

LKQ Corp LKQ ★★★★★

Chicago, -based LKQ is a leading global distributor of vehicle parts. Initially formed in 1998 as a consolidator of auto salvage operations in the United States, it has since greatly expanded its scope to include distribution of new mechanical and collision parts, specialty auto equipment, and remanufactured and recycled parts in both Europe and North America. It still maintains its auto salvage business and owns over 75 LKQ pick-your-part junkyards. Separate from the self-service business, LKQ purchases over 300,000 salvage automobiles annually that are used to extract parts for resale. Globally, LKQ maintains approximately 1,500 facilities.

Growth Rates (Compound Annual)

Grade: B	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	22.0	18.2	18.6	20.1
Operating Income %	9.6	9.4	11.9	16.7
Earnings/Share %	-11.0	3.7	8.6	16.1
Dividends %	—	—	—	—
Book Value/Share %	11.4	14.1	14.1	15.3
Stock Total Return	-4.0	-3.6	-0.1	12.9
+/- Industry	9.9	-8.1	-2.7	-5.9
+/- Market	-17.0	-17.8	-11.6	-2.3

Profitability Analysis

Grade: D	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	10.7	13.7	14.5	25.7
Return on Assets %	4.6	6.5	4.9	9.1
Revenue/Employee \$K	232.9	224.2	—	925.3
Fixed Asset Turns	11.1	11.2	5.2	6.9
Inventory Turns	2.8	2.9*	8.6	12.0
Gross Margin %	38.5	39.1	17.4	42.4
Operating Margin %	8.0	9.2	6.5	19.3
Net Margin %	4.0	5.3	3.8	17.3
Free Cash Flow/Rev %	3.9	4.2	3.9	18.7
R&D/Rev %	—	—	0.9	—

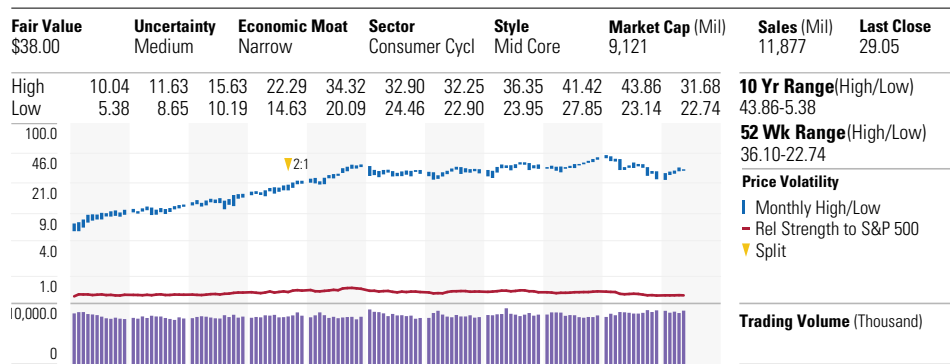
Financial Position (USD)

Grade: B	12-17 \$Mil	12-18 \$Mil
Cash	280	332
Inventories	2381	2836
Receivables	1027	1154
Current Assets	3822	4521
Fixed Assets	913	1220
Intangibles	4280	5310
Total Assets	9367	11393
Payables	789	942
Short-Term Debt	126	122
Current Liabilities	1323	1690
Long-Term Debt	3278	4189
Total Liabilities	5160	6555
Total Equity	4198	4782

Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	21.4	22.1	16.9	20.6
Forward P/E	12.1	—	—	22.6
Price/Cash Flow	12.4	19.1	7.7	13.3
Price/Free Cash Flow	18.3	28.7	15.9	26.4
Dividend Yield %	—	—	1.4	2.0
Price/Book	1.9	2.9	2.5	3.3
Price/Sales	0.8	1.3	0.6	4.5
PEG Ratio	1.0	—	—	2.5

