LKQ Corporation

Fourth Quarter & Full Year 2019 Investor Presentation

March 3, 2020

Forward Looking Statements and Non-GAAP Financial Measures

Statements and information in this presentation that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the "safe harbor" provisions of such Act.

Forward-looking statements include, but are not limited to, statements regarding our outlook, guidance, expectations, beliefs, hopes, intentions and strategies. These statements are subject to a number of risks, uncertainties, assumptions and other factors including those identified below. All forward-looking statements are based on information available to us at the time the statements are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks, uncertainties, assumptions and other factors that could cause actual results to differ from the results predicted or implied by our forward-looking statements include the factors disclosed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2019. The report is available on our investor relations website at lkqcorp.com and on the SEC website at sec.gov.

This presentation contains non-GAAP financial measures. Included with this presentation is a reconciliation of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

Mission Statement

To be the leading global value-added distributor of vehicle parts and accessories by offering our customers the most comprehensive, available and cost effective selection of part solutions while building strong partnerships with our employees and the communities in which we operate

Today's Agenda

LKQ Today

LKQ Business Overview

LKQ's Strategy to Drive Shareholder Value

Engaged Board with Strong Governance Practices

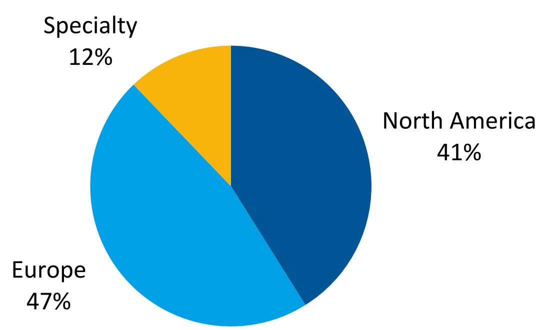
Concluding Remarks

Overview of LKQ

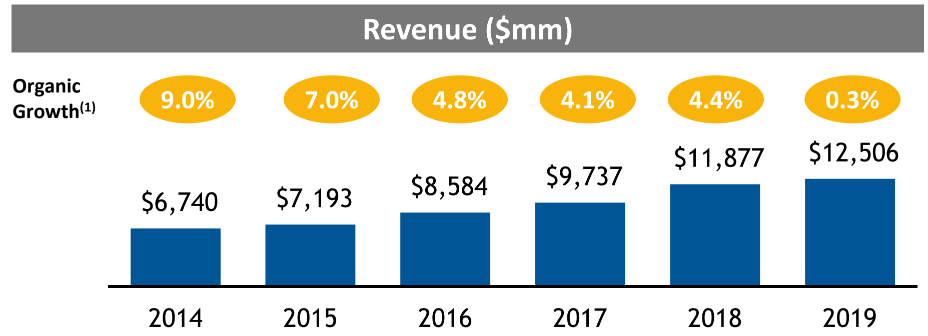
Company Overview

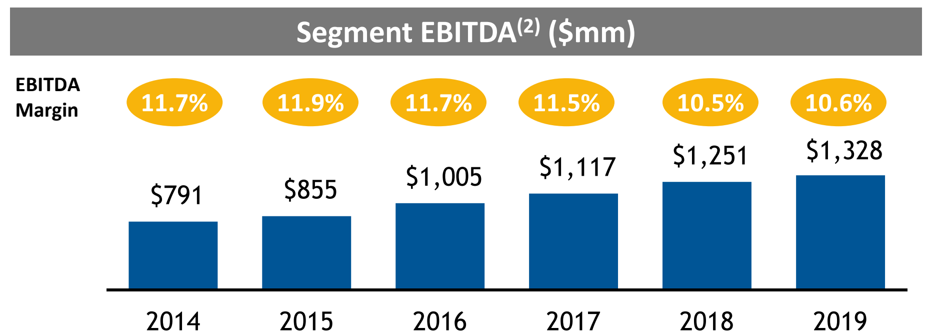
- LKQ is a global distributor of vehicle products, including replacement parts, components and systems used in repair and maintenance of vehicles and specialty products and accessories
- Founded in 1998 through a combination of wholesale recycled products businesses, which subsequently expanded through organic growth and ~280 acquisitions of aftermarket, recycled, refurbished and remanufactured product suppliers
- Customers are primarily wholesale collision and mechanical DIFM shops
- Organized into three reportable segments: North America, Europe and Specialty
- ~1,700 facilities, including roughly 550 in the U.S. and 1,150 in over 25 other countries with ~51,000 employees (21,000 in North America)

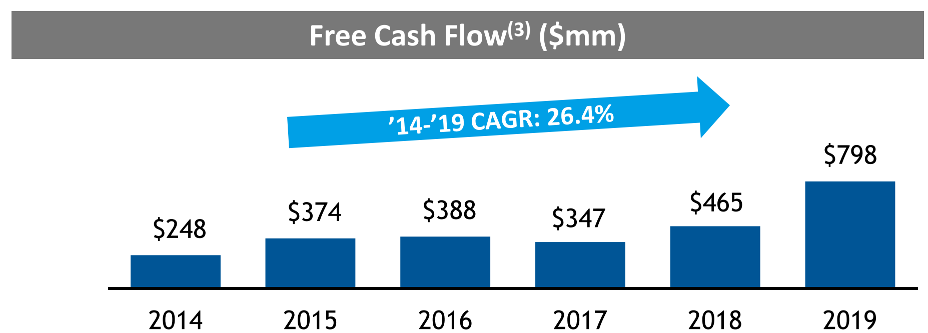
Revenue by Segment



Financial Performance

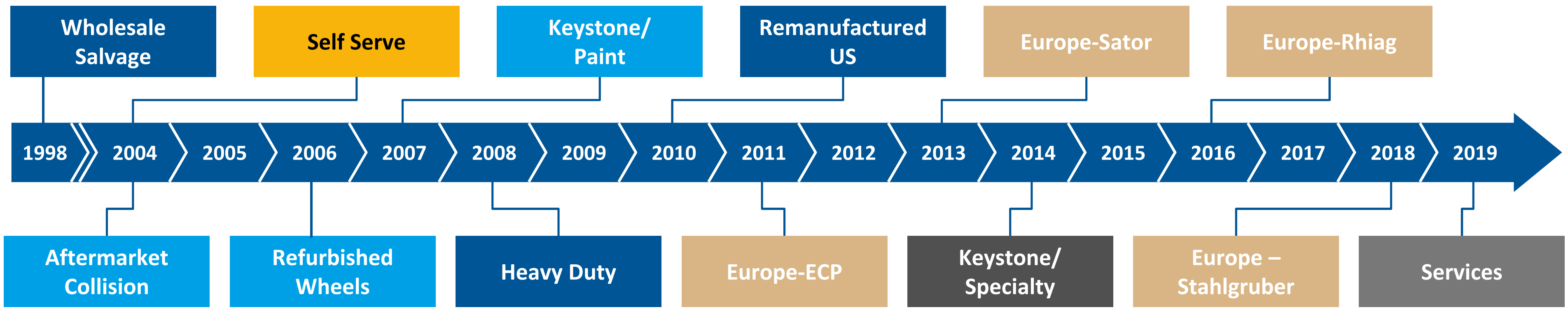


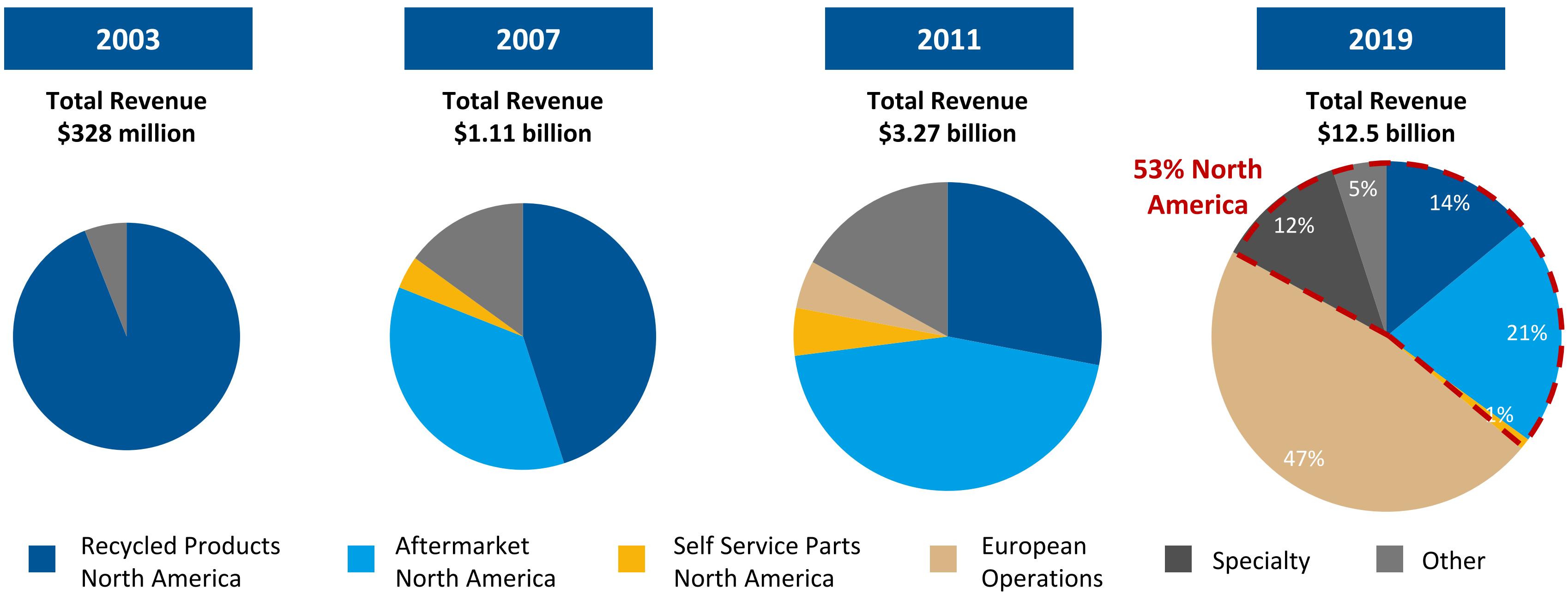




1) Represents Parts and Services organic growth.
2) Segment EBITDA reflects continuing operations only. It is a non-GAAP measure.
3) Free cash flow amount only includes free cash flow generated by continuing operations and is defined as cash flow from operations less capital expenditures. It is a non-GAAP measure.

Over 15 Years of Growth





LKQ has grown from a North American collision operation to a globally diversified aftermarket distributor

LKQ Near-Term Objectives

Executing on a plan to consistently create shareholder value by transforming LKQ into an integrated global vehicle replacement parts distributor

1 Creating "1 LKQ Europe"

- Simplifying and integrating European operations and achieving European segment EBITDA margins by 2021 in a range of 9.5%[(1)] to 11.1%[(1)] through cost savings in procurement, product strategy, revenue management and local initiatives

2 Driving North American organic growth and profitability

- Expanding product offerings, optimizing pricing and data-driven procurement

3 Specialty segment growth plan

- Focused on new product lines and services, as well as targeting new customers, increased penetration of existing customers and extension of exclusive brand and online fulfillment offering

4 Focused capital allocation strategy

- Transitioning from emphasis on building scale through acquisitions to enabling organic growth, de-levering and returning capital to shareholders

5 Governance initiatives

- Including compensation structure and continual Board refreshment, evidenced by the appointment of four new Independent Directors during the last three years

Recent results underscore that plan is working and that we have a clear trajectory towards our targets

1) Includes the negative impact of estimated transformation costs of 0.6% to 0.8%.

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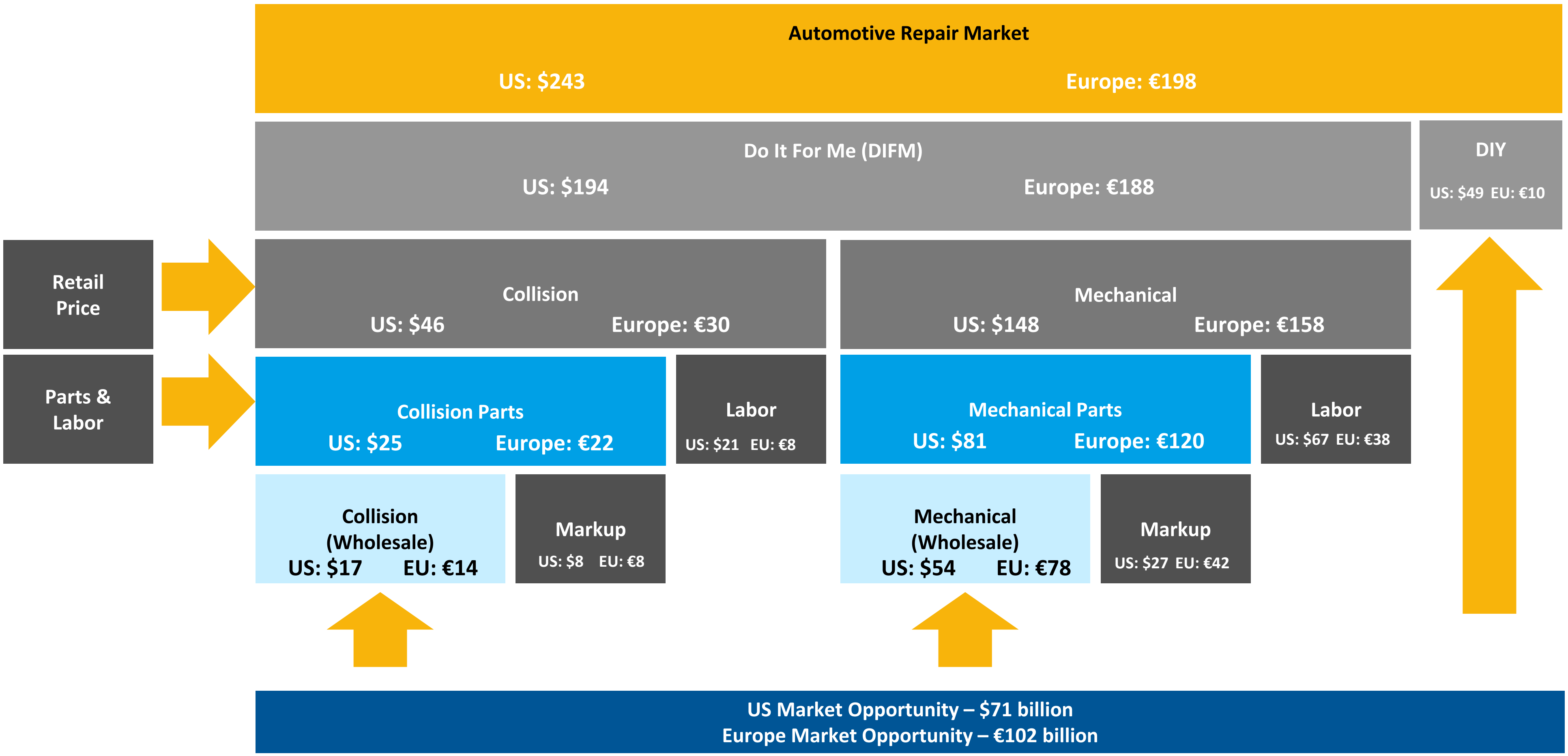
- LKQ Business Overview
- LKQ's Strategy to Drive Shareholder Value
- Engaged Board with Strong Governance Practices
- Concluding Remarks

Significant Market Opportunity for LKQ in the US and Europe

US and Europe Market Opportunity [1,2,3]

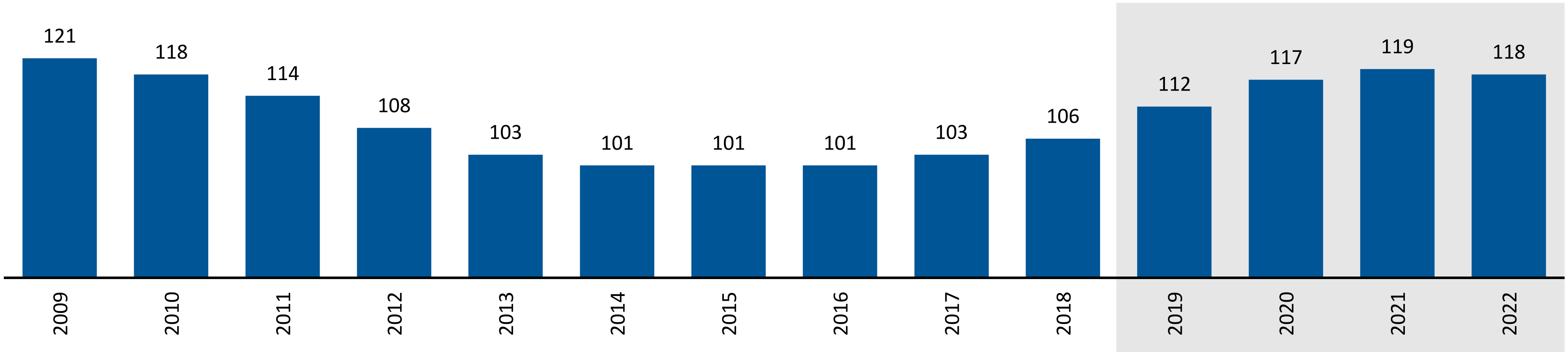


1) Source: 2014 Datamonitor; Management estimates.
2) Source: AAIA Factbook, 27th Edition 2018; 2016 data is estimated, excludes tires.
3) Note: All $ and € in billions; Excludes VAT and sales taxes.

