

# Fourth Quarter & Full Year 2023 Earnings Call Presentation

February 22, 2024

**LKQ** Keeping you moving

# 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 that may cause our actual results, performance or achievements to be materially different. 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 events or results to differ from the events or results predicted or implied by our forward-looking statements include factors discussed in our filings with the SEC, including those 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, 2022, our subsequent Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K to be filed for the year ended December 31, 2023. These reports are available at the Investor Relations section on our website ([www.lkqcorp.com](http://www.lkqcorp.com)) and on the SEC’s website ([www.sec.gov](http://www.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.

# 2023 Highlights

- Strong full year organic revenue growth for parts and services of 4.7% (5.1% on a per day basis)
  - Wholesale - North America: 8.2% (8.6% on a per day basis)
  - Europe: 6.9% (7.4% on a per day basis)
- Segment EBITDA<sup>(1)</sup> of \$1.76 billion; Segment EBITDA<sup>(1)</sup> margin of 12.7%
  - Wholesale - North America Segment EBITDA<sup>(1)</sup> margin of 18.5%, including a 1.2% dilutive effect related to Uni-Select Inc. ("Uni-Select")
  - Europe Segment EBITDA<sup>(1)</sup> margin of 9.7%, including an \$11 million (0.2%) charge to settle a value-added tax issue in Italy and a \$17 million (0.2%) impact from labor strikes in Germany
- Net income<sup>(2)</sup> of \$942 million and Diluted EPS<sup>(2)</sup> of \$3.51; Adjusted Net Income<sup>(2)(3)</sup> of \$1,027 million and Adjusted Diluted EPS<sup>(2)(3)</sup> of \$3.83
- Operating cash flow of \$1,356 million; free cash flow<sup>(4)</sup> of \$1 billion
- Acquired Uni-Select in August 2023; integration progressing ahead of schedule
- Paid dividends totaling \$1.125 per share in 2023 totaling \$302 million; approved a \$0.30 per share dividend to be paid in March 2024
- Justin Jude announced as next President and CEO succeeding Nick Zarcone in July 2024

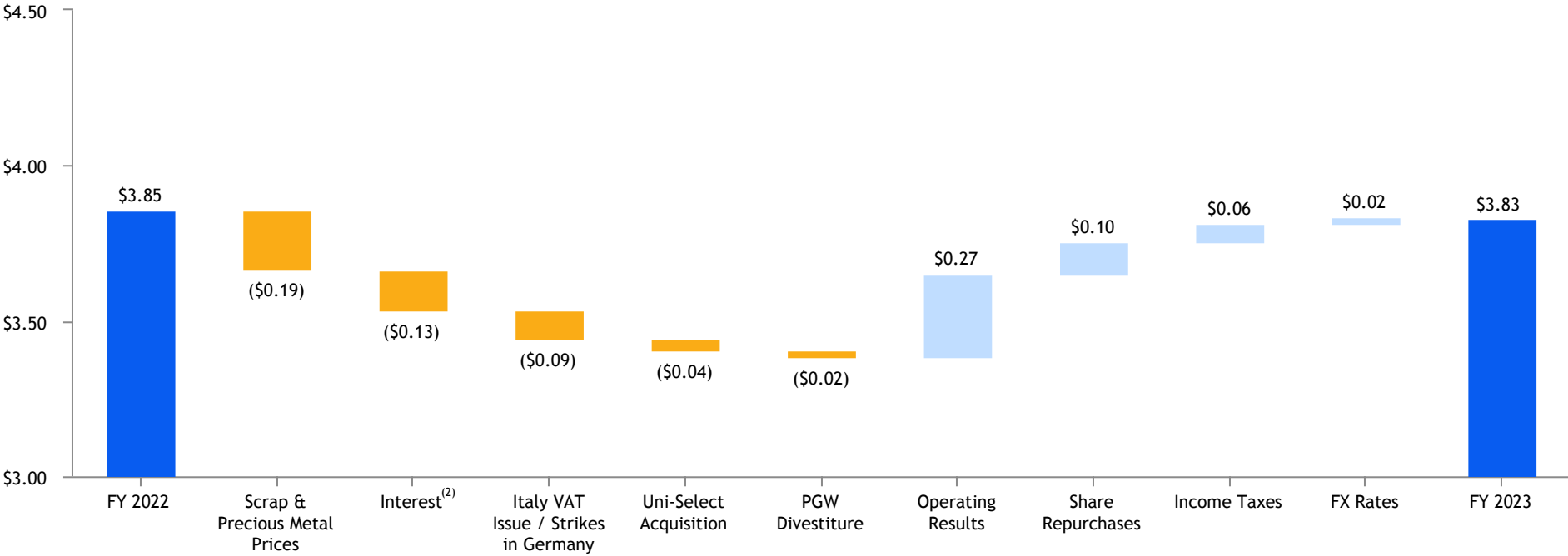
(1) Segment EBITDA for each segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 2 for the breakout of Segment EBITDA for each segment and Appendix 3 for total Segment EBITDA reconciliation

