



STEPHENS NON-DEAL ROADSHOW PREP PACKET

LKQ Corp. (LKQ) – San Francisco

August 20-21, 2019

LKQ Corp. (LKQ) – San Francisco Non-Deal Roadshow

Questions/Topics of Discussion

Revenue Growth

- The European macro remains challenged, and guidance now assumes that this continues, but for how long can European consumers delay repairs, given the immediacy of need and failure-driven nature of the parts demand?
- As Europe softens, is the pricing landscape or competitive environment changing? If not, how are smaller peers competing?
- North American growth has moderated and repairable claims are again down y/y, what do you think is driving that?
- Commentary on the call suggested that increasing total loss rates are not much of a headwind for you guys - total loss rate has increased from ~14% to ~20%, at what point does that become a problem?
- Again in 2Q the aviation and glass businesses were material headwinds to organic growth - should that sustain until we lap it next year, and is it going to be harder to show stronger organic growth in that backdrop?
- Specialty growth has moderated for a few quarters now, is that the cyclical nature of the business, and what do you think it takes for that business to reaccelerate?

Margin Opportunity

- What led to the decision to use a third-party to help with your more formal restructuring program? Why bring them in now?
- And you noted run-rate savings of \$25 million to \$30 million - is that enterprise-wide or just from the European opportunity?
- When you think about the improvements in Europe, are these cost savings/margin opportunities incremental to the opportunities you previously identified at your analyst day?
- Your previously targeting double-digit EBITDA margin target – what has been the biggest challenge over the last 18 months in capturing some of those opportunities (T2, Andrew Page, etc.)?
- North America showed nice leverage in 2Q and you previously have talked about getting annual segment EBITDA margins to the 14% range - is that still the long-term target, or have the strategic decisions you have made this year increased that?

Capital Deployment/Other

- With leverage at ~2.8x, how do you balance the decision to pay down debt or buy back stock, particularly at this valuation?
- Commentary on the call sounded like you were making progress setting up vendor financing - as you have worked on it, what has been the biggest challenge to get a program like that up and running in Europe?
 - Is that still a program that you believe you could have in place by year-end?
- As we think about the potential of a hard Brexit coming in October – how does that impact your business?

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Stephens LKQ Reports:

[LKQ Reports 2Q19; Revising Estimates & PT; Maintain OW Rating](#)

[2018 Conference Takeaways & A Closer Look at Margin/Free Cash Outlook; Reit. OW](#)

Stephens LKQ Model:

[Click Here To View The Model](#)

Stephens Inc. working model and published research report attached.
For current disclosures on this company, please access the attached research report.

OTHER DISCLOSURES

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