Aging Vehicles Coupled with Increasing Complexity and Cost of Repairs Contribute to Growth Opportunities

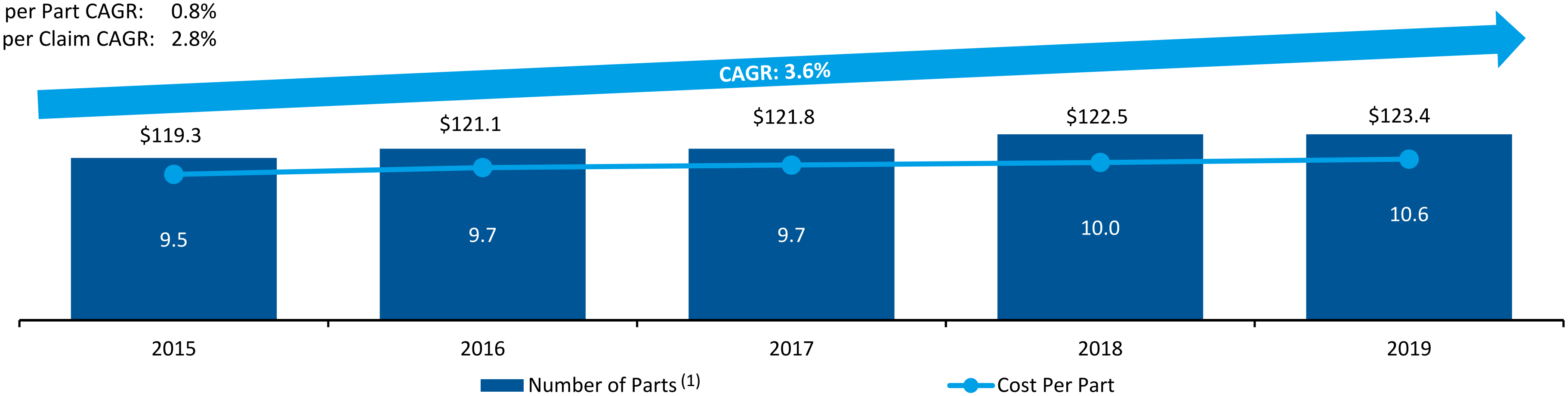
United States Vehicles in Operation (between 3-10 years old)

(in millions)



Cost per Part and Number of Parts 2015 – 2019

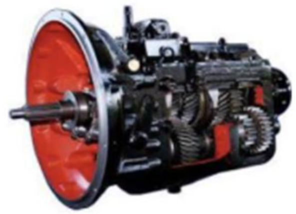
Cost per Part CAGR: 0.8%
Part per Claim CAGR: 2.8%



Source: Experian vehicles in operation as of 12/31/17; SAAR projections, Bank of America Merrill Lynch 1/8/18 and CCC Information Services.
1) Number of parts per repairable claim.

Clear Value Proposition



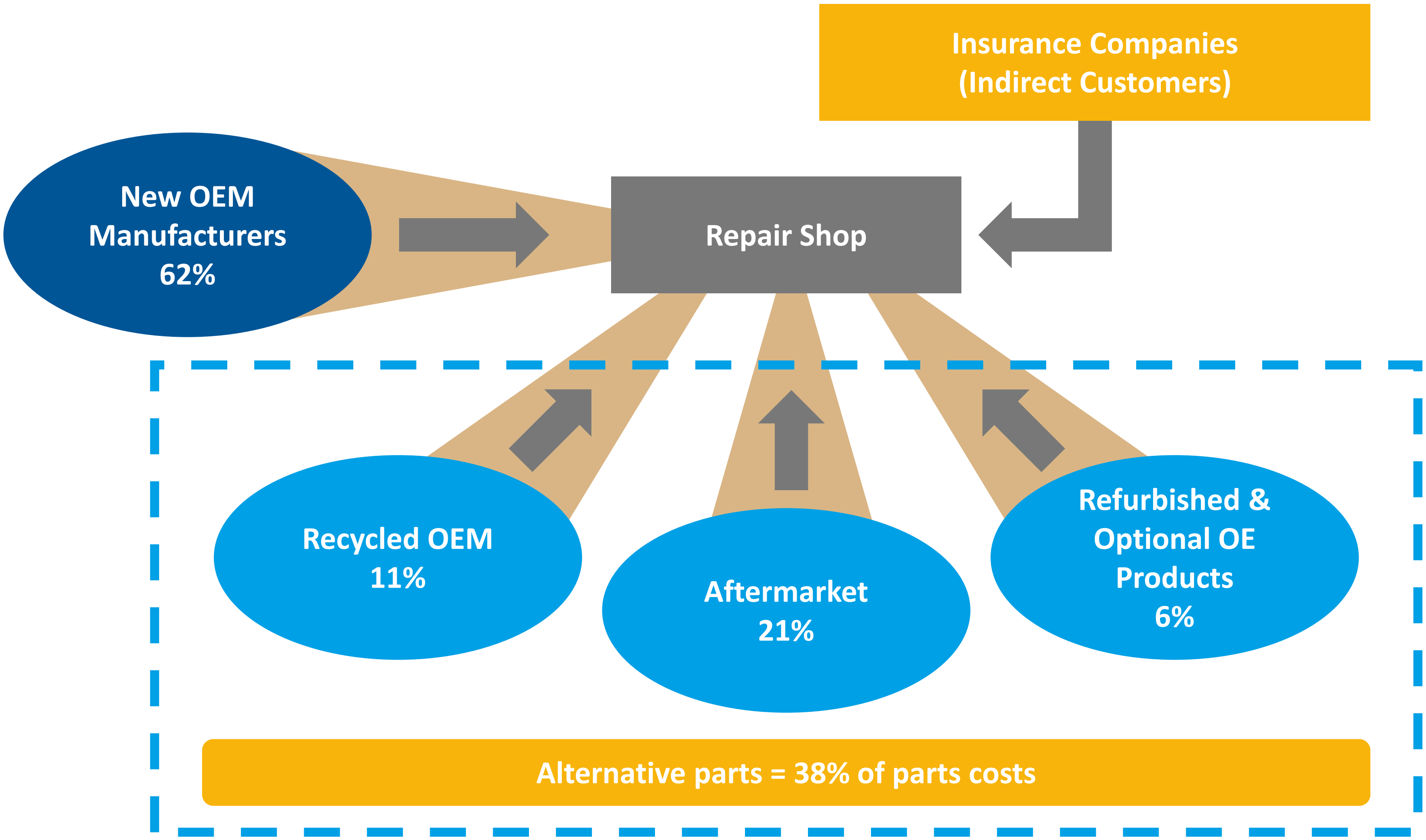


	2013 Honda Accord Hood	2012 Toyota Corolla Headlamp	2014 Chevrolet Silverado Transmission
New OEM	$612	$228	$2,699
Remanufactured	N/A	$199	$2,299
Recycled OEM	$440	$182	$1,150
New A/M	$434	$173	N/A
Average Savings	29%	20%	36%

…and Improved Cycle Time for Repairs

Note: Parts price only – excludes labor; the average savings percentages are for illustrative purposes.

Collision Products, a $17 Billion Industry in the US



Source: CCC Information Services – Crash Course 2018.

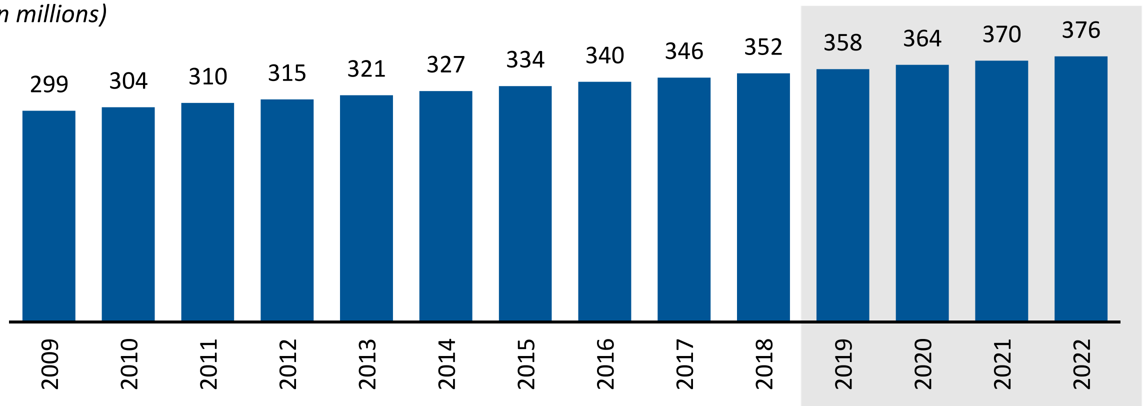
Regional Distribution Improves Fulfilment

- Highly fragmented space
- 20X size of next competitor
- Consistent nationwide coverage and warranty
- Strong management team
- Strong logistics & footprint
- Industry leading fill-rates
  - Aftermarket: 95%
  - Salvage
    - Competitor: 25%
    - LKQ Single Site: 35%
    - LKQ Region: 75%

Growing European Market with Aging Fleet

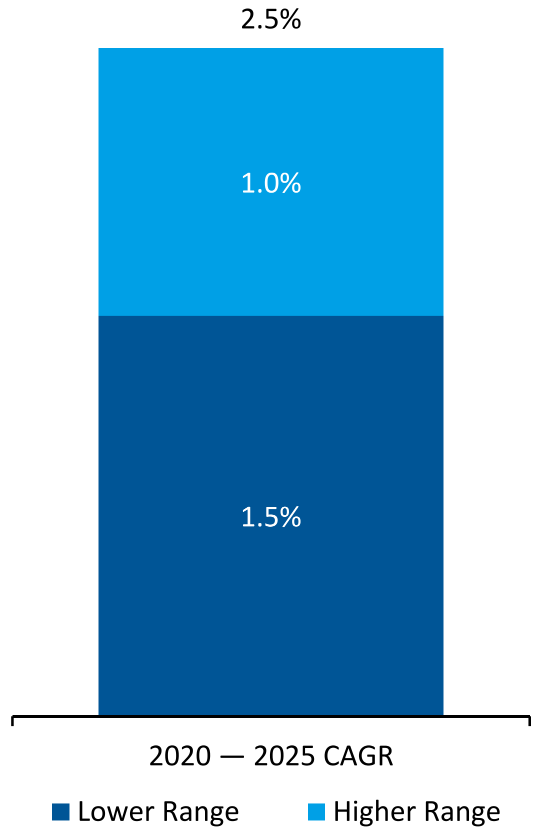
Europe Total Vehicles in Operation

(in millions)



LKQ Europe Footprint		Parc Size(1)	Age of Fleet(2)
Germany		47.1	9.3
United Kingdom		36.0	7.8
Netherlands		8.6	10.4
Italy		39.0	10.8
CEE Region(3)		49.3	14.2
LKQ Europe Coverage		180.0	10.7
European Union 2013 – 2017 CAGR		282.1 2.0%	10.5 1.4%

Expected Organic Growth for LKQ Europe 2020 — 2025 CAGR



Sources: Industry Sources, LKQ Analysis, European Automobile Manufacturers Association.
1) Passenger and Light Commercial Vehicles as of 2019.
2) As of 2016.
3) Includes Czech Republic, Slovakia, Ukraine, Hungary, Poland, Romania.

LKQ's Business Model Supports Sustainable Growth in all Macro Environments

Select North American Brands

LKQ – Quality Recycled Auto Parts. Guaranteed.™

Keystone – An LKQ Company

Keystone Automotive Operations, Inc.