(2) References to Net Income and Diluted EPS and the corresponding adjusted figures reflect amounts from continuing operations attributable to LKQ stockholders

(3) Adjusted Net Income and Adjusted Diluted EPS are non-GAAP measures. Refer to Appendix 4 for Adjusted Net Income and Adjusted Diluted EPS reconciliations

(4) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation

# 2023 Adjusted EPS<sup>(1)</sup> Walk



**Headwinds related to interest, metals prices and macroeconomic environment created challenging year over year comparison**  
**Mitigated challenges through operational excellence initiatives and strategic capital deployment**

(1) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for reconciliation of Adjusted Diluted EPS

(2) Interest excluding the effect of Uni-Select borrowings

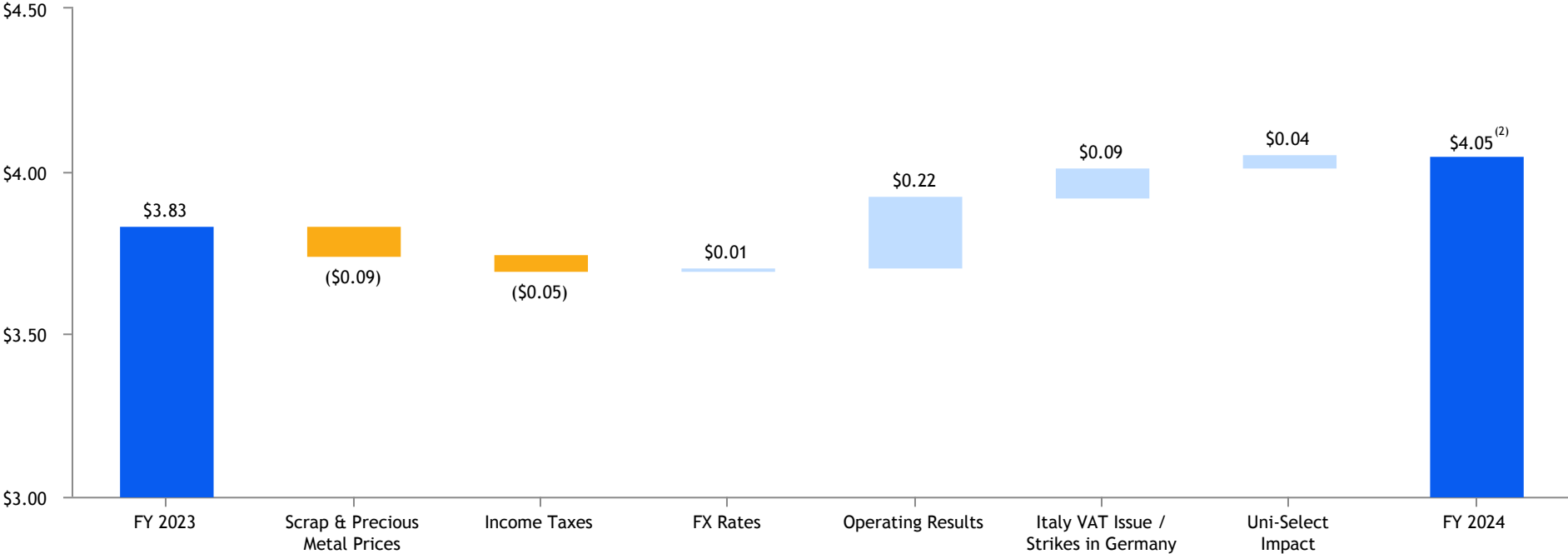
# Q4 2022 to Q4 2023 Adjusted EPS Walk <sup>(1)</sup>



