

For Immediate Release

Analyst Inquiries:

Jonathan Peisner

(317) 249-4390

jonathan.peisner@karauctionservices.com

Media Inquiries:

Darci Valentine

(317) 249-4414

darci.valentine@karauctionservices.com

KAR Auction Services, Inc. Reports First Quarter 2015 Results
Board Announces Quarterly Dividend of \$0.27 per Common Share

Carmel, IN, May 5, 2015 — KAR Auction Services, Inc. (NYSE: KAR), today reported its first quarter financial results for the period ended March 31, 2015. For the first quarter of 2015, the company reported revenue of \$632.4 million as compared with revenue of \$583.8 million for the first quarter of 2014, an increase of 8%. Adjusted EBITDA for the quarter ended March 31, 2015 increased 10% to \$162.2 million, as compared with Adjusted EBITDA of \$147.1 million for the quarter ended March 31, 2014. Net income for the first quarter of 2015 increased 163% to \$54.5 million, or \$0.38 per diluted share, as compared with net income of \$20.7 million, or \$0.15 per diluted share, in the first quarter of 2014. Net income for the first quarter of 2014 was negatively impacted by \$20.6 million (\$0.15 per diluted share) resulting from the company's refinancing activities. Adjusted net income per diluted share for the quarter ended March 31, 2015 increased 2% to \$0.42 versus adjusted net income per diluted share of \$0.41 for the quarter ended March 31, 2014.

The company also announced a cash dividend today of \$0.27 per share on the company's common stock. The dividend is payable on July 2, 2015, to stockholders of record as of the close of business on June 24, 2015.

2015 Outlook

The company continues to expect 2015 Adjusted EBITDA of \$630 million - \$660 million. The company also expects net income per share of \$1.40 - \$1.55 and adjusted net income per share of \$1.60 - \$1.75, assuming a 2015 effective tax rate of approximately 38%. Adjusted net income per share for 2015 represents GAAP net income per diluted share excluding excess depreciation and amortization resulting from the 2007 merger, net of taxes. Additionally, the company expects 2015 cash taxes of approximately \$130 million - \$135 million, cash interest on corporate debt of approximately \$60 million and capital expenditures of approximately \$115 million. This would result in free cash flow before dividend payments of approximately \$325 million - \$350 million or \$2.27 - \$2.45 per share. Capital expenditures, free cash flow before dividend payments and free cash flow per share exclude capital expenditures for the recently announced greenfield development of the ADESA Chicago auction facility. The Company expects the cost of this greenfield development to be approximately \$30 million to \$35 million over the next two years.

Earnings Conference Call Information

KAR Auction Services, Inc. will be hosting an earnings conference call and webcast on Wednesday, May 6, 2015 at 11:00 a.m. EDT (10:00 a.m. CDT). The call will be hosted by KAR Auction Services, Inc.'s Chief Executive Officer and Chairman of the Board, Jim Hallett, and Executive Vice President and Chief Financial Officer, Eric Loughmiller. The conference call may be accessed by calling 1-888-205-6458 and entering participant passcode 3259980 while the live web cast will be available at the investor relations section of www.karauctionservices.com. Supplemental financial information for KAR Auction Services'

first quarter 2015 results is available at the investor relations section of www.karauctionservices.com under the quarterly results page.

A replay of the call will be available for two weeks via telephone starting approximately 30 minutes after the completion of the call. The replay may be accessed by calling 1-888-203-1112 and entering passcode 3259980. The archive of the web cast will also be available following the call and will be available at the investor relations section of www.karauctionservices.com for a limited time.

About KAR Auction Services, Inc.

KAR Auction Services, Inc. (NYSE: KAR), a FORTUNE® 1000 company, operates used vehicle auction services for North American sellers and buyers worldwide. Based in Carmel, Ind., the KAR group of companies is comprised of ADESA, Inc. (ADESA), Insurance Auto Auctions, Inc. (IAA), Automotive Finance Corporation (AFC), and additional business units, with over 12,000 employees across the globe.

ADESA operates 66 wholesale used vehicle auctions and IAA has 169 salvage vehicle auctions. Both companies offer leading online auction platforms to provide greater access for customers. AFC provides inventory financing and comprehensive business services primarily to independent used vehicle dealers from its 112 locations. Together, KAR's complementary businesses provide support, technology and logistics for the used vehicle industry. For more information, visit karauctionservices.com.

Forward Looking Statements

Certain statements contained in this release include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and which are subject to certain risks, trends and uncertainties. In particular, statements made that are not historical facts may be forward-looking statements. Words such as "should," "may," "will," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions identify forward-looking statements. Such statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those matters disclosed in the Company's Securities and Exchange Commission filings. The Company does not undertake any obligation to update any forward-looking statements.

KAR Auction Services, Inc.
Condensed Consolidated Statements of Income
(In millions) (Unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating revenues		
ADESA Auction Services	\$328.0	\$298.1
IAA Salvage Services	238.0	225.0
AFC	66.4	60.7
Total operating revenues	632.4	583.8
Operating expenses		
Cost of services (exclusive of depreciation and amortization)	352.1	324.5
Selling, general and administrative	121.5	126.8
Depreciation and amortization	50.9	48.1
Total operating expenses	524.5	499.4
Operating profit	107.9	84.4
Interest expense	21.0	24.1
Other income, net	(2.2)	(0.5)
Loss on extinguishment of debt	--	30.3
Income before income taxes	89.1	30.5
Income taxes	34.6	9.8
Net income	\$54.5	\$20.7
Net income per share		
Basic	\$0.39	\$0.15
Diluted	\$0.38	\$0.15
Dividends declared per common share	\$0.27	\$0.25