PGW autoglass – "MORE THAN GLASS"™

LKQ Corporation

- Non-Discretionary Niche and Fragmented Markets
- High Fulfillment Rates
- Operating Leverage and Synergy Opportunities
- Sustainable Growth and Margin Expansion
- Attractive Adjacent Markets
- Industry Leading Management

Select European Brands

STAHLGRUBER – IMMER MOBIL

RHIAG GROUP

euro CAR PARTS – An LKQ Company

FOURCE

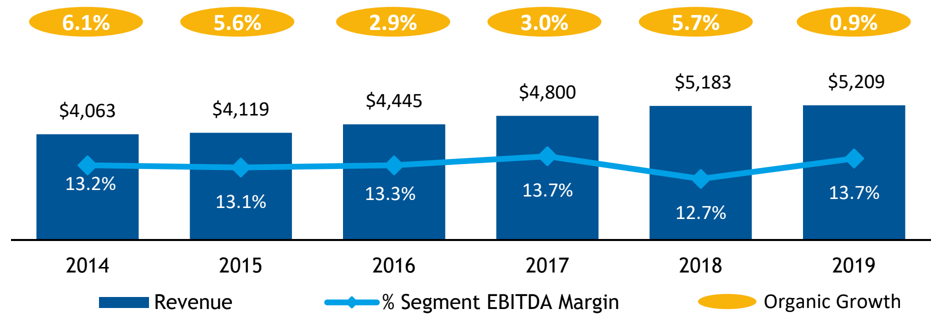
LKQ's Operating Segments Demonstrate Attractive Growth and Margin Profiles

Product Overview

Financial Overview

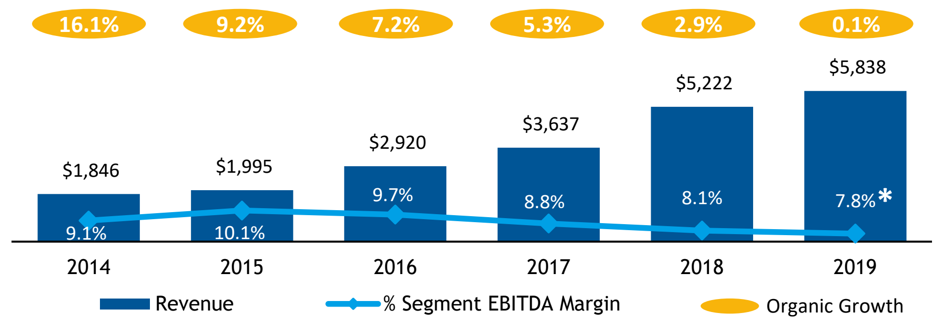
North America

- Collision
  - Aftermarket automotive products
  - Automotive glass distribution
  - Recycled & Refurbished
- Mechanical
  - Recycled engines & transmissions
  - Remanufactured engines & transmissions



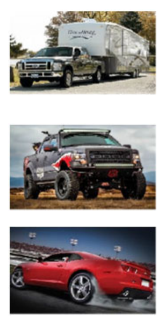
Europe

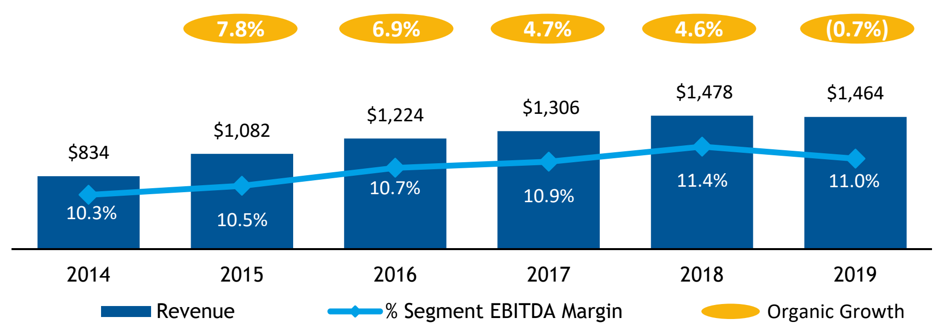
- Mechanical
  - 175,000+ small part SKUs
  - Brakes, filters, hoses, belts, etc.
- Collision
  - Aftermarket (UK) & Recycled (Sweden)



Specialty

- Performance products
- Appearance & accessories
- RV, trailer & other
- Specialty wheels & tires

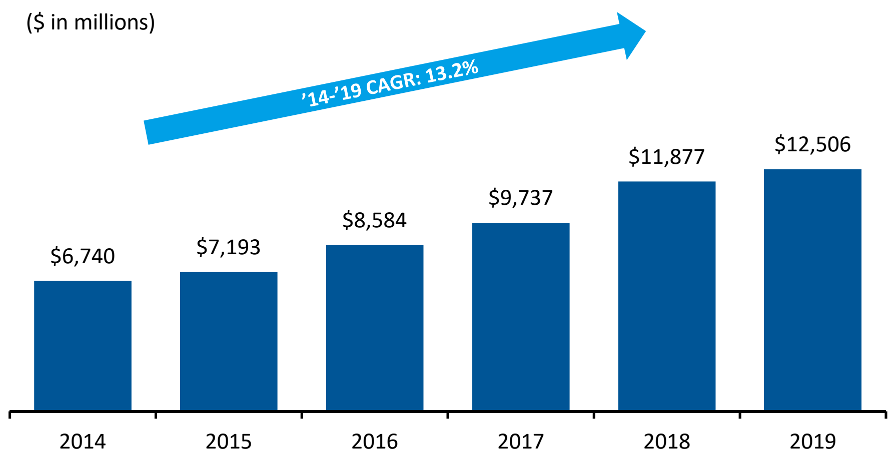




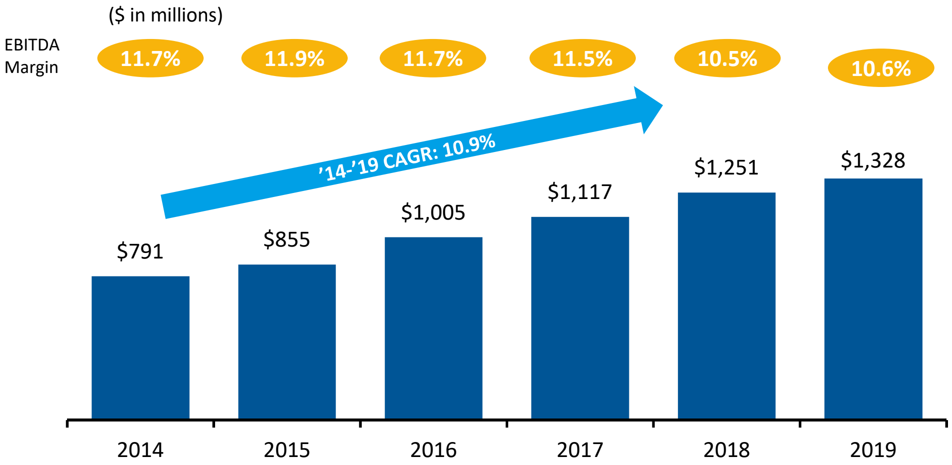
* 2019 Europe Segment EBITDA margin includes 20 basis points negative impact from transformation costs

Overview of Consolidated Financial Performance

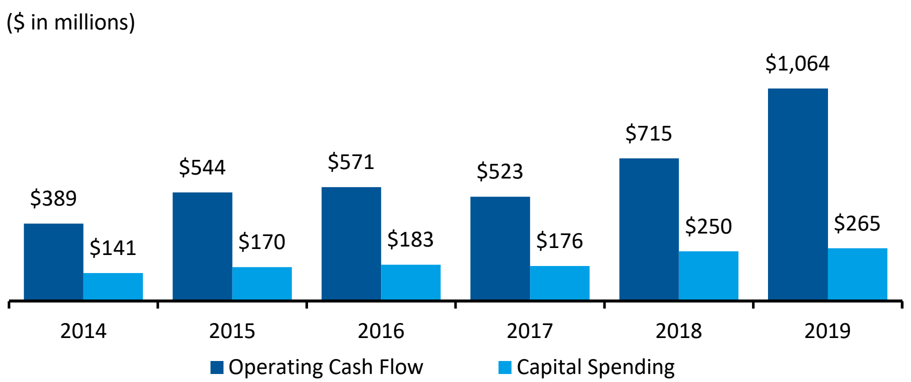
Revenue



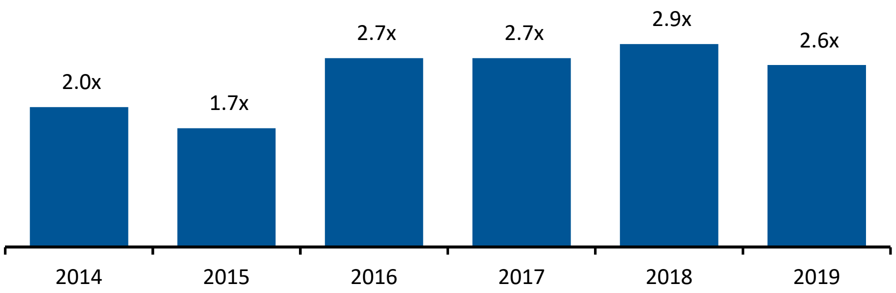
Segment EBITDA



Cash Flow/Capex



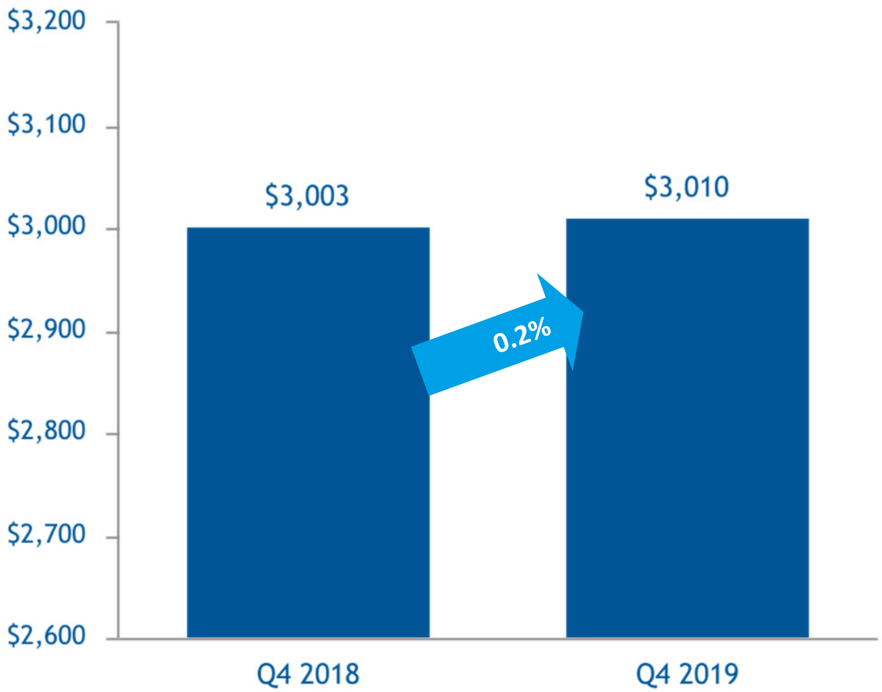
Net Leverage



1) Amounts reflect continuing operations only.
2) EBITDA is a non-GAAP measure. Refer to EBITDA reconciliation on Appendix 2.
3) Net leverage per bank covenants is defined as Net Debt / EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details.

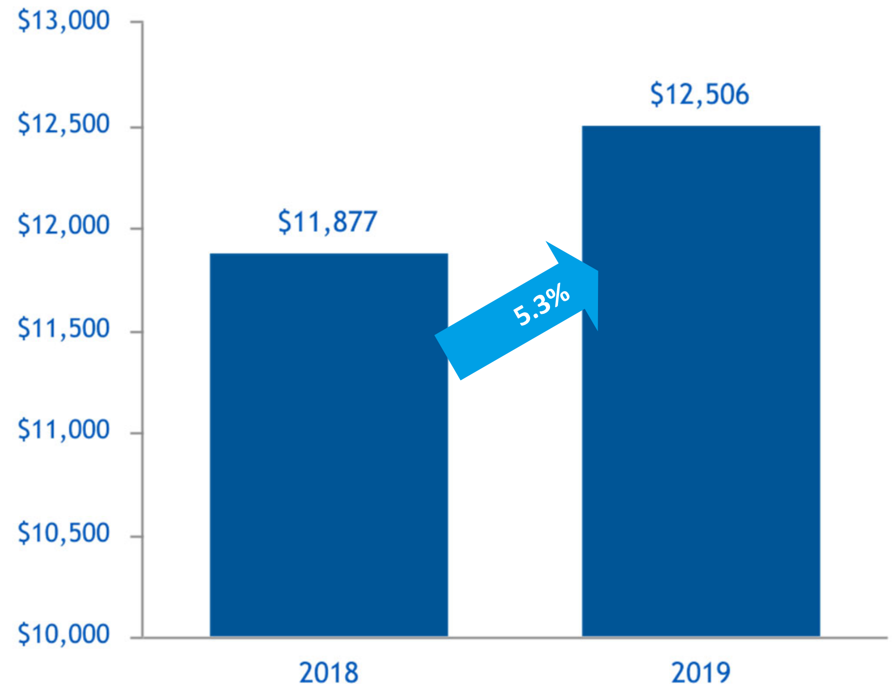
Consolidated Results - Continuing Operations

Q4 2019 Revenue(1)



- Organic revenue growth for parts and services was 0.9% on a reported basis

2019 Revenue(1)

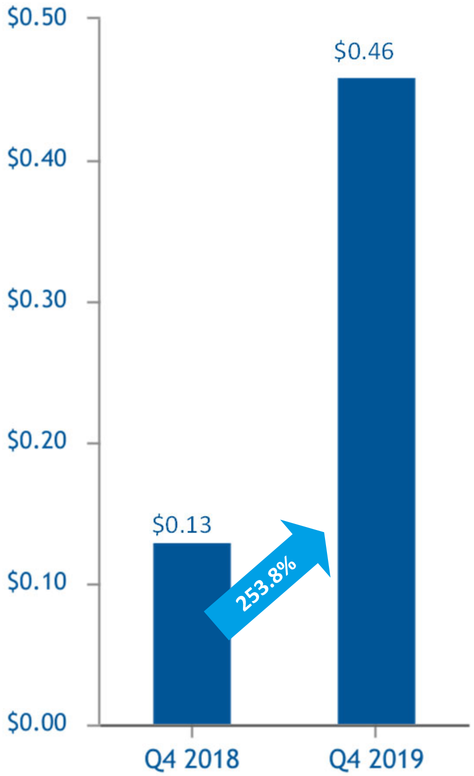


- Organic revenue growth for parts and services was 0.3% on a reported basis

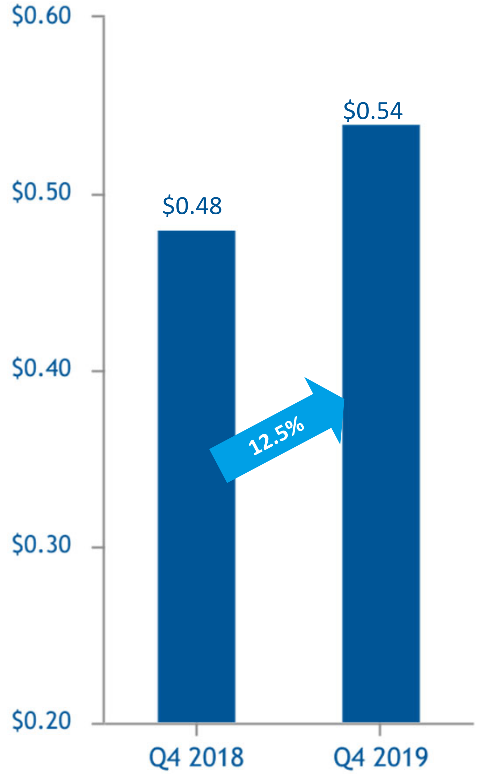
(1) Revenue in millions

Consolidated Results - Continuing Operations

Q4 2019 EPS(1)



