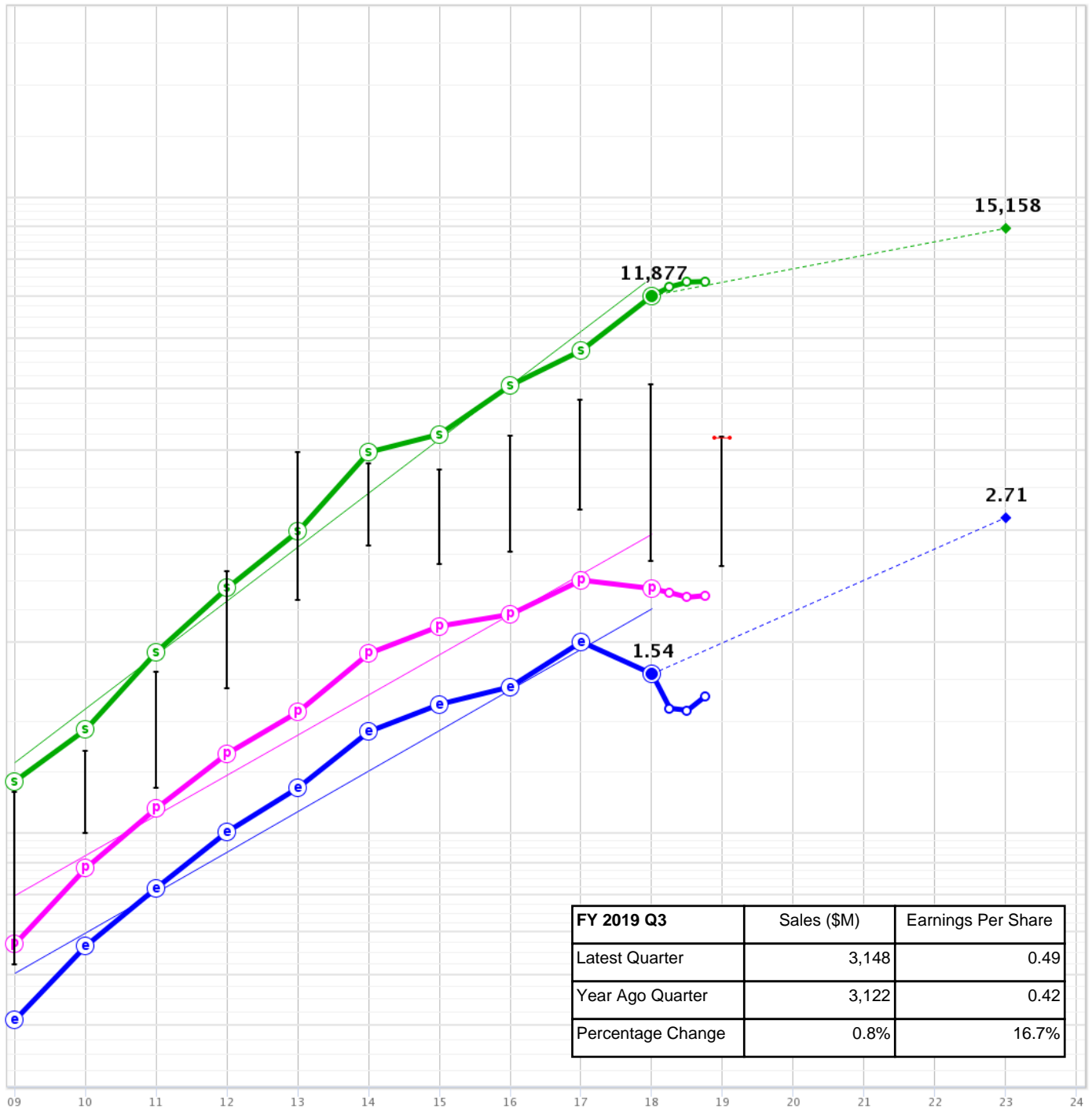


Company	LKQ		Date	11/12/19	
Prepared by	Tanoe		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Auto Parts		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	308.0	1.6	72.5		
Debt (\$M)	5,220.3	% to Tot Cap	52.0	% Pot Dil	0.2