(1) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for reconciliation of Adjusted Diluted EPS

(2) Interest excluding the effect of Uni-Select borrowings

# 2024 Adjusted EPS<sup>(1)</sup> Guidance Walk



Operational improvements and post-acquisition synergies to drive solid growth in 2024 despite continued headwinds related to commodities pricing

(1) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 5 for reconciliation of forecasted Adjusted Diluted EPS  
 (2) The amount represents the midpoint of our guidance range

# Outlook 2024<sup>(1)</sup>

(effective only on the date issued: February 22, 2024)

	<u>Full Year 2024</u> Outlook
Organic parts and services revenue growth	3.5% to 5.5%
Diluted EPS <sup>(2)</sup>	\$3.43 to \$3.73
Adjusted Diluted EPS <sup>(2)(3)</sup>	\$3.90 to \$4.20
Operating cash flow	\$1.35 billion
Free cash flow <sup>(4)</sup>	\$1.0 billion
Free cash flow conversion of Adjusted EBITDA <sup>(4)</sup>	50% to 60%

(1) Our outlook for the full year 2024 is based on current conditions and recent trends, and assumes a global effective tax rate of 26.8%, the prices of scrap and precious metals hold near the December average, and no further deterioration due to the Ukraine/Russia conflict. We have applied foreign currency exchange rates near recent average levels, including \$1.09, \$1.27 and \$0.74 for the euro, pound sterling and Canadian dollar, respectively, for the year. Changes in these conditions may impact our ability to achieve the estimates. Adjusted figures exclude (to the extent applicable) the impact of restructuring and transaction related expenses; amortization expense related to acquired intangibles; excess tax benefits and deficiencies from stock-based payments; losses on debt extinguishment; impairment charges; direct impacts of the Ukraine/Russia conflict; and gains and losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities)

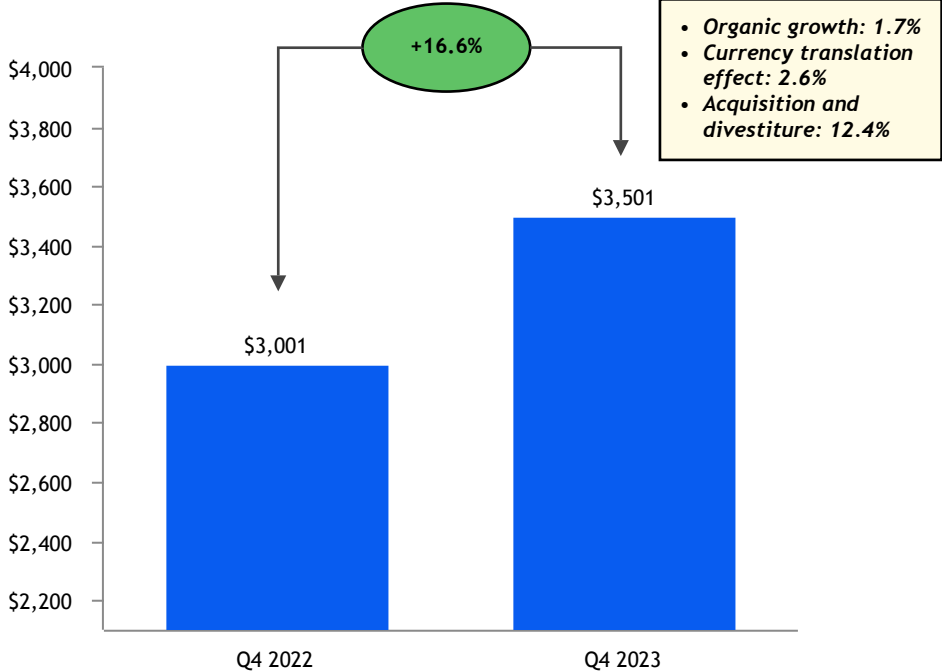
(2) Actual and outlook figures are for continuing operations attributable to LKQ stockholders

