



## Q2 2016 & Year-to-Date Earnings Slides

August 2, 2016

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## Forward-Looking Statements

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*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.*

# Second Quarter 2016 Highlights

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## Summary

- Revenue: +17%
- Adjusted EBITDA: +16%
- Operating Adjusted EPS: +8%

## ADESA

- Revenue: +26%
- Volume: +18%
  - Physical volume: +15% (+3% excluding acquisitions)
  - Online only volume: +29%
  - Dealer consignment volume: +9% (-3% excluding acquisitions)
- Adjusted EBITDA: +31% (+21% excluding acquisitions)

## IAA

- Revenue: +7%
- Volume: +6% (+5% excluding acquisitions)
- Adjusted EBITDA: +4%

## AFC

- Revenue: +13%
- Loan transaction units: +10%
- Managed receivables of \$1.7 billion; +18%
- Adjusted EBITDA: +10%

# KAR Q2 2016 Highlights

(\$ in millions, except per share amounts)

<b>KAR</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Highlights*</b>
Total operating revenues	\$771.8	\$658.3	-\$4.3M CAD currency
Gross profit**	\$340.9	\$291.8	
SG&A	\$146.9	\$123.5	+\$8.5M acquired SG&A, -\$0.6M CAD currency
EBITDA	\$194.2	\$167.9	-\$1.8M CAD currency
Adjusted EBITDA	\$197.1	\$170.0	-\$1.8M CAD currency
Net income	\$61.8	\$59.5	-\$0.9M CAD currency
Net income per share - diluted	\$0.44	\$0.41	-\$0.01 per share CAD currency
Weighted average diluted shares	139.3	144.1	
Dividends declared per common share	\$0.29	\$0.27	
Effective tax rate	37.9%	36.9%	
Capital expenditures	\$39.5	\$39.1	

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# ADESA Q2 2016 Highlights

(\$ in millions, except RPU)

<b>ADESA</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Highlights*</b>
Revenue	\$434.1	\$345.0	+18% volume, +6% RPU (includes -\$3.1M CAD currency), +\$41.4M acquisitions
Gross profit**	\$191.6	\$153.2	+\$17.1M acquisitions
Gross profit %	44.1%	44.4%	
SG&A	\$80.6	\$67.5	+7.9M acquired SG&A, +\$1.9M compensation expense, +\$1.7M incentive-based compensation expense, +\$0.8M benefit-related expenses, -\$0.8M marketing expenses, -\$0.5M CAD currency
EBITDA	\$109.2	\$83.6	-\$1.4M CAD currency
Adjusted EBITDA	\$115.7	\$88.1	-\$1.4M CAD currency
Total volume growth - %	18%	14%	
Physical	15%	13%	
Online only	29%	17%	
Dealer consignment growth	9%	7%	
Dealer consignment %	49%	51%	
Conversion rate (N.A. physical)	59.1%	57.7%	
Online volume as a % of total volume	41%	40%	
Online only volume	198,000	154,000	
Online grounding dealer volume	105,000	99,000	
Total revenue per vehicle	\$579	\$544	-\$4 CAD currency
Physical RPU	\$742	\$686	-\$5 CAD currency
Online only RPU	\$123	\$99	-\$1 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# IAA Q2 2016 Highlights

(\$ in millions)

## IAA

	Q2 2016	Q2 2015	Highlights*
Revenue	\$264.8	\$248.6	+6% volume, +\$9.1M HBC, -\$1.0M CAD currency
Gross profit**	\$97.5	\$93.5	+\$0.7M HBC
Gross profit %	36.8%	37.6%	
SG&A	\$26.5	\$24.9	+\$0.6M HBC, +\$0.6M bad debt, +\$0.6M employee education and training, and -\$0.5M professional fees
EBITDA	\$71.0	\$68.0	-\$0.3M CAD currency
Adjusted EBITDA	\$71.4	\$68.6	-\$0.3M CAD currency
% Volume growth	6%	14%	
% Purchased contract vehicles	6%	7%	+5% excluding HBC

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# AFC Q2 2016 Highlights

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

AFC	Q2 2016	Q2 2015	Highlights*
Revenue	\$72.9	\$64.7	+10% LTUs, +16% in "Other service revenue", +2% revenue per LTU (includes -\$0.2M CAD currency)
Other service revenue	\$8.1	\$7.0	
Provision for credit losses	(\$5.5)	(\$4.3)	
Gross profit**	\$51.8	\$45.1	
Gross profit %	71.1%	69.7%	
SG&A	\$7.3	\$6.9	
EBITDA	\$44.5	\$38.2	-\$0.1M CAD currency
Adjusted EBITDA	\$38.4	\$34.9	-\$0.1M CAD currency
Loan transactions	421,527	381,675	
% Volume growth	10%	13%	
Revenue per loan transaction unit (LTU)***	\$154	\$151	-\$1 CAD currency
Managed receivables	\$1,738.6	\$1,476.9	
Obligations collateralized by finance receivables	\$1,231.2	\$1,080.0	

