



First Quarter 2018 Earnings Slides

May 8, 2018

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.

Q1 2018 Highlights

	Revenues	Highlights	Fundamentals
KAR	<p>2017 2018</p>	<ul style="list-style-type: none"> • Revenue growth +10% • Operating Adjusted EPS +32% • Adjusted EBITDA +9% • Adjusted EBITDA margin of 24.1% from 24.3% in prior year 	<ul style="list-style-type: none"> • Diversified and complementary business services model • Controlling SG&A
ADESA		<ul style="list-style-type: none"> • Revenue +6% • Strong volume growth +7% • Physical volumes -6% • Physical auction RPU +\$65 • Same store incremental operating profit margin 23% • Adjusted EBITDA -5% 	<ul style="list-style-type: none"> • Off-lease supply driving volume and physical auction fee growth • Commercial vehicle mix at physical auctions increased to 59% from 56% in prior year
IAA		<ul style="list-style-type: none"> • Revenue +13% • Volume growth +9% • North American inv growth +4% • Adjusted EBITDA +21% • Incremental operating profit margin 42% 	<ul style="list-style-type: none"> • Total Loss 18.7% Q1 2018 vs. 17.4% Q1 2017 (CCC) • Scrap pricing +21% (American Recycler, Q1 2018 vs. Q1 2017) • Miles driven -0.1% (FHWA, YTD through Feb. 2018 vs. 2017)
AFC		<ul style="list-style-type: none"> • Revenue +20% • LTU growth +2% • Provision for credit losses as a percent of managed receivables 1.6% • Adjusted EBITDA +27% • Incremental operating profit margin 91% 	<ul style="list-style-type: none"> • Conservative portfolio management • Increasing gross revenue per loan transaction due to higher average loan balances

2018 Outlook

ANNUAL GUIDANCE

	2018 Low	2018 High	2017
Net income	\$329.0	\$349.7	\$362.0
Add back:			
Income tax expense	\$115.6	\$122.9	\$36.0
Interest expense, net of interest income	\$191.0	\$191.0	\$162.6
Depreciation and amortization	\$268.0	\$268.0	\$264.6
EBITDA	\$903.6	\$931.6	\$825.2
Total addbacks, net	(\$8.6)	(\$6.6)	\$12.8
Adjusted EBITDA	\$895.0	\$925.0	\$838.0
Capital expenditures	\$185.0	\$185.0	\$152.2
Cash taxes related to calendar year	\$125.0	\$125.0	\$131.8
Cash interest expense on corporate debt	\$130.0	\$130.0	\$110.9
Free cash flow	\$455.0	\$485.0	\$443.1
Effective tax rate	26%	26%	9%
Net income per share – diluted	\$2.40	\$2.55	\$2.62
Operating adjusted net income per share - diluted	\$2.89	\$3.04	\$2.50
Weighted average diluted shares	137	137	138

KAR Q1 2018 Highlights



(\$ in millions, except per share amounts)

KAR	Q1 2018	Q1 2017	Highlights*
Total operating revenues	\$950.5	\$866.6	\$7.0M acquisitions
Gross profit**	\$415.5	\$365.4	
<i>% of revenue</i>	43.7%	42.2%	
SG&A	\$187.4	\$157.4	\$16.3M acquired SG&A
EBITDA	\$228.0	\$208.0	
Adjusted EBITDA	\$229.4	\$210.6	Margin consistent 24%
Net Income	\$90.0	\$69.2	
Net income per share - diluted	\$0.66	\$0.50	
Operating adjusted net income per share - diluted	\$0.82	\$0.62	
Weighted average diluted shares	135.8	138.3	
Dividends declared per common share	\$0.35	\$0.32	
Effective tax rate	22.7%	33.0%	
Capital expenditures	\$38.7	\$37.2	

* 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 three months ended March 31, 2018.