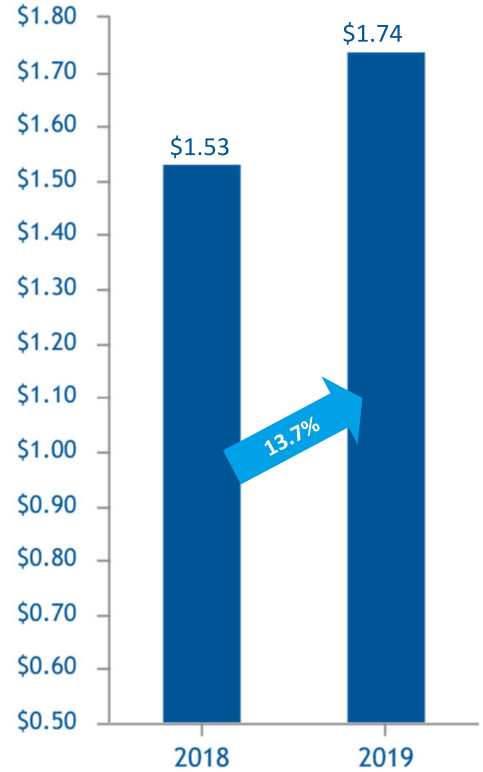
Diluted EPS



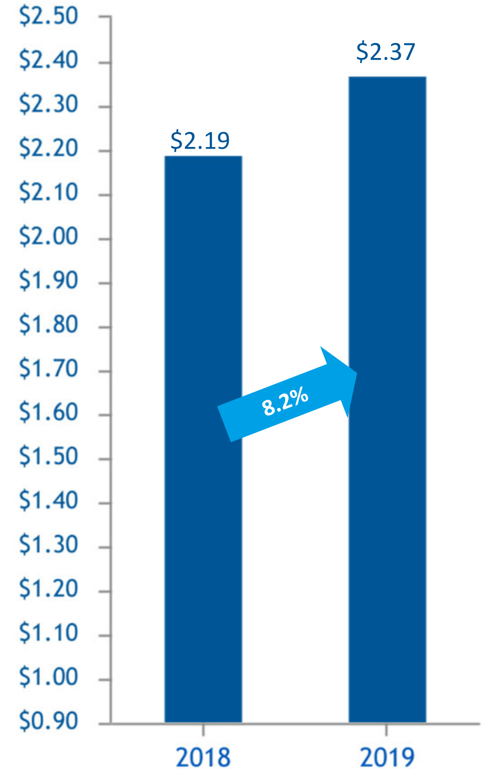
Adjusted Diluted EPS(2)

- Net income from continuing operations attributable to LKQ stockholders of $140 million (4.7% of revenue) in Q4 2019 vs. $40 million (1.3% of revenue) in Q4 2018; up 247.0% YOY
- Q4 2018 includes impairment charges totaling $75 million after tax or ($0.23) per share
- Segment EBITDA(3) of $313 million; up 8.8% YOY
- Segment EBITDA Margin(3) of 10.4% in Q4 2019 vs. 9.6% in Q4 2018

2019 EPS(1)



Diluted EPS



Adjusted Diluted EPS(2)

- Net income from continuing operations attributable to LKQ stockholders of $541 million (4.3% of revenue) in 2019 vs. $485 million (4.1% of revenue) in 2018; up 11.6% YOY
- 2019 includes impairment charges totaling $78 million after tax or ($0.25) per share vs. $97 million after tax or ($0.31) per share in 2018
- Segment EBITDA(3) of $1,328 million; up 6.2% YOY
- Segment EBITDA Margin(3) of 10.6% in 2019 vs. 10.5% in 2018

(1) Net income and earnings per share figures refer to net income from continuing operations attributable to LKQ stockholders
(2) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation
(3) Segment EBITDA is a non-GAAP financial measure. Refer to Appendix 3 for Segment EBITDA reconciliation

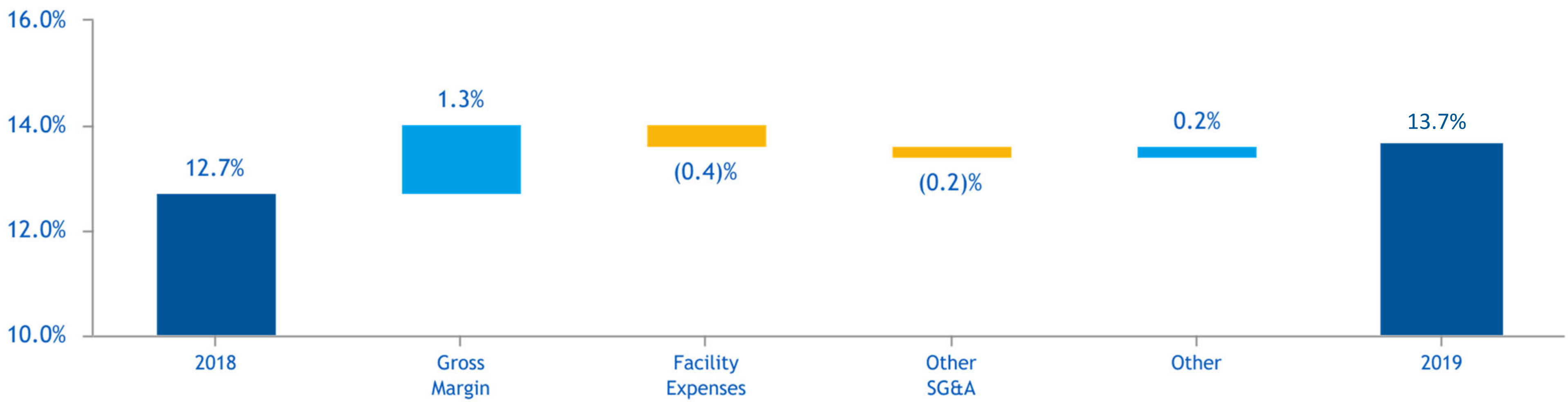
North America – 2019 Results

($ in millions)	2019	2018	Change F/(U)	% of Revenue 2019	% of Revenue 2018
Total Revenue	$5,209	$5,183	0.5%		
Gross Margin	$2,325	$2,243	3.7%	44.6%	43.3%
Operating Expenses	$1,638	$1,599	(2.5)%	31.4%	30.8%
Other Income, net[1]	$31	$13			
Segment EBITDA[2]	$713	$660	8.0%	13.7%	12.7%

(1) 2019 includes a $12 million nonrecurring gain that is excluded from the calculation of Segment EBITDA.

(2) Segment EBITDA for each respective segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each respective segment.

North America Segment EBITDA Margin Bridge



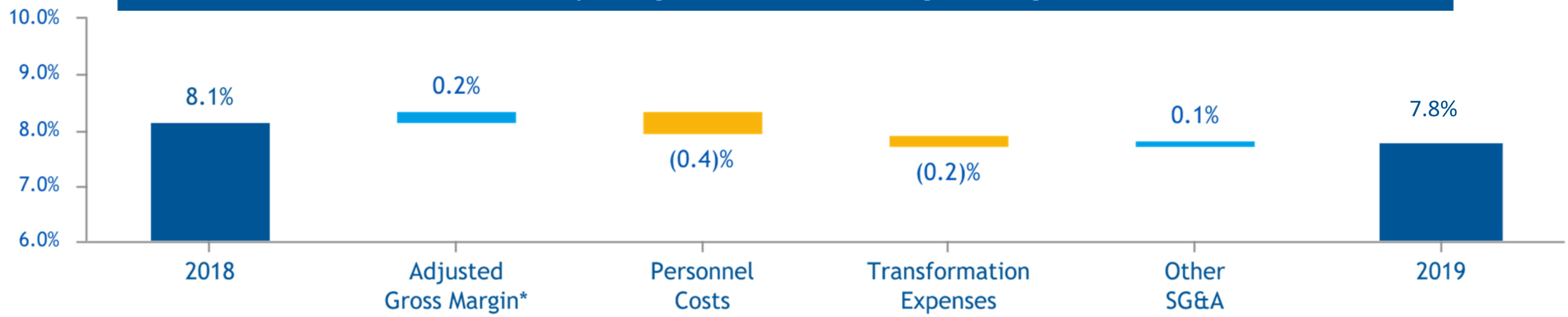
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding

Europe – 2019 Results

($ in millions)	2019	2018	Change F/(U)	% of Revenue 2019	% of Revenue 2018
Total Revenue	$5,838	$5,222	11.8%		
Gross Margin	$2,112	$1,896	11.4%	36.2%	36.3%
Adjusted Gross Margin*	$2,132	$1,896	12.4%	36.5%	36.3%
Operating Expenses	$1,685	$1,484	(13.5)%	28.9%	28.4%
Other (Expense), net	$(1)	$(6)			
Segment EBITDA[1]	$454	$423	7.5%	7.8%	8.1%
Transformation Expenses	$14	$3			
Segment EBITDA[1] excluding Transformation Expenses[2]	$468	$426	10.0%	8.0%	8.1%
Branches	1,093	1,102	(9)		

(1) Segment EBITDA for each respective segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each respective segment.
(2) Transformation expenses are period costs to execute the 1 LKQ Europe program that are expected to contribute to ongoing benefits to the business (e.g. non-capitalized implementation costs related to a common ERP system). These expenses are recorded in Selling, general and administrative expenses.

Europe Segment EBITDA Margin Bridge



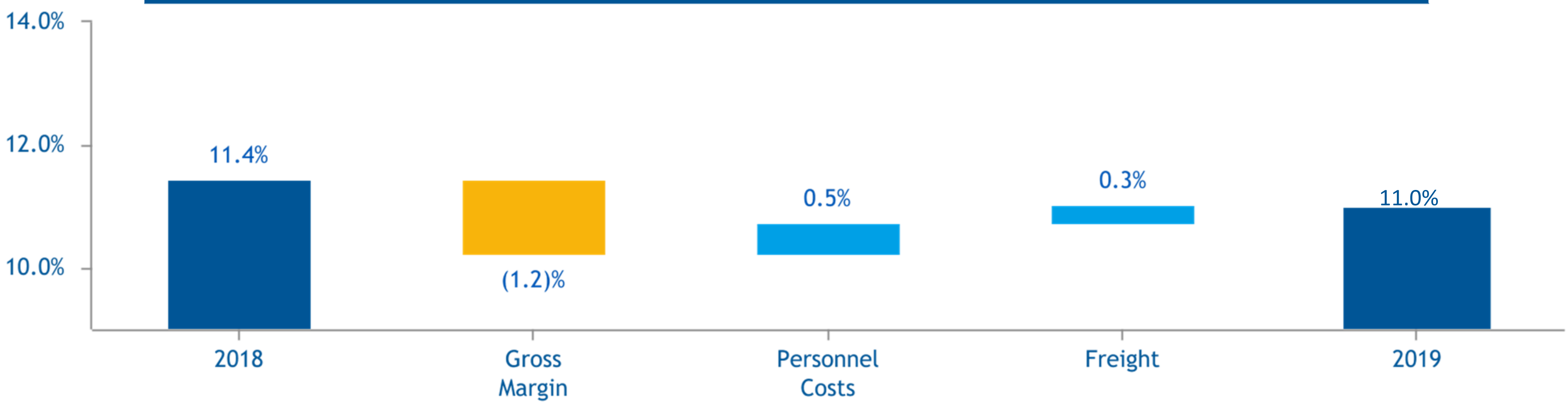
Note: In the table above, the sum of the individual percentages may not equal the total due to rounding
*Adjusted Gross Margin is a non-GAAP measure. Refer to Appendix 7 for Reconciliation of Gross Margin to Adjusted Gross Margin. Reported Gross Margin % change of 0.1% is negatively impacted by 0.3% for COGS related restructuring expenses which are excluded from the bridge above

Specialty – 2019 Results

($ in millions)	2019	2018	Change F/(U)	% of Revenue 2019	% of Revenue 2018
Total Revenue	$1,464	$1,478	(0.9)%		
Gross Margin	$415	$436	(4.8)%	28.3%	29.5%
Operating Expenses	$257	$270	4.6%	17.6%	18.2%
Other Income, net	$1	$1			
Segment EBITDA[1]	$161	$169	(4.4)%	11.0%	11.4%

(1) Segment EBITDA for each respective segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each respective segment.

