Press Release

LKQ

LKQ Corporation Announces Results for First Quarter 2024

April 25, 2024

- **Revenue of $3.7 billion (an 11% increase compared to the same period in 2023)**
- **Diluted EPS[2] of $0.59; adjusted diluted EPS[1,2] of $0.82**
- **Operating cash flow of $253 million; free cash flow[1] of $187 million**
- **Dividend of $0.30 per share approved to be paid in the second quarter of 2024**
- **Completed an offering of €750 million of unsecured 4.125% senior notes**
- **Uni-Select synergies accelerated and increased from $55 million to $65 million**
- **Repurchased $30 million of LKQ shares**

Chicago,IL. LKQ Corporation (Nasdaq: LKQ) reported first quarter 2024 financial results on April 23. "Our first quarter results were below our expectations as our Wholesale – North America segment was confronted with a reduction in repairable claims and the resulting pressure on demand, which we believe is primarily attributable to record warm weather across the United States. On the upside, we experienced positive organic growth in our Europe segment and generated robust free cash flow. Our success since implementing the operational excellence strategy in 2019 has placed the Company on solid ground to recover from uncontrollable dynamics, such as those we faced in the first quarter. As a result, and despite the revenue headwinds we encountered in the first quarter, we are maintaining our adjusted earnings per share and free cash flow guidance. We have confidence in our team's abilities and their track record of swiftly and effectively implementing action plans to address our cost-structure, and have already made meaningful changes to reflect current levels of demand," noted Dominick Zarcone, President and Chief Executive Officer.

First Quarter 2024 Financial Results

Revenue for the first quarter of 2024 was $3.7 billion, an increase of 10.6% compared to $3.3 billion for the first quarter of 2023. For the first quarter of 2024, parts and services organic revenue decreased 0.3% (0.5% increase on a per day basis), foreign exchange rates increased revenue by 0.8% and the net impact of acquisitions and divestitures increased revenue by 11.6% year over year, for a total parts and services revenue increase of 12.1%. Other revenue for the first quarter of 2024 fell 14.6% primarily due to weaker precious metals prices relative to the same period in 2023.

Net income[2] for the first quarter of 2024 was $158 million compared to $270 million for the same period of 2023. Diluted earnings per share2 for the first quarter of 2024 was $0.59 compared to $1.01 for the same period of 2023, a decrease of 41.6%.

On an adjusted basis, net income[1,2] for the first quarter of 2024 was $220 million compared to $279 million for the same period of 2023, a decrease of 21.1%. Adjusted diluted earnings per share[1,2] was $0.82 for the first quarter of 2024 compared to $1.04 for the same period of 2023, a decrease of 21.2%.

Cash Flow and Balance Sheet

Cash flow from operations and free cash flow[1] were $253 million and $187 million, respectively, for the first quarter of 2024. As of March 31, 2024, the balance sheet reflected total debt of $4.3 billion and total leverage, as defined in our credit facility, was 2.3x EBITDA.

Stock Repurchase and Dividend Programs

During the first quarter of 2024, the Company invested $30 million to repurchase 0.6 million shares of its common stock. Since initiating the stock repurchase program in late October 2018, the Company has repurchased approximately 57 million shares for a total of $2.5 billion through March 31, 2024.

On April 22, 2024, the Board of Directors declared a quarterly cash dividend of $0.30 per share of common stock, payable on May 30, 2024, to stockholders of record at the close of business on May 16, 2024.

Other Events

“Confronted with soft demand, our Wholesale – North America team accelerated our FinishMaster footprint rationalization by consolidating 65 branches in the first quarter. To date, we have consolidated a total of 99 branches, representing 66% of the acquired locations, which is more than we anticipated completing in the first three-years. Through this effort, our team uncovered additional opportunities for synergies, which has given us the confidence to increase our previously disclosed synergies from $55 million to $65 million,” said Justin Jude, Executive Vice President and Chief Operating Officer.

On March 13, 2024, we completed an offering of €750 million aggregate principal amount of 4.125% Euro Notes due in 2031. We used the net proceeds from the offering to pay outstanding indebtedness, including all of the outstanding €500 million aggregate principal amount of the 3.875% Euro Notes (2024) as well as Euro revolver borrowings, and pay accrued interest and related fees, premiums and expenses.

On April 16, 2024, we divested our operations in Slovenia and simultaneously entered into an agreement to divest our operations in Bosnia, which we expect to close in the third quarter of this year subject to receipt of regulatory approvals. After thorough consideration, we determined our operations in Slovenia and Bosnia did not align with our long-term strategy and financial return objectives. Terms of the transactions were not disclosed.

2024 Outlook

Rick Galloway, Senior Vice President and Chief Financial Officer, commented, “We are reiterating our full year adjusted earnings per share and free cash flow guidance based on our confidence in the core strengths of our businesses and the action plans already in motion to recover the first quarter’s underperformance. We have lowered the range of our organic revenue growth guidance in recognition of the softer than expected first quarter demand and lowered our GAAP earnings per share guidance due to higher projected restructuring and transaction related expenses than prior guidance.”

For 2024, management updated the outlook as set forth below:

	2024 Previous Full Year Outlook	2024 Updated Full Year Outlook
Organic revenue growth for parts and services	3.5% to 5.5%	2.5% to 4.5%
Diluted EPS[2]	$3.43 to $3.73	$3.32 to $3.62
Adjusted diluted EPS[1,2]	$3.90 to $4.20	$3.90 to $4.20
Operating cash flow	$1.35 billion	$1.35 billion
Free cash flow[1]	$1.0 billion	$1.0 billion
Free cashflow conversion of Adjusted EBITDA[1]	50% to 60%	50% to 60%

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).