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

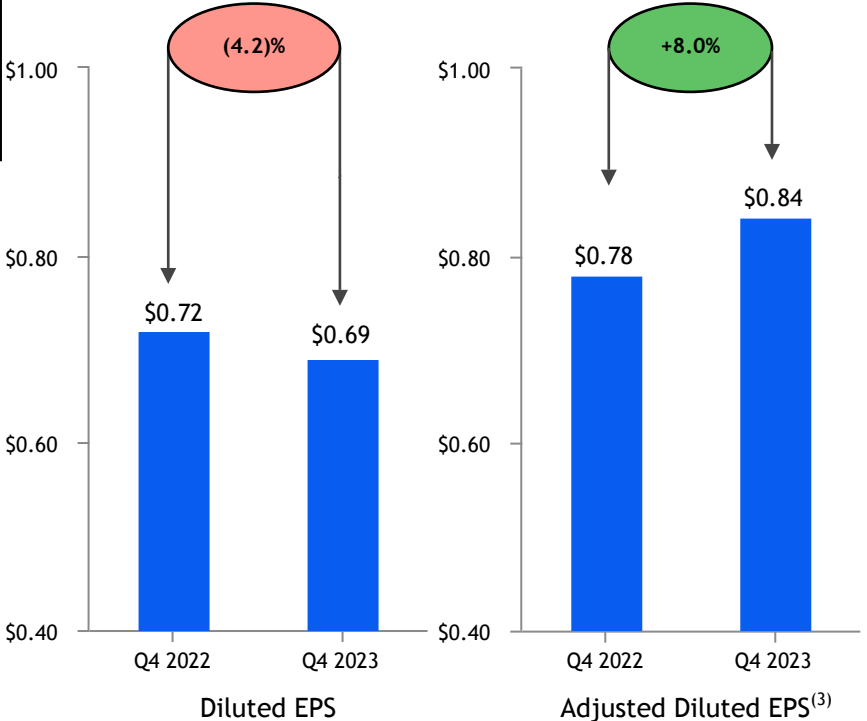
(4) Free Cash Flow and Adjusted EBITDA are non-GAAP measures. Refer to Appendix 6 for forecasted Free Cash Flow reconciliation

# Consolidated Results Q4 2023

## Revenue<sup>(1)</sup>



## EPS<sup>(2)</sup>



(1) Revenue in millions  
 (2) Earnings per share figures refer to net income from continuing operations attributable to LKQ stockholders  
 (3) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation





The background features two thick, wavy blue lines that create a sense of motion and flow. One line starts from the left, peaks in the upper center, and then descends towards the right. The second line starts lower, peaks to the right of the first line's peak, and then descends towards the bottom right corner. The lines are set against a light gray background.

# Financial Results Q4 2023

# Q4 2023 Revenue

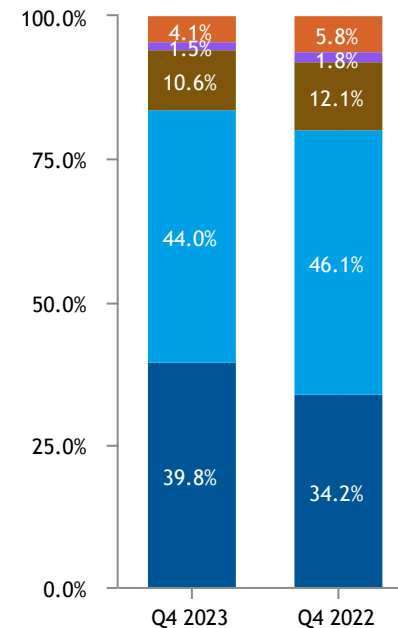
## Revenue Changes by Source:

	Organic	Acquisition and Divestiture	Foreign Exchange	Total <sup>(1)</sup>
Wholesale - North America	5.3%	30.6%	—%	35.9%
Europe	3.9%	1.8%	5.6%	11.3%
Specialty	(7.0)%	8.8%	—%	1.8%
Self Service	(5.6)%	—%	—%	(5.6)%
Parts and Services	2.8%	13.1%	2.7%	18.7%
Other	(16.4)%	(0.1)%	0.1%	(16.4)%
<b>Total Revenue</b>	<b>1.7%</b>	<b>12.4%</b>	<b>2.6%</b>	<b>16.6%</b>

- Wholesale - North America organic revenue for parts and services increased 5.3%; primarily driven by a net volume increase and pricing initiatives which focused on offsetting inflation on input costs. Aftermarket collision parts volumes increased year over year due to (i) reduced pressures on our supply chain, (ii) the continued rollout of State Farm's aftermarket parts program, which began on a trial basis in June 2022 and has subsequently been expanded and (iii) United Auto Workers strike activity
- Wholesale - North America acquisition and divestiture revenue was a net increase of \$313 million primarily due to the acquisition of Uni-Select in the third quarter of 2023
- Europe organic revenue for parts and services increased 3.9% (5.1% on a per day basis) primarily driven by volume growth across all geographies and, to a lesser extent, pricing initiatives to offset higher costs due to ongoing inflationary pressures; revenue growth was negatively impacted by labor strikes in our German operations in the fourth quarter of 2023
- Favorable F/X impact on European parts and services revenue of \$77 million; European constant currency<sup>(2)</sup> parts and services revenue increased 5.7%
- Specialty organic revenue for parts and services decreased 7.0%; primarily due to demand softness in the recreational vehicle ("RV") product line, as RV unit retail sales and wholesale shipments have declined year over year
- Self Service organic revenue for parts and services decreased 5.6%; primarily driven by decreased admissions
- Other organic revenue decreased 16.4% primarily driven by lower precious metals prices

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding  
 (2) Constant currency is a non-GAAP financial measure. Refer to Appendix 1 for constant currency reconciliation

## Components of Revenue



- WS - NA P&S
- Europe P&S
- Specialty P&S
- Self Service P&S
- Other Revenue

# Operating Results - Q4

(\$ in millions, except per share data)	Fourth Quarter		
	2023	2022	Change F/(U)
Revenue	\$3,501	\$3,001	16.6%
Gross Margin	1,399	1,223	14.4%
Operating Expenses	1,022	861	(18.7)%
Operating Income	277	293	(5.5)%
Income from continuing operations before provision for income taxes	222	272	(18.4)%
Net income from continuing operations attributable to LKQ stockholders	184	193	(5.2)%
Segment EBITDA <sup>(1)</sup>	396	373	6.1%
Segment EBITDA <sup>(1)</sup> Margin	11.3%	12.4%	(110) bps
Diluted EPS from continuing operations attributable to LKQ stockholders:			
Reported	\$0.69	\$0.72	(4.2)%
Adjusted <sup>(2)</sup>	\$0.84	\$0.78	8.0%

- Effective income tax rate for the three months ended December 31, 2023 was 19.7%, compared to 29.7% for the three months ended December 31, 2022

(1) Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for Segment EBITDA reconciliation

