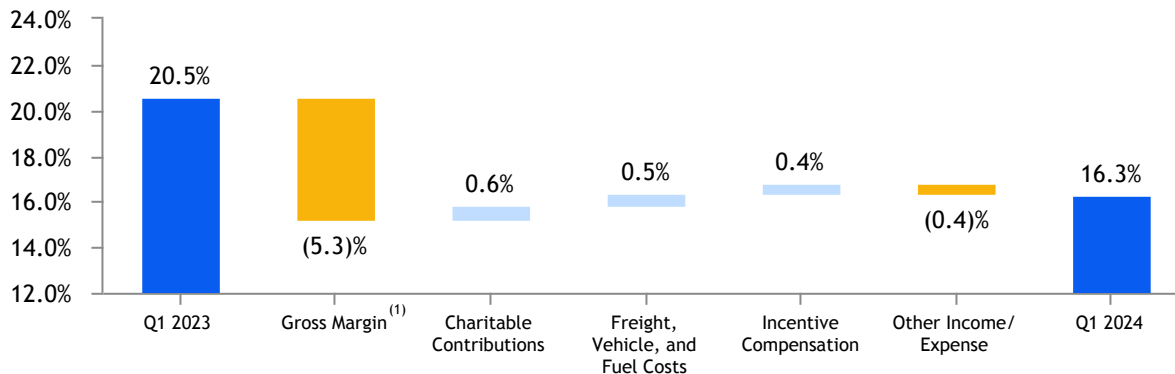
(2) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation

Wholesale - North America - Q1

(\$ in millions)	2024	2023	Change F/(U)	% of Revenue	
				2024	2023
Total Revenue	\$1,500	\$1,229	22.0%		
Gross Margin	\$663	\$608	8.9%	44.2%	49.5%
Operating Expenses	\$426	\$366	(16.0)%	28.3%	29.8%
Segment EBITDA ⁽¹⁾	\$244	\$252	(3.1)%	16.3%	20.5%

(1) Segment EBITDA for each segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each segment.

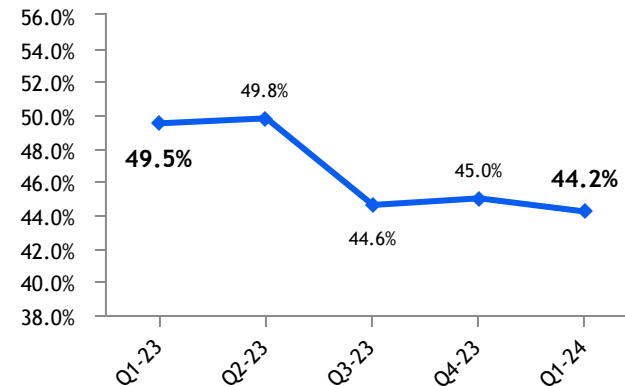
Wholesale - North America Segment EBITDA Margin Bridge



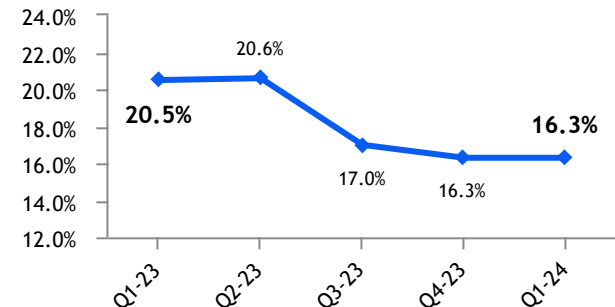
(1) Includes the dilutive effect of the Q3 2023 Uni-Select acquisition

Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

Gross Margin



Segment EBITDA Margin



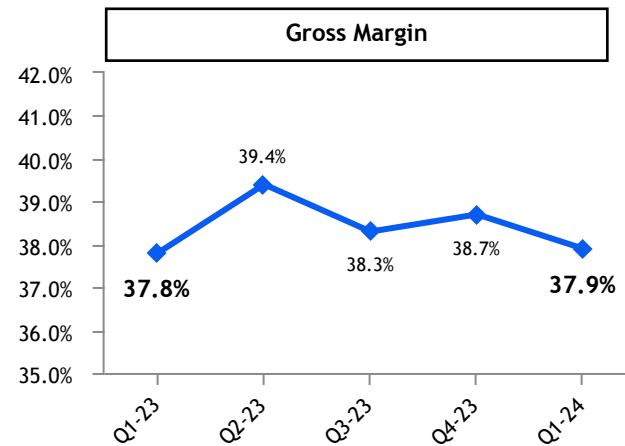
Keeping you moving

Europe - Q1

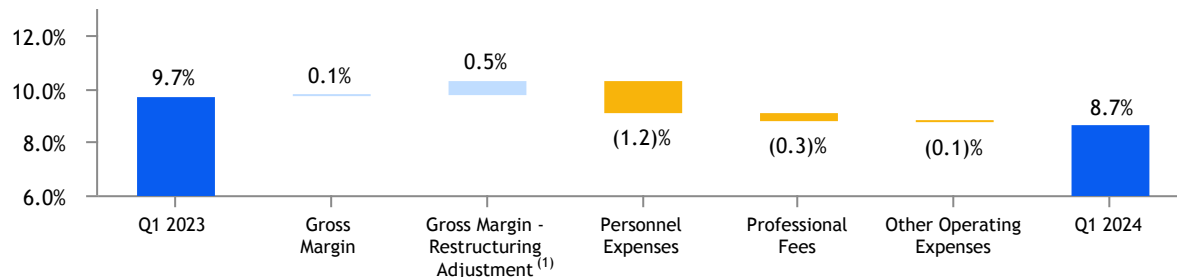
(\$ in millions)	2024	2023	Change F/(U)	% of Revenue	
				2024	2023
Total Revenue ⁽¹⁾	\$1,644	\$1,555	5.7%		
Gross Margin	\$623	\$588	6.1%	37.9%	37.8%
Operating Expenses	\$493	\$441	(11.9)%	30.0%	28.4%
Segment EBITDA ⁽²⁾	\$143	\$151	(5.3)%	8.7%	9.7%

