



*Investor Presentation*  
*April 2014*

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# Forward Looking Statement

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

Forward-looking statements include, but are not limited to statements regarding our expectations, intentions, beliefs and strategies regarding the future, including statements regarding trends, cyclicity 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, 2013 and any of our subsequent Quarterly Reports on Form 10-Q. These reports are available on our investor relations website at [lkqcorp.com](http://lkqcorp.com) and on the SEC website at [sec.gov](http://sec.gov).



# Company Overview

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# Market Leading Positions in Key Markets

|                                   | <u>2013</u> | <u>5 Year CAGR*</u> |
|-----------------------------------|-------------|---------------------|
| Revenue ( <i>in millions</i> )    | \$5,063     | 22%                 |
| Net Income ( <i>in millions</i> ) | \$312       | 26%                 |
| Earnings Per Share                | \$1.02      | 25%                 |

## #1 or #2 in Key Markets

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

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OEM Recycled - Aftermarket by Keystone

\* as of 12/31/2013

# Operating Unit Overview

## Operating Units\*

### ➤ North America

#### Wholesale

- Sell more than 96,000 SKUs of aftermarket automotive products
- Purchased 281,000 vehicles
- Includes aftermarket, recycled, refurbished and remanufactured

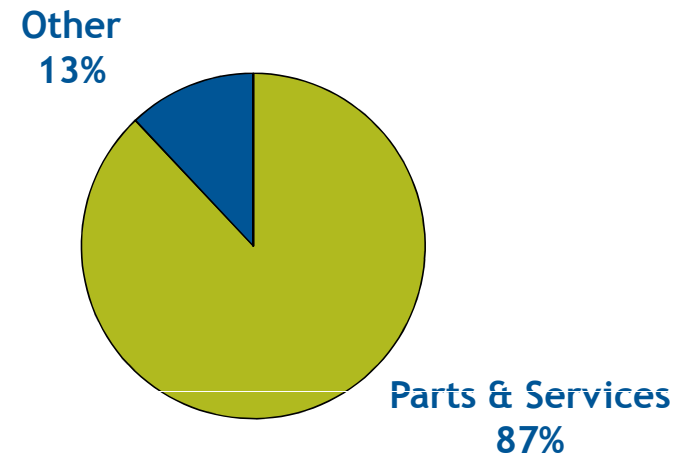
#### Self Service Retail

- Purchased 513,000 vehicles at 65 self service retail facilities in North America

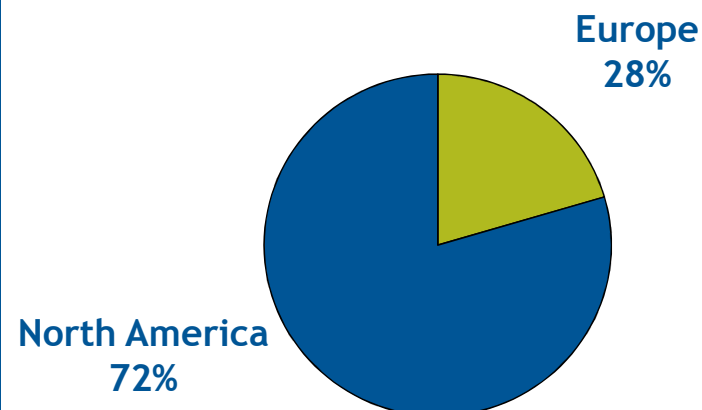
### ➤ Europe

- Sell more than 151,000 and 135,000 SKUs of primarily aftermarket mechanical parts in our Euro Car Parts and Sator operations, respectively
- Operations in the United Kingdom, the Netherlands, Belgium, and France

