

**LKQ CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Income**  
(In thousands, except per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenue	\$ 12,506,109	\$ 11,876,674	9,736,909
Cost of goods sold	7,654,315	7,301,817	5,937,286
Gross margin	4,851,794	4,574,857	3,799,623
Selling, general and administrative expenses	3,580,300	3,352,731	2,715,407
Restructuring and acquisition related expenses	36,979	32,428	19,672
Impairment of net assets held for sale and goodwill	47,102	33,244	—
Depreciation and amortization	290,770	274,213	219,546
Operating income	896,643	882,241	844,998
Other expense (income):			
Interest expense	138,504	146,377	101,640
(Gain) loss on debt extinguishment	(128)	1,350	456
Interest income and other income, net	(32,755)	(8,917)	(23,725)
Total other expense, net	105,621	138,810	78,371
Income from continuing operations before provision for income taxes	791,022	743,431	766,627
Provision for income taxes	215,330	191,395	235,560
Equity in (losses) earnings of unconsolidated subsidiaries	(32,277)	(64,471)	5,907
Income from continuing operations	543,415	487,565	536,974
Net income (loss) from discontinued operations	1,619	(4,397)	(6,746)
Net income	545,034	483,168	530,228
Less: net income (loss) attributable to continuing noncontrolling interest	2,800	3,050	(3,516)
Less: net income attributable to discontinued noncontrolling interest	974	—	—
Net income attributable to LKQ stockholders	\$ 541,260	\$ 480,118	\$ 533,744
Basic earnings per share: <sup>(1)</sup>			
Income from continuing operations	\$ 1.75	\$ 1.55	\$ 1.74
Net income (loss) from discontinued operations	0.01	(0.01)	(0.02)
Net income	1.76	1.54	1.72
Less: net income (loss) attributable to continuing noncontrolling interest	0.01	0.01	(0.01)
Less: net income attributable to discontinued noncontrolling interest	0.00	—	—
Net income attributable to LKQ stockholders	\$ 1.75	\$ 1.53	\$ 1.73
Diluted earnings per share: <sup>(1)</sup>			
Income from continuing operations	\$ 1.75	\$ 1.54	\$ 1.73
Net income (loss) from discontinued operations	0.01	(0.01)	(0.02)
Net income	1.75	1.53	1.71
Less: net income (loss) attributable to continuing noncontrolling interest	0.01	0.01	(0.01)
Less: net income attributable to discontinued noncontrolling interest	0.00	—	—
Net income attributable to LKQ stockholders	\$ 1.74	\$ 1.52	\$ 1.72

<sup>(1)</sup> The sum of the individual earnings per share amounts may not equal the total due to rounding.

The accompanying notes are an integral part of the consolidated financial statements.

**LKQ CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share data)

	December 31,	
	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 523,020	\$ 331,761
Receivables, net	1,131,132	1,154,083
Inventories	2,772,777	2,836,075
Prepaid expenses and other current assets	260,890	199,030
Total current assets	4,687,819	4,520,949
Property, plant and equipment, net	1,234,400	1,220,162
Operating lease assets, net	1,308,511	—
Intangible assets:		
Goodwill	4,406,535	4,381,458
Other intangibles, net	850,338	928,752
Equity method investments	139,243	179,169
Other noncurrent assets	153,110	162,912
Total assets	\$ 12,779,956	\$ 11,393,402
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 942,795	\$ 942,398
Accrued expenses:		
Accrued payroll-related liabilities	179,203	172,005
Refund liability	97,314	104,585
Other accrued expenses	289,683	288,425
Other current liabilities	121,623	61,109
Current portion of operating lease liabilities	221,527	—
Current portion of long-term obligations	326,367	121,826
Total current liabilities	2,178,512	1,690,348
Long-term operating lease liabilities, excluding current portion	1,137,597	—
Long-term obligations, excluding current portion	3,715,389	4,188,674
Deferred income taxes	310,129	311,434
Other noncurrent liabilities	365,672	364,194
Commitments and contingencies		
Redeemable noncontrolling interest	24,077	—
Stockholders' equity:		
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 319,927,243 shares issued and 306,731,328 shares outstanding at December 31, 2019; 318,417,821 shares issued and 316,146,114 shares outstanding at December 31, 2018	3,199	3,184
Additional paid-in capital	1,418,239	1,415,188
Retained earnings	4,140,136	3,598,876
Accumulated other comprehensive loss	(200,885)	(174,950)
Treasury stock, at cost; 13,195,915 shares at December 31, 2019 and 2,271,707 shares at December 31, 2018	(351,813)	(60,000)
Total Company stockholders' equity	5,008,876	4,782,298
Noncontrolling interest	39,704	56,454
Total stockholders' equity	5,048,580	4,838,752
Total liabilities and stockholders' equity	\$ 12,779,956	\$ 11,393,402