KAR Auction Services, Inc.
Condensed Consolidated Balance Sheets

(In millions) (Unaudited)

	March 31, 2015	December 31, 2014
Cash and cash equivalents	<u>\$178.4</u>	<u>\$152.9</u>
Restricted cash	14.2	17.0
Trade receivables, net of allowances	525.3	401.2
Finance receivables, net of allowances	1,347.5	1,363.1
Other current assets	<u>151.8</u>	<u>140.7</u>
Total current assets	<u>2,217.2</u>	<u>2,074.9</u>
Goodwill	1,715.4	1,705.2
Customer relationships, net of accumulated amortization	465.2	484.4
Intangible and other assets	350.2	359.1
Property and equipment, net of accumulated depreciation	<u>728.4</u>	<u>727.9</u>
Total assets	<u><u>\$5,476.4</u></u>	<u><u>\$5,351.5</u></u>
Current liabilities, excluding obligations collateralized by finance receivables and current maturities of debt	<u>\$852.4</u>	<u>\$707.7</u>
Obligations collateralized by finance receivables	850.0	865.2
Current maturities of debt	<u>17.7</u>	<u>17.7</u>
Total current liabilities	<u>1,720.1</u>	<u>1,590.6</u>
Long-term debt	1,732.2	1,736.6
Other non-current liabilities	474.0	477.2
Stockholders' equity	<u>1,550.1</u>	<u>1,547.1</u>
Total liabilities and stockholders' equity	<u><u>\$5,476.4</u></u>	<u><u>\$5,351.5</u></u>

KAR Auction Services, Inc.
EBITDA and Adjusted EBITDA Measures

EBITDA and Adjusted EBITDA Measures

EBITDA and Adjusted EBITDA as presented herein are supplemental measures of our performance that are not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”). They are not measurements of our financial performance under GAAP and should not be considered as substitutes for net income (loss) or any other performance measures derived in accordance with GAAP.

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for the items of income and expense and expected incremental revenue and cost savings as described in our senior secured credit agreement covenant calculations. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal measures of performance used by our creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate our performance. EBITDA and Adjusted EBITDA have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

The following table reconciles EBITDA and Adjusted EBITDA to net income for the periods presented:

<i>(Dollars in millions), (Unaudited)</i>	Three Months Ended	
	March 31,	
	2015	2014
Net income	\$54.5	\$20.7
Add back:		
Income taxes	34.6	9.8
Interest expense, net of interest income	20.9	24.1
Depreciation and amortization	50.9	48.1
EBITDA	160.9	102.7
Adjustments per the Credit Agreement	1.3	44.4
Adjusted EBITDA	\$162.2	\$147.1

KAR Auction Services, Inc.

Adjusted Net Income and Adjusted Net Income Per Share

Adjusted Net Income and Adjusted Net Income Per Share

The revaluation of certain assets of the company, and resultant increase in depreciation and amortization expense which resulted from the 2007 merger, as well as stock-based compensation expense tied to the 2007 merger, have had a continuing effect on our reported results. Non-GAAP financial measures of adjusted net income and adjusted net income per share, in the opinion of the company, provide comparability to other companies that may have not incurred these types of non-cash expenses. In addition, net income and net income per share have been adjusted for certain other charges, as seen in the following reconciliation.

The following table reconciles adjusted net income and adjusted net income per share to net income and net income per share for the periods presented:

<i>(In millions, except per share amounts)</i>	Three Months Ended	
	March 31,	
	2015	2014
Net income	\$54.5	\$20.7
Loss on extinguishment of debt, net of tax ⁽¹⁾	--	20.6
Stepped up depreciation and amortization expense, net of tax ⁽²⁾	6.5	7.8
Stock-based compensation, net of tax ⁽³⁾	--	9.2
Adjusted net income	\$61.0	\$58.3
Net income per share – diluted	\$0.38	\$0.15
Loss on extinguishment of debt, net of tax	--	0.15
Stepped up depreciation and amortization expense, net of tax	0.04	0.05
Stock-based compensation, net of tax	--	0.06
Adjusted net income per share - diluted	\$0.42	\$0.41
Weighted average diluted shares	143.9	140.9

(1) We incurred a loss on the extinguishment of debt totaling \$30.3 million (\$20.6 million net of tax) for the three months ended March 31, 2014.

(2) Increased depreciation and amortization expense was \$10.7 million (\$6.5 million net of tax) and \$11.4 million (\$7.8 million net of tax) for the three months ended March 31, 2015 and 2014, respectively.

(3) Stock-based compensation resulting from the 2007 merger was \$13.6 million (\$9.2 million net of tax) for the three months ended March 31, 2014.

Non-GAAP Financial Measures

The company provides historical and forward-looking non-GAAP measures called EBITDA, Adjusted EBITDA, free cash flow, adjusted net income, adjusted net income per share, operating adjusted net income and operating adjusted net income per share. Management believes that these measures provide investors additional meaningful methods to evaluate certain aspects of the company's results period over period and for the other reasons set forth previously.

Earnings guidance also does not contemplate future items such as business development activities, strategic developments (such as restructurings or dispositions of assets or investments), significant expenses related to litigation and changes in applicable laws and regulations (including significant accounting and tax matters). The timing and amounts of these items are highly variable, difficult to predict, and of a potential size that could have a substantial impact on the company's reported results for any given period. Prospective quantification of these items is generally not practicable. Forward-looking non-GAAP guidance excludes increased depreciation and amortization expense that resulted from the 2007 revaluation of the company's assets, as well as one-time charges, net of taxes.