## Total Revenue 2013



## Parts & Services Revenue 2013







# Industry Overview

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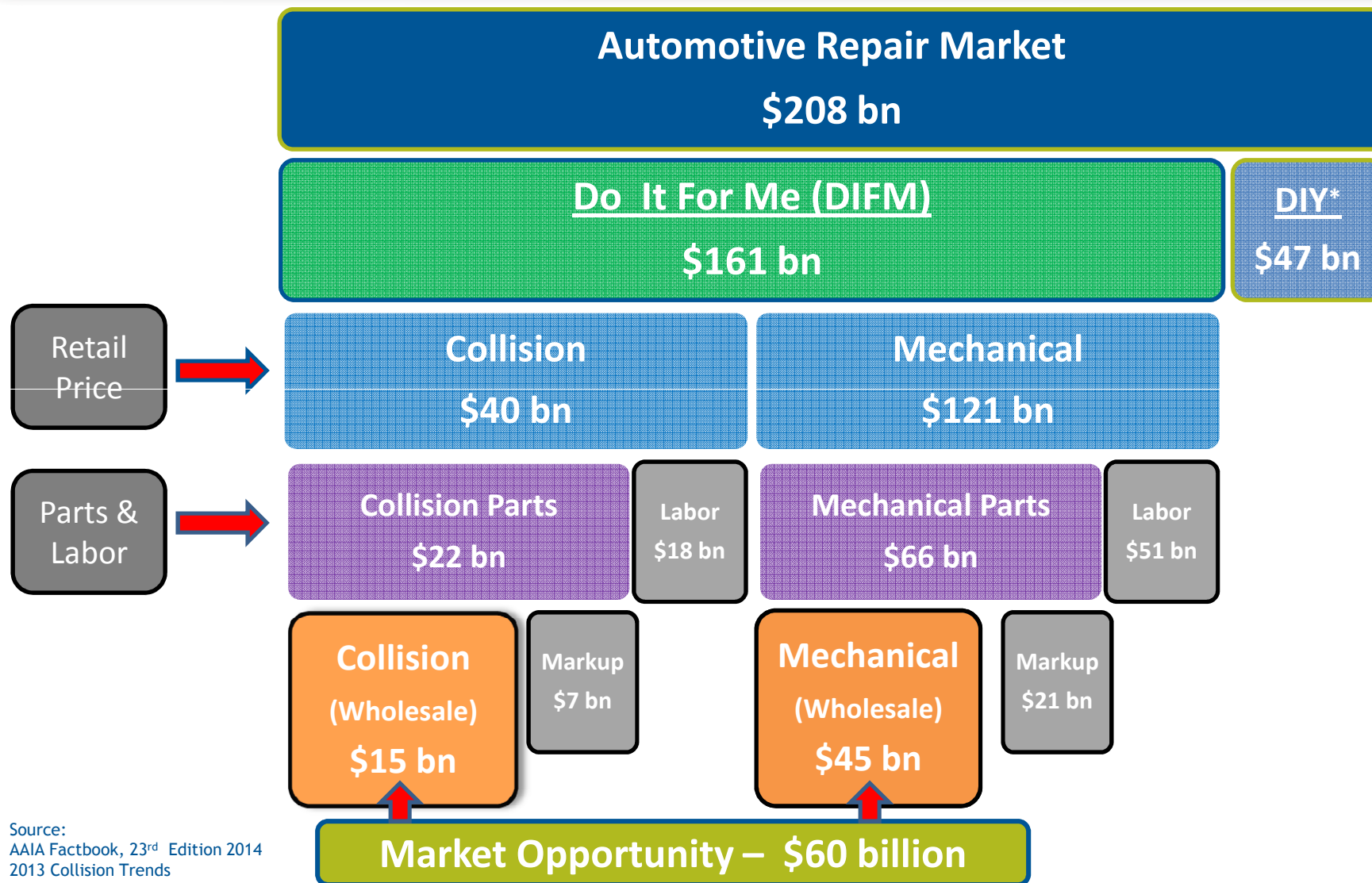
# Alternative Products Industry Leader

LKQ is a leading distributor of alternative repair products to professional repair shops

- Aftermarket (new) products sourced from alternatives to the OEMs
- Recycled OEM products from salvage vehicles
- Refurbished OEM products
- Remanufactured OEM products



# US Automotive Repair Industry



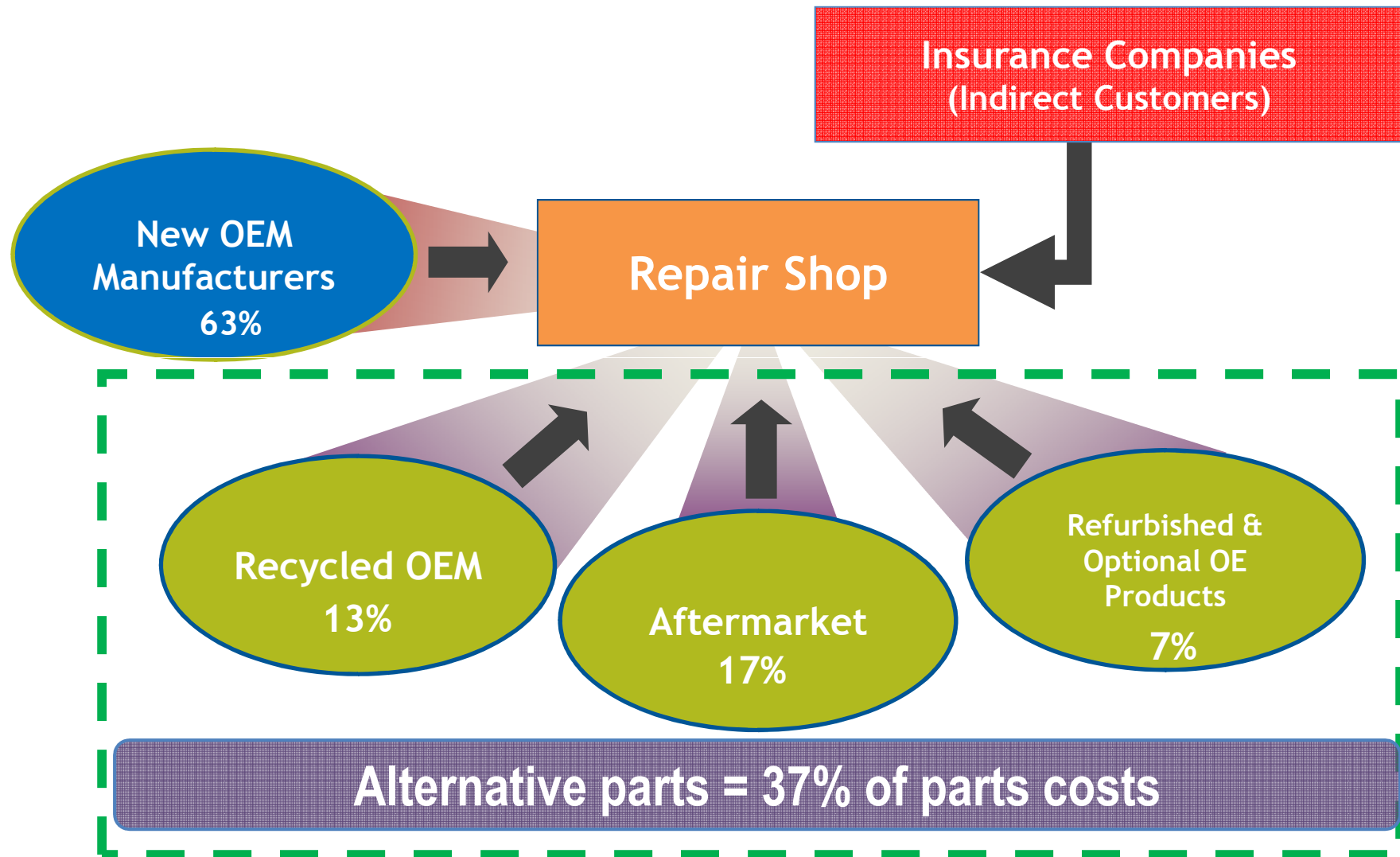
Source:  
AAIA Factbook, 23<sup>rd</sup> Edition 2014  
2013 Collision Trends