(1) Non-GAAP measure. See the table accompanying this release that reconciles the actual or forecasted U.S. GAAP measure to the actual or forecasted adjusted measure, which is non-GAAP.

(2) References in this release to Net income and Diluted earnings per share, and the corresponding adjusted figures, reflect amounts from continuing operations attributable to LKQ stockholders.

Non-GAAP Financial Measures

This release contains (and management's presentation on the related investor conference call will refer to) non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Included with this release are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

About LKQ Corporation

LKQ Corporation (www.lkqcorp.com) is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ has operations in North America, Europe and Taiwan. LKQ offers its customers a broad range of OEM recycled and aftermarket parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles.

About LKQ Europe

LKQ Europe, a subsidiary of LKQ Corporation (www.lkqcorp.com), headquartered in Zug, Switzerland, is the leading distributor of automotive aftermarket parts for cars, commercial vans, and industrial vehicles in Europe. It currently employs approximately 27,500 people with a network of more than 1,000 branches and approximately $6.3 billion in revenue in 2023. The organization supplies more than 100,000 workshops in over 20 European countries in the following regions: Benelux-France, Central Eastern Europe, DACH, Italy, Scandinavia and UK & Ireland.

Forward-Looking Statements

Statements and information in this press release and on the related conference call, including our outlook for 2024, as well as remarks by the Chief Executive Officer and other members of management, 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 including those identified below. 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 the factors set forth below, and other 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).

These factors include the following (not necessarily in order of importance):

- our operating results and financial condition have been and could continue to be adversely affected by the economic, political and social conditions in North America, Europe, Taiwan and other countries, as well as the economic health of vehicle owners and numbers and types of vehicles sold;
- we face competition from local, national, international, and internet-based vehicle products providers, and this competition could negatively affect our business;
- we rely upon insurance companies and our customers to promote the usage of alternative parts;
- intellectual property claims relating to aftermarket products could adversely affect our business;
- changes in the demand for our products and the supply of our inventory due to severity of weather and seasonality of weather patterns;
- if the number of vehicles involved in accidents or being repaired declines, or the mix of the types of vehicles in the overall vehicle population changes, our business could suffer;
- inaccuracies in the data relating to our industry published by independent sources upon which we rely;
- fluctuations in the prices of commodities could adversely affect our financial results;
- an adverse change in our relationships with our suppliers, disruption to our supply of inventory, or the misconduct, performance failures or negligence of our third party vendors or service providers could increase our expenses, impede our ability to serve our customers, or expose us to liability;
- future public health emergencies could have a material adverse impact on our business, results of operation, financial condition and liquidity, the nature and extent of which is highly uncertain;
- if we determine that our goodwill or other intangible assets have become impaired, we may incur significant charges to our pretax income;
- we could be subject to product liability claims and involved in product recalls;
- we may not be able to successfully acquire businesses or integrate acquisitions, and we may not be able to successfully divest certain businesses;

- we have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business;
- our senior notes do not impose any limitations on our ability to incur additional debt or protect against certain other types of transactions, and we may incur additional indebtedness under our credit agreement;
- our credit agreement imposes operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities;
- we may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- our future capital needs may require that we seek to refinance our debt or obtain additional debt or equity financing, events that could have a negative effect on our business;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly;
- repayment of our indebtedness is dependent on cash flow generated by our subsidiaries;
- a downgrade in our credit rating would impact our cost of capital;
- the amount and frequency of our share repurchases and dividend payments may fluctuate;
- existing or new laws and regulations, or changes to enforcement or interpretation of existing laws or regulations, may prohibit, restrict or burden the sale of aftermarket, recycled, refurbished or remanufactured products;
- we are subject to environmental regulations and incur costs relating to environmental matters;
- if we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our company and as a result may have a material adverse effect on the value of our common stock;
- we may be adversely affected by legal, regulatory or market responses to global climate change;
- our amended and restated bylaws provide that the courts in the State of Delaware are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees;
- our effective tax rate could materially increase as a consequence of various factors, including U.S. and/or international tax legislation, applicable interpretations and administrative guidance, our mix of earnings by jurisdiction, and U.S. and foreign jurisdictional audits;
- if significant tariffs or other restrictions are placed on products or materials we import or any related counter-measures are taken by countries to which we export products, our revenue and results of operations may be materially harmed;
- governmental agencies may refuse to grant or renew our operating licenses and permits;
- the costs of complying with the requirements of laws pertaining to data privacy and cybersecurity of personal information and the potential liability associated with the failure to comply with such laws could materially adversely affect our business and results of operations;
- our employees are important to successfully manage our business and achieve our objectives;
- we operate in foreign jurisdictions, which exposes us to foreign exchange and other risks;
- our business may be adversely affected by union activities and labor and employment laws;
- we rely on information technology and communication systems in critical areas of our operations and a disruption relating to such technology could harm our business;
- business interruptions in our distribution centers or other facilities may affect our operations, the function of our computer systems, and/or the availability and distribution of merchandise, which may affect our business;

- if we experience problems with our fleet of trucks and other vehicles, our business could be harmed;
- we may lose the right to operate at key locations; and
- activist investors could cause us to incur substantial costs, divert management's attention, and have an adverse effect on our business.

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