# Stock Selection Guide

Symbol: LKQ

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |  |       |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth       | 21.6% | (3) Historical Earnings Per Share Growth       | 15.8% |
| (2) Estimated Future Sales Growth | 5.0%  | (4) Estimated Future Earnings Per Share Growth | 12.0% |

## 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** 36.18 (11/12/19)

**HIGH THIS YEAR** 36.21

**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			1.42			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 21.0				CURRENT PRICE EARNINGS RATIO: 25.5				

## 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 27.5 X Estimate High Earnings/Share 2.71 = Forecasted High Price \$ 74.6

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 18.5 X Estimate Low Earnings/Share 1.42 = Forecasted Low Price \$ 26.3

(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 \$ 24.5

### C ZONING using 25%-50%-25%

Forecasted High Price 74.6 Minus Forecasted Low Price 24.5 = 50.1 Range. 25% of Range 12.5

Buy Zone 24.5 to 37.0

Hold Zone 37.0 to 62.1

Sell Zone 62.1 to 74.6

Present Market Price of 36.18 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{74.6 - 36.18}{36.18 - 24.5} = \frac{38.46}{11.68} = 3.3$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{74.6 - 36.18}{36.18} = 2.0629$  X 100 = 206.29 - 100 = 106.3 % 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**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{36.18} = 0.0000 = 0.0\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{27.50} = 0.0\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{23.00} = 0.0\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 15.6 %  
Average Yield 0.0 %  
Annualized Rate of Return 15.6 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 11.5 %  
Average Yield 0.0 %  
Annualized Rate of Return 11.5 %