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\* Do It Yourself



# Collision Products, a \$15 Billion Industry



# Clear Value Proposition

High quality products at lower cost than OEM replacement products

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

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

...and improved cycle time for repairs

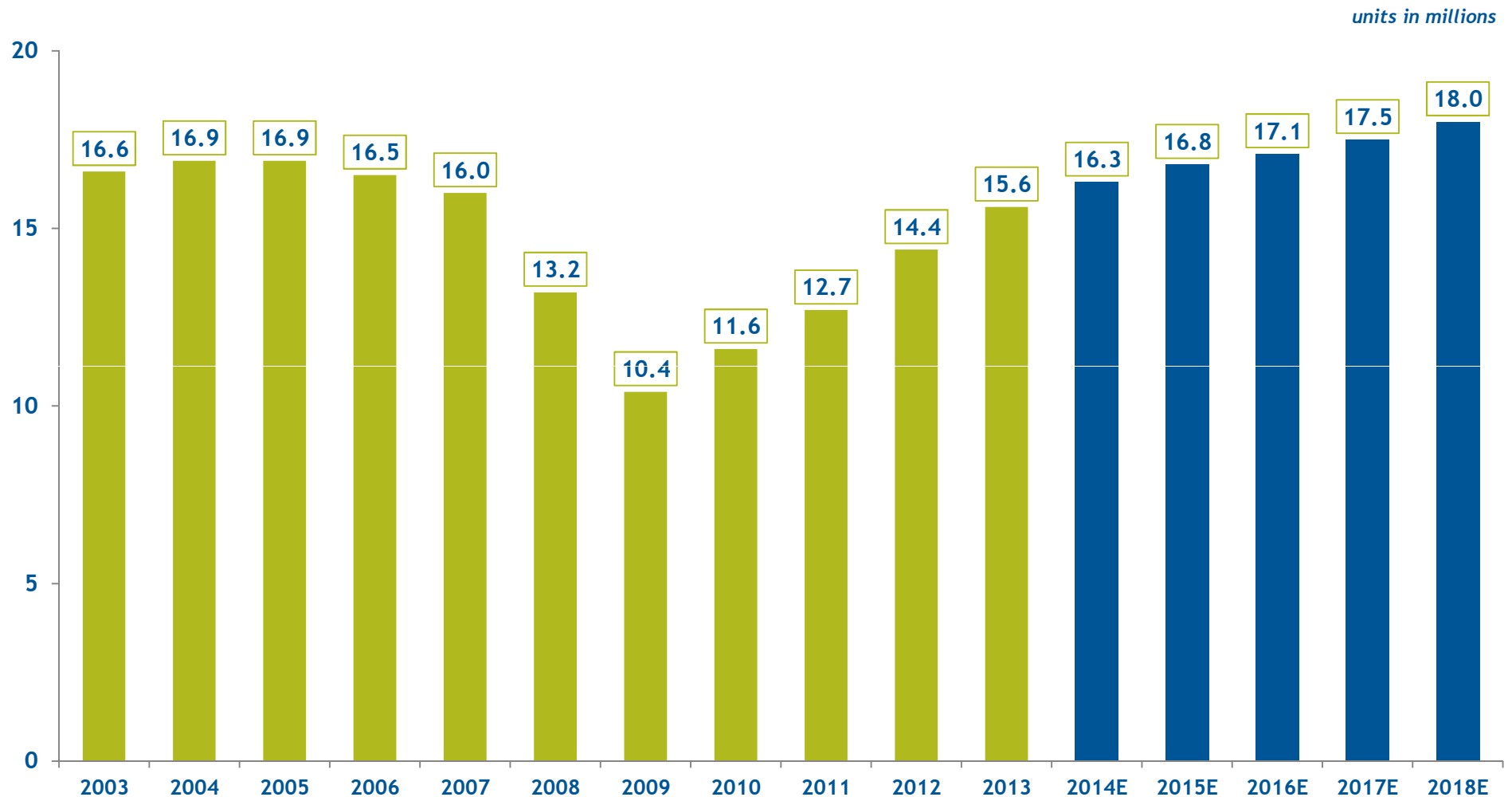
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Parts price only-excludes labor

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**LKQ**  
OEM Recycled - Aftermarket by Keystone

# Annual US Light Vehicle Sales



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\* Bank of America Merrill Lynch Auto Research - 5/23/2013 & 1/10/2014

