

TIMELINESS <b>2</b> Raised 12/5/14	High: 2.3 2.6 4.5 6.4 11.8 12.5 10.0 11.6 15.6 22.3 34.3 32.9	Target Price Range	
SAFETY <b>3</b> New 12/29/06	Low: 1.8 1.7 2.1 4.3 5.0 4.4 5.4 8.6 10.2 14.6 20.1 24.5	2017	2018
TECHNICAL <b>3</b> Lowered 12/12/14	LEGENDS - - - 16.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 1/06 2-for-1 split 12/07 2-for-1 split 9/12 Options: Yes Shaded area indicates recession	2019	80 60 50 40 30 25 20 15 10 7.5
BETA 1.00 (1.00 = Market)			
<b>2017-19 PROJECTIONS</b>			
Ann'l Total			
Price Gain Return			
High <b>65 (+120%) 22%</b>			
Low <b>45 (+55%) 12%</b>			
<b>Insider Decisions</b>			
J F M A M J J A S			
to Buy 0 0 0 0 0 0 0 0 0			
Options 3 0 1 0 2 0 0 0 0			
to Sell 3 7 0 0 2 1 6 0 0			
<b>Institutional Decisions</b>			
1Q2014 2Q2014 3Q2014			
to Buy 224 202 194	Percent 30		
to Sell 190 183 175	shares 20		
Hld's(000) 272532 277831 278371	traded 10		

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
2.58	2.66	3.70	4.20	6.92	7.21	8.49	11.13	13.84	16.83	22.30	24.40		Sales per sh	26.90
.17	.19	.26	.31	.49	.57	.71	.92	1.09	1.34	1.75	2.10		"Cash Flow" per sh	2.85
.12	.16	.20	.28	.38	.45	.58	.74	.87	1.05	1.35	1.70		Earnings per sh A	2.40
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.16	.13	.17	.14	.24	.20	.21	.29	.30	.30	.40	.40		Cap'l Spending per sh	.55
1.24	1.66	1.88	3.17	3.65	4.15	4.86	5.59	6.60	7.81	9.20	11.05		Book Value per sh B	15.50
164.52	205.66	213.20	268.30	279.84	284.01	290.93	293.90	297.81	300.81	304.00	307.00		Common Shs Outst'g C	316.00
19.6	20.5	26.9	26.2	23.5	18.1	17.5	17.4	20.8	25.8	Bold figures are Value Line estimates			Avg Ann'l P/E Ratio	23.0
1.04	1.09	1.45	1.39	1.41	1.21	1.11	1.09	1.32	1.45				Relative P/E Ratio	1.45
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424.8	547.4	789.4	1126.8	1937.3	2047.9	2469.9	3269.9	4122.9	5062.5	6775	7500		Sales (\$mill)	8500
9.8%	11.2%	22.2%	32.4%	31.2%	36.4%	31.7%	30.6%	29.8%	29.2%	29.5%	31.0%		Operating Margin	33.5%
6.9	8.6	11.8	17.1	30.7	34.1	38.0	49.9	64.1	81.0	120	125		Depreciation (\$mill)	150
20.6	30.9	44.4	65.9	105.5	127.5	169.1	219.2	261.2	320.7	415	525		Net Profit (\$mill)	750
39.2%	40.2%	39.0%	39.1%	37.7%	37.9%	37.4%	37.1%	36.2%	34.7%	40.0%	40.0%		Income Tax Rate	40.0%
4.8%	5.6%	5.6%	5.8%	5.4%	6.2%	6.8%	6.7%	6.3%	6.3%	6.1%	7.0%		Net Profit Margin	8.8%
77.8	103.7	122.4	389.5	441.7	534.4	611.6	752.0	896.5	1121.8	1600	1725		Working Cap'l (\$mill)	2225
49.9	46.0	92.0	641.5	620.9	593.0	548.1	926.6	1046.8	1264.2	1900	2100		Long-Term Debt (\$mill)	2400
204.7	341.8	401.2	849.8	1020.5	1173.4	1414.2	1644.1	1964.1	2350.7	2800	3400		Shr. Equity (\$mill)	4900
8.4%	8.3%	9.5%	4.9%	7.2%	7.9%	9.2%	8.9%	9.1%	9.4%	11.0%	11.0%		Return on Total Cap'l	11.5%
10.1%	9.0%	11.1%	7.8%	10.3%	10.8%	12.0%	13.3%	13.3%	13.6%	15.0%	15.5%		Return on Shr. Equity	15.5%
10.1%	9.0%	11.1%	7.8%	10.3%	10.8%	12.0%	13.3%	13.3%	13.6%	15.0%	15.5%		Retained to Com Eq	15.5%
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LKQ Corporation was formed in 1998, and was incorporated in Delaware in 2003. On October 2, 2003, LKQ made an initial public offering of 14.0 million shares, priced at \$6.50 (split-adjusted). The lead manager for this transaction was Robert W. Baird. The company made a secondary offering of 6.9 million shares, priced at \$14.50 (split-adjusted) in September of 2005. The lead manager was again Robert W. Baird. These shares trade on the NASDAQ exchange under the ticker symbol LKQ.