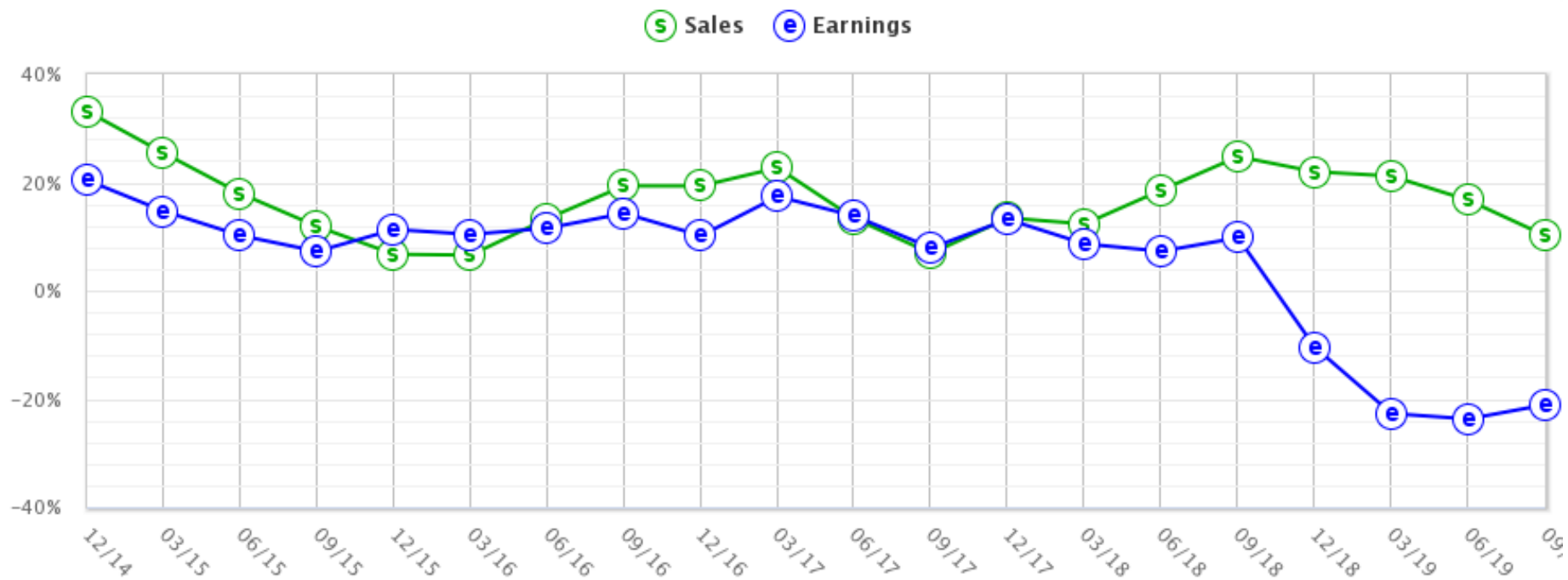
**Notes: LKQ 11/13/19**

Date	Subject	Description	Type
11/13/19	TOWR removed from peer listing	<p>Per Value Line - Numerous headwinds, including an anemic European economy and a steep decline in scrap metal prices. Unfavorable foreign exchange rates also lowered the top line by roughly 2%. The North America segment was hurt by lower revenue in its glass and aviation business, as well as a decline in sales from scrap steel and other metals primarily related to their lower prices.</p> <p>LKQ also repurchased 3.9M shares of stock for \$101M, paid down \$109M of debt and announced a \$500M increase in its share repurchase authorization. However according to SSG, their debt to Capital has increased.</p> <p>CFRA only expects revenue to increase by 7% in 2019. LKQ intends to sell several small, non-core businesses over the course of the next year in order to simplify its operating model and improve margins. We believe proceeds will go primarily towards debt reduction.</p> <p>Positive is 2018 acquisition of Stahlgruber enhanced the company's geographic presence in Europe as well as improving its procurement buying power. This could be at risk if unfavorable vehicle accident trends, currency rates swings and poorer-than-expected results from acquisitions. Increased financial leverage is a concern, as is the potential negative Brexit impact on European business. Lower-than-expected cost reductions and volatility in raw material and scrap prices are also risks.</p> <p>Manifest has 6.3 PAR, 85 Quality and 6.9% sales growth forecast.</p>	Study
06/24/19	Growth and \$52 million impairment charge	<p>Except for acquisitions, growth has been trivial. \$52 million impairment charge implies change in value of acquisitions resulting in write downs. Can LKQ create synergy in Europe - a much more fragmented and less homogeneous market than the US??? I will look again after 2nd qtr results</p>	Community
03/16/19	March LKQ Analysis tt	<p>using median data from last 34 SSG reports, result is very similar to last month. HOWEVER, insider SELLING and failure to close on options make me sceptical. HOLD. Tommyt</p>	Community
02/07/19	LKQ February analysis	<p>1. Although stock price has gone up from last month's report (2/6 \$27.03), current price is still close to the estimated low price (\$25.5). 2. Estimation - 5 yr sale growth forecast 12% and EPS growth rate forecast 12%, high PE 20, high EPS 3.05, low PE 17 and low eps 1.5. 3. T. Updown ratio (29.6 to 1) is a concern.</p>	Community
05/12/17	MPG removed from peer listing	<p>The "Refresh Study Data" function removed MPG from peer listing as of 05-12-2017 because it is no longer covered in the BetterInvesting stock data.</p>	Study