OEM Recycled - Aftermarket by Keystone



# LKQ Operating Overview

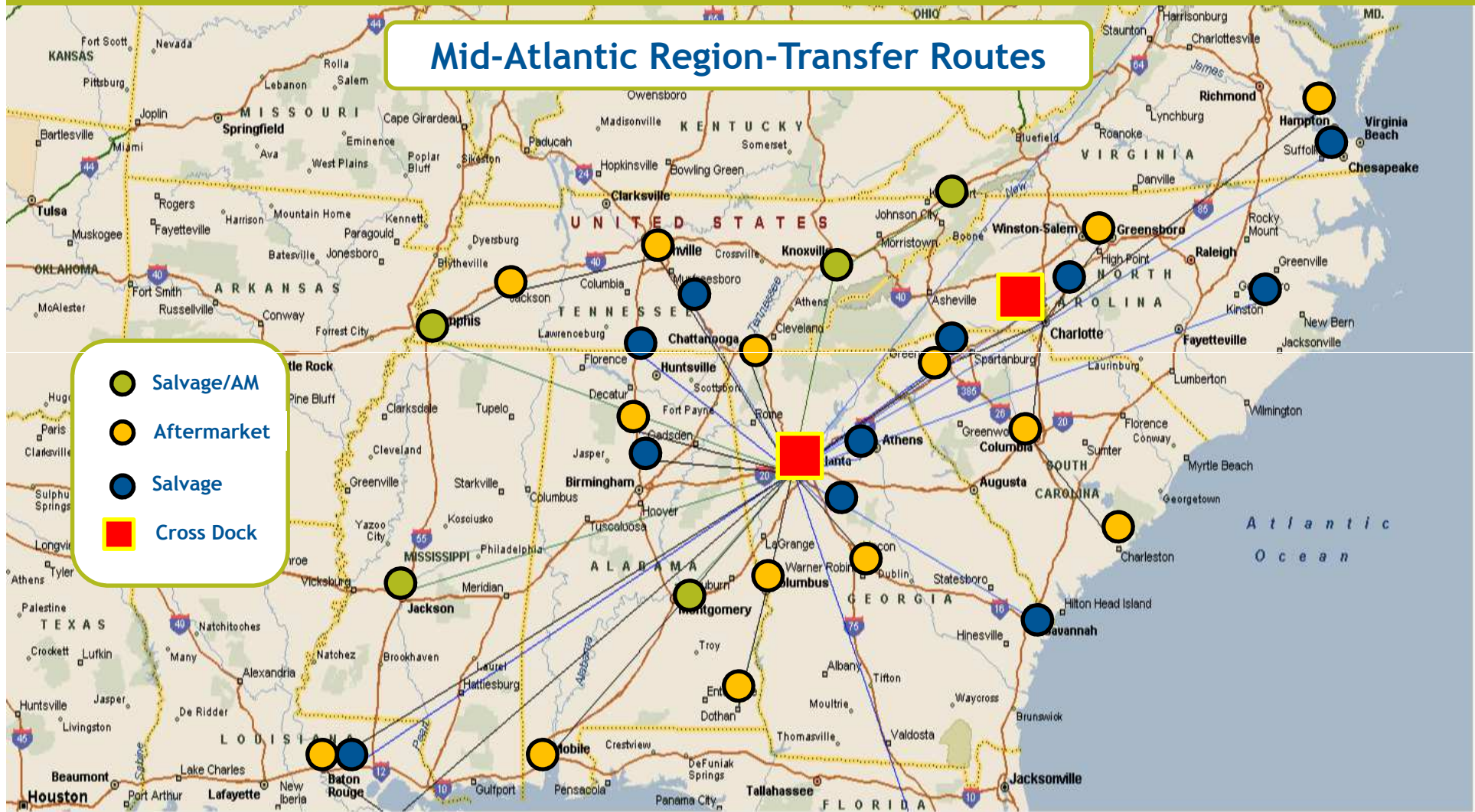
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# Regional Distribution Improves Fulfillment

