



Q1 2016 Earnings Slides

May 3, 2016

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Forward-Looking Statements

This presentation includes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements are subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected, expressed or implied by such forward-looking statements. Many of these risk factors are outside of the company's control, and as such, they involve risks which are not currently known to the company that could cause actual results to differ materially from forecasted results. Factors that could cause or contribute to such differences include those matters disclosed in the company's Securities and Exchange Commission filings. The forward-looking statements in this document are made as of the date hereof and the company does not undertake to update its forward-looking statements.

First Quarter 2016 Highlights

Summary

- Revenue: +18%
- Adjusted EBITDA: +17%
- Operating Adjusted EPS: +17%

ADESA

- Revenue: +22%
- Volume: +17%
 - Physical volume: +12%
 - Online only volume: +33%
- Adjusted EBITDA: +35%

IAA

- Revenue: +13%
- Volume: +14%

AFC

- Revenue: +11%
- Loan transaction units: +10%
- Managed receivables of \$1.7 billion; +26%

KAR Q1 2016 Highlights

(\$ in millions, except per share amounts)

KAR	Q1 2016	Q1 2015	Highlights*
Total operating revenues	\$745.0	\$632.4	-\$8.2M CAD currency
Gross profit**	\$326.3	\$280.3	
SG&A	\$141.1	\$121.5	+\$3.7M acquired SG&A, -\$1.1M CAD currency
EBITDA	\$182.5	\$160.9	-\$3.1M CAD currency
Adjusted EBITDA	\$189.5	\$162.2	-\$3.1M CAD currency
Net income	\$60.7	\$54.5	-\$1.4M CAD currency
Net income per share - diluted	\$0.44	\$0.38	-\$0.01 per share CAD currency
Weighted average diluted shares	139.0	143.9	
Dividends declared per common share	\$0.29	\$0.27	
Effective tax rate	37.7%	38.8%	
Capital expenditures	\$36.0	\$25.1	
Cash flow from operating activities	\$69.5	\$86.1	

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the quarter ended March 31, 2016.

** Exclusive of depreciation and amortization

ADESA Q1 2016 Highlights

(\$ in millions, except RPU)

ADESA	Q1 2016	Q1 2015	Highlights*
Revenue	\$401.5	\$328.0	+17% volume, +5% RPU (includes -\$5.9M CAD currency), +\$16.6M acquisitions
Gross profit**	\$176.4	\$140.9	+\$5.9M acquisitions
Gross profit %	43.9%	43.0%	
SG&A	\$76.6	\$68.5	+\$3.3M compensation expense, +\$2.8M acquired SG&A, +\$1.7M incentive-based compensation expense, -\$1.1M CAD currency
EBITDA	\$97.1	\$70.5	-\$2.2M CAD currency
Adjusted EBITDA	\$104.2	\$77.0	-\$2.2M CAD currency
Total volume growth - %	17%	8%	
Physical	12%	7%	
Online only	33%	10%	
Dealer consignment growth	10%	1%	
Dealer consignment %	47%	47%	
Conversion rate (physical)	61.0%	62.8%	
Online volume as a % of total volume	43%	40%	
Online only volume	188,000	141,000	
Online grounding dealer volume	92,000	84,000	
Total revenue per vehicle	\$571	\$546	-\$8 CAD currency
Physical RPU	\$737	\$681	-\$11 CAD currency
Online only RPU	\$116	\$107	-\$2 CAD currency

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the quarter ended March 31, 2016.

** Exclusive of depreciation and amortization

IAA Q1 2016 Highlights

(\$ in millions)

IAA

	Q1 2016	Q1 2015	Highlights*
Revenue	\$269.6	\$238.0	+14% volume, +\$13.9M HBC, -\$1.9M CAD currency
Gross profit**	\$96.1	\$91.4	+\$1.3M HBC
Gross profit %	35.6%	38.4%	
SG&A	\$25.7	\$22.1	+\$0.9M HBC, +\$0.7M IT/telecom expenses, +\$0.4M incentive-based compensation expense, +\$0.4M stock-based compensation expense
EBITDA	\$70.5	\$69.3	-\$0.6M CAD currency
Adjusted EBITDA	\$71.1	\$69.0	-\$0.6M CAD currency
% Volume growth	14%	8%	
% Purchased contract vehicles	7%	7%	+2% HBC volume

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the quarter ended March 31, 2016.