**CAPITAL STRUCTURE as of 9/30/14**  
Total Debt \$1898.0 mill. Due in 5 Yrs \$1300.0 mill.  
LT Debt \$1825.1 mill. LT Interest \$115.0 mill.  
(Total interest coverage: NMF) (41% of Cap'l)

Pension Assets-12/13 None.  
Pfd Stock None  
Common Stock 303,035,573 shs.  
as of 10/24/14  
MARKET CAP: \$8.9 billion (Large Cap)

CURRENT POSITION (\$MILL.)	2012	2013	9/30/14
Cash Assets	59.8	150.5	244.6
Receivables	311.8	458.1	609.4
Inventory (Avg Cst)	900.8	1077.0	1341.3
Other	112.0	114.2	150.2
Current Assets	1384.4	1799.8	2345.5
Accts Payable	219.3	349.1	403.6
Debt Due	71.7	41.5	72.9
Other	196.9	287.4	294.9
Current Liab.	487.9	678.0	771.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
Sales	21.0%	23.0%	13.0%
"Cash Flow"	25.0%	26.0%	18.0%
Earnings	26.5%	25.5%	18.5%
Dividends	---	---	NMF
Book Value	21.0%	18.0%	10.5%

Cal-endar	QUARTERLY SALES (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	786.6	759.8	783.9	939.6	3269.9
2012	1031.8	1006.5	1016.7	1067.9	4122.9
2013	1196.0	1251.7	1298.1	1316.7	5062.5
2014	1625.8	1709.1	1721.0	1719.1	6775
2015	1800	1900	1900	1900	7500

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.21	.17	.17	.19	.74
2012	.25	.22	.19	.21	.87
2013	.28	.26	.25	.26	1.05
2014	.35	.35	.31	.34	1.35
2015	.42	.42	.41	.45	1.70

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010					
2011					
2012					
2013					
2014					

NO CASH DIVIDENDS BEING PAID

**BUSINESS:** LKQ Corporation provides replacement systems, components, and parts needed to repair cars and light trucks, primarily in North America and Europe. LKQ buys wrecked cars at auction and distributes the reusable parts to collision repair shops. It also provides aftermarket parts-related services. Its customers include collision and mechanical repair shops, as well as insurance compa-

**LKQ reported decent third-quarter results.** Sales during the period reached a quarterly record of \$1.72 billion, a 33% increase from the prior-year figure. The advance was largely driven by recent acquisitions, including Keystone and Sator. Organic revenues grew 9%, including a 9% increase from the parts and services business. The company made three acquisitions during the quarter, including a salvage yard in Canada, a heavy-duty truck salvage yard in Illinois, and an automotive aftermarket products distributor in the Netherlands. It also opened 15 new Euro Car Parts branches. As of September 30th, LKQ operated 179 Euro Car Parts branches and 25 paint distribution branches in the United Kingdom. While share net for the quarter rose 24% compared to the prior-year tally, it was \$0.02 short of our estimate. This was due to gross margin pressure from the Keystone acquisition, as well as an unfavorable product mix.

**We are raising our 2014 top-line estimate by \$25 million, to \$6.775 billion, while lowering our bottom-line estimate by a nickel per share, to \$1.35.** Sales growth in the fourth quarter should

remain strong, thanks to continued gains from recent acquisitions. LKQ recently purchased Stag Parkway Holding Company, a leading supplier of replacement parts and accessories for recreational vehicles, and we look for more additions in the near term. Core growth should also remain firm in the coming months, as management maintained its growth forecast of 8%-10%. However, ongoing margin pressure will likely temper earnings growth, largely due to recent acquisitions, some of which carry lower margins, as well as reduced scrap prices. Product mix will also likely temper profits in the short term.

**Shares of LKQ are ranked to outperform the broader market averages in the coming six to 12 months.** Demand trends remain strong in most regions, and this should drive good earnings gains during this time frame, despite some of the aforementioned margin headwinds. Over the 3- to 5-year period, these shares offer wide price appreciation potential at the recent quotation, assuming the company's recent expansion efforts bear fruit as expected.

Iason Dalavagas December 19, 2014

(A) Diluted earnings. Next earnings report due late January. (B) Includes intangibles. In 2013: \$2091.2 million, \$6.95 per share. (C) In millions, adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	60
Price Growth Persistence	95
Earnings Predictability	90