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

\*\*\* Excludes "Other service revenue"

# ADESA Incremental Operating Profit Margin Analysis – Q2 2016

(\$ in millions)

	<u>Reported</u>	<u>Impact of Acquisitions</u>	<u>ADESA Excluding Acquisitions</u>
<b><u>Q2 2016</u></b>			
Revenue	\$434.1	\$41.4	\$392.7
Operating profit	\$86.2	\$5.9	\$80.3
Operating profit %	19.9%	14.3%	20.4%

<b><u>Q2 2015</u></b>	
Revenue	\$345.0
Operating profit	\$64.4
Operating profit %	18.7%

<b><u>Q2 2016 Reported Growth</u></b>	
Reported revenue growth	\$89.1
Reported operating profit growth	\$21.8
Incremental operating margin	24.5%

<b><u>Q2 2016 Excluding Acquisitions</u></b>	
Revenue growth	\$47.7
Operating profit growth	\$15.9
Incremental operating margin	33.3%







Year-to-Date Slides

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# KAR Six Months Ended June 30, 2016 Highlights

(\$ in millions, except per share amounts)

KAR	YTD 2016	YTD 2015	Highlights*
Total operating revenues	\$1,516.8	\$1,290.7	-\$12.6M CAD currency
Gross profit**	\$667.2	\$572.1	
SG&A	\$288.0	\$245.0	+\$12.2M acquired SG&A, -\$1.7M CAD currency
EBITDA	\$376.7	\$328.8	-\$5.0M CAD currency
Adjusted EBITDA	\$386.6	\$332.2	-\$5.0M CAD currency
Net income	\$122.5	\$114.0	-\$2.4M CAD currency
Net income per share - diluted	\$0.88	\$0.79	-\$0.02 per share CAD currency
Weighted average diluted shares	139.1	144.0	
Dividends declared per common share	\$0.58	\$0.54	
Effective tax rate	37.8%	37.8%	
Capital expenditures	\$75.5	\$64.2	
Cash flow from operating activities	\$158.9	\$200.5	

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# ADESA Six Months Ended June 30, 2016 Highlights

(\$ in millions, except RPU)

<b>ADESA</b>	<b>YTD 2016</b>	<b>YTD 2015</b>	<b>Highlights*</b>
Revenue	\$835.6	\$673.0	+18% volume, +6% RPU (includes -\$9.1M CAD currency), +\$58.1M acquisitions
Gross profit**	\$368.0	\$294.1	+\$22.9M acquisitions
Gross profit %	44.0%	43.7%	
SG&A	\$157.2	\$136.0	+\$10.7M acquired SG&A, +\$5.2M compensation expense, +\$3.3M incentive-based compensation expense, +\$1.1M supply expenses, +\$1.0M benefit-related expenses, -\$1.6M CAD currency, -\$1.0M marketing expenses
EBITDA	\$206.3	\$154.1	-\$3.7M CAD currency
Adjusted EBITDA	\$219.9	\$165.1	-\$3.8M CAD currency
Total volume growth - %	18%	11%	
Physical	13%	10%	
Online only	31%	13%	
Dealer consignment growth	9%	4%	
Dealer consignment %	48%	49%	
Conversion rate (N.A. physical)	60.0%	60.1%	
Online volume as a % of total volume	41%	40%	
Online only volume	386,000	294,000	
Online grounding dealer volume	197,000	183,000	
Total revenue per vehicle	\$575	\$545	-\$6 CAD currency
Physical RPU	\$740	\$684	-\$8 CAD currency
Online only RPU	\$120	\$103	-\$1 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# IAA Six Months Ended June 30, 2016 Highlights

(\$ in millions)

IAA	YTD 2016	YTD 2015	Highlights*
Revenue	\$534.4	\$486.6	+10% volume, +\$23.0M HBC, -\$2.9M CAD currency
Gross profit**	\$193.6	\$184.9	+\$2.0M HBC
Gross profit %	36.2%	38.0%	
SG&A	\$52.2	\$47.0	+\$1.5M HBC, +\$0.9M bad debt, +\$0.7M stock-based compensation expense, +\$0.5M telecom expenses, +\$0.5M employee related expenses, +\$0.4M benefit-related expenses, -\$0.7M professional fees, -\$0.4M travel expenses
EBITDA	\$141.5	\$137.3	-\$0.9M CAD currency
Adjusted EBITDA	\$142.5	\$137.6	-\$0.9M CAD currency
% Volume growth	10%	11%	
% Purchased contract vehicles	6%	7%	+5% excluding HBC

