

## LKQ Europe sees continuous recovery across business

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**As cost reductions take effect and LKQ Corporation reports operating profit, CEO Arnd Franz says “We will emerge from the crisis stronger.”**

**Zug, Switzerland.** “After a significant slump in the spare parts business at the beginning of April, the market will not return to its former level so quickly, but we are seeing continuous recovery of the workshop business in all our markets,” said Arnd Franz, CEO of LKQ Europe, the largest independent distributor of automotive spare parts in Europe.

“It has proven to be a good move that we prepared for the crisis as early as January, following all recommendations to protect our employees and customers. At the same time, we quickly implemented consistent cost-cutting measures and have succeeded in adapting almost all cost structures given the Covid-related decrease in sales revenue. A special thanks goes to our approximately 27,000 employees in Europe,” Franz emphasized.

“Even in the deepest crisis to hit our industry in decades, we were able to fully maintain our ability to deliver to our customers and, on the other hand, make our company crisis-proof,” continued Franz. “We have consistently taken measures to emerge from this crisis stronger than before.” Franz underlined the solid financial position of LKQ Europe, which has continued to make investments during the crisis.

“As planned, we will complete the construction of our new logistics center in the Netherlands at the end of the year and put it into operation from the beginning of 2021,” explained Franz. “This will allow us to further strengthen the largest logistics network in the Independent Automotive Aftermarket. Additionally, we are also consistently driving digitalization and sustainability forward. In the future, LKQ Europe will accept more responsibility.”

At the same time, the integration of LKQ’s European companies continues. “The crisis has shown us the advantages of closer cooperation,” highlighted Franz. He commented that despite the necessary focus on business operations during the crisis, the ‘1 LKQ Europe’ integration strategy continues to progress as planned. “Our integration program will help us reduce complexities, pool our strengths, and work together more efficiently, including with our customers and suppliers. In this way, we will consolidate our leading competitive position even after the Covid-19 crisis.”

At the beginning of June, the first European personnel development program was launched, which provides focused training and career paths for specialists and managers, making LKQ Europe even more attractive as an employer.

LKQ Corporation, parent company of LKQ Europe, has come through the Covid-19 crisis better than expected. To date, revenue is tracking ahead of internal expectations, with second quarter parts and services organic reve-

nue down approximately 25% when compared to the same quarter in 2019, with April and May monthly revenues down approximately 30% and 20%, respectively.

“Every business unit has seen sales increases week after week since mid-April,” said Nick Zarcone, President and CEO of LKQ Corporation. “We have exceeded our internal revenue projections, which positively impacts the strength of our business and the performance of our team in this challenging operating environment. Given the reopening of the markets in recent weeks, we are cautiously optimistic that we can use this momentum to close the quarter strongly.”

The savings have helped LKQ Corporation post both a positive operating result and positive cash flow in April and May of 2020. This allowed the company to repay \$250 million in debt and secure its liquidity. At the end of May 2020, LKQ Corporation had \$2.2 billion in liquidity.

## About LKQ Europe

LKQ Europe, a subsidiary of LKQ Corporation, is the leading distributor of automotive aftermarket parts for cars, commercial vans and industrial vehicles in Europe. It currently employs around 27,000 people in over 20 European countries with a network of 1,100 branches and more than €5.2 billion in revenue in 2019.

The group is represented by Euro Car Parts, Fource, Rhiag Group, Elit, Auto Kelly, Stahlgruber Group, as well as recycling specialist, Atracco. LKQ also holds a minority interest in Mekonomen.

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