(1) The foreign currency impact on parts and services revenue was a \$26 million favorable impact which brings revenue growth at a constant currency to 4.0%. Refer to Appendix 1 for a reported revenue to constant currency revenue reconciliation.

(2) Segment EBITDA for each segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each segment.



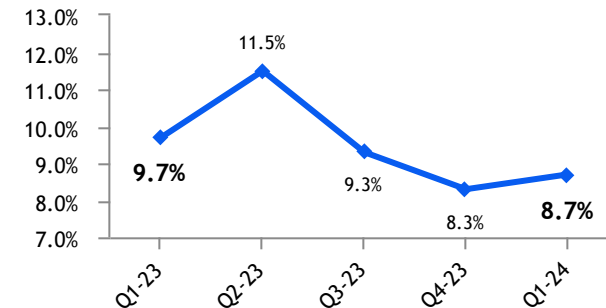
Europe Segment EBITDA Margin Bridge



(1) Reported gross margin includes a 0.5% reduction related to restructuring expenses incurred as part of the 2024 Global Restructuring Plan. These costs are excluded from the calculation of Segment EBITDA

Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

Segment EBITDA Margin

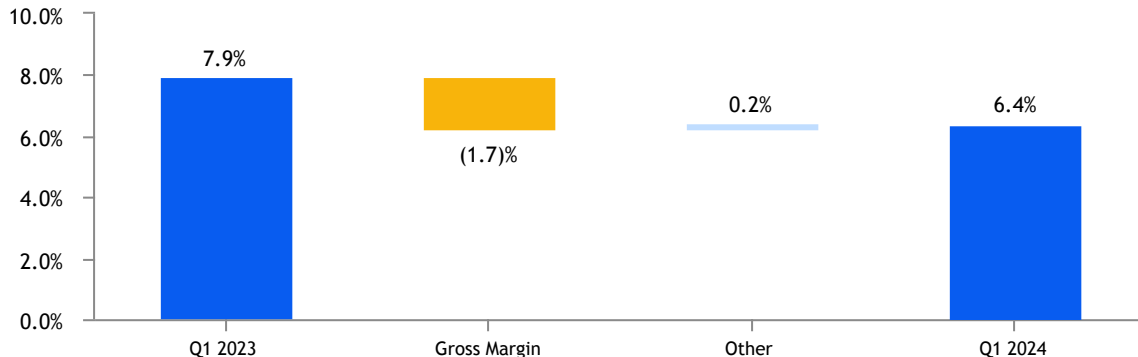


Specialty - Q1

(\$ in millions)	2024	2023	Change F/(U)	% of Revenue	
				2024	2023
Total Revenue	\$423	\$397	6.7%		
Gross Margin	\$106	\$106	—%	25.0%	26.7%
Operating Expenses	\$81	\$76	(6.2)%	19.1%	19.2%
Segment EBITDA ⁽¹⁾	\$27	\$31	(13.2)%	6.4%	7.9%

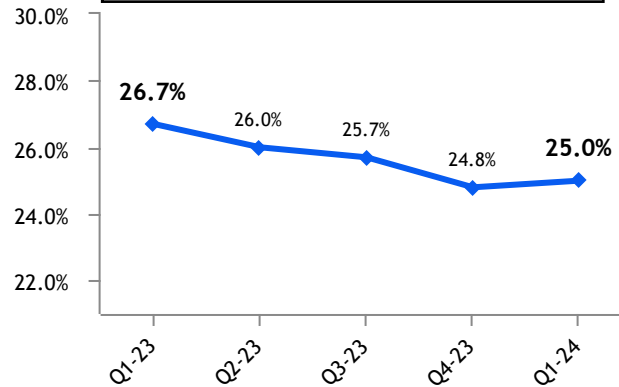
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Specialty Segment EBITDA Margin Bridge