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

# AFC Six Months Ended June 30, 2016 Highlights

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

AFC	YTD 2016	YTD 2015	Highlights*
Revenue	\$146.8	\$131.1	+10% LTUs, +15% in "Other service revenue", +1% revenue per LTU (includes -\$0.6M CAD currency)
Other service revenue	\$15.7	\$13.7	
Provision for credit losses	(\$11.0)	(\$7.8)	
Gross profit**	\$105.6	\$93.1	
Gross profit %	71.9%	71.0%	
SG&A	\$14.8	\$14.0	
EBITDA	\$90.8	\$80.6	-\$0.4M CAD currency
Adjusted EBITDA	\$78.7	\$72.7	-\$0.3M CAD currency
Loan transactions	875,077	793,357	
% Volume growth	10%	11%	
Revenue per loan transaction unit (LTU)***	\$150	\$148	-\$1 CAD currency
Managed receivables	\$1,738.6	\$1,476.9	
Obligations collateralized by finance receivables	\$1,231.2	\$1,080.0	

\* 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 June 30, 2016.

\*\* Exclusive of depreciation and amortization

\*\*\* Excludes "Other service revenue"

# ADESA Incremental Operating Profit Margin Analysis – Six Months Ended June 30, 2016

(\$ in millions)

	<u>Reported</u>	<u>Impact of Acquisitions</u>	<u>ADESA Excluding Acquisitions</u>
<b><u>YTD 2016</u></b>			
Revenue	\$835.6	\$58.1	\$777.5
Operating profit	\$163.5	\$7.6	\$155.9
Operating profit %	19.6%	13.1%	20.1%

<b><u>YTD 2015</u></b>	
Revenue	\$673.0
Operating profit	\$116.6
Operating profit %	17.3%

<b><u>YTD 2016 Reported Growth</u></b>	
Reported revenue growth	\$162.6
Reported operating profit growth	\$46.9
Incremental operating margin	28.8%

<b><u>YTD 2016 Excluding Acquisitions</u></b>	
Revenue growth	\$104.5
Operating profit growth	\$39.3
Incremental operating margin	37.6%





Appendix

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## Non-GAAP Financial Measures

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*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.*



# Q2 2016 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended June 30, 2016				
	ADESA	IAA	AFC	Corporate	Consolidated
<b>Net income (loss)</b>	<b>\$46.2</b>	<b>\$25.2</b>	<b>\$23.0</b>	<b>(\$32.6)</b>	<b>\$61.8</b>
<b>Add back:</b>					
Income taxes	27.1	15.1	14.0	(18.5)	37.7
Interest expense, net of interest income	–	–	8.2	27.5	35.7
Depreciation and amortization	24.8	21.2	7.9	5.1	59.0
Intercompany interest	11.1	9.5	(8.6)	(12.0)	–
<b>EBITDA</b>	<b>\$109.2</b>	<b>\$71.0</b>	<b>\$44.5</b>	<b>(\$30.5)</b>	<b>\$194.2</b>
Intercompany charges	2.2	0.1	–	(2.3)	–
Non-cash stock-based compensation	1.1	0.7	0.5	2.6	4.9
Acquisition related costs	1.3	0.1	0.1	1.8	3.3
Securitization interest	–	–	(6.7)	–	(6.7)
Minority interest	1.0	–	–	–	1.0
Other	0.9	(0.5)	–	–	0.4
Total Addbacks	6.5	0.4	(6.1)	2.1	2.9
<b>Adjusted EBITDA</b>	<b>\$115.7</b>	<b>\$71.4</b>	<b>\$38.4</b>	<b>(\$28.4)</b>	<b>\$197.1</b>
Revenue	\$434.1	\$264.8	\$72.9	–	\$771.8
Adjusted EBITDA % margin	26.7%	27.0%	52.7%		25.5%

# Q2 2015 Adjusted EBITDA Reconciliation

(\$ in millions)