** Exclusive of depreciation and amortization

ADESA Q1 2018 Highlights



(\$ in millions, except RPU)

ADESA	Q1 2018	Q1 2017	Highlights*
Revenue	\$528.1	\$498.0	+\$7.0M acquisitions
Gross profit**	\$222.1	\$207.1	
<i>% of revenue</i>	42.1%	41.6%	
SG&A	\$108.8	\$87.3	6% growth excluding \$16.3M of acquired SG&A
EBITDA	\$109.0	\$116.7	
Adjusted EBITDA	\$119.1	\$125.0	5% decrease
<i>% of revenue</i>	22.6%	25.1%	
Vehicles sold	878,000	818,000	7% growth; 5% excluding acquisitions
Physical vehicles sold	569,000	603,000	-6% growth
Online only volume	309,000	215,000	44% growth; 33% excluding acquisitions
Dealer consignment mix % (physical only)	41%	44%	Continued off-lease increase displaced dealer consignment
Conversion rate (N.A. physical)	62.6%	61.8%	Increased commercial mix
Physical RPU	\$820	\$755	Excludes purchased vehicles
Online only RPU	\$117	\$111	Excludes ADESA Assurance

* 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 three months ended March 31, 2018.

** Exclusive of depreciation and amortization

IAA Q1 2018 Highlights



(\$ in millions)

IAA	Q1 2018	Q1 2017	Highlights*
Revenue	\$337.3	\$297.4	
Gross profit**	\$130.6	\$108.3	
<i>% of revenue</i>	38.7%	36.4 %	Excluding HBC 39.2% vs 37.4% prior year
SG&A	\$30.5	\$25.9	
EBITDA	\$100.1	\$82.8	
Adjusted EBITDA	\$101.7	\$83.8	
<i>% of revenue</i>	30.2%	28.2%	
Vehicles sold	643,000	592,000	+9% volume
Inventory growth (N.A.)	4%	17%	
% Purchased contract vehicles	4%	5%	Reduced HBC purchase vehicles

* 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 three months ended March 31, 2018.

** Exclusive of depreciation and amortization

AFC Q1 2018 Highlights



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

AFC	Q1 2018	Q1 2017	Highlights*
Interest and fee income	\$81.9	\$71.3	
Other revenue	\$2.9	\$2.9	
Provision for credit losses	(\$7.7)	(\$11.1)	
Other service revenue	\$8.0	\$8.1	PWI revenue
Total AFC revenue	\$85.1	\$71.2	+20% revenue per LTU
Gross profit**	\$62.8	\$50.0	
<i>% of revenue</i>	73.8%	70.2%	Floorplan lending business 79.0% vs 76.6% prior year
SG&A	\$8.0	\$7.9	
EBITDA	\$54.8	\$42.1	
Adjusted EBITDA	\$43.9	\$34.5	27% increase
Loan transactions	464,000	456,000	
Revenue per loan transaction unit (LTU)***	\$166	\$138	\$183 vs \$163 prior year excluding provision for credit losses
Provision for credit losses % of finance receivables	1.6%	2.5%	
Managed receivables	\$1,933.2	\$1,760.7	Increasing vehicle values
Obligations collateralized by finance receivables	\$1,354.2	\$1,241.8	

* 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 three months ended March 31, 2018.

** Exclusive of depreciation and amortization

*** Excludes "Other service revenue"

HISTORICAL DATA

ADESA Metrics - Annual

	2017	2016	2015	2014	2013
Revenue²	\$1,937.5	\$1,765.3	\$1,427.8	\$1,271.0	\$1,165.5
Total Volume	3,180	2,885	2,465	2,198	2,055
Online Only Volume	938	743	592	495	407
Total Online Volume %	46%	42%	40%	38%	35%
Physical Conversion % (N.A.)	60.4%	58.0%	58.3%	58.2%	56.9%
Dealer Consignment Mix % (Physical)	45%	48%	50%	51%	51%
Physical RPU¹	\$775	\$753	\$701	\$685	\$649
Online RPU¹	\$113	\$110	\$102	\$104	\$119
Gross Margin²	42.0%	41.3%	41.4%	41.3%	41.9%

ADESA Metrics - Quarter

	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Revenue²	\$528.1	\$473.2	\$477.1	\$489.2	\$498.0	\$442.3	\$457.4	\$450.8	\$414.8
Total Volume	878	744	788	830	818	700	732	750	703
Online Only Volume	309	237	241	245	215	177	180	198	188
Total Online Volume %	52%	49%	46%	46%	44%	43%	41%	41%	43%
Physical Conversion % (N.A.)	62.6%	57.3%	61.3%	61.1%	61.8%	54.9%	57.2%	59.1%	61.0%
Dealer Consignment Mix % (Physical)	41%	44%	47%	46%	44%	45%	50%	49%	47%
Physical RPU¹	\$820	\$822	\$781	\$748	\$755	\$773	\$758	\$742	\$737
Online RPU¹	\$117	\$122	\$112	\$105	\$111	\$115	\$108	\$109	\$110
Gross Margin²	42.1%	40.5%	42.9%	43.0%	41.6%	39.1%	41.1%	42.5%	42.5%