03/17/17	LKQ Notes	03/17/2017 - LKQ Corporation LKQ is the largest nationwide provider of recycled OEM automotive replacement parts and related services. The Consensus Estimate for its current year earnings has been revised 7.6% downward over the last 30 days. Also of note is the downward pressure on PTP as a percent of Sales and ROE. Looks like the company has bought another company recently which is reflected in the increase in Debt and the downward pressure on earnings. Will continue to monitor.	Study
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**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data										
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS		Pre-Tax Profit			Sales			%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales		
09/19	0.49	16.7	205.3	6.5	2.2	3,147.8	0.8	28.1	1.42	725.0	5.8	12,499.0	200.5	27.7	-21.1	-5.8	10.2		
06/19	0.49	-2.0	206.0	6.3	-5.6	3,248.2	7.2	27.1	1.35	720.5	5.8	12,473.6	189.9	26.4	-23.7	-3.6	16.7		
03/19	0.31	-36.7	190.2	6.1	-5.4	3,100.3	13.9	27.1	1.36	732.7	6.0	12,256.2	194.6	26.6	-22.7	-2.9	21.2		
12/18	0.13	-66.7	123.6	4.1	-17.7	3,002.8	21.6	28.3	1.54	743.4	6.3	11,876.7	192.9	25.9	-10.5	-3.0	22.0		
09/18	0.42	7.7	200.8	6.4	12.9	3,122.4	26.6	22.9	1.80	770.1	6.8	11,343.7	182.9	23.8	9.8	5.0	24.8		
06/18	0.50	2.0	218.1	7.2	-3.4	3,030.8	23.3	27.9	1.77	747.1	7.0	10,687.2	195.7	26.2	7.3	1.7	18.6		
03/18	0.49	8.9	200.9	7.4	-5.6	2,720.8	16.1	24.7	1.76	754.8	7.5	10,114.8	208.6	27.6	8.6	4.2	12.3		
12/17	0.39	25.8	150.2	6.1	28.4	2,469.9	35.3	19.5	1.72	766.6	7.9	9,736.9	229.5	29.9	13.2	13.2	13.4		
09/17	0.39	-2.5	177.9	7.2	-0.7	2,465.8	3.3	32.7	1.64	733.4	8.1	9,092.1	243.1	33.1	7.9	4.8	6.9		
06/17	0.49	6.5	225.8	9.2	4.8	2,458.4	0.3	33.6	1.65	734.7	8.2	9,013.1	241.6	32.9	13.8	8.8	13.3		