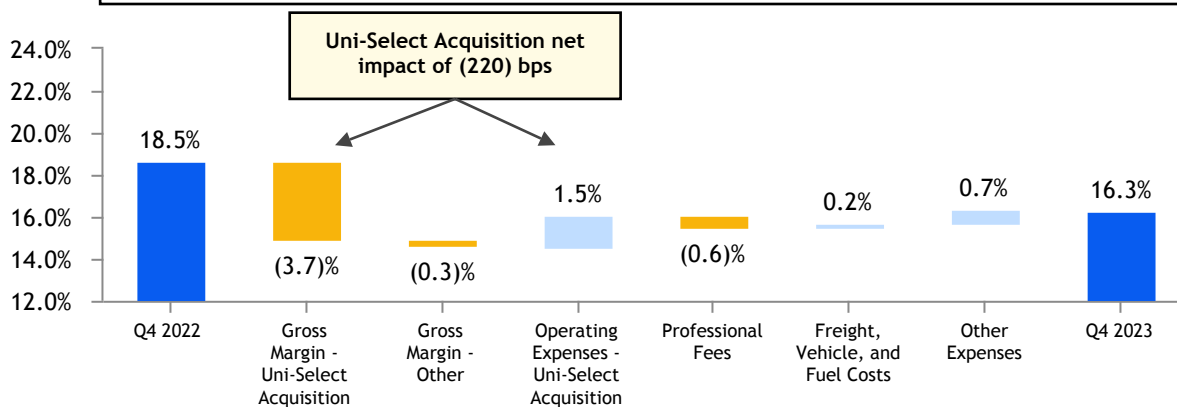
(2) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation

# Wholesale - North America - Q4

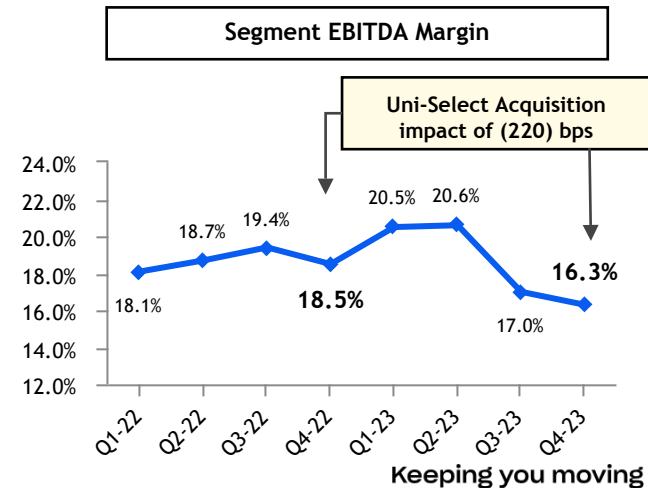
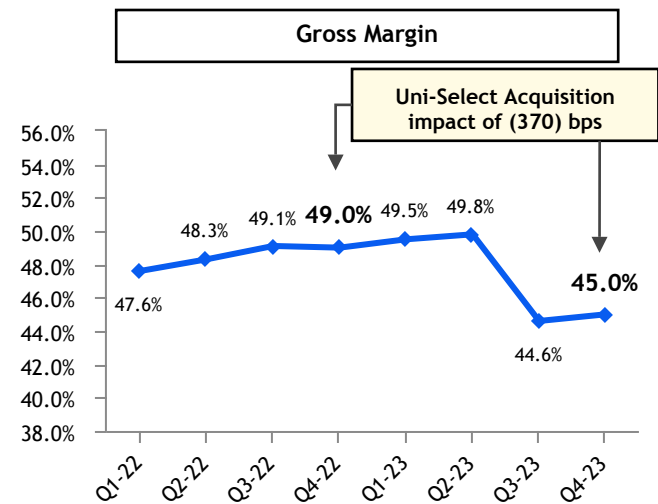
(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue	\$1,467	\$1,102	32.9%		
Gross Margin	\$662	\$540	22.1%	45.0%	49.0%
Operating Expenses	\$430	\$338	(26.4)%	29.2%	30.7%
Segment EBITDA <sup>(1)</sup>	\$239	\$204	17.1%	16.3%	18.5%

(1) Segment EBITDA for each 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 segment.

## Wholesale - North America Segment EBITDA Margin Bridge



Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding



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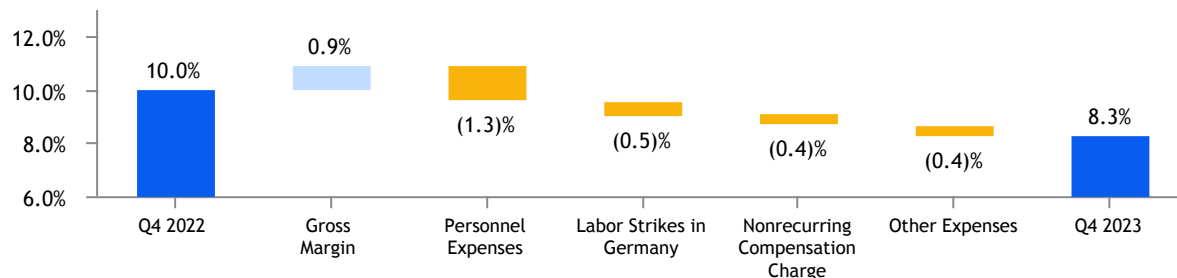
# Europe - Q4