Specialty Segment EBITDA Margin Bridge



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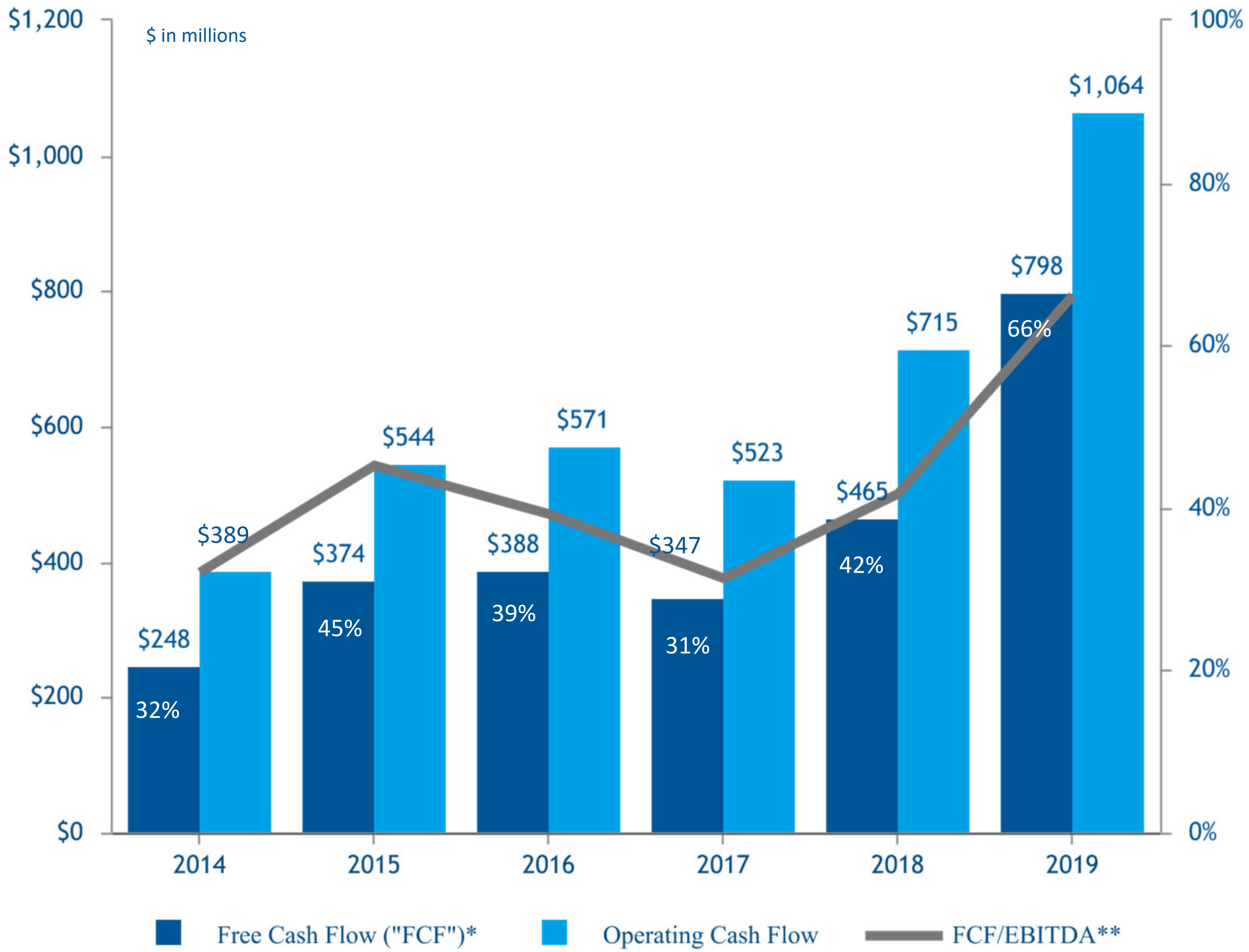
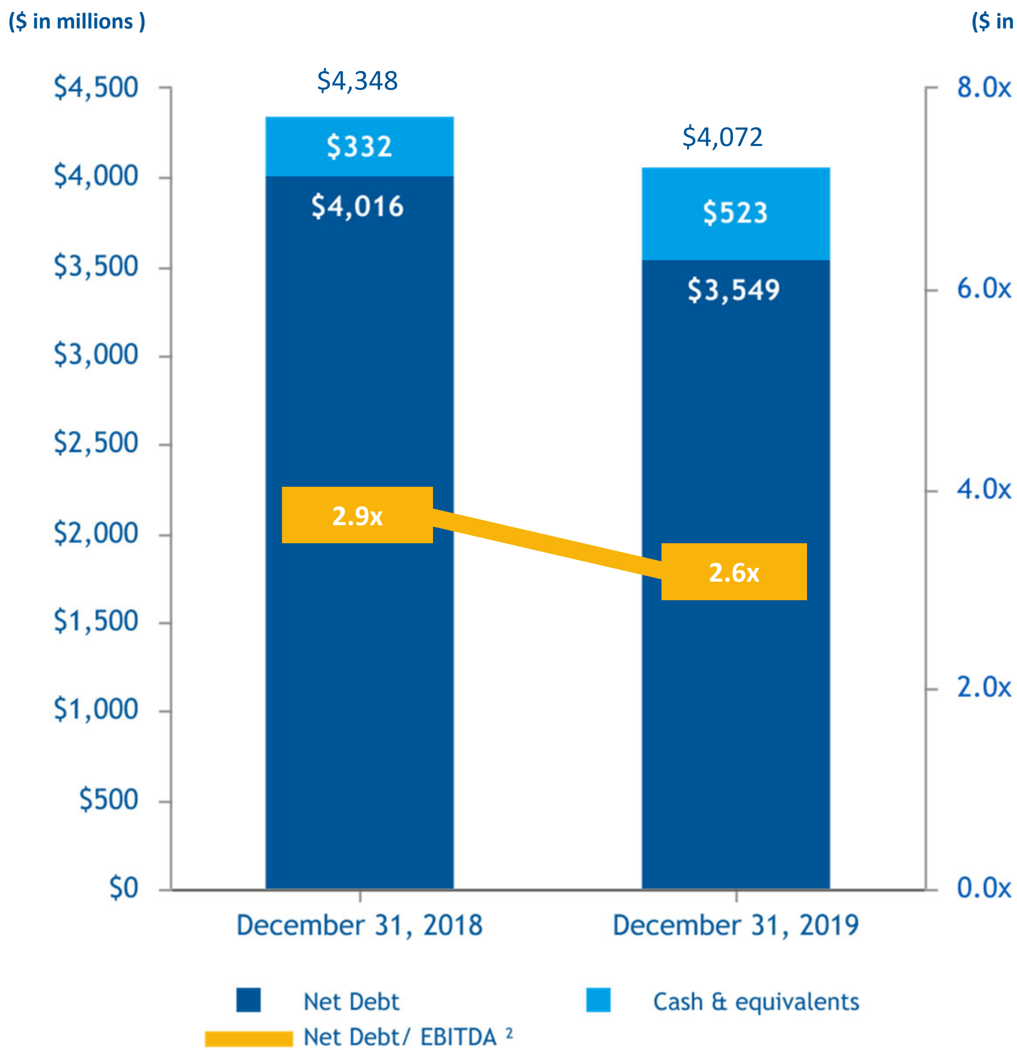
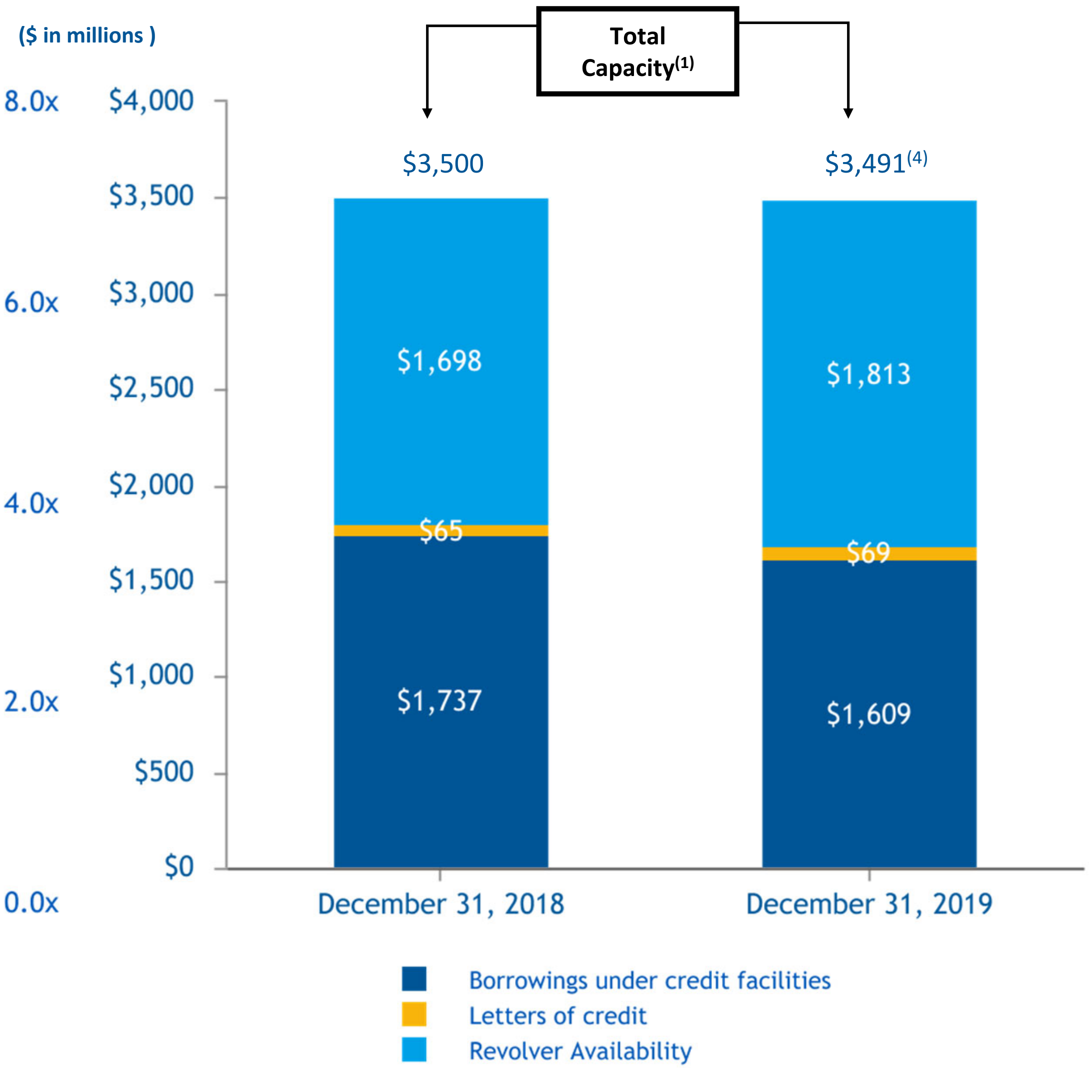
Free Cash Flow



Note: FCF amounts only include FCF generated by continuing operations
* Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation
** EBITDA is a non-GAAP measure. Refer to Appendix 3 for EBITDA reconciliation

Leverage & Liquidity





Effective borrowing rate for Q4 2019 was 3.3%(3)

(1) Total capacity includes our term loans and revolving credit facilities
(2) Net leverage per bank covenants is defined as Net Debt/EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details
(3) Including our interest rate swaps, approximately 85% of our outstanding debt at December 31, 2019 is effectively at a fixed interest rate
(4) Borrowed roughly $300 million on the revolver in January 2020 to fund a portion of the $600 million U.S. notes redemption; remainder funded with other debt and approximately $200 million in cash

2020 Guidance Reflects Continued Focus on Operational Improvements

($ in millions except for EPS)	Full Year 2019 Actual [1]	Full Year 2020 Guidance[1][2]
Organic Growth, Parts and Services	0.3%	0.50% - 2.50%
Net Income attributable to LKQ stockholders	$541	$678 - $714
Adjusted Net Income attributable to LKQ stockholders[3]	$736	$757 - $793
Diluted EPS attributable to LKQ stockholders	$1.74	$2.20 - $2.32
Adjusted Diluted EPS attributable to LKQ stockholders[3]	$2.37	$2.46 - $2.58
Cash Flow from Operations	$1,064	$1,000 - $1,150
Capital Expenditures	$266	$250 - $300

(1) All actual and guidance figures are for continuing operations with the exception of cash flow from operations.

(2) Guidance for 2020 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, impairment charges, excess tax benefits and deficiencies from stock based payments, amortization expense related to acquired intangibles, and gains and losses on debt extinguishment. In addition, it excludes gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures, and assumes no material disruptions associated with the United Kingdom's recent announcement of its exit from the European Union or with the global supply-chain from the coronavirus outbreak or other significant geopolitical events. Our forecasted results for our international operations were calculated using current foreign exchange rates for the remainder of the year. Guidance for 2020 includes a global effective tax rate of 27.5%. Full year 2019 actual figures for adjusted net income and adjusted diluted EPS were calculated using the same methodology as the 2020 guidance. Organic revenue guidance refers only to parts and services revenue. LKQ updated its guidance on February 20, 2020, and it is only effective on the date of issuance. It is LKQ's policy to comment on its annual guidance only when the company issues its quarterly press releases with financial results. LKQ has no obligation to update this guidance.

(3) Adjusted net income and Adjusted Diluted EPS are non-GAAP measures. See Appendix 5 for reconciliation of forecasted adjusted Net income and forecasted adjusted diluted EPS attributable to LKQ stockholders

LKQ Investment Highlights

LKQ Corporation

Leading Positions In Large Markets	Diversified Revenue Stream	Expanding Alternative Parts Usage	Clear Value Proposition	Solid Financial Metrics
• Largest participant in each market served • Scale provides purchasing leverage and depth of inventory • European & Specialty expansion drives diversification • Opportunities for new locations & adjacent markets	• Global balance with Pan-European footprint • Multiple end markets • Broad parts segment exposure • Self funded growth	• Increasing availability of quality aftermarket and recycled products • Distribution network and inventory levels allow higher fulfilment rates • Expanding number of vehicles comprising “sweet spot” in our target market	• Insurers focused on controlling repair costs • Alternative products offer savings of 20%-50% of OEM parts repairs • Best partner for insurance companies	• History of delivering organic revenue growth & EBITDA expansion • Strong FCF generation supports growth • Diversified capital structure • Limited near-term structured debt repayments & ample liquidity

Market Leader | **Growing Markets** | **Diversified Revenue Base** | **Demonstrated Performance**

Today's Agenda

LKQ Today

LKQ Business Overview

LKQ's Strategy to Drive Shareholder Value

Engaged Board with Strong Governance Practices

Concluding Remarks

LKQ's Plan to Drive Shareholder Value

1 — Enhanced European simplification through "1 LKQ Europe"

- ✓ Expansion into new markets mostly complete
  - ✓ Euro Car Parts (United Kingdom & ROI)
  - ✓ Sator (Benelux & France)
  - ✓ Rhiag (Italy & 9 other European countries)
  - ✓ Stahlgruber (Germany & Eastern Europe)
- ✓ Plan to integrate & drive margins

2 — Continued growth and profitability in North America segment

- ✓ Share gains in existing markets
  - ✓ Greenfield / brownfield expansion projects (warehouse capacity and dismantling facilities)
  - ✓ Consolidation within existing markets through the acquisition of smaller businesses (Stag & Parts Channel)
  - ✓ Additional market penetration

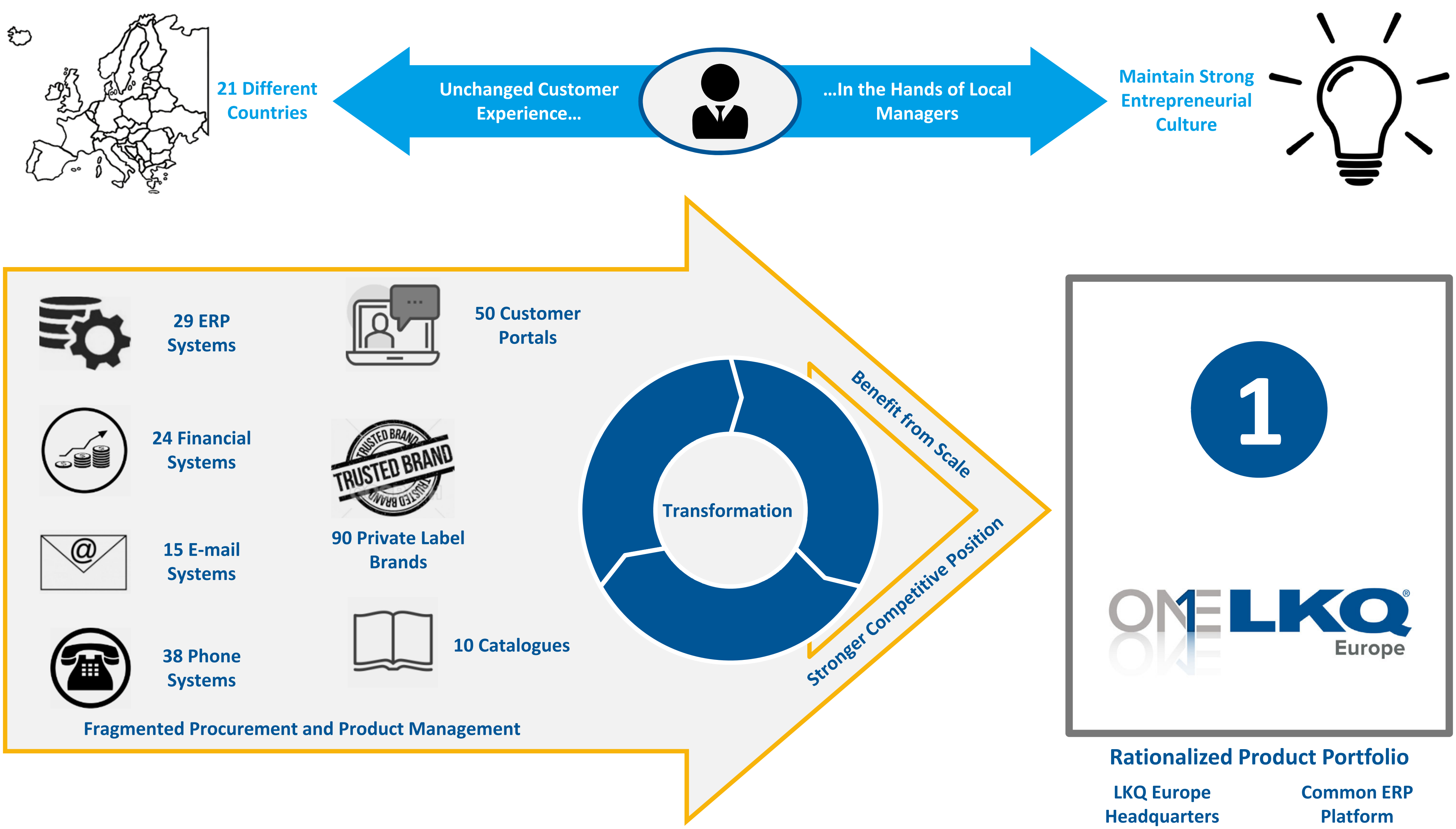
3 — Driving further growth and profitability in Specialty segment

- ✓ Higher penetration of proprietary & exclusive brands
- ✓ Pursue "marquee brands" within existing markets (e.g. Warn)
- ✓ OE warranty programs
- ✓ Facility & warehouse integration
- ✓ Pursue additional value-added services through technology

4 — Focused capital allocation strategy

- ✓ Focused capital allocation strategy enabling organic growth, de-levering & returning capital to shareholders

