



Q3 2016 & Year-to-Date Earnings Slides

November 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.

Third Quarter 2016 Highlights

Summary

- Revenue: +16%
- Adjusted EBITDA: +13%
- Operating Adjusted EPS: +6%

ADESA

- Revenue: +26%
- Volume: +17% (+6% excluding acquisitions)
 - Physical volume: +15% (+1% excluding acquisitions)
 - Online only volume: +23%
 - Dealer consignment volume: +10% (-4% excluding acquisitions)
- Adjusted EBITDA: +30% (+22% excluding acquisitions)

IAA

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

AFC

- Revenue: +3%
 - Provision for credit losses increased from \$2.7 million to \$8.0 million
- Loan transaction units: +5%
- Managed receivables of \$1,785.4 billion; +17%
- Adjusted EBITDA: -5%

KAR Q3 2016 Highlights

(\$ in millions, except per share amounts)

KAR	Q3 2016	Q3 2015	Highlights*
Total operating revenues	\$773.8	\$666.7	
Gross profit**	\$330.1	\$288.6	
SG&A	\$146.3	\$128.5	+\$8.6M acquired SG&A
EBITDA	\$182.8	\$160.3	
Adjusted EBITDA	\$184.8	\$163.1	
Net income	\$54.4	\$52.3	
Net income per share - diluted	\$0.39	\$0.37	
Weighted average diluted shares	139.7	141.8	
Dividends declared per common share	\$0.29	\$0.27	
Effective tax rate	36.9%	36.1%	
Capital expenditures	\$43.0	\$28.1	

* 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 September 30, 2016.

** Exclusive of depreciation and amortization

ADESA Q3 2016 Highlights

(\$ in millions, except RPU)

ADESA	Q3 2016	Q3 2015	Highlights*
Revenue	\$441.6	\$351.4	+17% volume, +7% RPU, +\$35.4M acquisitions
Gross profit**	\$187.9	\$152.2	+\$15.6M acquisitions
Gross profit %	42.5%	43.3%	
SG&A	\$80.6	\$71.3	+\$8.6M acquired SG&A, +\$3.1M compensation expense, +\$1.1M professional fees, -\$1.8M marketing expenses, -\$1.5M incentive-based compensation expense, -\$1.2M loss on disposal of certain assets in 2015
EBITDA	\$104.3	\$80.2	
Adjusted EBITDA	\$111.6	\$85.9	
Total volume growth - %	17%	15%	+6% excluding acquisitions
Physical	15%	13%	+1% excluding acquisitions
Online only	23%	22%	
Dealer consignment growth	10%	10%	-4% excluding acquisitions
Dealer consignment %	50%	52%	
Conversion rate (N.A. physical)	57.2%	56.9%	
Online volume as a % of total volume	40%	38%	
Online only volume	180,000	146,000	
Online grounding dealer volume	101,000	90,000	
Total revenue per vehicle	\$603	\$561	
Physical RPU	\$758	\$699	
Online only RPU	\$127	\$110	

* 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 September 30, 2016.

** Exclusive of depreciation and amortization

IAA Q3 2016 Highlights

(\$ in millions)

IAA

	Q3 2016	Q3 2015	Highlights*
Revenue	\$261.0	\$246.2	+5% volume, +\$2.5M HBC
Gross profit**	\$92.5	\$87.3	+\$0.8M HBC
Gross profit %	35.4%	35.5%	
SG&A	\$26.7	\$25.6	+\$0.4M professional fees, +\$0.3M stock-based compensation expense
EBITDA	\$65.8	\$60.8	
Adjusted EBITDA	\$66.2	\$61.9	
% Volume growth	5%	16%	
% Purchased contract vehicles	7%	7%	6% 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 September 30, 2016.

** Exclusive of depreciation and amortization

AFC Q3 2016 Highlights

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

AFC	Q3 2016	Q3 2015	Highlights*
Interest and fee income	\$68.4	\$62.2	
Other revenue	\$2.7	\$2.5	
Provision for credit losses	(\$8.0)	(\$2.7)	Increased to 1.8% from 0.7% of avg. managed receivables
Other service revenue	\$8.1	\$7.1	+14% in "Other service revenue" generated by PWI
Total AFC revenue	\$71.2	\$69.1	+5% LTUs, -3% revenue per LTU
Gross profit**	\$49.7	\$49.1	
Gross profit %	69.8%	71.1%	
SG&A	\$7.1	\$7.0	
EBITDA	\$42.6	\$42.1	
Adjusted EBITDA	\$35.9	\$37.9	
Loan transactions	425,993	405,116	
% Volume growth	5%	13%	
Revenue per loan transaction unit (LTU)***	\$148	\$153	
Managed receivables	\$1,785.4	\$1,529.6	+17% growth
Obligations collateralized by finance receivables	\$1,275.1	\$1,109.4	

* 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 September 30, 2016.

