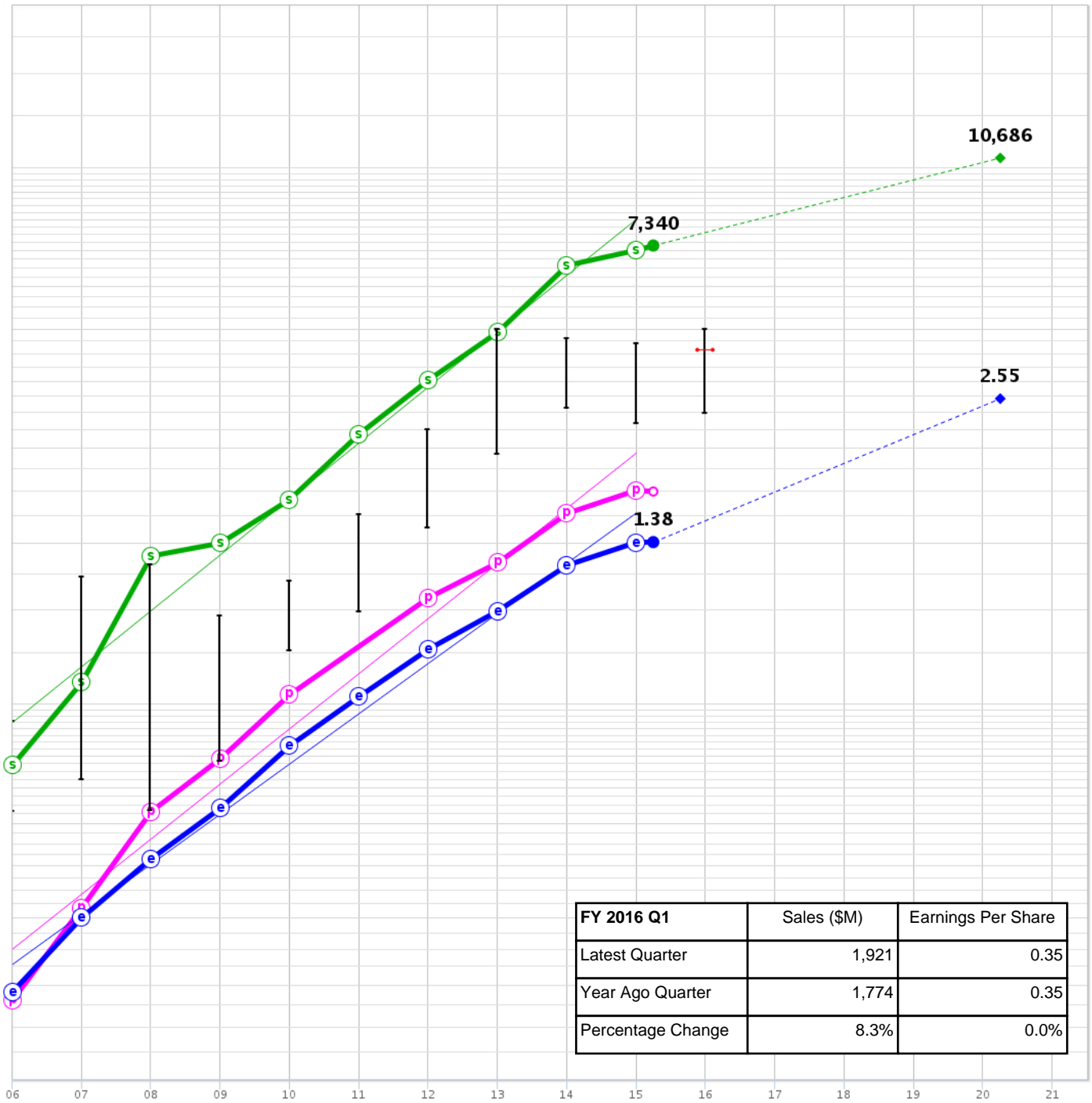


Company <u>LKQ</u>		Date <u>05/20/16</u>	
Prepared by <u>O'MARA</u>		Data taken from <u>BI Stock Data</u>	
Where traded <u>NAS</u>		Industry <u>Auto Parts</u>	
Capitalization --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	308.4	1.5	94.8
Debt (\$M)	2,818.6	% to Tot Cap	46.6
		% Pot Dil	0.7

Stock Selection Guide

Symbol: LKQ

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- (1) Historical Sales Growth 27.1%
- (2) Estimated Future Sales Growth 7.8%
- (3) Historical Earnings Per Share Growth 24.0%
- (4) Estimated Future Earnings Per Share Growth 13.1%

2 EVALUATING Management

LKQ

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Last 5 Year Avg.
Pre-tax Profit on Sales	9.2%	9.6%	8.4%	10.0%	10.9%	10.3%	9.9%	9.4%	8.7%	9.0%	9.5%
% Earned on Equity	11.0%	8.7%	9.7%	10.6%	11.8%	13.2%	13.2%	13.7%	14.2%	13.9%	13.6%
% Debt To Capital	20.0%	43.7%	38.6%	33.8%	29.8%	36.8%	36.3%	35.7%	40.7%	33.7%	36.6%

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 31.42 (05/20/16)

HIGH THIS YEAR 34.26

LOW THIS YEAR 23.95

	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
2011	15.5	10.2	0.71	21.8	14.4	0.00	0.0	0.0
2012	22.3	14.6	0.87	25.6	16.8	0.00	0.0	0.0
2013	34.3	20.1	1.03	33.5	19.6	0.00	0.0	0.0
2014	32.9	24.5	1.25	26.4	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
AVERAGE		18.5		24.3	17.4			
CURRENT/TTM			1.38					
AVERAGE PRICE EARNINGS RATIO: 20.9				CURRENT PRICE EARNINGS RATIO: 22.8				

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 22.0 X Estimate High Earnings/Share 2.55 = Forecasted High Price \$ 56.1

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 16.9 X Estimate Low Earnings/Share 1.38 = Forecasted Low Price \$ 23.3

(b) Avg. Low Price of Last 5 Years 18.5

(c) Recent Market Low Price 22.9

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

Selected Forecasted Low Price \$ 23.9

C ZONING using 25%-50%-25%

Forecasted High Price 56.1 Minus Forecasted Low Price 23.9 = 32.2 Range. 25% of Range 8.0

Buy Zone 23.9 to 31.9

Hold Zone 31.9 to 48.0

Sell Zone 48.0 to 56.1

Present Market Price of 31.42 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{56.1 - 31.42}{31.42 - 23.9} = \frac{24.64}{7.52} = 3.3$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{56.1 - 31.42}{31.42} = 1.7843$ X 100 = 178.43 - 100 = 78.4 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{31.42} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{22.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{19.45} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 12.3 %
Average Yield 0.0 %
Annualized Rate of Return 12.3 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.5 %
Average Yield 0.0 %
Annualized Rate of Return 9.5 %