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
03/17	0.45	28.6	212.8	9.1	28.4	2,342.8	21.9	33.9	1.62	724.4	8.0	9,005.4	240.3	33.2	17.4	12.2	22.7
12/16	0.31	0.0	116.9	6.4	-16.1	1,825.0	4.4	32.3	1.52	677.3	7.9	8,584.0	226.1	33.4	10.1	4.4	19.3
09/16	0.40	21.2	179.2	7.5	15.7	2,386.8	30.3	31.7	1.52	699.8	8.2	8,507.9	230.3	32.9	14.3	9.5	19.4
06/16	0.46	17.9	215.5	8.8	16.1	2,450.7	33.3	34.8	1.45	675.5	8.5	7,952.8	226.0	33.5	11.5	8.2	13.3
03/16	0.35	0.0	165.7	8.6	-2.0	1,921.5	8.3	34.8	1.38	645.6	8.8	7,340.2	216.2	33.5	10.4	7.9	6.6
12/15	0.31	19.2	139.4	8.0	7.5	1,748.9	3.8	30.5	1.38	649.0	9.0	7,192.6	218.6	33.7	11.3	10.4	6.7
09/15	0.33	10.0	155.0	8.5	10.8	1,831.7	6.4	33.9	1.33	639.3	9.0	7,127.8	226.2	35.4	7.3	10.9	11.9
06/15	0.39	14.7	185.6	10.1	16.2	1,838.1	7.5	34.9	1.30	624.2	8.9	7,017.1	221.1	35.4	10.2	14.3	17.9
03/15	0.35	2.9	169.1	9.5	6.5	1,773.9	9.1	35.5	1.25	598.3	8.7	6,888.2	210.7	35.2	14.7	19.0	25.4
12/14	0.26	0.0	129.7	7.7	9.4	1,684.1	27.9	37.3	1.24	587.9	8.7	6,740.1	204.8	34.8	20.4	23.6	33.1
09/14	0.30	25.0	139.8	8.1	28.2	1,721.0	32.6	34.0	1.24	576.8	9.1	6,372.6	196.7	34.1	26.5	27.1	32.4
06/14	0.34	36.0	159.7	9.3	37.1	1,709.1	36.5	34.0	1.18	546.0	9.2	5,949.7	184.3	33.8	28.3	27.5	31.3
03/14	0.34	21.4	158.7	9.8	20.4	1,625.8	35.9	34.0	1.09	502.8	9.2	5,492.3	170.9	34.0	23.2	21.8	28.1
12/13	0.26	23.8	118.6	9.0	22.7	1,316.7	23.3	34.3	1.03	475.8	9.4	5,062.5	163.9	34.4	17.7	16.3	22.8
09/13	0.24	33.3	109.0	8.4	31.0	1,298.1	27.7	32.7	0.98	453.9	9.4	4,813.8	157.8	34.8	14.6	14.4	20.5
06/13	0.25	16.3	116.4	9.3	15.1	1,251.7	24.4	35.0	0.92	428.1	9.4	4,532.4	151.4	35.4	9.5	8.8	20.5
03/13	0.28	3.7	131.8	11.0	2.9	1,196.0	15.9	35.8	0.89	412.8	9.6	4,287.2	147.9	35.8	12.7	12.1	22.0
12/12	0.21	10.5	96.6	9.0	14.7	1,067.9	13.7	35.6	0.88	409.2	9.9	4,122.9	147.6	36.1	23.2	21.9	26.1
09/12	0.18	9.1	83.3	8.2	4.0	1,016.7	29.7	35.1	0.86	396.8	9.9	3,994.6	140.8	35.5	28.6	24.8	33.0
06/12	0.22	34.4	101.2	10.1	33.5	1,006.5	32.5	36.8	0.84	393.5	10.5	3,761.8	143.0	36.3	34.4	32.8	33.0
03/12	0.27	38.5	128.1	12.4	33.8	1,031.8	31.2	36.8	0.79	368.1	10.5	3,515.0	135.3	36.7	31.9	30.1	32.5
12/11	0.19	31.0	84.2	9.0	26.8	939.6	39.4	33.3	0.71	335.8	10.3	3,269.9	125.4	37.4	22.4	24.3	32.4
09/11	0.17	32.0	80.0	10.2	37.3	783.9	29.0	38.5	0.67	318.0	10.6	3,004.3	122.3	38.5	18.8	22.2	27.7
06/11	0.16	23.1	75.8	10.0	21.1	759.7	29.9	38.4	0.63	296.3	10.5	2,828.0	113.9	38.5	15.7	18.4	26.3
03/11	0.20	8.3	95.7	12.2	15.6	786.6	30.3	39.2	0.60	283.0	10.7	2,653.0	109.6	38.7	16.7	20.2	23.6
12/10	0.15	16.0	66.4	9.9	17.6	674.1	21.3	37.8	0.58	270.1	10.9	2,469.9	103.2	38.2	30.3	30.9	19.8
09/10	0.13	19.0	58.3	9.6	20.7	607.6	22.8	38.4	0.56	260.2	11.1	2,351.7	97.9	37.6			
06/10	0.13	30.0	62.6	10.7	31.0	584.7	18.7	39.4	0.54	250.2	11.2	2,238.9	93.6	37.4			
03/10	0.18	56.5	82.8	13.7	53.8	603.5	16.5	37.2	0.51	235.4	11.0	2,147.0	88.1	37.4			
12/09	0.13		56.5	10.2		555.9		35.4									
09/09	0.11		48.3	9.8		494.8		37.6									
06/09	0.10		47.8	9.7		492.8		39.6									
03/09	0.12		53.8	10.4		518.0		40.0									