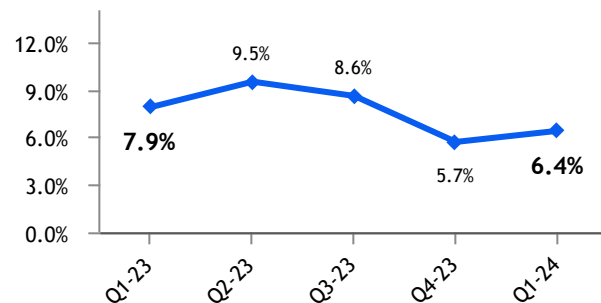


Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

Gross Margin



Segment EBITDA Margin



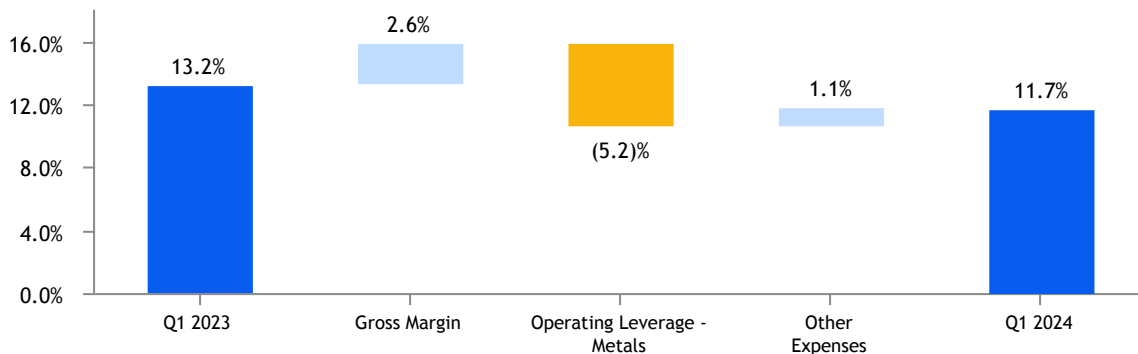
Self Service - Q1

(\$ in millions)	2024	2023	Change F/(U)	% of Revenue	
				2024	2023
Total Revenue ⁽¹⁾	\$137	\$169	(19.3)%		
Gross Margin	\$60	\$70	(13.6)%	43.9%	41.3%
Operating Expenses	\$44	\$48	7.7%	32.3%	28.2%
Segment EBITDA ⁽²⁾	\$16	\$22	(28.3)%	11.7%	13.2%

(1) Includes Other Revenue of \$83 million and \$109 million in Q1 2024 and Q1 2023, respectively. Refer to the "Metals Prices & Foreign Exchange" slide for further detail on metals price trends.

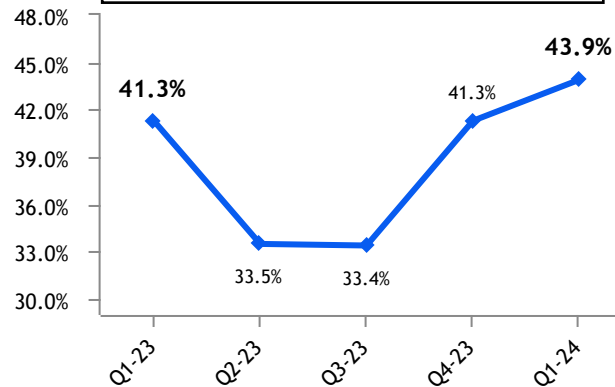
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Self Service Segment EBITDA Margin Bridge

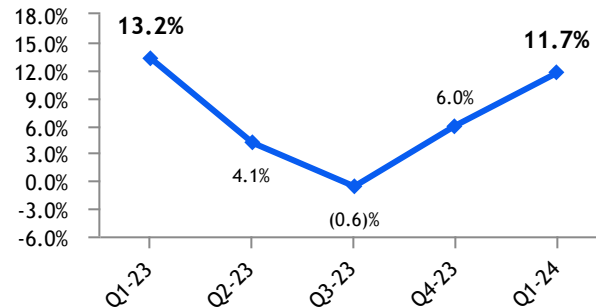


Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

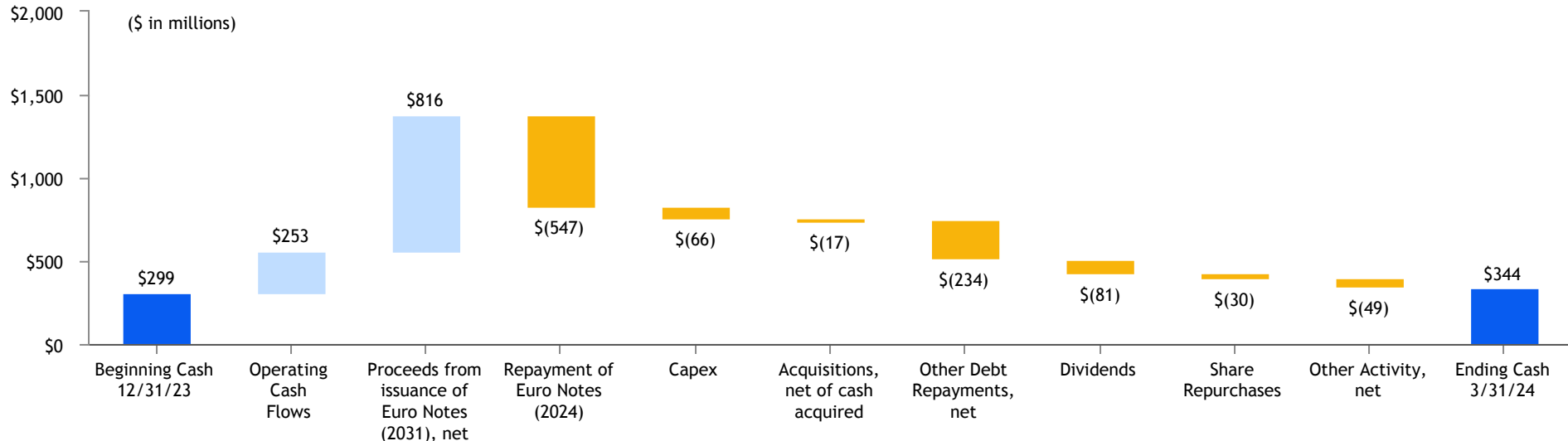
Gross Margin



Segment EBITDA Margin



Q1 2024 Capital Allocation



Operating cash flows:

- Operating cash flows of \$253 million represent a 13%, or \$30 million, increase year over year primarily driven by cash inflows relating to an increase in accounts payable due to timing of payments

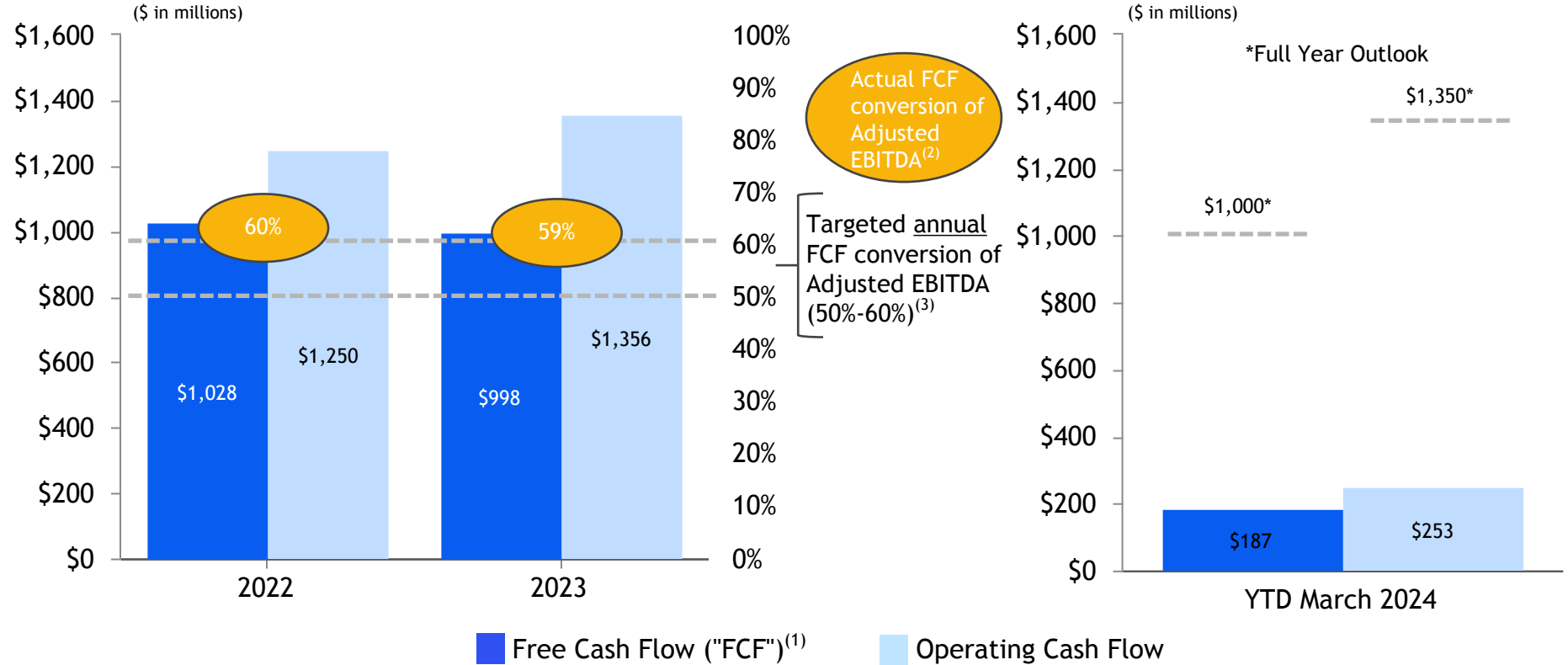
Investing cash flows:

- Capex of \$66 million vs. \$70 million in 2023; down 6%
- \$17 million of cash invested in business acquisitions vs. \$25 million in the prior year

Financing cash flows:

- \$816 million in net proceeds from the issuance of Euro Notes (2031) in the current year
- \$547 million repayment of Euro Notes (2024)
- \$81 million for our quarterly cash dividend vs. \$74 million in the prior year
- \$30 million to repurchase shares vs. \$8 million in the prior year
- \$234 million of other debt repayments, net vs. \$41 million of net borrowings in the prior year