1 LKQ Europe: Simplification and Integration of EU Operations



1 LKQ Europe: Benefits from LKQ Europe Initiatives

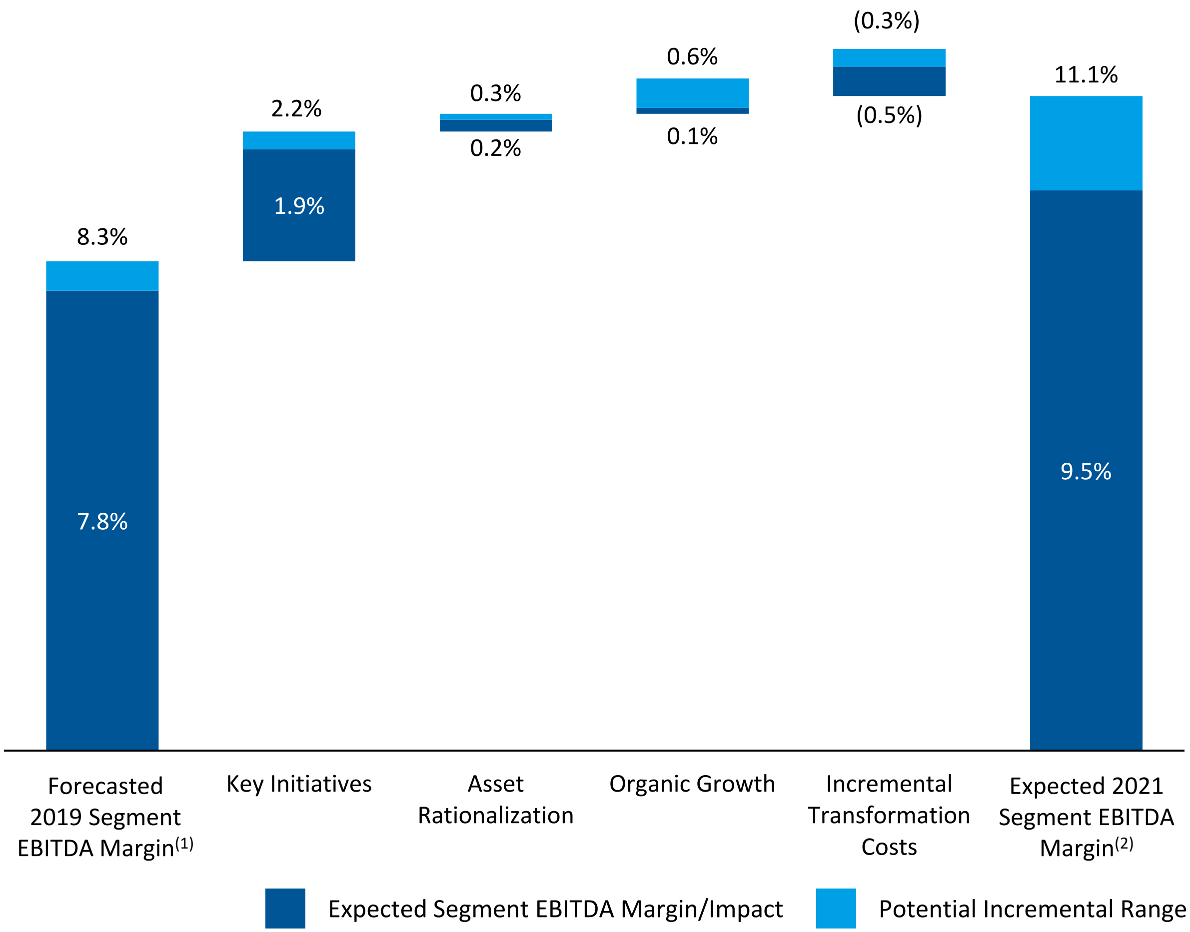
LKQ is uniquely positioned to leverage its scale and capabilities in Europe

	Procurement	Private Label	Revenue Optimization	ERP
Revenue Impact	○	✚ ✚	✚	○
Complexity Reduction	✚ ✚	✚ ✚	✚	✚ ✚
Cost Reduction	✚ ✚	✚ ✚	○	✚
Customer Value	○	✚ ✚	✚	✚
Leveraging LKQ Scale	✚ ✚	✚ ✚	✚	✚ ✚

✚ Positive Impact ○ Minimal Impact

① LKQ Europe Expectations in 2021 and Beyond

LKQ Europe: Path to Sustainable Double Digit Segment EBITDA Margin



1) Includes 30 bps negative impact from transformation costs.
2) Includes 60-80 bps negative impact from transformation costs.
Note: Slide reflects figures presented on September 10, 2019.

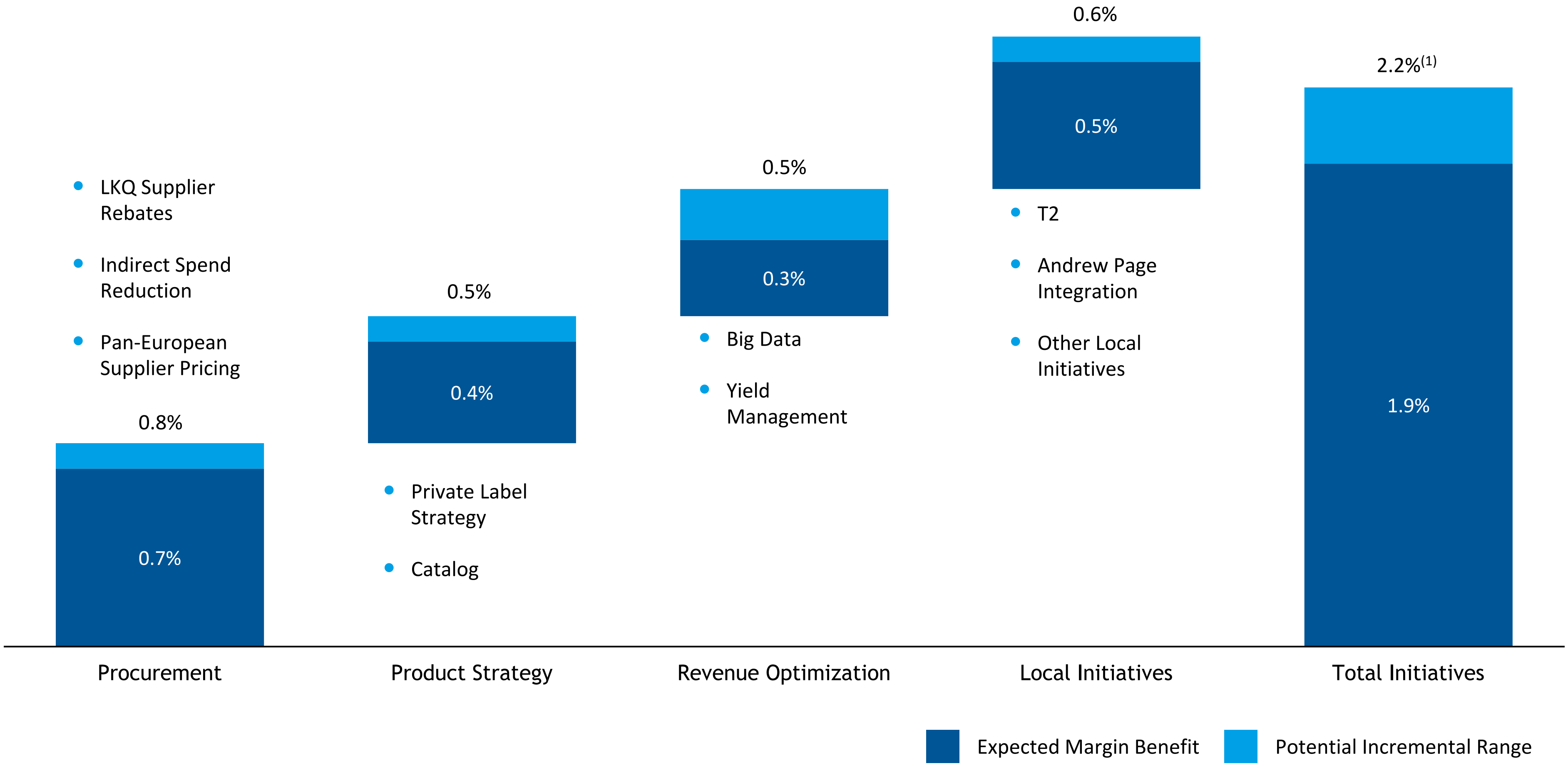
Benefit of Initiatives Post 2021

- Procurement
- Private Label
- Centralization and Shared Services
- Logistics
- Digital Services
- ERP

Additional 0.5%–1.0% Segment EBITDA Margin Benefit

① Expected Benefit of Initiatives

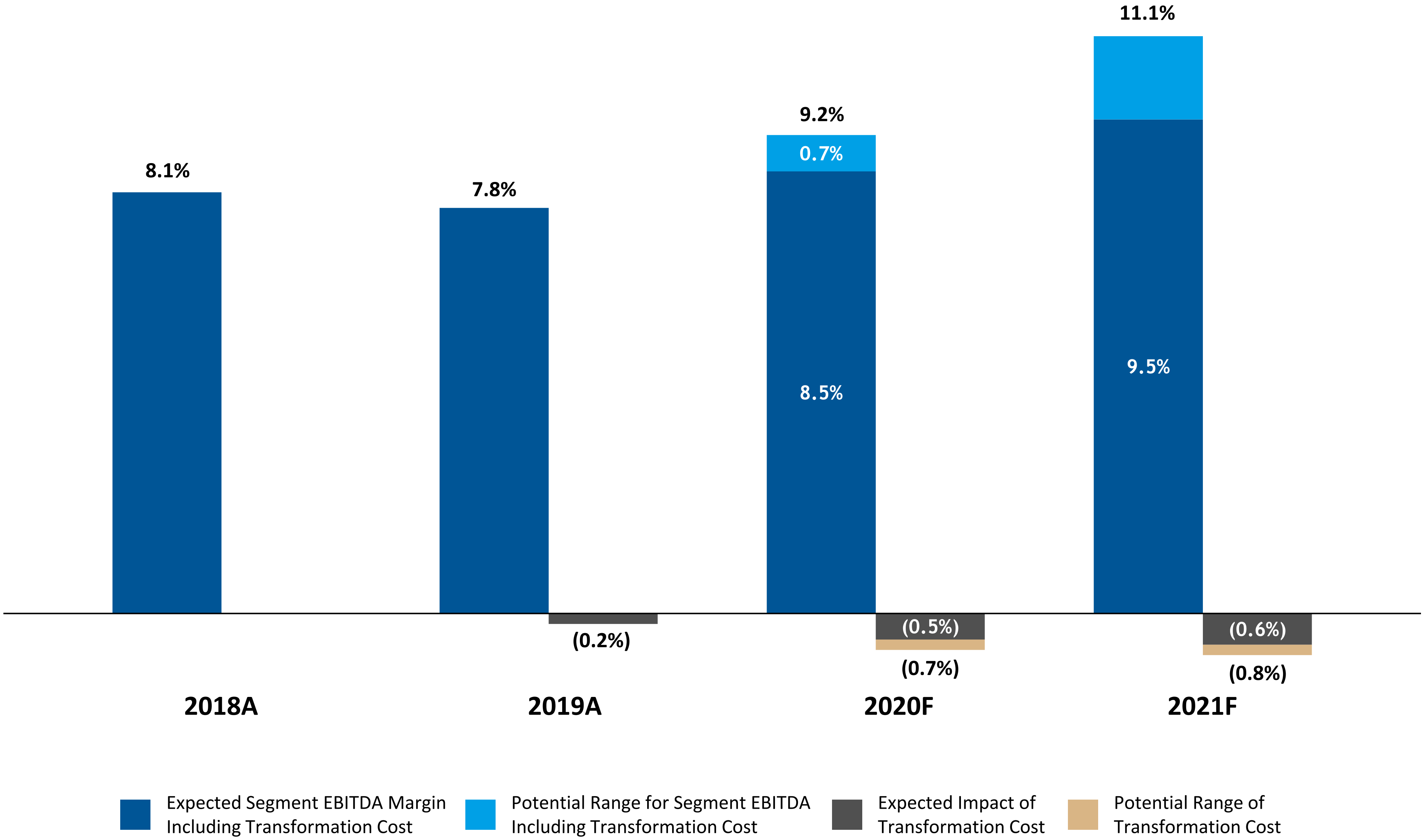
LKQ Europe Initiatives' Expected Segment EBITDA Benefit 2019–2021



1) Numbers may not foot due to rounding.
Note: Slide reflects figures presented on September 10, 2019.

Expected Margin Progression Through 2021

Expected European Segment EBITDA Margin



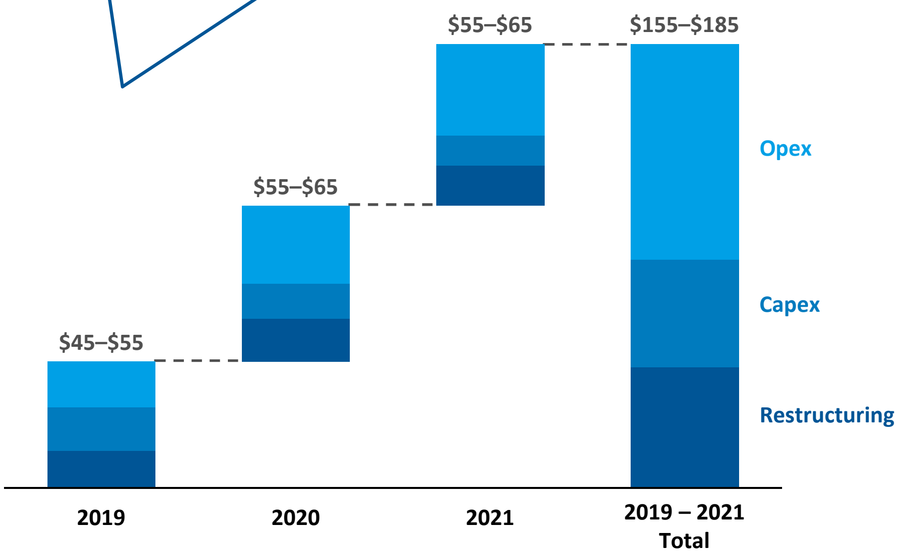
Note: Slide reflects figures presented on September 10, 2019, except for full year 2019 actuals, which have been updated.

"1 LKQ Europe" Program Costs

Expected Cash Outlays 2019 – 2021 in $M[1]

Previously Announced:

- Estimated restructuring charges of ~$20-$23M for cost reduction initiatives
- Opex transformation costs of ~$7M in the YTD June 2019 period
- June 2019 life to date Capex for the ERP implementation is $13M; Projected 2019 – 2025 Capex of ~$50-$60M



Cost Definitions

- **Transformation-related opex:** Period costs incurred to execute the "1 LKQ Europe" project that are classified outside of restructuring expense and Capex. E.g. non-capitalizable implementation costs for the new ERP, such as training and data conversion.
- **Transformation-related capex:** These are expenditures for long-lived assets, such as software and facilities that directly relate to the "1 LKQ Europe" project and impact free cash flow, but are capitalized onto LKQ's balance sheet. E.g. design and coding costs to implement the new ERP.
- **Restructuring expenses:** Non-recurring costs resulting directly from (i) the implementation of the "1 LKQ Europe" project from which the business will derive no ongoing benefit and (ii) efforts to eliminate underperforming assets and cost inefficiencies as previously announced during 2019. E.g. lease breakage costs when consolidating branches. Estimates in this presentation exclude one-time gains or losses related to asset rationalizations.