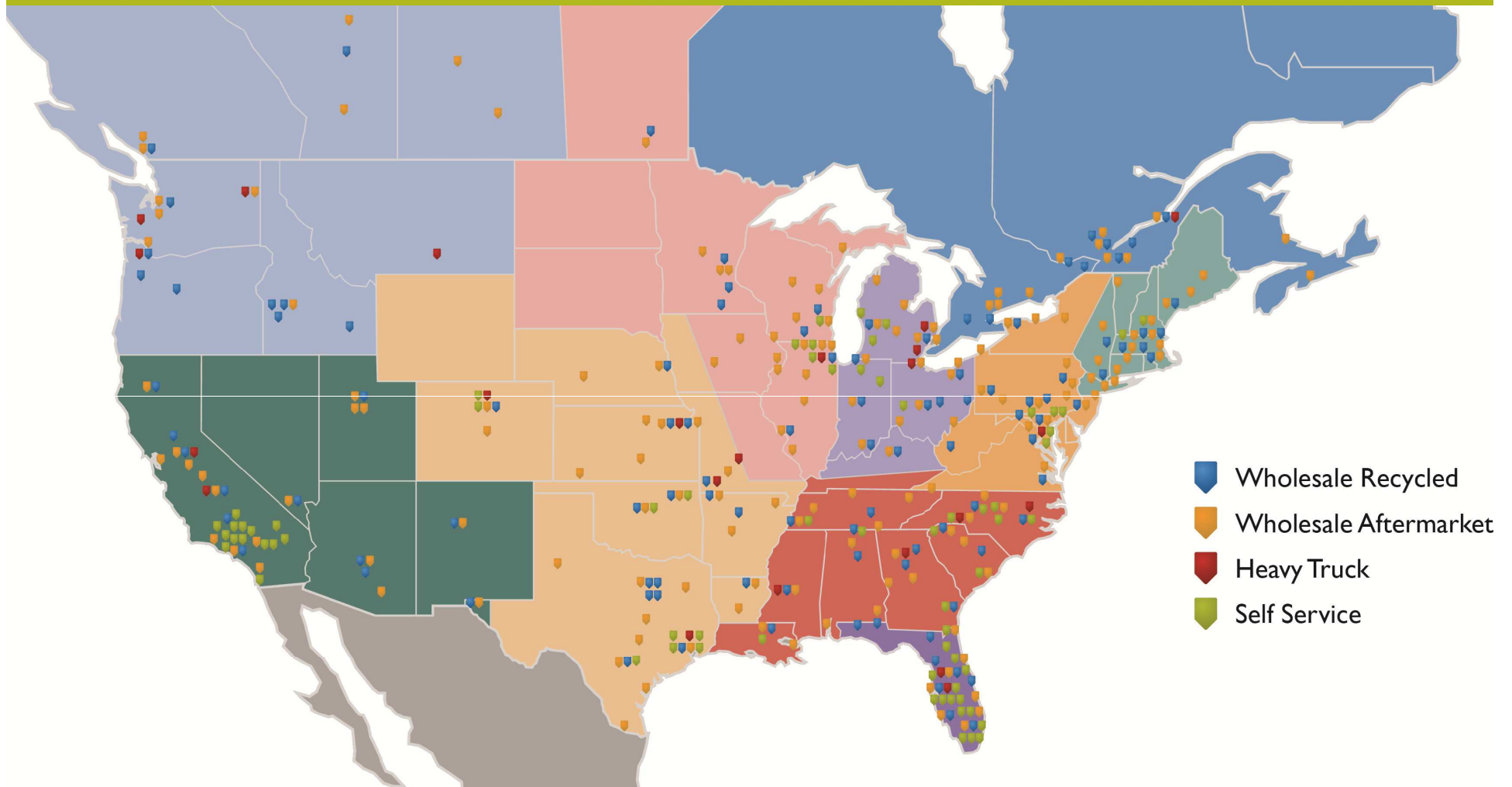
## Mid-Atlantic Region-Transfer Routes



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# Locations Provide Strategic Advantage



*Next day delivery leveraging regional distribution infrastructure*

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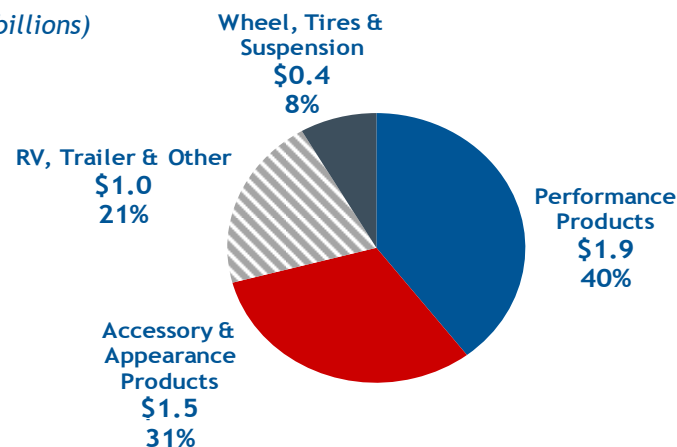
# Keystone Automotive Operations

## Keystone Overview

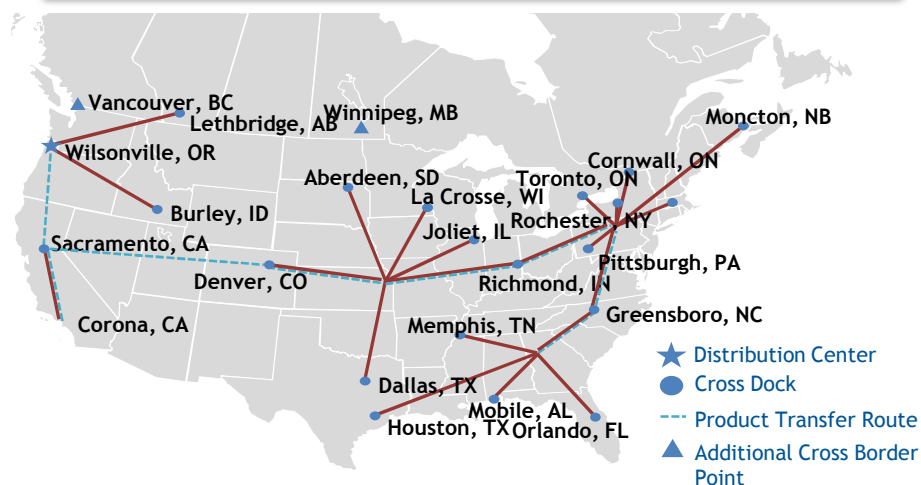
- Leading distributor and marketer of specialty aftermarket equipment and accessories products in North America
- Critical link between 800+ suppliers and approximately 20,000 customers supplying over 300,000 total SKUs supported by a highly technical sales force
- Over 1,500 employees with 25 locations
- Diverse product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories
- Best-in-class logistics and distribution network with approximately 800,000 annual deliveries and ability to serve over 99% of jobber customers next-day
- Management and infrastructure in place to aggressively pursue growth organically and through strategic acquisitions