** Exclusive of depreciation and amortization

*** Excludes "Other service revenue"

ADESA Incremental Operating Profit Margin Analysis – Q3 2016

(\$ in millions)

	<u>Reported</u>	<u>Impact of Acquisitions</u>	<u>ADESA Excluding Acquisitions</u>
<u>Q3 2016</u>			
Revenue	\$441.6	\$35.4	\$406.2
Operating profit	\$82.0	\$4.1	\$77.9
Operating profit %	18.6%	11.6%	19.2%

<u>Q3 2015</u>	
Revenue	\$351.4
Operating profit	\$58.6
Operating profit %	16.7%

<u>Q3 2016 Reported Growth</u>	
Reported revenue growth	\$90.2
Reported operating profit growth	\$23.4
Incremental operating margin	25.9%

<u>Q3 2016 Excluding Acquisitions</u>	
Revenue growth	\$54.8
Operating profit growth	\$19.3
Incremental operating margin	35.2%





Year-to-Date Slides

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KAR Nine Months Ended September 30, 2016 Highlights



(\$ in millions, except per share amounts)

KAR	YTD 2016	YTD 2015	Highlights*
Total operating revenues	\$2,290.6	\$1,957.4	-\$12.0M CAD currency
Gross profit**	\$997.3	\$860.7	
SG&A	\$434.3	\$373.5	+\$20.9M acquired SG&A, -\$1.9M CAD currency
EBITDA	\$559.5	\$489.1	-\$4.7M CAD currency
Adjusted EBITDA	\$571.4	\$495.3	-\$4.7M CAD currency
Net income	\$176.9	\$166.3	-\$2.3M CAD currency
Net income per share - diluted	\$1.27	\$1.16	-\$0.02 per share CAD currency
Weighted average diluted shares	139.4	143.2	
Dividends declared per common share	\$0.87	\$0.81	
Effective tax rate	37.5%	37.3%	
Capital expenditures	\$118.5	\$92.3	
Cash flow from operating activities	\$283.8	\$315.4	

* 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 September 30, 2016.

** Exclusive of depreciation and amortization

ADESA Nine Months Ended September 30, 2016 Highlights



(\$ in millions, except RPU)

ADESA	YTD 2016	YTD 2015	Highlights*
Revenue	\$1,277.2	\$1,024.4	+17% volume, +6% RPU (includes -\$8.6M CAD currency), +\$93.5M acquisitions
Gross profit**	\$555.9	\$446.3	+\$38.5M acquisitions
Gross profit %	43.5%	43.6%	
SG&A	\$237.8	\$207.3	+\$19.3M acquired SG&A, +\$9.0M compensation expense, +\$1.6M incentive-based compensation, +\$1.3M supply expenses, +\$1.2M benefit-related expenses, +\$1.2M professional fees, -\$2.8M marketing expenses, -\$2.0M loss on disposal of certain assets in 2015, -\$1.6M CAD currency
EBITDA	\$310.6	\$234.3	-\$3.5M CAD currency
Adjusted EBITDA	\$331.5	\$251.0	-\$3.6M CAD currency
Total volume growth - %	17%	12%	+10% excluding acquisitions
Physical	14%	11%	+5% excluding acquisitions
Online only	29%	15%	
Dealer consignment growth	9%	6%	+0% excluding acquisitions
Dealer consignment %	48%	50%	
Conversion rate (N.A. physical)	59.0%	59.0%	
Online volume as a % of total volume	39%	40%	
Online only volume	566,000	440,000	
Online grounding dealer volume	298,000	272,000	
Total revenue per vehicle	\$585	\$551	-\$4 CAD currency
Physical RPU	\$746	\$689	-\$5 CAD currency
Online only RPU	\$122	\$105	-\$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 September 30, 2016.