¹ Excluding Acquired Vehicles

² Includes purchased vehicles

Used Vehicle Value Indices - Quarterly

YoY Index Change	Age	1Q17	2Q17	3Q17	4Q17	1Q18
Industry	All	+4.1%	+3.7%	+1.9%	+2.3%	+0.0%
JCP/NADA	0-8 yrs	-4.7%	-4.5%	-2.6%	-0.1%	+0.8%
Black Book	2-6 yrs	-5.9%	-5.1%	-3.5%	-0.8%	-0.9%
RVI	2-5 yrs	-6.1%	-5.6%	-2.7%	+0.1%	+0.1%

- Increased industry (commercial) volumes drive average industry transaction wholesale prices higher (ADESA)
- Revenue per unit sold increased as a result of increased commercial mix (ADESA)
- Declining used car values increase likelihood of total losses (IAA)

IAA Metrics - Annual

	2017	2016	2015	2014	2013
Revenue	\$1,219.2	\$1,098.0	\$994.4	\$895.9	\$830.0
Total Volume	2,369	2,184	1,970	1,732	1,616
Inventory Growth (North America)	3%	25%	14%	20%	-3%
Purchased Vehicle Mix %	5%	7%	7%	6%	7%
Gross Profit	\$441.1	\$390.0	\$360.8	\$340.2	\$284.1
Gross Margin (IAA)	36.2%	35.5%	36.3%	38.0%	34.2%
Gross Margin (North America)	36.9%	36.7%	37.0%	38.0%	34.2%

IAA Metrics - Quarter

	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Revenue	\$337.3	\$335.4	\$287.7	\$298.7	\$297.4	\$302.6	\$261.0	\$264.8	\$269.6
Total Volume	643	635	562	580	592	610	516	523	534
Inventory Growth (North America)	4%	3%	12%	9%	17%	25%	22%	11%	4%
Purchased Vehicle Mix %	4%	4%	5%	5%	5%	6%	7%	6%	7%
Gross Profit	\$130.6	\$112.7	\$102.9	\$117.2	\$108.3	\$103.9	\$92.5	\$97.5	\$96.1
Gross Margin (IAA)	38.7%	33.6%	35.8%	39.2%	36.4%	34.3%	35.4%	36.8%	35.6%
Gross Margin (North America)	39.2%	33.9%	36.3%	40.2%	37.4%	35.1%	36.6%	38.4%	37.1%

IAA Q1 2018 Gross Profit

(\$ in millions)

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	IAA	HBC	Total	IAA	HBC	Total
Revenue	\$327.6	\$9.7	\$337.3	\$284.6	\$12.8	\$297.4
Cost of Services**	\$199.1	\$7.6	\$206.7	178.2	10.9	189.1
Gross Profit**	\$128.5	\$2.1	\$130.6	\$106.4	\$1.9	\$108.3
% of Revenue	39.2%	21.6%	38.7%	37.4%	14.8%	36.4%

* 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 three months ended March 31, 2018.

** Exclusive of depreciation and amortization

AFC Metrics - Annual

	2017	2016	2015	2014	2013
Revenue	\$301.3	\$286.8	\$268.4	\$250.1	\$224.7
Loan Transaction Units (LTU)	1,688	1,718	1,607	1,445	1,355
Revenue per Loan Transaction, Excluding "Other Service Revenue"	\$159	\$148	\$150	\$155	\$157
Ending Managed Finance Receivables	\$1,912.6	\$1,792.2	\$1,641.0	\$1,371.1	\$1,107.6
Ending Obligations Collateralized by Finance Receivables	\$1,358.1	\$1,280.3	\$1,189.0	\$859.3	\$763.3
% Vehicles Purchased at Auction	85%	83%	84%	84%	83%
Active Dealers	12,400	12,200	11,300	10,100	9,300
Vehicles per active dealer	15	15	16	16	14
Average Credit Line	\$250,000	\$260,000	\$230,000	\$219,000	\$185,000
Avg Value Outstanding per Vehicle	\$9,900	\$9,500	\$9,100	\$8,630	\$8,360