## Keystone's Directly Addressable Market \*

(\$ in billions)



## North American Distribution Footprint



\* Management estimates based on AAIA Factbook, SEMA and other industry research

# Wholesale Europe



ANY PART FOR ANY CAR

Market  
Leader  
in the UK

## Leading distributor of automotive aftermarket parts in the UK

- Nearly 50,000 commercial and retail customers
- 500,000 sq ft National Distribution Center (NDC)
- 12 regional hubs, 145 branches, 26 paint distribution locations
- Over 1,600 delivery routes
- Launched collision parts program in March 2012; now offering over 19,000 collision SKU's
- Achieved organic growth of 32% in 2013; organic growth for branches open more than 12 months was 21% for full year 2013



Market  
Leader  
in the  
Benelux

## A Leading distributor of automotive aftermarket parts in Western Europe

- #1 in parts in the Benelux
- Offering more than 135,000 SKUs
- Serve more than 9,500 repairers via 450 local warehouse distributor customers
- 11 distribution centers totaling 223,000 sq ft
- \$115 billion automotive aftermarket parts market in Western Europe<sup>(1)</sup>
- Over 250 million vehicles on the road <sup>(2)</sup> with mandatory insurance
- High acceptance of alternative mechanical parts, low penetration of alternative collision parts

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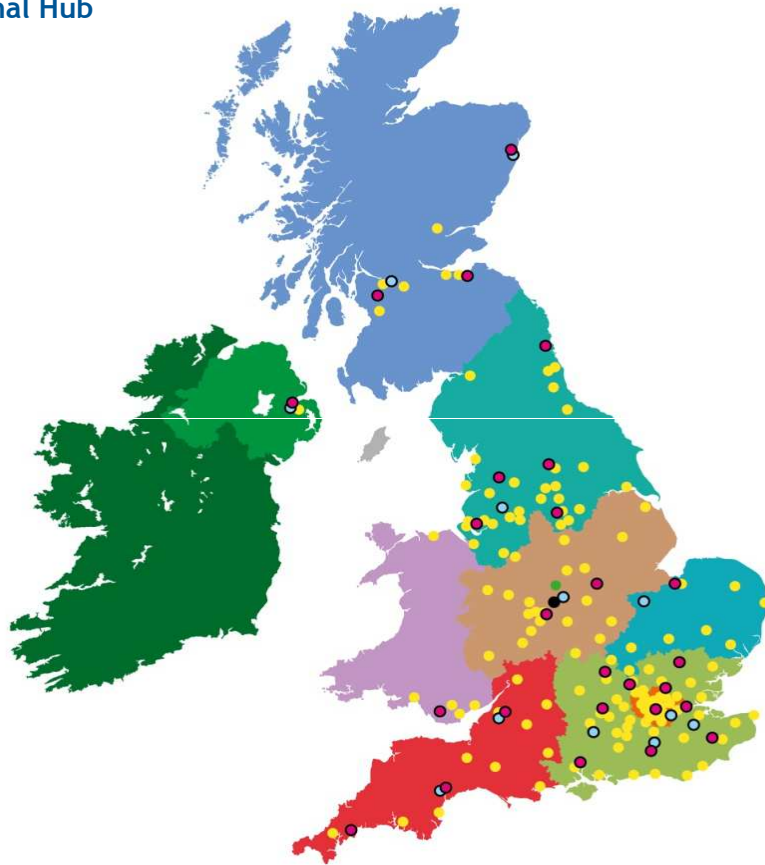
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# Strategic Platform for European Expansion

- Branch
- Regional Hub
- NDC
- CDC
- Paint





# Financial Overview

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# Historical Financials

## Revenue

(\$ in millions)