Operating Cash Flow & Free Cash Flow ⁽¹⁾

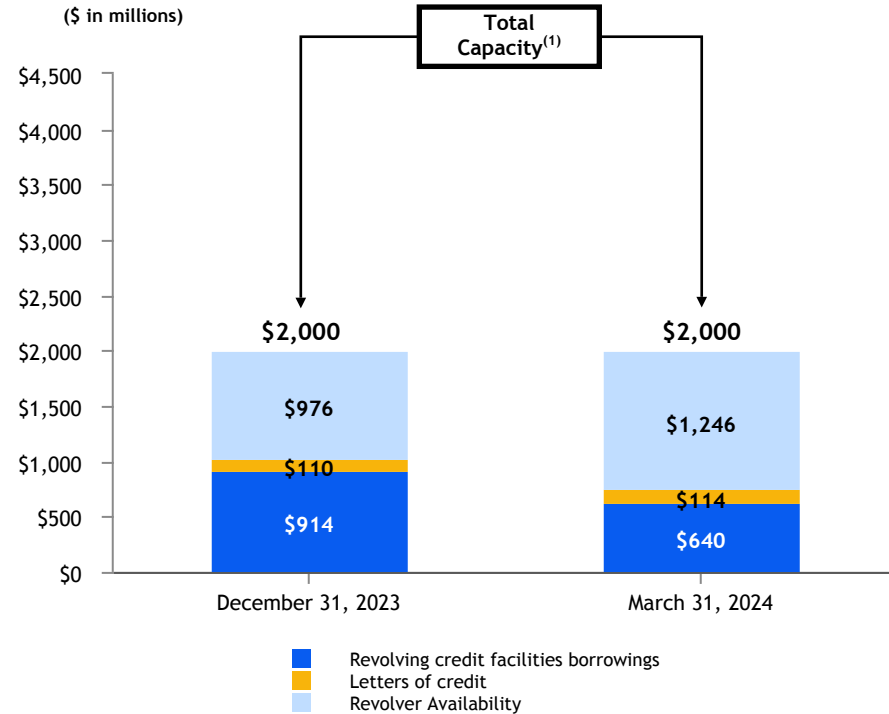
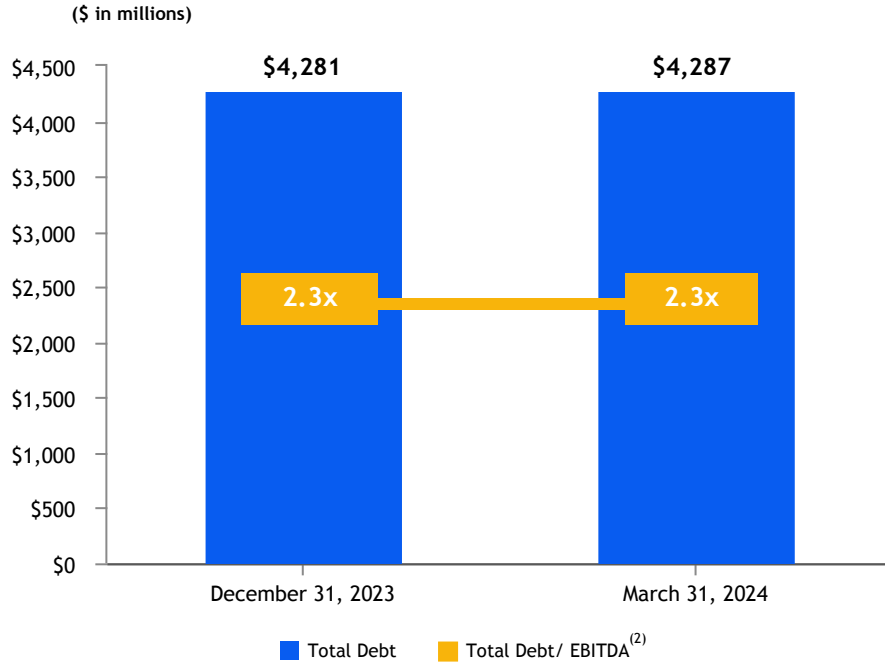


(1) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation

(2) Adjusted EBITDA is a non-GAAP measure. Refer to Appendix 6 for Adjusted EBITDA reconciliation

(3) Per guidance issued on "Outlook 2024" slide

Leverage & Liquidity



Total liquidity as of March 31, 2024 was \$1,590 million
Effective borrowing rate for Q1 2024 was 6.0%⁽³⁾

(1) Total capacity includes our unsecured revolving credit facilities

(2) Total leverage per bank covenants is defined as Consolidated Total Indebtedness/Consolidated EBITDA. Refer to the definitions of Consolidated Total Indebtedness and Consolidated EBITDA in the senior unsecured credit agreement filed January 6, 2023 with the SEC for further details

(3) Including our interest rate swaps, approximately 77% of our borrowings at March 31, 2024 are effectively at fixed interest rates

Liquidity as of March 31, 2024

Credit Rating	<ul style="list-style-type: none"> Rated Baa3 (investment grade) by Moody's; Outlook Neutral Rated BBB- (investment grade) by S&P Global Ratings; Outlook Neutral Rated BBB- (investment grade) by Fitch; Outlook Positive
Debt Structure	<ul style="list-style-type: none"> Fixed Rate Instruments: <ul style="list-style-type: none"> \$1.4 billion in aggregate (\$800 million (5.75%) due in 2028/\$600 million (6.25%) due in 2033) €1.0 billion (\$1.1 billion) in aggregate (\$270 million (4.125%) due in 2028 /\$809 million (4.125%) due in 2031) Variable Rate Instruments: <ul style="list-style-type: none"> Credit Facility Borrowings: \$1.1 billion <ul style="list-style-type: none"> \$640 million of revolver borrowings maturing in January 2028 \$500 million term loan maturing January 2026 CAD Term Loan: Unsecured term loan facility of CAD \$700 million (\$517 million due in 2026) Other Debt (capital leases, local lines of credit): \$151 million
Interest Rates	<ul style="list-style-type: none"> Credit Facility Borrowings: (i) SOFR plus applicable spread or (ii) other risk-free interest rates for specified currency \$400 million notional amount interest rate swap at a fixed weighted average of 4.63% maturing February 2025 \$300 million notional amount interest rate swap at a fixed weighted average of 4.23% maturing February 2026 CAD Term Loan: (i) Canadian Dollar Offer Rate or (ii) Canadian Prime Rate; plus applicable spread
Maturities	<ul style="list-style-type: none"> Current maturities: \$88 million; No significant maturities until 2026
Financial Covenants ⁽¹⁾	<ul style="list-style-type: none"> Credit Facility and CAD Term Loan maximum leverage ratio covenant: 4.0x <ul style="list-style-type: none"> Consolidated Total Indebtedness to Consolidated EBITDA as of March 31, 2024: 2.3x Credit Facility and CAD Term Loan minimum interest expense coverage ratio: 3.0x <ul style="list-style-type: none"> Consolidated EBITDA to interest expense as of March 31, 2024: 7.4x U.S. and Euro Notes do not include financial maintenance covenants
Liquidity	<ul style="list-style-type: none"> Cash on balance sheet of \$344 million \$2.0 billion revolving credit facility: \$1,246 million available as of March 31, 2024 Total Available Liquidity: \$1,590 million
Cash Flows	<ul style="list-style-type: none"> Q1 2024 operating cash flow of \$253 million; free cash flow⁽²⁾ of \$187 million