AFC Metrics - Quarter

	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Revenue	\$85.1	\$81.8	\$78.2	\$70.1	\$71.2	\$68.8	\$71.2	\$72.9	\$73.9
Loan Transaction Units (LTU)	464	414	402	416	456	417	426	422	454
Revenue per Loan Transaction, Excluding "Other Service Revenue"	\$166	\$178	\$174	\$148	\$138	\$145	\$148	\$154	\$146
Ending Managed Finance Receivables	\$1,933.2	\$1,912.6	\$1,809.2	\$1,736.5	\$1,760.7	\$1,792.2	\$1,785.4	\$1,738.6	\$1,705.5
Ending Obligations Collateralized by Finance Receivables	\$1,354.2	\$1,358.1	\$1,259.3	\$1,224.9	\$1,241.8	\$1,280.3	\$1,275.1	\$1,231.2	\$1,202.9

AFC Provision for Credit Losses - Annual

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ending Managed Receivables	\$1,912.6	\$1,792.2	\$1,641.0	\$1,371.1	\$1,107.6	\$1,004.2	\$883.2	\$771.6	\$613.0	\$506.6	\$847.9
Average Managed Receivables	\$1,802.2	\$1,732.5	\$1,474.9	\$1,208.4	\$1,051.4	\$925.8	\$798.8	\$688.6	\$516.4	\$744.4	\$835.3
Provision for Credit Losses	\$33.9	\$30.7	\$16.0	\$12.3	\$9.6	\$7.2	\$6.1	\$11.2	\$17.1	\$44.7	\$25.0
% of Managed Receivables	1.9%	1.8%	1.1%	1.0%	0.9%	0.8%	0.8%	1.6%	3.3%	6.0%	3.0%

AFC Provision for Credit Losses - Quarterly

	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Ending Managed Receivables	\$1,933.2	\$1,912.6	\$1,809.2	\$1,736.5	\$1,760.7	\$1,792.2	\$1,785.4	\$1,738.6	\$1,705.5
Average Managed Receivables	\$1,922.9	\$1,860.9	\$1,772.9	\$1,748.6	\$1,776.5	\$1,788.8	\$1,762.0	\$1,722.1	\$1,673.3
Provision for Credit Losses	\$7.7	\$6.4	\$5.0	\$11.4	\$11.1	\$11.7	\$8.0	\$5.5	\$5.5
% of Managed Receivables	1.6%	1.4%	1.1%	2.6%	2.5%	2.6%	1.8%	1.3%	1.3%

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. Free cash flow is defined as Adjusted EBITDA less cash interest expense on corporate debt (Credit Facility), capital expenditures and cash taxes related to the calendar year. 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, Adjusted EBITDA and free cash flow to evaluate the company's performance.

Depreciation expense for property and equipment and amortization expense of capitalized internally developed software costs relate to ongoing capital expenditures; however, amortization expense associated with acquired intangible assets, such as customer relationships, software, tradenames and non-compete agreements are not representative of ongoing capital expenditures, but have a continuing effect on our reported results. Non-GAAP financial measures of operating adjusted net income and operating adjusted net income per share, in the opinion of the company, provide comparability to other companies that may not have incurred these types of non-cash expenses or that report a similar measure. In addition, net income and net income per share have been adjusted for certain other charges, as seen in the following reconciliation.

EBITDA, Adjusted EBITDA, free cash flow, operating adjusted net income and operating adjusted net income per share 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 2018 Adjusted EBITDA Reconciliation

(\$ in millions)

Three Months ended March 31, 2018

	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$54.2	\$50.3	\$25.7	(\$40.2)	\$90.0
Add back:					
Income taxes	15.5	16.3	8.4	(13.8)	26.4
Interest expense, net of interest income	0.4	–	13.4	27.5	41.3
Depreciation and amortization	31.2	24.1	7.8	7.2	70.3
Intercompany interest	7.7	9.4	(0.5)	(16.6)	–
EBITDA	\$109.0	\$100.1	\$54.8	(\$35.9)	\$228.0
Intercompany charges	4.4	–	–	(4.4)	–
Non-cash stock-based compensation	2.1	1.0	0.5	3.1	6.7
Acquisition related costs	1.4	–	–	0.8	2.2
Securitization interest	–	–	(11.4)	–	(11.4)
Severance	1.5	–	–	–	1.5
Other	0.7	0.6	–	1.1	2.4
Total Addbacks	10.1	1.6	(10.9)	0.6	1.4
Adjusted EBITDA	\$119.1	\$101.7	\$43.9	(\$35.3)	\$229.4
Revenue	\$528.1	\$337.3	\$85.1	–	\$950.5
Adjusted EBITDA % margin	22.6%	30.2%	51.6%		24.1%