## Earnings Per Share



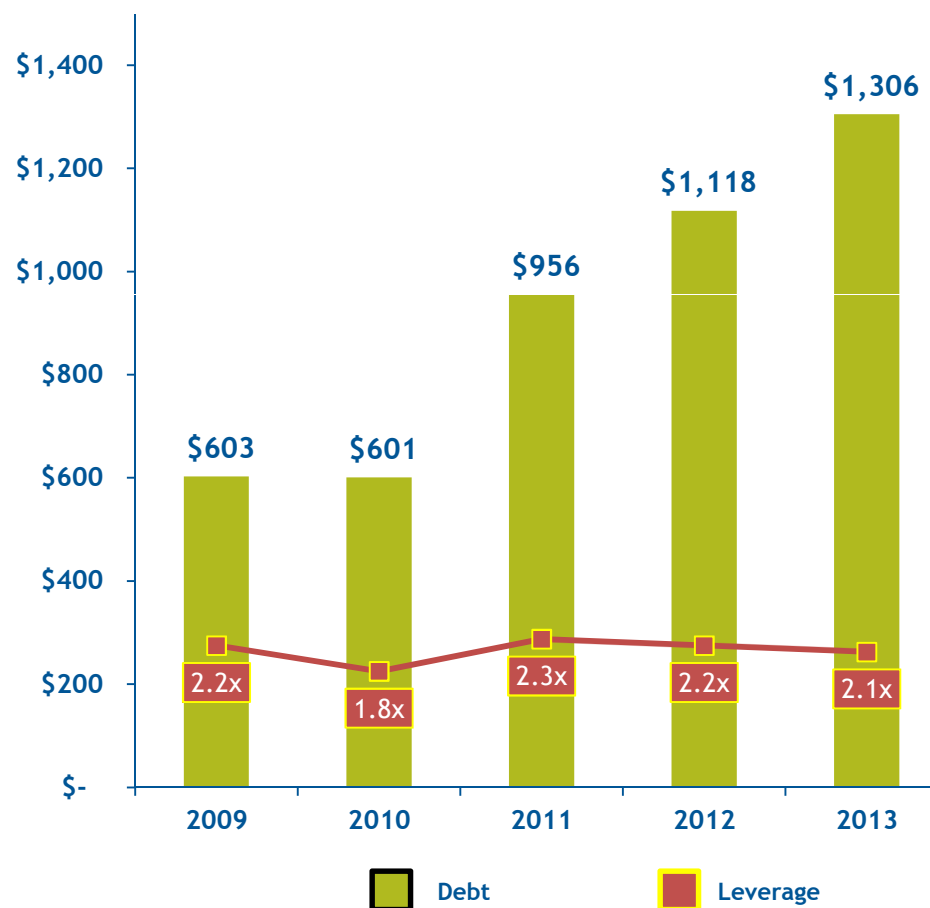
# Historical Financials

(\$ in millions)

## Operating Cash Flow & CAPEX



## Debt & Leverage Multiple <sup>(a)</sup>



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OEM Recycled - Aftermarket by Keystone

a) EBITDA LTM Reported Basis (i.e. not per bank covenant definitions)



# Capitalization and Liquidity

## Capitalization <sup>(a)</sup>

(\$ in millions)

|                             | Amount         | %           |
|-----------------------------|----------------|-------------|
| Debt                        | \$ 1,801       | 43%         |
| Stockholders' equity (book) | 2,351          | 57%         |
| <b>Total capitalization</b> | <b>\$4,152</b> | <b>100%</b> |

## Liquidity <sup>(b)</sup>

(\$ in millions)

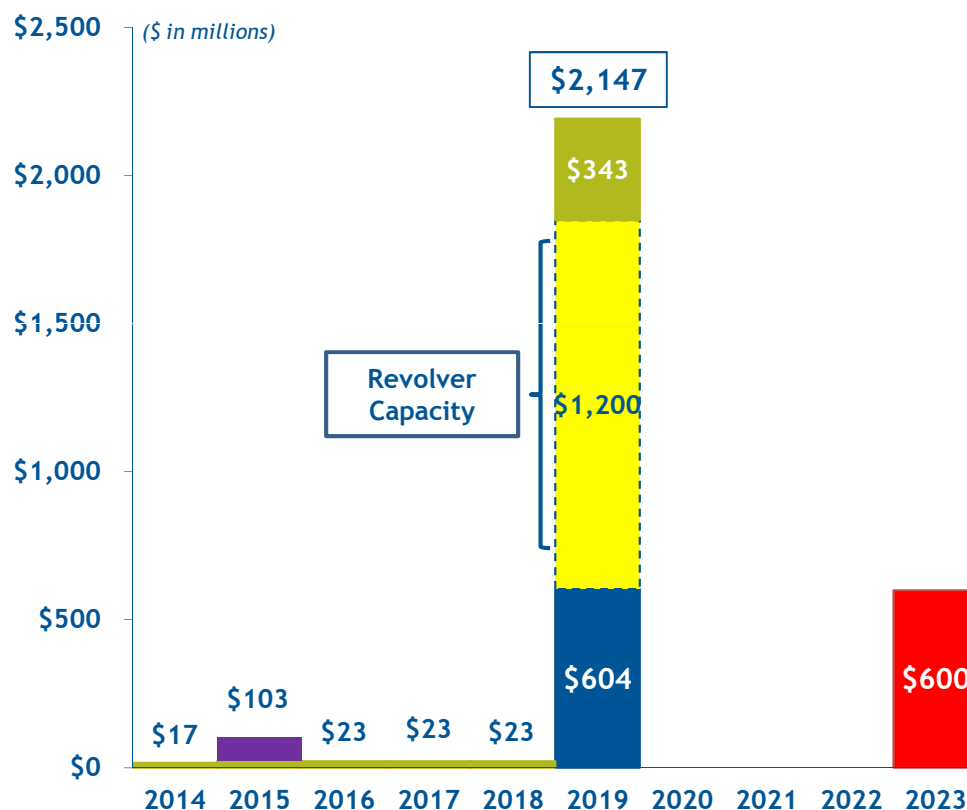
|                                   | Amount         |
|-----------------------------------|----------------|
| Cash and cash equivalents         | \$141          |
| Available under credit facilities | 1,200          |
| <b>Total liquidity</b>            | <b>\$1,341</b> |

## Credit Ratings

|                |            |                 |
|----------------|------------|-----------------|
| <b>S&amp;P</b> | <b>BB+</b> | <b>Stable</b>   |
| <b>Moody's</b> | <b>Ba2</b> | <b>Positive</b> |

## Debt Maturity Profile <sup>(b)</sup>

■ Revolver ■ Term Loan A ■ ARS Facility ■ Senior Notes



(a) as of 12/31/2013

(b) Reflects LOCs outstanding and is pro forma as of 12/31/2013 to include the effects of previously announced January 2014 acquisitions and March 2014 amendment to the secured credit facility