(1) Refer to the definition of Total debt, interest expense and EBITDA in the senior unsecured credit agreement filed January 6, 2023 with the SEC for further details

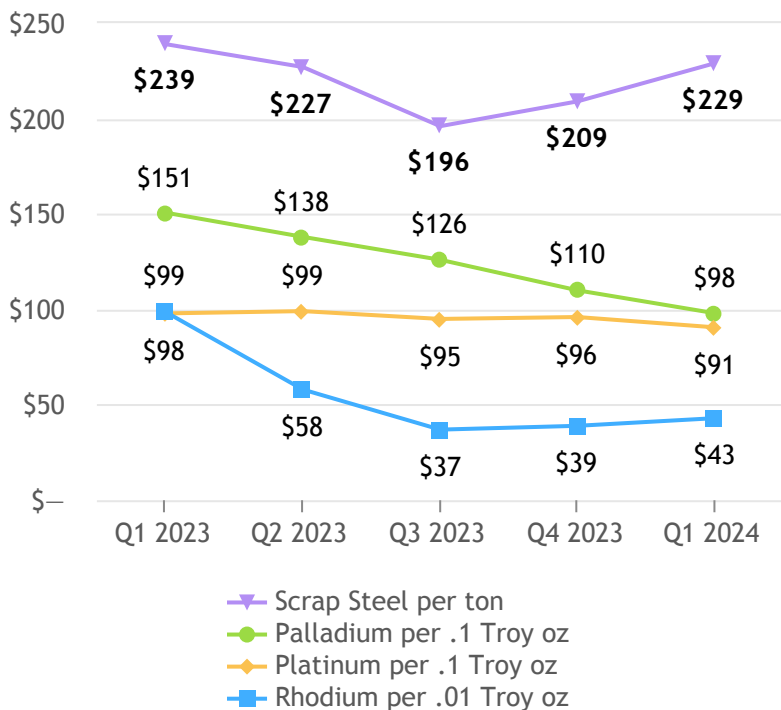
(2) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation

The background features a light grey gradient with two thick, wavy blue lines. One line starts from the left, curves upwards, and then downwards. The second line starts from the bottom left, curves upwards, and then downwards, crossing the first line.

Supplementary Information

Metals Prices & Foreign Exchange

Average Metals Prices



Q1 2024 vs Q1 2023 Segment EBITDA Impact

(\$ in millions)	Segment EBITDA Impact		Total
	Self Service	Wholesale - North America	
Scrap Steel	\$ (7)	\$ -	\$ (7)
Precious Metals	\$ (8)	\$ (7)	\$ (15)
Total	\$ (15)	\$ (7)	\$ (22)

Foreign Exchange

	YoY Impact	Q1 2024	Q1 2023
GBP	4.3%	1.27	1.22
EUR	1.2%	1.09	1.07
CAD	-%	0.74	0.74
GAAP EPS⁽¹⁾ Impact	\$ (0.06)		
Adjusted EPS Impact	\$ -		

(1) Includes gains on foreign exchange contracts of \$23 million related to the Uni-Select acquisition for the three months ended March 31, 2023; excluded from Adjusted EPS

Inventory Procurement

(\$ in millions, vehicles purchased in 000s)

	Q1		
	2024	2023	% Change
Total aftermarket procurement	\$1,815	\$1,444	25.7%
Wholesale - North America salvage vehicles	61	64	(4.7)%
Europe wholesale salvage vehicles	9	8	12.5%
Self Service salvage vehicles	111	137	(19.0)%

- Aftermarket purchases in 2024 increased on a YoY basis
 - Aftermarket purchases in Wholesale - North America increased \$249 million relative to the prior year period primarily due to the acquisition of Uni-Select
 - Europe aftermarket purchases increased by \$37 million primarily attributable to an \$18 million increase in the value of the pound sterling and euro
 - Specialty aftermarket purchases increased by \$85 million primarily due to decreased inventory purchases in the prior year period to align inventory levels with demand
- Wholesale - North America salvage purchases in 2024 decreased relative to the prior year period due to working down the backlog caused by ramped up purchasing in the fourth quarter of 2023
- Self Service salvage purchases decreased relative to the prior year period due to a focus on reducing average car cost

Appendix

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Following 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 and revenue growth for parts & services and total revenue to constant currency revenue and revenue growth for the same measures:

(in millions)	Three Months Ended March 31, 2024	
	Consolidated	Europe
Parts & Services		
Revenue as reported	\$3,535	\$1,637
Less: Currency impact	\$27	\$26
Revenue at constant currency	\$3,508	\$1,611
Total		
Revenue as reported	\$3,703	
Less: Currency impact	\$27	
Revenue at constant currency	\$3,676	

Appendix 1(cont.)