Note: Cash outlays for the program between 2022-2024 are expected to be in the range of $80M - $100M in total.

1) Local currency amounts translated to USD at current exchange rates.

Note: Slide reflects figures presented on September 10, 2019.

1 Initiatives to Drive Cash Flow Generation

Cash Flow Considerations

- Trade Working Capital (TWC) improvement in Europe launched as a key objective in 2019, primarily driven by:
  - Supplier payment terms normalization, incl. vendor financing program
  - Stock level rationalization
  - Improved supply chain approach (e.g. Category management)
  - Past due receivables
- Expectation that transformation costs will be entirely funded by the improved TWC performance

Vendor Financing Program - Update

- European segment's annual direct spend is approximately \$3.6 billion with ~1,800 suppliers with annualized spend >\$23,000
- The Top 40 suppliers - key strategic partners - represent 60% of the annual spend, or about \$2.2 billion
- Launched the European vendor financing program in 2019:
  - Initiated negotiations with the Top 40 suppliers in order to extend the average payment terms in line with market convention for customers of similar spend scale globally
  - Secured financing partners in key markets such as Germany, Italy and UK

Multiple Levers to Drive North American Results

Key Initiatives

Organic Revenue Growth	• Favorable collision tailwinds • Expansion of product offerings • Monitoring opportunity of ADAS and EV
Margin Improvement	• Further optimizing aftermarket and pricing • Salvage product pricing • Continual improvement on our salvage procurement • Compensation tied more closely to margin and Free Cash Flow improvement
Operating Leverage	• Mitigate rising freight • Roadnet – Phase 2 • Increased use of our centralized back office operations • Heavy focus on employee retention & talent recruitment

A Great Stable of Brands

Collision & Mechanical

Aftermarket	Salvage	Glass	Paint (PBE)
Keystone	LKQ OEM Recycled • Aftermarket by Keystone	PGW Auto Glass	Axalta
Platinum Plus	LKQ Pick Your Part Self Service Auto Parts		PPG
Platinum HD	LKQ Heavy Truck		AkzoNobel
Platinum Pro	ATK High Performance Engines		

#1 Provider of:

- Recycled & aftermarket collision parts
- Recycled & remanufactured engines and transmissions
- Wholesale auto replacement glass

Organic revenue & EBITDA improvement from initiatives

② Efficient & Scalable Salvage Procurement

LKQ Corporation

Auction

Salvage auction cars are loaded into bid database
Automated by LKQ

Won cars are towed to respective yards and dismantled

Bid & Selection

LKQ Proprietary Bidding System BID-X

Sub-Optimal Vehicle

Optimal Vehicle

Vehicle Validation through Established Vehicle VIN Databases

Sub-Optimal Parts

Optimal Parts

Determine Market Value of Parts to Generate a Targeted Bid Price for the Vehicle

Select (IC Number) · Select (Damage Level)

Part	IC Number	Bid Value	Damage Level
ENG	09535	$3,750.00	20%
TRA	01420	$730.00	60%
CRR	00195B	$0.00	100%
RAX	00212C	$1,212.50	10%

Bid value determined by supply, demand, variation, & condition

Bid Statistics

Maximum Bid	**$2,700.00**
# of Parts Selected	31
Bid Value	$5,363,02
Estimated COGS	50.25%
Estimated Margin	$2,663.02

③ Leading Brands and Multiple Levers to Drive Strong Specialty Growth

LKQ Corporation

Key Initiatives

New Product Lines	• New product lines through the same distribution (target $25M/year) • New products within existing lines • New services
New Customers	• New customers (Jobbers, Dealers, Retailers, Installers), existing markets • New customers in adjacent space markets (e.g. Trailering, Hard Parts)
Increased Customer Penetration	• Drive new and existing lines into new and existing customers (e.g. selling crossover truck accessory products to RV Dealers)
Company / Exclusive Brands	• Pursue a greater percentage of business with proprietary products
Lead the Industry in On-Line Selling Fulfillment	• The best solution to drop ship selling • Drive new Parts Via program (click to mortar)

A Great Stable of Brands

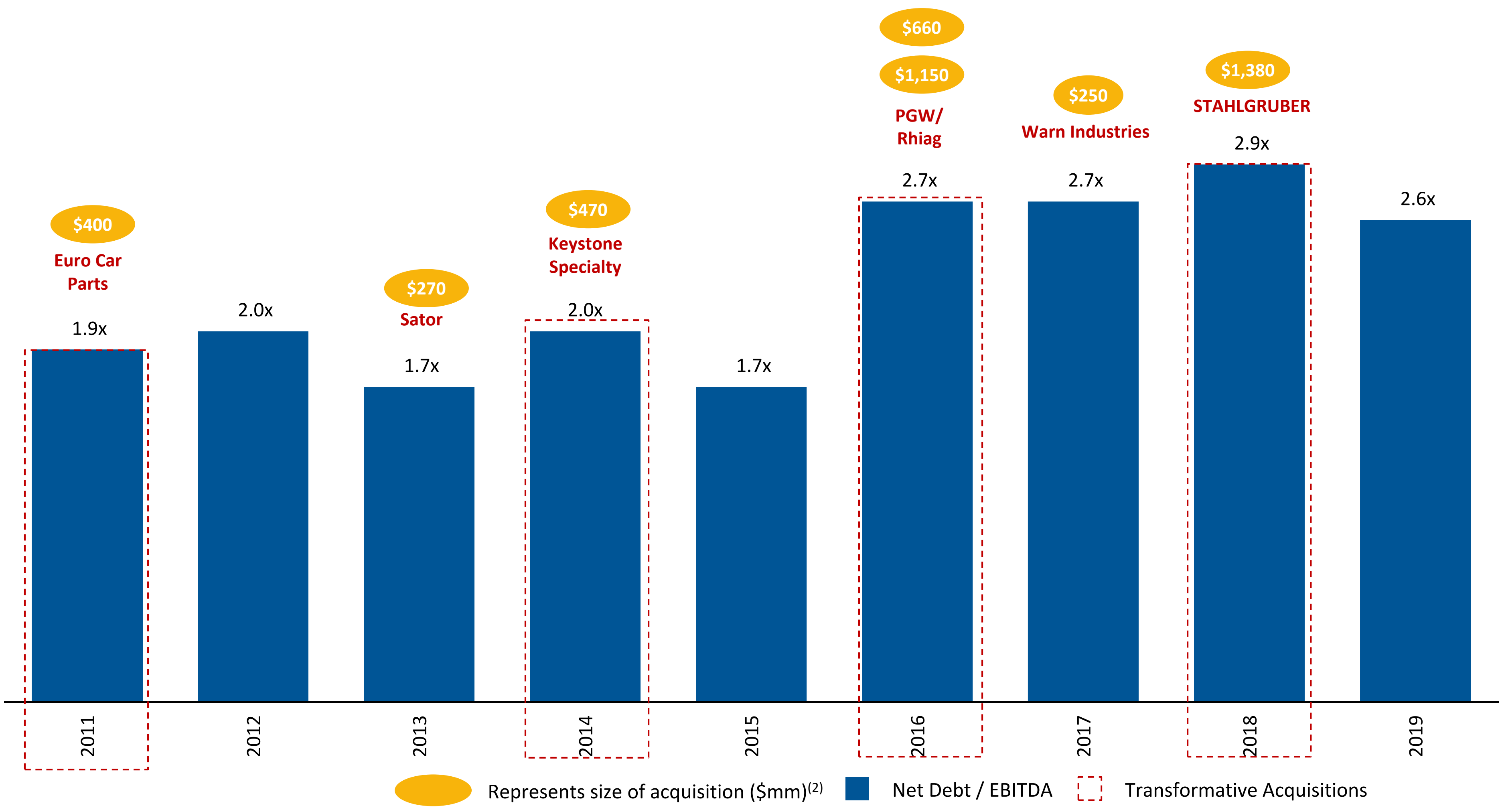
Market leading management team poised to deliver

③ Specialty Segment has Competitive Advantages

Competitive Advantage	Commentary	
• Logistics Network	• North America – best coverage, next day • Late cut off times, 99.9% fill rate • Big & Bulky items • Company Fleet and Drivers (560 Cube Vans, 90 TT) • Best e-tailer service option	
• Inventory	• Biggest ($320M) • Deepest (185K stocking SKU's)	
• Transaction Processing	• Daily relationship with customers (36K cust. loc.) • Customer Care (1.4M calls, 400K emails, etc) • AR / AP (4M Invoices, 800K Payments)	
• Product Data Set	• Best Data in the industry • Most accurate YMM lookup • Going to mobile w/ VIN & License Plate lookup	
• Sales Team	• Outside (60) • Inside (160) • Customer Support (60) • Customer Service (50)	• Auto • RV • Nat'l Retail • Canada / Export
• Technology	• e-Keystone / Via (B2B) • Topline (DMS)	• Magnifinder (service parts) • PartsVIA (click 2 Mortar)

Strong Track Record of Delevering

Net Debt / EBITDA Over Time[1]



Within five quarters following the company's largest-ever transaction, we got back to the Stahlgruber pre-acquisition leverage ratio

1) Net leverage per bank covenants is defined as Net Debt / EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details.
2) Rounded to nearest $10mm.

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Corporate Governance Highlights

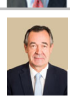
Independent Leadership & Oversight	• LKQ is governed by 11-member board of directors, 9 of whom are independent directors under NASDAQ guidelines • Separate Chairman / CEO roles
Continued Focus on Board Refreshment	• Ongoing process to refresh and strengthen board composition with shareholder input; 5 new independent directors added in the past 3 years • The average tenure of board is ~6 years • Appointed Patrick Berard and Xavier Urbain to its Board of Directors in 2019, as part of the Board's ongoing refreshment process • A. Clinton Allen and William M. Webster, IV have announced that they will retire from the Board when their terms expire in connection with the Company's 2020 Annual Meeting
Structured to Empower Shareholder Rights	• Annual election of directors • Majority voting standard (plurality carve-out voting standard only in contested elections) • Proxy access provision • No poison pill in place

LKQ’s Directors are Well Equipped to Drive Shareholder Value Creation

Director	Executive Leadership	Automotive Industry	Digital Technology	Operations	Treasury/ Capital Allocation/ Corporate Development	Finance/ Accounting/ Auditing	Government Relations/ Regulatory	Human Capital Management/ Compensation	Corporate Governance	Europe / Other Experience	Supply Chain/ Logistics	Risk Assessment and Management	Investor Relations
Joseph Holsten	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓
Dominick Zarcone	✓	✓		✓	✓	✓		✓		✓		✓	✓
Patrick Berard	✓		✓	✓				✓	✓	✓	✓	✓	✓
Meg Divitto	✓	✓	✓	✓	✓			✓		✓		✓	
Robert Hanser	✓	✓	✓	✓	✓		✓	✓		✓	✓		
Blythe McGarvie	✓		✓	✓	✓	✓			✓	✓		✓	✓
John Mendel	✓	✓		✓			✓	✓		✓	✓		✓
Jody Miller	✓	✓	✓	✓	✓		✓		✓				
John O'Brien	✓			✓	✓	✓	✓	✓	✓	✓			✓
Guhan Subramanian						✓	✓		✓				✓
Xavier Urbain	✓			✓	✓	✓		✓	✓	✓	✓	✓	✓

Note: Only displays continuing directors. Excludes A. Clinton Allen and William M. Webster.

LKQ's Directors are Well Equipped to Drive Shareholder Value Creation

Photo	Name	Years on Board	Age	Primary Occupation	Key Skills	Independent
	**Joseph Holsten**	16	66	Chairman of the Board	• Unparalleled knowledge of LKQ business and industry	
	**Dominick Zarcone**	2	60	President and CEO	• Extensive finance experience	
	**Patrick Berard** (Effective October 2, '19)	<1	66	CEO and Director of Rexel Group	• Variety of leadership positions in European businesses	✓
	**Meg Divitto**	1	47	Principal of Divitto Design Group	• Expertise in technology and IoT	✓
	**Robert Hanser**	4	63	Retired from Robert Bosch GmbH	• Worked at Bosch for 23 years with extensive automotive aftermarket experience	✓
	**Blythe McGarvie**	7	62	Retired Harvard Business School professor	• CPA with experience in European operations	✓
	**John Mendel**	1	64	Retired EVP of American Honda Motor Company Automotive Division	• Knowledge on automotive industry	✓
	**Jody Miller**	1	60	CEO of Business Talent Group	• Diverse technology, automotive, and Board experience	✓
	**John O'Brien**	16	75	Retired CEO of Allmerica Financial	• Board experience and financial expertise	✓
	**Guhan Subramanian**	7	48	Professor of Law and Business at Harvard Business School	• Knowledge on corporate governance and Board of Directors legal processes	✓
	**Xavier Urbain** (Effective December 9, '19)	<1	62	Chairman of Caldic BV and previous CEO at CEVA Logistics	• Significant global supply chain and logistics experience	✓

Indicates Directors Who Have Joined the LKQ Board Since 2012

Ongoing refreshment program that has resulted in five new independent directors added over last three years; total of nine directors added since 2012

Note: Only displays continuing directors. Excludes A. Clinton Allen and William M. Webster.

LKQ's Performance-Based Compensation Practices

- The Compensation Committee of LKQ's board carefully considers the most effective ways to motivate and incentivize management to accomplish specific strategic goals
- Objective, tailored metrics with challenging performance targets are chosen annually to align LKQ's compensation program with its strategic plan and effectively align the interests of management with shareholders
  - In 2019, selected Adjusted EBITDA, EBITDA margin percentage and free cash flow as annual metrics to focus management on profitability and the optimization of cash flow
  - Furthermore in 2019, shifted 50% of the 3-year incentive award from cash to performance based RSU. The metrics for the 3-year incentive awards (both cash and equity) now include organic revenue growth, adjusted EPS and ROIC
  - No changes to the metrics for 2020 compensation plans
- The interests of each of LKQ's current board members and executives are closely aligned with the shareholders. Together, the LKQ directors and executive officers beneficially own more than 2,200,000 shares of LKQ common stock
- All of LKQ's compensation plans are designed to create a pay-for-performance culture and grant a high percentage of at-risk compensation

The compensation program developed by the Compensation Committee is designed to drive shareholder value

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Concluding Remarks

LKQ's Management and Board are Executing on a Strategy That is Delivering Shareholder Value

- The Company delivered solid 2019 results, underscoring management's focus on operating improvement and execution
- Results since initiatives began in Q2 2018 include operating cash flows in 2019 of well over $1 billion, a record high for the Company
- Continued strengthening of the balance sheet, with a 2.6x leverage ratio, comparable to leverage prior to the Stahlgruber acquisition
- Deleveraging as part of a balanced capital allocation strategy, with the Company also committing to a new $500 million share repurchase program (having executed on $352mm of the first $500mm authorization)
- Ongoing growth and profitability initiatives in place; the "1 LKQ Europe" plan announced in September provides a roadmap for improved profitability
- Commitment to governance best practices, including the addition of 5 new independent directors in the past 3 years and better improved alignment of the compensation structure

Appendix -
Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Following are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

Appendix 1 -
Constant Currency Reconciliation

- The following unaudited table reconciles revenue growth for Parts & Services to constant currency revenue growth for the same measure:

	Three Months Ended December 31, 2019		Year Ended December 31, 2019	
	Consolidated	**Europe**	**Consolidated**	**Europe**
Parts & Services				
Revenue growth as reported	0.1%	(0.1)%	5.7%	11.8%
Less: Currency impact	(1.0)%	(2.0)%	(2.2)%	(4.6)%
Revenue growth at constant currency	1.1%	1.9%	7.9%	16.4%

We have presented the growth of our revenue on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP financial measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency revenue information provides valuable supplemental information regarding our growth, consistent with how we evaluate our performance, as this statistic removes the translation impact of exchange rate fluctuations, which are outside of our control and do not reflect our operational performance. Constant currency revenue results are calculated by translating prior year revenue in local currency using the current year's currency conversion rate. This non-GAAP financial measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Our use of this term may vary from the use of similarly-named measures by other issuers due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation. In addition, not all companies that report revenue growth on a constant currency basis calculate such measure in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.