** Exclusive of depreciation and amortization

IAA Nine Months Ended September 30, 2016 Highlights



(\$ in millions)

IAA	YTD 2016	YTD 2015	Highlights*
Revenue	\$795.4	\$732.8	+8% volume, +\$25.5M HBC, -\$2.7M CAD currency
Gross profit**	\$286.1	\$272.2	+\$2.8M HBC
Gross profit %	36.0%	37.1%	
SG&A	\$78.9	\$72.6	+\$1.6M HBC, +\$1.0M stock-based compensation, +\$1.0M bad debt expense, +\$0.8M telecom costs, +\$0.6M employee related expenses, +\$0.6M benefit-related expenses, +\$0.5M incentive-based compensation, -\$0.7M travel expenses
EBITDA	\$207.3	\$198.1	-\$0.8M CAD currency
Adjusted EBITDA	\$208.7	\$199.5	-\$0.8M CAD currency
% Volume growth	8%	13%	
% Purchased contract vehicles	7%	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 September 30, 2016.

** Exclusive of depreciation and amortization

AFC Nine Months Ended September 30, 2016 Highlights



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

AFC	YTD 2016	YTD 2015	Highlights*
Interest and fee income	\$205.5	\$182.9	
Other revenue	\$7.7	\$7.0	
Provision for credit losses	(\$19.0)	(\$10.5)	Increased to 1.5% from 1.0% of avg. managed receivables
Other service revenue	\$23.8	\$20.8	+14% in "Other service revenue" generated by PWI
Total AFC revenue	\$218.0	\$200.2	+9% LTUs, -1% revenue per LTU (includes -\$0.6M CAD currency)
Gross profit**	\$155.3	\$142.2	
Gross profit %	71.2%	71.0%	
SG&A	\$21.9	\$21.0	
EBITDA	\$133.4	\$122.7	-\$0.4M CAD currency
Adjusted EBITDA	\$114.6	\$110.6	-\$0.3M CAD currency
Loan transactions	1,301,070	1,198,473	
% Volume growth	9%	12%	
Revenue per loan transaction unit (LTU)***	\$149	\$150	
Managed receivables	\$1,785.4	\$1,529.6	+17% growth
Obligations collateralized by finance receivables	\$1,275.1	\$1,109.4	

* 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 September 30, 2016.


** Exclusive of depreciation and amortization

*** Excludes "Other service revenue"

ADESA Incremental Operating Profit Margin Analysis – Nine Months Ended September 30, 2016

(\$ in millions)

	<u>Reported</u>	<u>Impact of Acquisitions</u>	<u>ADESA Excluding Acquisitions</u>
<u>YTD 2016</u>			
Revenue	\$1,277.2	\$93.5	\$1,183.7
Operating profit	\$245.5	\$11.7	\$233.8
Operating profit %	19.2%	12.5%	19.8%
<u>YTD 2015</u>			
Revenue	\$1,024.4		
Operating profit	\$175.2		
Operating profit %	17.1%		
<u>YTD 2016 Reported Growth</u>			
Reported revenue growth	\$252.8		
Reported operating profit growth	\$70.3		
Incremental operating margin	27.8%		
<u>YTD 2016 Excluding Acquisitions</u>			
Revenue growth	\$159.3		
Operating profit growth	\$58.6		
Incremental operating margin	36.8%		





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.

Q3 2016 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended September 30, 2016				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$43.5	\$22.0	\$21.6	(\$32.7)	\$54.4
Add back:					
Income taxes	26.3	12.5	13.2	(20.2)	31.8
Interest expense, net of interest income	(0.2)	–	8.7	27.6	36.1
Depreciation and amortization	25.3	21.9	7.8	5.5	60.5
Intercompany interest	9.4	9.4	(8.7)	(10.1)	–
EBITDA	\$104.3	\$65.8	\$42.6	(\$29.9)	\$182.8
Intercompany charges	2.3	–	–	(2.3)	–
Non-cash stock-based compensation	1.1	0.6	0.5	2.5	4.7
Acquisition related costs	1.2	0.1	–	–	1.3
Securitization interest	–	–	(7.2)	–	(7.2)
Minority interest	1.1	–	–	–	1.1
(Gain)/Loss on asset sales	0.4	0.1	–	0.8	1.3
Other	1.2	(0.4)	–	–	0.8
Total Addbacks	7.3	0.4	(6.7)	1.0	2.0
Adjusted EBITDA	\$111.6	\$66.2	\$35.9	(\$28.9)	\$184.8
Revenue	\$441.6	\$261.0	\$71.2	–	\$773.8
Adjusted EBITDA % margin	25.3%	25.4%	50.4%		23.9%