Constant Currency Reconciliation

	Three Months Ended March 31, 2024	
	Consolidated	Europe
Parts & Services		
Revenue growth as reported	12.1%	5.7%
Less: Currency impact	0.8%	1.7%
Revenue growth at constant currency	11.3%	4.0%
Total		
Revenue growth as reported	10.6%	
Less: Currency impact	0.8%	
Revenue growth at constant currency	9.8%	

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

Appendix 2

Revenue and Segment EBITDA by segment

(in millions)	Three Months Ended March 31			
	2024	% of revenue	2023	% of revenue
Revenue				
Wholesale - North America	\$1,500		\$1,229	
Europe	1,644		1,555	
Specialty	423		397	
Self Service	137		169	
Eliminations	(1)		(1)	
Total Revenue	\$3,703		\$3,349	
Segment EBITDA				
Wholesale - North America	\$244	16.3%	\$252	20.5%
Europe	143	8.7%	151	9.7%
Specialty	27	6.4%	31	7.9%
Self Service	16	11.7%	22	13.2%
Total Segment EBITDA	\$430	11.6%	\$456	13.6%

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss and underlying trends in our ongoing operations. We calculate Segment EBITDA as Net Income excluding net income and loss attributable to noncontrolling interest; income and loss from discontinued operations; depreciation; amortization; interest; gains and losses on debt extinguishment; income tax expense; restructuring and transaction related expenses (which includes restructuring expenses recorded in Cost of goods sold); change in fair value of contingent consideration liabilities; other gains and losses related to acquisitions, equity method investments, or divestitures; equity in losses and earnings of unconsolidated subsidiaries; equity investment fair value adjustments; impairment charges; and direct impacts of the Ukraine/Russia conflict. 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. This financial measure is included in the metrics used to determine incentive compensation for our senior management. 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 general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. Refer to the table on the following page for a reconciliation of net income to Segment EBITDA.

Appendix 3

Reconciliation of Net Income to Segment EBITDA

(in millions)	Three Months Ended March 31	
	2024	2023
Net income	\$158	\$270
Adjustments:		
Depreciation and amortization	100	65
Interest expense, net of interest income	61	33
Loss on debt extinguishment	—	1
Provision for income taxes	71	94
Equity in losses (earnings) of unconsolidated subsidiaries	2	(3)
Gains on foreign exchange contracts - acquisition related ⁽¹⁾	—	(23)
Equity investment fair value adjustments	—	1
Restructuring and transaction related expenses	30	18
Restructuring expenses - cost of goods sold	8	—
Segment EBITDA	\$430	\$456
Net income as a percentage of revenue	4.3%	8.1%
Segment EBITDA as a percentage of revenue	11.6%	13.6%

(1) Related to the Uni-Select acquisition

Appendix 3

Segment EBITDA Reconciliation

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss and underlying trends in our ongoing operations. Refer to paragraph in Appendix 2 for details on the calculation of Segment EBITDA.

Segment EBITDA should not be construed as an alternative to operating income, net income or net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report Segment EBITDA information calculate Segment 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.

Appendix 4

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted Diluted EPS

(in millions, except per share data)	Three Months Ended March 31	
	2024	2023
Net income	\$158	\$270
Adjustments:		
Amortization of acquired intangibles	37	15
Restructuring and transaction related expenses	30	18
Restructuring expenses - cost of goods sold	8	—
Loss on debt extinguishment	—	1
Pre-acquisition interest expense, net of interest income ⁽¹⁾	—	3
Gains on foreign exchange contracts - acquisition related ⁽¹⁾	—	(23)
Excess tax benefit from stock-based payments	(1)	(2)
Tax effect of adjustments	(12)	(3)
Adjusted net income	\$220	\$279
Weighted average diluted common shares outstanding	267.7	268.3
Diluted earnings per share:		
Reported	\$0.59	\$1.01
Adjusted	\$0.82	\$1.04

(1) Related to the Uni-Select acquisition

Appendix 4

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted Diluted EPS

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 continuing business across reporting periods and in analyzing our 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 net income and loss attributable to noncontrolling interest, income and loss from discontinued operations, restructuring and transaction related expenses, amortization expense related to all acquired intangible assets, gains and losses on debt extinguishment, the change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions, equity method investments, or divestitures (including gains or losses on foreign currency forward contracts related to the Uni-Select transaction), impairment charges, direct impacts of the Ukraine/Russia conflict and related sanctions, interest and financing costs related to the Uni-Select transaction prior to closing, 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 or for certain discrete items the specific tax expense or benefit for the adjustment. Given the variability and volatility of the amount related transactions in a particular period, management believes that these costs are not core operating expenses and should be adjusted in our calculation of Adjusted Net Income. Our adjustment of the amortization of all acquisition-related intangible assets does not exclude the amortization of other assets, which represents expense that is directly attributable to ongoing operations. Management believes that the adjustment relating to amortization of acquisition-related intangible assets supplements the GAAP information with a measure that can be used to assess the comparability of operating performance. The acquired intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets. These financial measures are used by management in its decision making and overall evaluation of our operating performance and are included in the metrics used to determine incentive compensation for our senior management. Adjusted Net Income and Adjusted Diluted Earnings per Share 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 measures similar to 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 5