Appendix 2 -
Revenue and Segment EBITDA by segment

(in millions)	Three Months Ended December 31[1] 2019	% of revenue	2018	% of revenue	Year Ended December 31[1] 2019	% of revenue	2018	% of revenue
Revenue								
North America	$1,283		$1,255		$5,209		$5,183	
Europe	1,425		1,426		5,838		5,222	
Specialty	303		323		1,464		1,478	
Eliminations	(1)		(1)		(5)		(5)	
Total Revenue	$3,010		$3,003		$12,506		$11,877	
Segment EBITDA								
North America	$180	14.0%	$153	12.2%	$713	13.7%	$660	12.7%
Europe	108	7.6%	107	7.5%	454	7.8%	423	8.1%
Specialty	25	8.4%	28	8.5%	161	11.0%	169	11.4%
Total Segment EBITDA	$313	10.4%	$288	9.6%	$1,328	10.6%	$1,251	10.5%

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss and underlying trends in our ongoing operations. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses (which includes restructuring expenses recorded in Cost of goods sold), change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions, equity method investments or divestitures, equity in losses and earnings of unconsolidated subsidiaries, and impairment charges. EBITDA, which is the basis for Segment EBITDA, is calculated as net income, less net income (loss) attributable to continuing and discontinued noncontrolling interest, excluding discontinued operations and discontinued noncontrolling interest, depreciation, amortization, interest (which includes gains and losses on debt extinguishment) and income tax expense. Our chief operating decision maker, who is our Chief Executive Officer, uses Segment EBITDA as the key measure of our segment profit or loss. We use Segment EBITDA to compare profitability among our segments and evaluate business strategies. This financial measure is included in the metrics used to determine incentive compensation for our senior management. We also consider Segment EBITDA to be a useful financial measure in evaluating our operating performance, as it provides investors, securities analysts and other interested parties with supplemental information regarding the underlying trends in our ongoing operations. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. Refer to the table on the following page for a reconciliation of net income to EBITDA and Segment EBITDA.

(1) The sum of the individual components may not equal the total due to rounding

Appendix 3 -
Reconciliation of Net Income to EBITDA and Segment EBITDA

(in millions)	Three Months Ended December 31 2019	Three Months Ended December 31 2018	Year Ended December 31 2019	Year Ended December 31 2018
Net income	$141	$38	$545	$483
Subtract:				
Net income attributable to continuing noncontrolling interest	0	2	3	3
Net income attributable to discontinued noncontrolling interest	0	—	1	—
Net income attributable to LKQ stockholders	$140	$36	$541	$480
Subtract:				
Net income (loss) from discontinued operations	0	(4)	2	(4)
Net income attributable to discontinued noncontrolling interest	(0)	—	(1)	—
Net income from continuing operations attributable to LKQ stockholders	$140	$40	$541	$485
Add:				
Depreciation and amortization	77	78	291	274
Depreciation and amortization - cost of goods sold	5	5	21	20
Depreciation and amortization - restructuring expenses - cost of goods sold	0	—	0	—
Depreciation and amortization - restructuring expenses	1	—	2	—
Interest expense, net of interest income	32	37	136	145
Loss (gain) on debt extinguishment	—	1	(0)	1
Provision for income taxes	50	35	215	191
EBITDA	$307	$197	$1,206	$1,116
Subtract:				
Equity in earnings (losses) of unconsolidated subsidiaries	1	(46)	(32)	(64)
Fair value loss on Mekonomen derivative instrument	—	(8)	—	(5)
Gain due to resolution of acquisition related matter	12	—	12	—
Gains on bargain purchases and previously held equity interests	1	2	1	2
Add:				
Restructuring and acquisition related expenses [(2)]	15	6	35	32
Restructuring expenses - cost of goods sold	4	—	21	—
Inventory step-up adjustment - acquisition related	—	—	—	0
Impairment of net assets held for sale and goodwill	2	33	47	36
Change in fair value of contingent consideration liabilities	0	0	0	(0)
Segment EBITDA	$313	$288	$1,328	$1,251
Net income from continuing operations attributable to LKQ stockholders as a percentage of revenue	4.7%	1.3%	4.3%	4.1%
EBITDA as a percentage of revenue	10.2%	6.6%	9.6%	9.4%
Segment EBITDA as a percentage of revenue	10.4%	9.6%	10.6%	10.5%

Appendix 3 -
EBITDA and Segment EBITDA Reconciliation

We have presented EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our operating performance and the value of our business. We calculate EBITDA as net income, less net income (loss) attributable to continuing and discontinued noncontrolling interest, excluding discontinued operations and discontinued noncontrolling interest, depreciation, amortization, interest (which includes gains and losses on debt extinguishment) and income tax expense. EBITDA provides insight into our profitability trends and allows management and investors to analyze our operating results with the impact of continuing noncontrolling interest and without the impact of discontinued noncontrolling interest, discontinued operations, depreciation, amortization, interest (which includes gains and losses on debt extinguishment) and income tax expense. We believe EBITDA is used by investors, securities analysts and other interested parties in evaluating the operating performance and the value of other companies, many of which present EBITDA when reporting their results.

We have presented Segment EBITDA solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our segment profit and loss and underlying trends in our ongoing operations. We calculate Segment EBITDA as EBITDA excluding restructuring and acquisition related expenses (which includes restructuring expenses recorded in Cost of goods sold), change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions, equity method investments or divestitures, equity in losses and earnings of unconsolidated subsidiaries, and impairment charges. Our chief operating decision maker, who is our Chief Executive Officer, uses Segment EBITDA as the key measure of our segment profit or loss. We use Segment EBITDA to compare profitability among our segments and evaluate business strategies. This financial measure is included in the metrics used to determine incentive compensation for our senior management. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue.

EBITDA and Segment EBITDA should not be construed as alternatives to operating income, net income or net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report EBITDA or Segment EBITDA information calculate EBITDA or Segment EBITDA in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.

Appendix 4 –
Reconciliation of Net Income
and EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations

(in millions, except per share data)	Three Months Ended December31[1)]		Year Ended December 31[(1)]	
	2019	2018	2019	2018
Net income	$141	$38	$545	$483
Subtract:				
Net income attributable to continuing noncontrolling interest	0	2	3	3
Net income attributable to discontinued noncontrolling interest	0	—	1	—
Net income attributable to LKQ stockholders	$140	$36	$541	$480
Subtract:				
Net income (loss) from discontinued operations	0	(4)	2	(4)
Net income attributable to discontinued noncontrolling interest	(0)	—	(1)	—
Net income from continuing operations attributable to LKQ stockholders	$140	$40	$541	$485
Adjustments - continuing operations attributable to LKQ stockholders:				
Amortization of acquired intangibles	31	38	125	127
Restructuring and acquisition related expenses	16	6	37	32
Restructuring expenses - cost of goods sold	4	—	21	—
Inventory step-up adjustment - acquisition related	—	—	—	0
Change in fair value of contingent consideration liabilities	0	0	0	(0)
Gains on bargain purchases and previously held equity interests	(1)	(2)	(1)	(2)
Loss (gain) on debt extinguishment	—	1	(0)	1
Gain due to resolution of acquisition related matter	(12)	—	(12)	—
Impairment of net assets held for sale and goodwill	2	33	47	36
Impairment of equity method investments	2	48	41	71
Fair value loss on Mekonomen derivative instrument	—	8	—	5
U.S. tax law change 2017	—	—	—	(10)
Excess tax benefit from stock-based payments	(1)	(1)	(3)	(5)
Tax effect of adjustments	(14)	(21)	(60)	(49)
Adjusted net income from continuing operations attributable to LKQ stockholders	$167	$151	$736	$691
Weighted average diluted common shares outstanding	307,303	318,510	310,969	315,849
Diluted earnings per share from continuing operations attributable to LKQ stockholders:				
Reported	$0.46	$0.13	$1.74	$1.53
Adjusted	$0.54	$0.48	$2.37	$2.19

Appendix 4 -
Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations

We have presented Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders as we believe these measures are useful for evaluating the core operating performance of our continuing business across reporting periods and in analyzing our historical operating results. We define Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders as Net Income and Diluted Earnings per Share adjusted to eliminate the impact of continuing and discontinued noncontrolling interest, discontinued operations, restructuring and acquisition related expenses, amortization expense related to all acquired intangible assets, gains and losses on debt extinguishment, the change in fair value of contingent consideration liabilities, other gains and losses related to acquisitions, equity method investments or divestitures, impairment charges, excess tax benefits and deficiencies from stock-based payments, adjustments to the estimated tax reform provisions recorded in 2017 and any tax effect of these adjustments. The tax effect of these adjustments is calculated using the effective tax rate for the applicable period or for certain discrete items the specific tax expense or benefit for the adjustment. Given the variability and volatility of the amount and frequency of costs related to acquisitions, management believes that these costs are not normal operating expenses and should be adjusted in our calculation of Adjusted Net Income from Continuing Operations Attributable to LKQ Stockholders. Our adjustment of the amortization of all acquisition-related intangible assets does not exclude the amortization of other assets, which represents expense that is directly attributable to ongoing operations. Management believes that the adjustment relating to amortization of acquisition-related intangible assets supplements the GAAP information with a measure that can be used to assess the comparability of operating performance. The acquired intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets. These financial measures are used by management in its decision making and overall evaluation of our operating performance and are included in the metrics used to determine incentive compensation for our senior management. Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders should not be construed as alternatives to Net Income or Diluted Earnings per Share as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report measures similar to Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders calculate such measures in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly-named measures of other companies and may not be appropriate measures for performance relative to other companies.

Appendix 5 -
Forecasted EPS Reconciliation[1]

	For the year ending December 31, 2020	
(in millions, except per share data)	**Minimum Guidance**	**Maximum Guidance**
Net income from continuing operations attributable to LKQ stockholders	$678	$714
Adjustments:		
Amortization of acquired intangibles	96	96
Loss on debt extinguishment	13	13
Tax effect of adjustments	(30)	(30)
Adjusted net income from continuing operations attributable to LKQ stockholders	$757	$793
Weighted average diluted common shares outstanding	308	308
Diluted EPS from continuing operations attributable to LKQ stockholders:		
U.S. GAAP	$2.20	$2.32
Non-GAAP (Adjusted)	$2.46	$2.58

We have presented forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders in our financial guidance. Refer to the discussion of Adjusted Net Income and Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders for details on the calculation of these non-GAAP financial measures. In the calculation of forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders, we included estimates of income from continuing operations attributable to LKQ stockholders, amortization of acquired intangibles for the full fiscal year 2020, the loss on debt extinguishment related to the January 2020 redemption of the U.S. Senior Notes and the related tax effect; we did not estimate amounts for any other components of the calculation for the year ending December 31, 2020.

(1) The sum of the individual components may not equal the total due to rounding

Appendix 6 -
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(in millions)	Three Months Ended December 31[1] 2019	Three Months Ended December 31[1] 2018	Year Ended December 31[1] 2019	Year Ended December 31[1] 2018
Net cash provided by operating activities	$99	$190	$1,064	$711
Less: purchases of property, plant and equipment	100	78	266	250
Free cash flow	$(1)	$111	$798	$461

(in millions)	Year Ended December 31[1] 2014	2015	2016	2017	2018	2019
Operating Cash Flows	$389	$544	$635	$519	$711	$1,064
Less: Operating Cash Flows - Discontinued Operations	—	—	64	(4)	(4)	—
Operating Cash Flows from Continuing Operations	$389	$544	$571	$523	$715	$1,064
Capital Expenditures	141	170	207	179	250	266
Less: Capital Expenditures - Discontinued Operations	—	—	24	4	—	—
Continuing Capital Expenditures	$141	$170	$183	$175	$250	$266
Free Cash Flow from Continuing Operations	$248	$374	$388	$347	$465	$798

We have presented free cash flow solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate our liquidity. We calculate free cash flow as net cash provided by operating activities, less purchases of property, plant and equipment. Free cash flow provides insight into our liquidity and provides useful information to management and investors concerning our cash flow available to meet future debt service obligations and working capital requirements, make strategic acquisitions and repurchase stock. We believe free cash flow is used by investors, securities analysts and other interested parties in evaluating the liquidity of other companies, many of which present free cash flow when reporting their results. This financial measure is included in the metrics used to determine incentive compensation for our senior management. Free cash flow should not be construed as an alternative to net cash provided by operating activities, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report free cash flow information calculate free cash flow in the same manner as we do and, accordingly, our calculation is not necessarily comparable to similarly-named measures of other companies and may not be an appropriate measure for liquidity relative to other companies.

(1) The sum of the individual components may not equal the total due to rounding.

Appendix 7 -
Reconciliation of Gross Margin to Adjusted Gross Margin

Consolidated Adjusted Gross Margin	Three Months Ended December 31[1]		Year Ended December 31[1]	
(in millions)	2019	2018	2019	2018
Gross margin	$1,196	$1,162	$4,852	$4,575
Add: Restructuring expenses - cost of goods sold	4	—	21	—
Adjusted gross margin	$1,200	$1,162	$4,873	$4,575
Gross margin %	39.7%	38.7%	38.8%	38.5%

Europe Adjusted Gross Margin	Three Months Ended December 31[1]		Year Ended December 31[1]	
(in millions)	2019	2018	2019	2018
Gross margin	$521	$523	$2,112	$1,896
Add: Restructuring expenses - cost of goods sold	3	—	20	—
Adjusted gross margin	$524	$523	$2,132	$1,896
Gross margin %	36.6%	36.7%	36.2%	36.3%
Adjusted gross margin %	36.8%	36.7%	36.5%	36.3%

We have presented adjusted gross margin solely as a supplemental disclosure that offers investors, securities analysts and other interested parties useful information to evaluate the operating performance of our continuing business across reporting periods and in analyzing our historical operating results. We calculate adjusted gross margin as gross margin plus restructuring expenses recorded in cost of goods sold. Adjusted gross margin provides insight into our operating performance and provides useful information to management and investors concerning our gross margins. We believe adjusted gross margin is used by investors, securities analysts and other interested parties in evaluating the operating performance of other companies, many of which present adjusted gross margin when reporting their results. Adjusted gross margin should not be construed as an alternative to gross margin, as determined in accordance with accounting principles generally accepted in the United States. In addition, not all companies that report adjusted gross margin information calculate adjusted gross margin in the same manner as we do and, accordingly, our calculation is not necessarily comparable to similarly-named measures of other companies and may not be an appropriate measure for performance relative to other companies.

(1) The sum of the individual components may not equal the total due to rounding.