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue <sup>(1)</sup>	\$1,546	\$1,390	11.2%		
Gross Margin	\$597	\$526	13.6%	38.7%	37.8%
Operating Expenses	\$477	\$395	(21.1)%	30.9%	28.4%
Segment EBITDA <sup>(2)</sup>	\$129	\$139	(7.4)%	8.3%	10.0%

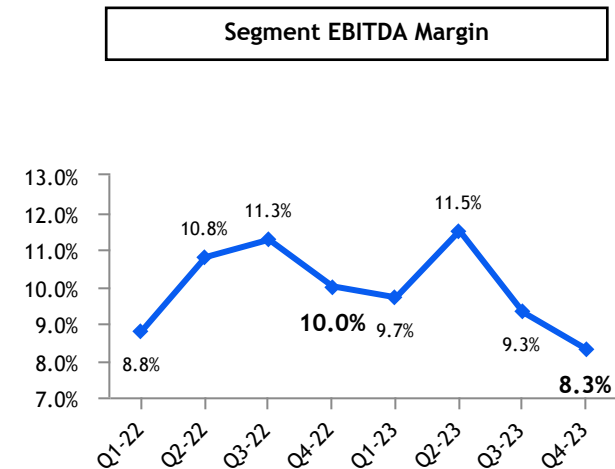
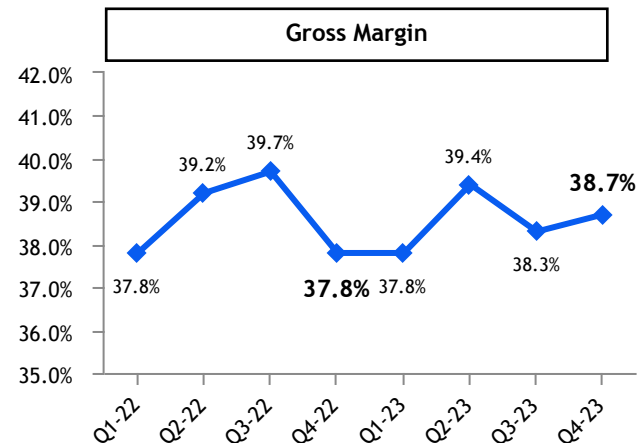
(1) The foreign currency impact on parts and services revenue was a \$77 million favorable impact which brings revenue growth at a constant currency to 5.7%. Refer to Appendix 1 for a reported revenue to constant currency revenue reconciliation.

(2) Segment EBITDA for each 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 segment.