Q3 2015 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended September 30, 2015				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$29.6	\$19.9	\$22.1	(\$19.3)	\$52.3
Add back:					
Income taxes	16.0	11.4	13.6	(11.4)	29.6
Interest expense, net of interest income	0.1	–	6.6	17.6	24.3
Depreciation and amortization	22.3	20.1	7.7	4.0	54.1
Intercompany interest	12.2	9.4	(7.9)	(13.7)	–
EBITDA	\$80.2	\$60.8	\$42.1	(\$22.8)	\$160.3
Intercompany charges	1.8	0.2	–	(2.0)	–
Non-cash stock-based compensation	1.0	0.3	0.3	1.9	3.5
Acquisition related costs	0.4	–	–	0.3	0.7
Securitization interest	–	–	(5.1)	–	(5.1)
Minority interest	(0.1)	(0.1)	–	–	(0.2)
(Gain)/Loss on asset sales	1.8	–	–	–	1.8
Other	0.8	0.7	0.6	–	2.1
Total Addbacks	5.7	1.1	(4.2)	0.2	2.8
Adjusted EBITDA	\$85.9	\$61.9	\$37.9	(\$22.6)	\$163.1
Revenue	\$351.4	\$246.2	\$69.1	–	\$666.7
Adjusted EBITDA % margin	24.4%	25.1%	54.8%		24.5%

YTD 2016 Adjusted EBITDA Reconciliation

(\$ in millions)

	Nine Months ended September 30, 2016				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$129.0	\$72.1	\$68.6	(\$92.8)	\$176.9
Add back:					
Income taxes	76.7	42.5	41.8	(54.8)	106.2
Interest expense, net of interest income	(0.1)	–	24.7	75.9	100.5
Depreciation and amortization	72.6	64.4	23.4	15.5	175.9
Intercompany interest	32.4	28.3	(25.1)	(35.6)	–
EBITDA	\$310.6	\$207.3	\$133.4	(\$91.8)	\$559.5
Intercompany charges	7.8	0.3	–	(8.1)	–
Non-cash stock-based compensation	3.4	1.9	1.4	8.4	15.1
Loss on extinguishment of debt	–	–	–	4.0	4.0
Acquisition related costs	3.6	0.2	0.1	3.3	7.2
Securitization interest	–	–	(20.3)	–	(20.3)
Minority interest	2.7	–	–	–	2.7
(Gain)/Loss on asset sales	1.1	0.2	–	0.8	2.1
Other	2.3	(1.2)	–	–	1.1
Total Addbacks	20.9	1.4	(18.8)	8.4	11.9
Adjusted EBITDA	\$331.5	\$208.7	\$114.6	(\$83.4)	\$571.4
Revenue	\$1,277.2	\$795.4	\$218.0	–	\$2,290.6
Adjusted EBITDA % margin	26.0%	26.2%	52.6%		24.9%

YTD 2015 Adjusted EBITDA Reconciliation

(\$ in millions)

	Nine Months ended September 30, 2015				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$84.1	\$69.5	\$61.8	(\$49.1)	\$166.3
Add back:					
Income taxes	48.4	41.3	37.9	(28.6)	99.0
Interest expense, net of interest income	0.4	–	17.2	49.4	67.0
Depreciation and amortization	63.8	59.1	23.2	10.7	156.8
Intercompany interest	37.6	28.2	(17.4)	(48.4)	–
EBITDA	\$234.3	\$198.1	\$122.7	(\$66.0)	\$489.1
Intercompany charges	6.0	0.6	–	(6.6)	–
Non-cash stock-based compensation	2.9	0.8	1.0	5.1	9.8
Acquisition related costs	2.1	0.1	–	1.6	3.8
Securitization interest	–	–	(13.2)	–	(13.2)
Minority interest	0.6	(0.3)	–	–	0.3
(Gain)/Loss on asset sales	3.2	–	–	–	3.2
Other	1.9	0.2	0.1	0.1	2.3
Total Addbacks	16.7	1.4	(12.1)	0.2	6.2
Adjusted EBITDA	\$251.0	\$199.5	\$110.6	(\$65.8)	\$495.3
Revenue	\$1,024.4	\$732.8	\$200.2	–	\$1,957.4
Adjusted EBITDA % margin	24.5%	27.2%	55.2%		25.3%