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# Guidance 2014

(effective only on the date issued: February 27, 2014)

(\$ in millions excluding EPS)

|   | Full Year<br>2013<br>Actual | Full Year<br>2014<br>Guidance <sup>(a)</sup> |
|---|-----------------------------|--|
| Organic revenue growth, <i>for parts &amp; services</i> | 11.0%                       | 8.0% to 10.0%                                |
| Net Income  | \$312                       | \$400 to \$430                               |
| Diluted EPS   | \$1.02                      | \$1.30 to \$1.40                             |
| Cash flow from operations                               | \$428                       | ~\$375                                       |
| Capital expenditures                                    | \$90                        | \$110 to \$140                               |

(a) Guidance for 2014 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, losses on debt extinguishment, and gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures. Organic revenue guidance refers only to parts and services revenue. LKQ updated guidance for 2014 on February 27, 2014, 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 not updated and undertakes no obligation to update this guidance.

# LKQ - Compelling Investment

## Alternative Parts Usage is Expanding

- Increasing availability of quality aftermarket and recycled products
- Distribution network and inventory levels allow higher fulfillment rates
- Company still has opportunities to expand product lines

## Products Offer Clear Value Proposition

- 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



## Market Leadership

- Scale provides purchasing leverage and depth of inventory
- National footprint
- European expansion drives geographic growth and diversification
- Proprietary systems
- Opportunities for new locations & adjacent markets remain in all segments

## Solid Financial Metrics

- Strong FCF generation supports growth
- Limited near-term debt repayments & ample liquidity
- Diversified capital structure
- History of delivering consistent acquisition & organic revenue growth, EPS & net income

*Market Leader*

*Growing Market*

*Demonstrated Performance*

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# Appendix

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# EBITDA Reconciliation

(in millions)

|  | <u>2013</u>              |
|--|--------------------------|
| Net Income   | \$ 311,623               |
| Depreciation and amortization  | 86,463                   |
| Interest expense, net  | 50,825                   |
| Loss on debt extinguishment*   | 2,795                    |
| Provision for income taxes   | <u>164,204</u>           |
| <b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b> | <b><u>\$ 615,910</u></b> |

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

We provide a reconciliation of Net Income to 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 Net Income & EPS Reconciliation

| (\$ in thousands, except per share amounts)  | Quarter Ended<br>3/31/13 |                | Quarter Ended<br>6/30/13 |                | Quarter Ended<br>9/30/13 |                | Quarter Ended<br>12/31/13 |                | Year Ended<br>12/31/13 |                | Year Ended<br>12/31/12 |                |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|---------------------------|----------------|------------------------|----------------|------------------------|----------------|
|  | Net Income               | EPS            | Net Income               | EPS            | Net Income               | EPS            | Net Income                | EPS            | Net Income             | EPS            | Net Income             | EPS            |
| <b>Reconciliation of Net Income &amp; EPS to<br/>Adjusted Net Income &amp; EPS</b> |                          |                |                          |                |                          |                |                           |                |                        |                |                        |                |
| Net Income / EPS   | \$ 84,592                | \$ 0.28        | \$ 75,722                | \$ 0.25        | \$ 73,445                | \$ 0.24        | \$ 77,864                 | \$ 0.26        | \$ 311,623             | \$ 1.02        | \$ 261,225             | \$ 0.87        |
| Excluding:   |                          |                |                          |                |                          |                |                           |                |                        |                |                        |                |
| Restructuring & acquisition expenses,<br>net of tax                                | 968                      |                | 2,381                    |                | 1,427                    |                | 1,811                     |                | 6,587                  |                | 1,741                  |                |
| Loss on debt extinguishment, net of tax  | -                        |                | 1,808                    |                | -                        |                | -                         |                | 1,808                  |                | -                      |                |
| Change in fair value of contingent<br>consideration liabilities                    | 823                      |                | 230                      |                | 712                      |                | 739                       |                | 2,504                  |                | 1,643                  |                |
| Gain on legal settlement, net of tax   | -                        |                | -                        |                | -                        |                | -                         |                | -                      |                | (11,345)               |                |
| <b>Adjusted Net Income / EPS</b>   | <b>\$ 86,383</b>         | <b>\$ 0.29</b> | <b>\$ 80,141</b>         | <b>\$ 0.26</b> | <b>\$ 75,584</b>         | <b>\$ 0.25</b> | <b>\$ 80,414</b>          | <b>\$ 0.26</b> | <b>\$ 322,522</b>      | <b>\$ 1.06</b> | <b>\$ 253,264</b>      | <b>\$ 0.84</b> |

The sum of the quarterly amounts may not equal the full year amount due to rounding.

We provide a reconciliation of Net Income and diluted Earnings per Share ("EPS) to Adjusted Net Income and 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 diluted EPS is presented as a supplemental measure of our performance that management believes is useful to investors because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing our operating activities across reporting periods. In 2013 and 2012, the Company defines Adjusted Net Income and diluted EPS as net income and EPS adjusted to eliminate the impact of net restructuring and acquisition related expenses, net loss on debt extinguishment, the change in fair value of contingent consideration liabilities and the net gain on a legal settlement related to a class action lawsuit against several of our suppliers. Because not all companies use identical calculations, this presentation of Adjusted Net Income and diluted EPS may not be comparable to similarly titled measures of other companies.