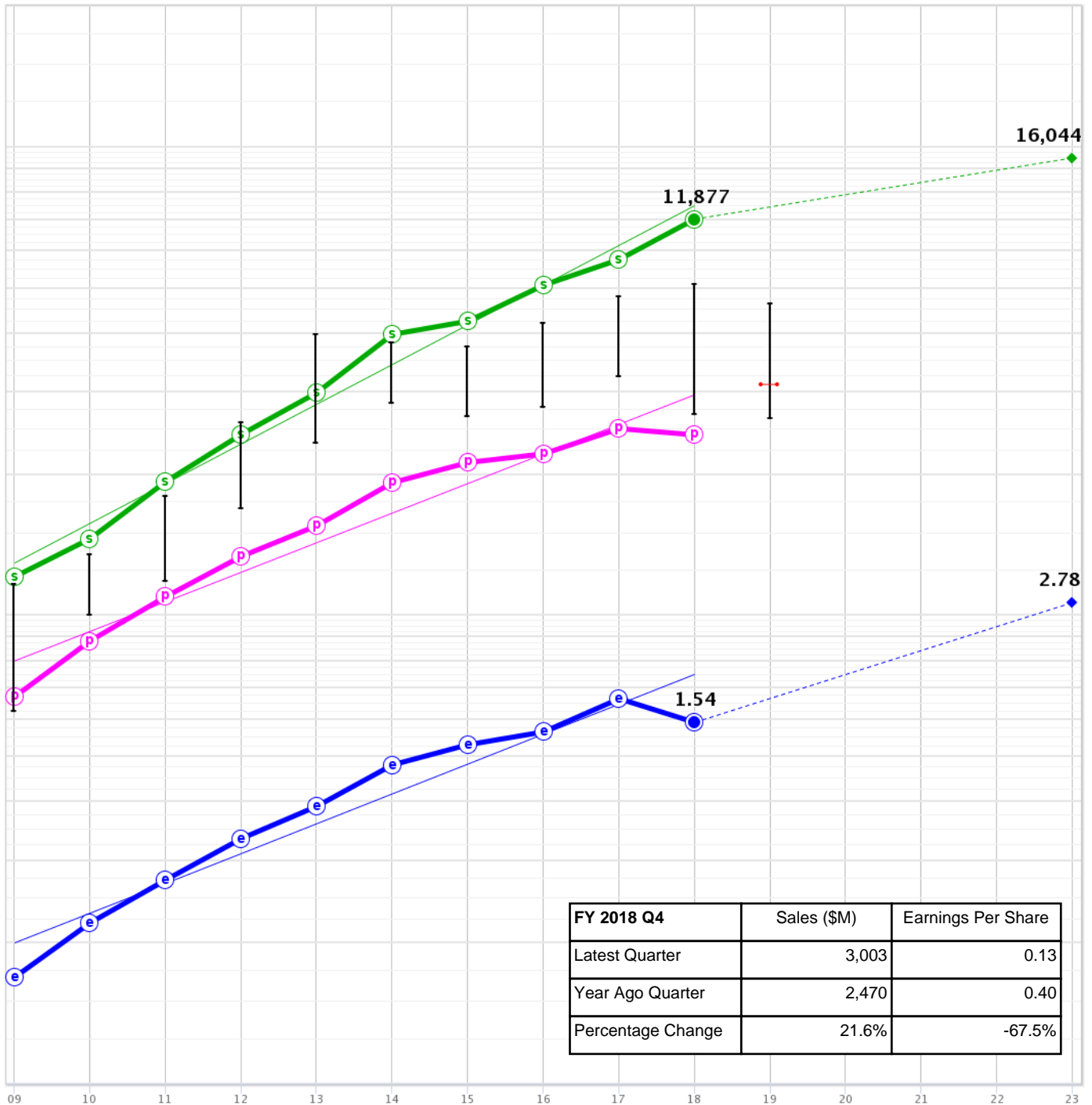


Company	LKQ		Date	03/12/19	
Prepared by	KEPHART		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Auto Parts		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	318.5		1.5	134.8	
Debt (\$M)	4,310.5	% to Tot Cap	47.4	% Pot Dil	0.3

Stock Selection Guide

Symbol: LKQ

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2018 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	3,003	0.13
Year Ago Quarter	2,470	0.40
Percentage Change	21.6%	-67.5%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 21.6% | (3) Historical Earnings Per Share Growth | 15.8% |
| (2) Estimated Future Sales Growth | 6.2% | (4) Estimated Future Earnings Per Share Growth | 12.5% |

2 EVALUATING Management

LKQ

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	10.0%	10.9%	10.3%	9.9%	9.4%	8.7%	9.0%	7.9%	7.9%	6.3%	8.0%
% Earned on Equity	10.6%	11.8%	13.2%	13.2%	13.6%	14.2%	13.9%	13.2%	13.2%	10.1%	12.9%
% Debt To Capital	33.8%	29.8%	36.8%	36.3%	35.7%	40.7%	33.7%	49.3%	44.8%	47.4%	43.2%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 26.87 (03/12/19)

HIGH THIS YEAR 39.84

LOW THIS YEAR 22.74

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2014	32.9	24.5	1.25	26.3	19.6	0.00	0.0	0.0
2015	32.3	22.9	1.38	23.4	16.6	0.00	0.0	0.0
2016	36.4	24.0	1.47	24.7	16.3	0.00	0.0	0.0
2017	41.4	27.9	1.73	23.9	16.1	0.00	0.0	0.0
2018	43.9	23.1	1.54	28.5	15.0	0.00	0.0	0.0
AVERAGE		24.5		25.4	16.7		0.0	
CURRENT/TTM			1.54			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 21.0				CURRENT PRICE EARNINGS RATIO: 17.4				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 25.4 X Estimate High Earnings/Share 2.78 = Forecasted High Price \$ 70.5

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.0 X Estimate Low Earnings/Share 1.54 = Forecasted Low Price \$ 23.1

(b) Avg. Low Price of Last 5 Years 24.5

(c) Recent Market Low Price 22.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 21.3

C ZONING using 25%-50%-25%

Forecasted High Price 70.5 Minus Forecasted Low Price 21.3 = 49.2 Range. 25% of Range 12.3

Buy Zone 21.3 to 33.6

Hold Zone 33.6 to 58.2

Sell Zone 58.2 to 70.5

Present Market Price of 26.87 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{70.5 - 26.87}{26.87 - 21.3} = \frac{43.62}{5.57} = 7.8$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{70.5 - 26.87}{26.87} = 2.6233$ X 100 = 262.33 - 100 = 162.3 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{26.87} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{25.40} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{20.20} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 21.3 %
Average Yield 0.0 %
Annualized Rate of Return 21.3 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 15.8 %
Average Yield 0.0 %
Annualized Rate of Return 15.8 %