The accompanying notes are an integral part of the consolidated financial statements.

**LKQ CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**(In thousands)**

	Year Ended December 31,		
	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 545,034	\$ 483,168	\$ 530,228
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	314,406	294,077	230,203
Impairment of equity method investments	41,057	70,895	—
Impairment of net assets held for sale and goodwill	47,102	33,244	—
Stock-based compensation expense	27,695	22,760	22,832
Deferred income taxes	7,109	(2,180)	(46,537)
Other	(16,311)	8,466	8,683
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables, net	26,419	241	(55,979)
Inventories	15,460	(127,153)	(203,857)
Prepaid income taxes/income taxes payable	25,776	(2,125)	8,376
Accounts payable	3,712	(77,621)	45,136
Other operating assets and liabilities	26,574	6,967	(20,185)
Net cash provided by operating activities	1,064,033	710,739	518,900
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(265,730)	(250,027)	(179,090)
Proceeds from disposals of property, plant and equipment	16,045	27,659	8,707
Acquisitions, net of cash and restricted cash acquired	(27,296)	(1,214,995)	(513,088)
Proceeds from disposal of businesses	18,469	—	301,297
Investments in unconsolidated subsidiaries	(7,594)	(60,300)	(7,664)
Receipts of deferred purchase price on receivables under factoring arrangements	—	36,991	—
Other investing activities, net	1,253	1,733	5,243
Net cash used in investing activities	(264,853)	(1,458,939)	(384,595)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Debt issuance costs	—	(21,128)	(4,267)
Proceeds from issuance of Euro Notes (2026/28)	—	1,232,100	—
Purchase of treasury stock	(291,813)	(60,000)	—
Borrowings under revolving credit facilities	605,708	1,667,325	839,171
Repayments under revolving credit facilities	(734,471)	(1,528,970)	(946,477)
Repayments under term loans	(8,750)	(354,800)	(27,884)
Borrowings under receivables securitization facility	36,600	10,120	11,245
Repayments under receivables securitization facility	(146,600)	(120)	(11,245)
Payment of notes issued and assumed debt from acquisitions	(19,123)	(54,888)	—
(Repayments) borrowings of other debt, net	(33,922)	(11,730)	19,706
Other financing activities, net	(8,298)	5,086	7,184
Net cash (used in) provided by financing activities	(600,669)	882,995	(112,567)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(904)	(77,311)	23,512
Net increase in cash, cash equivalents and restricted cash	197,607	57,484	45,250
Cash, cash equivalents and restricted cash of continuing operations, beginning of period	337,250	279,766	227,400
Add: Cash, cash equivalents and restricted cash of discontinued operations, beginning of period	—	—	7,116
Cash, cash equivalents and restricted cash of continuing and discontinued operations, beginning of period	337,250	279,766	234,516
Cash, cash equivalents and restricted cash of continuing and discontinued operations, end of period	534,857	337,250	279,766
Less: Cash and cash equivalents of discontinued operations, end of period	6,470	—	—
Cash, cash equivalents and restricted cash, end of period	\$ 528,387	\$ 337,250	\$ 279,766