Forecasted EPS Reconciliation

(in millions, except per share data)	Forecasted Fiscal Year 2024	
	Minimum Outlook	Maximum Outlook
Net income ⁽¹⁾	\$889	\$969
Adjustments:		
Amortization of acquired intangibles	145	145
Restructuring and transaction related expenses	59	59
Tax effect of adjustments	(48)	(48)
Adjusted net income ⁽¹⁾	\$1,045	\$1,125
Weighted average diluted common shares outstanding	267.8	267.8
Diluted EPS:		
Reported ⁽¹⁾	\$3.32	\$3.62
Adjusted ⁽¹⁾	\$3.90	\$4.20

(1) Actuals and outlook figures are for continuing operations attributable to LKQ stockholders

We have presented forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share in our financial outlook. Refer to the discussion of Adjusted Net Income and Adjusted Diluted Earnings per Share 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, amortization of acquired intangibles for the full fiscal year 2024, restructuring expenses under previously announced plans, and the related tax effect; we included for all other components the amounts incurred through March 31, 2024.

Appendix 6

Reconciliations of Net Cash Provided by Operating Activities to Free Cash Flow and Net Income to Adjusted EBITDA

(in millions)	Three Months Ended March 31	
	2024	2023
Net cash provided by operating activities	\$253	\$223
Less: purchases of property, plant and equipment	66	70
Free cash flow	\$187	\$153
Net income	\$158	\$270
Adjustments:		
Depreciation and amortization	100	65
Interest expense, net of interest income	61	33
Loss on debt extinguishment	—	1
Provision for income taxes	71	94
Gains on foreign exchange contracts - acquisition related ⁽¹⁾	—	(23)
Adjusted EBITDA	\$390	\$440

(1) Related to the Uni-Select acquisition

Appendix 6

Reconciliations of Net Cash Provided by Operating Activities to Free Cash Flow and Net Income to Adjusted EBITDA

(in millions)	Year Ended December 31	
	2023	2022
Net cash provided by operating activities	\$1,356	\$1,250
Less: purchases of property, plant and equipment	358	222
Free cash flow	\$998	\$1,028
Free cash flow conversion (Free cash flow / Adjusted EBITDA)	59%	60%
Net income	\$938	\$1,150
Less: net income attributable to continuing noncontrolling interest	2	1
Net income attributable to LKQ stockholders	\$936	\$1,149
Less: net (loss) income from discontinued operations	(6)	6
Net income from continuing operations attributable to LKQ stockholders	\$942	\$1,143
Adjustments - continuing operations attributable to LKQ stockholders:		
Depreciation and amortization	319	264
Interest expense, net of interest income	186	70
Loss on debt extinguishment	1	—
Provision for income taxes	306	385
Gain on disposal of businesses ⁽¹⁾	—	(159)
Gain on foreign exchange contracts - acquisition related ⁽²⁾	(49)	—
Adjusted EBITDA	\$1,705	\$1,703

(1) FCF conversion of Adjusted EBITDA excludes \$159 million of gains related to the sale of businesses (primarily PGW) from Adjusted EBITDA, as the proceeds are included in investing cash flows

(2) Related to the Uni-Select acquisition; proceeds are included in investing activities

Appendix 6

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Net Income to Adjusted EBITDA

We have presented free cash flow solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our liquidity. We calculate free cash flow as net cash provided by operating activities, less purchases of property, plant and equipment. We believe free cash flow provides insight into our liquidity and provides useful information to management and investors concerning our cash flow available to meet future debt service obligations and working capital requirements, make strategic acquisitions, pay dividends and repurchase stock. We believe free cash flow is used by investors, securities analysts and other interested parties in evaluating the liquidity of other companies, many of which present free cash flow when reporting their results. This financial measure is included in the metrics used to determine incentive compensation for our senior management. Free cash flow should not be construed as an alternative to net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report free cash flow information calculate free cash flow 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 liquidity relative to other companies.

We also evaluate our free cash flow by measuring the conversion of Adjusted EBITDA into free cash flow. For the denominator of our conversion ratio, we calculate Adjusted EBITDA as net income excluding net income and loss attributable to noncontrolling interest, income and loss from discontinued operations, depreciation, amortization, interest, gains and losses on debt extinguishment, income tax expense, gains and losses on the disposal of businesses, and other unusual income and expense items that affect investing or financing cash flows. We exclude gains and losses on the disposal of businesses as the proceeds are included in investing cash flows, which is outside of free cash flow. Adjusted EBITDA should not be construed as an alternative to operating income, net income or net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report Adjusted EBITDA information calculate Adjusted 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.

(in millions)	Forecasted Fiscal Year 2024
	Outlook
Net cash provided by operating activities	\$1,350
Less: purchases of property, plant and equipment	350
Free cash flow	\$1,000

We have presented forecasted free cash flow in our financial outlook. Refer to the paragraph above for details on the calculation of free cash flow.