Q1 2017 Adjusted EBITDA Reconciliation

(\$ in millions)

Three Months ended March 31, 2017

	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	\$51.3	\$32.2	\$20.9	(\$35.2)	\$69.2
Add back:					
Income taxes	29.0	18.0	11.8	(24.7)	34.1
Interest expense, net of interest income	0.1	–	10.3	29.8	40.2
Depreciation and amortization	27.1	23.2	7.8	6.4	64.5
Intercompany interest	9.2	9.4	(8.7)	(9.9)	–
EBITDA	\$116.7	\$82.8	\$42.1	(\$33.6)	\$208.0
Intercompany charges	2.6	–	–	(2.6)	–
Non-cash stock-based compensation	1.5	0.9	0.5	3.1	6.0
Acquisition related costs	1.7	–	–	0.4	2.1
Securitization interest	–	–	(8.1)	–	(8.1)
Minority interest	1.7	–	–	–	1.7
Severance	0.5	0.2	–	–	0.7
Other	0.3	(0.1)	–	–	0.2
Total Addbacks	8.3	1.0	(7.6)	0.9	2.6
Adjusted EBITDA	\$125.0	\$83.8	\$34.5	(\$32.7)	\$210.6
Revenue	\$498.0	\$297.4	\$71.2	–	\$866.6
Adjusted EBITDA % margin	25.1%	28.2%	48.5%		24.3%

Operating Adjusted Net Income per Share Reconciliation

(\$ in millions, except per share amounts), (unaudited)

	Three Months ended March 31,	
	2018	2017
Net income	\$90.0	\$69.2
Acquired amortization expense	26.9	25.2
Income taxes ⁽¹⁾	(6.1)	(8.3)
Operating adjusted net income	\$110.8	\$86.1
Net income per share – diluted	\$0.66	\$0.50
Acquired amortization expense	0.20	0.18
Income taxes	(0.04)	(0.06)
Operating adjusted net income per share – diluted	\$0.82	\$0.62
Weighted average diluted shares	135.8	138.3

(1) The effective tax rate at the end of each period presented was used to determine the amount of income tax on the adjustments to net income.

Q1 2018 ADESA Incremental Operating Profit Margin Analysis

Incremental Operating Profit %

(\$ in millions)

	REPORTED	IMPACT OF ACQUISITIONS	ADESA EXCLUDING ACQUISITIONS
Q1 2018			
Revenue	\$528.1	\$7.0	\$521.1
Operating Profit	\$82.1	(\$15.9)	\$98.0
Operating Profit %	15.5%	(227.1%)	18.8%
Q1 2017			
Revenue	\$498.0		
Operating Profit	\$92.7		
Operating Profit %	18.6%		
Q1 2018 Reported Growth			
Reported Revenue Growth	\$30.1		
Reported Operating Profit Growth	(\$10.6)		
Incremental Operating Margin	(35.2%)		
Q1 2018 Excluding Acquisitions			
Revenue Growth	\$23.1		
Operating Profit Growth	\$5.3		
Incremental Operating Margin	22.9%		

Q1 2018 IAA Incremental Operating Profit Margin Analysis

Incremental Operating Profit %

(\$ in millions)

REPORTED

Q1 2018

Revenue	\$337.3
Operating Profit	\$76.0
Operating Profit %	22.5%

Q1 2017

Revenue	\$297.4
Operating Profit	\$59.2
Operating Profit %	19.9%

Q1 2018 Reported Growth

Reported Revenue Growth	\$39.9
Reported Operating Profit Growth	\$16.8
Incremental Operating Margin	42.1%

Q1 2018 AFC Incremental Operating Profit Margin Analysis

Incremental Operating Profit %

(\$ in millions)

REPORTED

Q1 2018	
Revenue	\$85.1
Operating Profit	\$47.0
Operating Profit %	55.2%
Q1 2017	
Revenue	\$71.2
Operating Profit	\$34.3
Operating Profit %	48.2%
Q1 2018 Reported Growth	
Reported Revenue Growth	\$13.9
Reported Operating Profit Growth	\$12.7
Incremental Operating Margin	91.4%