Three Months ended June 30, 2015

	ADESA	IAA	AFC	Corporate	Consolidated
<b>Net income (loss)</b>	<b>\$32.0</b>	<b>\$24.6</b>	<b>\$18.7</b>	<b>(\$15.8)</b>	<b>\$59.5</b>
<b>Add back:</b>					
Income taxes	17.5	14.6	11.5	(8.8)	34.8
Interest expense, net of interest income	0.2	–	5.5	16.1	21.8
Depreciation and amortization	21.3	19.4	7.7	3.4	51.8
Intercompany interest	12.6	9.4	(5.2)	(16.8)	–
<b>EBITDA</b>	<b>\$83.6</b>	<b>\$68.0</b>	<b>\$38.2</b>	<b>(\$21.9)</b>	<b>\$167.9</b>
Intercompany charges	1.8	0.2	–	(2.0)	–
Non-cash stock-based compensation	1.0	0.3	0.4	1.7	3.4
Acquisition related costs	0.4	–	–	0.6	1.0
Securitization interest	–	–	(4.2)	–	(4.2)
Minority interest	0.5	(0.1)	–	–	0.4
Other	0.8	0.2	0.5	–	1.5
Total Addbacks	4.5	0.6	(3.3)	0.3	2.1
<b>Adjusted EBITDA</b>	<b>\$88.1</b>	<b>\$68.6</b>	<b>\$34.9</b>	<b>(\$21.6)</b>	<b>\$170.0</b>
Revenue	\$345.0	\$248.6	\$64.7	–	\$658.3
Adjusted EBITDA % margin	25.5%	27.6%	53.9%		25.8%

# YTD 2016 Adjusted EBITDA Reconciliation

(\$ in millions)

	Six Months ended June 30, 2016				
	ADESA	IAA	AFC	Corporate	Consolidated
<b>Net income (loss)</b>	<b>\$85.5</b>	<b>\$50.1</b>	<b>\$47.0</b>	<b>(\$60.1)</b>	<b>\$122.5</b>
<b>Add back:</b>					
Income taxes	50.4	30.0	28.6	(34.6)	74.4
Interest expense, net of interest income	0.1	–	16.0	48.3	64.4
Depreciation and amortization	47.3	42.5	15.6	10.0	115.4
Intercompany interest	23.0	18.9	(16.4)	(25.5)	–
<b>EBITDA</b>	<b>\$206.3</b>	<b>\$141.5</b>	<b>\$90.8</b>	<b>(\$61.9)</b>	<b>\$376.7</b>
Intercompany charges	5.5	0.3	–	(5.8)	–
Non-cash stock-based compensation	2.3	1.3	0.9	5.9	10.4
Loss on extinguishment of debt	–	–	–	4.0	4.0
Acquisition related costs	2.4	0.1	0.1	3.3	5.9
Securitization interest	–	–	(13.1)	–	(13.1)
Minority interest	1.6	–	–	–	1.6
Other	1.8	(0.7)	–	–	1.1
Total Addbacks	13.6	1.0	(12.1)	7.4	9.9
<b>Adjusted EBITDA</b>	<b>\$219.9</b>	<b>\$142.5</b>	<b>\$78.7</b>	<b>(\$54.5)</b>	<b>\$386.6</b>
Revenue	\$835.6	\$534.4	\$146.8	–	\$1,516.8
Adjusted EBITDA % margin	26.3%	26.7%	53.6%		25.5%

# YTD 2015 Adjusted EBITDA Reconciliation

(\$ in millions)

	Six Months ended June 30, 2015				
	ADESA	IAA	AFC	Corporate	Consolidated
<b>Net income (loss)</b>	<b>\$54.5</b>	<b>\$49.6</b>	<b>\$39.7</b>	<b>(\$29.8)</b>	<b>\$114.0</b>
<b>Add back:</b>					
Income taxes	32.4	29.9	24.3	(17.2)	69.4
Interest expense, net of interest income	0.3	–	10.6	31.8	42.7
Depreciation and amortization	41.5	39.0	15.5	6.7	102.7
Intercompany interest	25.4	18.8	(9.5)	(34.7)	–
<b>EBITDA</b>	<b>\$154.1</b>	<b>\$137.3</b>	<b>\$80.6</b>	<b>(\$43.2)</b>	<b>\$328.8</b>
Intercompany charges	4.2	0.4	–	(4.6)	–
Non-cash stock-based compensation	1.9	0.5	0.7	3.2	6.3
Acquisition related costs	1.7	0.1	–	1.3	3.1
Securitization interest	–	–	(8.1)	–	(8.1)
Minority interest	0.7	(0.2)	–	–	0.5
Other	2.5	(0.5)	(0.5)	0.1	1.6
Total Addbacks	11.0	0.3	(7.9)	0.0	3.4
<b>Adjusted EBITDA</b>	<b>\$165.1</b>	<b>\$137.6</b>	<b>\$72.7</b>	<b>(\$43.2)</b>	<b>\$332.2</b>
Revenue	\$673.0	\$486.6	\$131.1	–	\$1,290.7
Adjusted EBITDA % margin	24.5%	28.3%	55.5%		25.7%