*3Yr Avg data is displayed in place of 5 Yr Avg



Fair Value	Uncertainty	Economic Moat	Sector	Style	Market Cap (Mil)	Sales (Mil)	Last Close				
\$38.00	Medium	Narrow	Consumer Cycl	Mid Core	9,121	11,877	29.05				
High	10.04	15.63	34.32	36.35	41.42	43.86	31.68				
Low	5.38	10.19	20.09	23.95	27.85	23.14	22.74				
10 Yr Range (High/Low) 43.86-5.38 52 Wk Range (High/Low) 36.10-22.74 Price Volatility Monthly High/Low Rel Strength to S&P 500 Split											
Trading Volume (Thousand)											
Stock Performance											
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	Total Return %
68.0	16.0	32.4	40.3	55.9	-14.5	5.4	3.4	32.7	-41.7	22.4	+/- Market
41.5	0.9	30.3	24.3	23.5	-28.2	4.0	-8.5	10.9	-37.3	5.3	+/- Industry
-26.4	-64.9	52.7	14.8	0.0	-28.5	9.3	-2.3	3.7	-11.4	3.5	Dividend Yield %
—	—	—	—	—	—	—	—	—	—	—	Market Cap \$Mil
2782	3305	4409	6284	9896	8533	9054	9425	12569	7502	9121	
Financials (USD)											
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TTM	Revenue \$Mil
2048	2470	3270	4123	5063	6740	7193	8584	9737	11877	11877	Gross Margin %
45.3	44.3	42.6	41.8	41.0	39.4	39.4	39.1	39.0	38.5	38.5	Oper Income \$Mil
234	299	369	441	540	665	724	801	865	948	948	Operating Margin %
11.4	12.1	11.3	10.7	10.7	9.9	10.1	9.3	8.9	8.0	8.0	Net Income \$Mil
128	169	210	261	312	382	423	464	534	480	480	Earnings Per Share \$
0.44	0.58	0.71	0.87	1.02	1.25	1.38	1.47	1.73	1.54	1.53	Dividends \$
—	—	—	—	—	—	—	—	—	—	—	Shares Mil
288	292	297	301	304	306	307	310	311	316	316	Book Value Per Share \$
4.15	4.86	5.38	6.60	7.49	8.79	9.94	11.14	13.07	15.31	15.29	Oper Cash Flow \$Mil
164	159	212	206	428	389	544	635	519	711	711	Cap Spending \$Mil
-56	-61	-86	-88	-90	-141	-170	-207	-179	-250	-250	Free Cash Flow \$Mil
108	98	125	118	338	248	374	428	340	461	461	
Profitability											
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TTM	Return on Assets %
6.5	7.8	7.7	7.6	7.6	7.6	7.6	6.7	6.0	4.6	4.6	Return on Equity %
11.6	13.0	13.8	14.5	14.4	15.1	14.5	14.2	14.0	10.7	10.7	Asset Turnover
1.05	1.14	1.19	1.19	1.23	1.35	1.29	1.23	1.10	1.14	1.14	Net Margin %
6.2	6.9	6.4	6.3	6.2	5.7	5.9	5.4	5.5	4.0	4.0	Financial Leverage
1.7	1.6	1.9	1.9	1.9	2.0	1.8	2.4	2.2	2.4	2.4	
Financial Health (USD)											
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	12-18	Long-Term Debt \$Mil
593	548	927	1047	1264	1784	1529	3276	3278	4189	4189	Total Equity \$Mil
1179	1414	1644	1964	2351	2721	3115	3443	4198	4782	4782	Debt/Equity
0.50	0.39	0.56	0.53	0.54	0.66	0.49	0.95	0.78	0.88	0.88	Working Capital \$Mil
534	612	752	896	1122	1491	1589	2357	2499	2831	2831	
Valuation											
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TTM	Price/Earnings
22.3	19.8	22.6	24.3	33.6	22.9	22.1	20.0	24.8	13.1	21.4	P/E vs. Market
0.0	0.0	—	0.0	0.0	0.0	0.0	—	—	0.0	1.0	Price/Sales
1.4	1.3	1.5	1.5	2.1	1.3	1.3	1.1	1.3	0.7	0.8	Price/Book
2.4	2.3	2.8	3.2	4.4	3.2	3.0	2.8	3.1	1.5	1.9	Price/Cash Flow
17.2	20.8	25.6	30.8	27.3	21.0	16.9	17.3	22.5	12.6	12.4	

Quarterly Results (USD)

Revenue \$	Mar	Jun	Sep	Dec
Most Recent	2720.0	3030.0	3122.0	3002.0
Previous	2342.0	2458.0	2465.0	2469.0
Rev Growth %	Mar	Jun	Sep	Dec
Most Recent	16.1	23.3	26.6	21.6
Previous	21.9	6.7	11.7	14.9
Earnings Per Share \$	Mar	Jun	Sep	Dec
Most Recent	0.49	0.50	0.42	0.13
Previous	0.45	0.49	0.39	0.39

Close Competitors

	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
O'Reilly Automotive Inc	29820	9536	23.0	263.1
AutoZone Inc	25841	11311	19.5	—

Major Fund Holders

	% of shares
Vanguard Total Stock Mkt Idx Inv	2.61
Vanguard Mid Cap Index Institutional	2.32
VA CollegeAmerica Grth Fund of Amer 529A	2.22

Contact

LKQ Corp
 500 West Madison Street
 Chicago, IL 60661
 Phone: +1 312 621-1950
 Website: <http://www.lkqcorp.com>