** Exclusive of depreciation and amortization

AFC Q1 2016 Highlights

(\$ in millions, except for revenue per loan transaction)

AFC	Q1 2016	Q1 2015	Highlights*
Revenue	\$73.9	\$66.4	+10% LTUs, +13% in "Other service revenue", +1% revenue per LTU (includes -\$0.4M CAD currency)
Other service revenue	\$7.6	\$6.7	
Provision for credit losses	(\$5.5)	(\$3.5)	
Gross profit**	\$53.8	\$48.0	
Gross profit %	72.8%	72.3%	
SG&A	\$7.5	\$7.1	
EBITDA	\$46.3	\$42.4	-\$0.3M CAD currency
Adjusted EBITDA	\$40.3	\$37.8	-\$0.2M CAD currency
Loan transactions	453,550	411,682	
% Volume growth	10%	10%	
Revenue per loan transaction unit (LTU)***	\$146	\$145	-\$1 CAD currency
Managed receivables	\$1,705.5	\$1,355.8	
Obligations collateralized by finance receivables	\$1,202.9	\$1,189.0	

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the quarter ended March 31, 2016.


** Exclusive of depreciation and amortization

*** Excludes "Other service revenue"

ADESA Incremental Operating Profit Margin Analysis

(\$ in millions)

	<u>Reported</u>	<u>Impact of Acquisitions</u>	<u>ADESA Excluding Acquisitions</u>
<u>Q1 2016</u>			
Revenue	\$401.5	\$16.6	\$384.9
Operating profit	\$77.3	\$1.7	\$75.6
Operating profit %	19.3%	10.2%	19.6%
<u>Q1 2015</u>			
Revenue	\$328.0		
Operating profit	\$52.2		
Operating profit %	15.9%		
<u>Q1 2016 Reported Growth</u>			
Reported revenue growth	\$73.5		
Reported operating profit growth	\$25.1		
Incremental operating margin	34.1%		
<u>Q1 2016 Excluding Acquisitions</u>			
Revenue growth	\$56.9		
Operating profit growth	\$23.4		
Incremental operating margin	41.1%		





Appendix



Non-GAAP Financial Measures

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 the company's 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 the company's creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate the company's 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.

Q1 2016 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended March 31, 2016				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$39.3	\$24.9	\$24.0	(\$27.5)	\$60.7
Add back:					
Income taxes	23.3	14.9	14.6	(16.1)	36.7
Interest expense, net of interest income	0.1	–	7.8	20.8	28.7
Depreciation and amortization	22.5	21.3	7.7	4.9	56.4
Intercompany interest	11.9	9.4	(7.8)	(13.5)	–
EBITDA	\$97.1	\$70.5	\$46.3	(\$31.4)	\$182.5
Adjustments per the Credit Agreement	7.1	0.6	(6.0)	5.3	7.0
Adjusted EBITDA	\$104.2	\$71.1	\$40.3	(\$26.1)	\$189.5
Revenue	\$401.5	\$269.6	\$73.9	–	\$745.0
Adjusted EBITDA % margin	26.0%	26.4%	54.5%		25.4%

Q1 2015 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended March 31, 2015				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$22.5	\$25.0	\$21.0	(\$14.0)	\$54.5
Add back:					
Income taxes	14.9	15.3	12.8	(8.4)	34.6
Interest expense, net of interest income	0.1	–	5.1	15.7	20.9
Depreciation and amortization	20.2	19.6	7.8	3.3	50.9
Intercompany interest	12.8	9.4	(4.3)	(17.9)	–
EBITDA	\$70.5	\$69.3	\$42.4	(\$21.3)	\$160.9
Adjustments per the Credit Agreement	6.5	(0.3)	(4.6)	(0.3)	1.3
Adjusted EBITDA	\$77.0	\$69.0	\$37.8	(\$21.6)	\$162.2
Revenue	\$328.0	\$238.0	\$66.4	–	\$632.4
Adjusted EBITDA % margin	23.5%	29.0%	56.9%		25.6%