## Europe Segment EBITDA Margin Bridge



Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

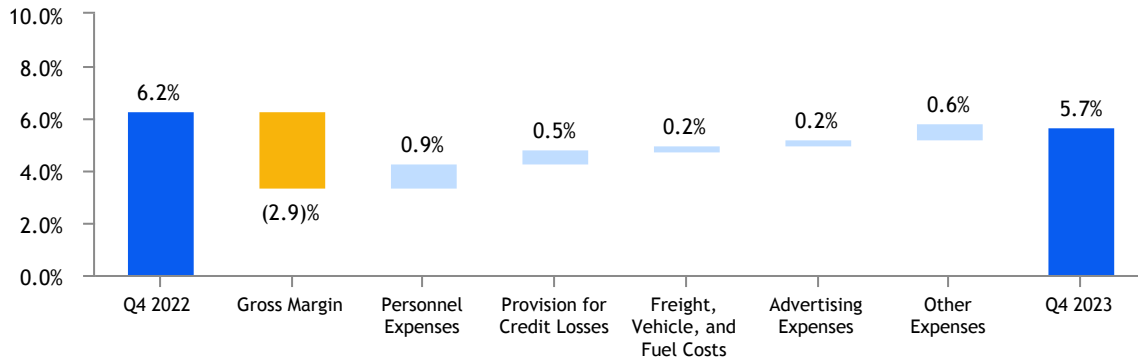


# Specialty - Q4

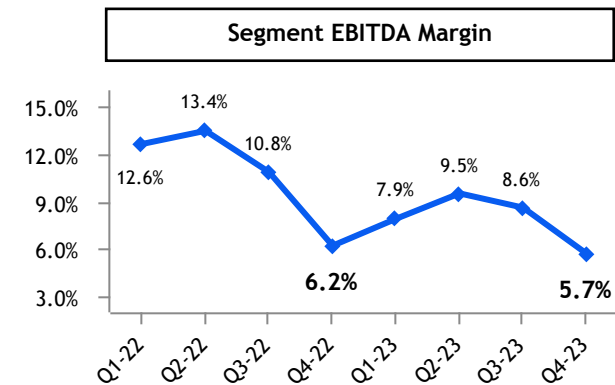
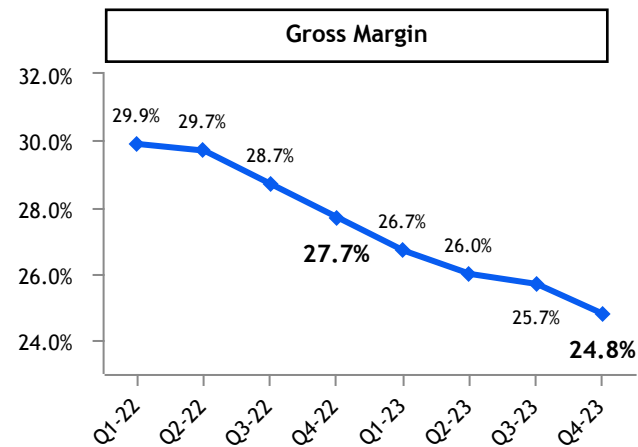
(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue	\$371	\$365	1.8%		
Gross Margin	\$91	\$101	(8.9)%	24.8%	27.7%
Operating Expenses	\$73	\$79	8.1%	19.6%	21.7%
Segment EBITDA <sup>(1)</sup>	\$21	\$23	(7.9)%	5.7%	6.2%

(1) Segment EBITDA for each 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 segment.

## Specialty Segment EBITDA Margin Bridge



Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding



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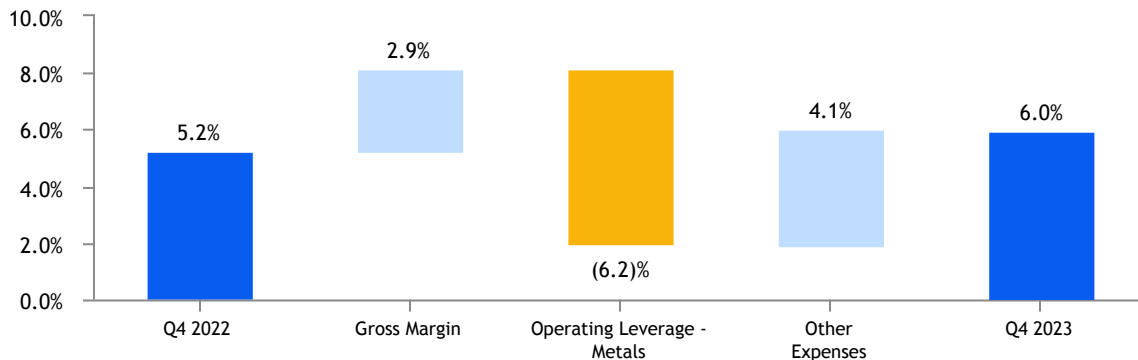
# Self Service - Q4

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue <sup>(1)</sup>	\$118	\$144	(17.7)%		
Gross Margin	\$49	\$56	(11.5)%	41.3%	38.4%
Operating Expenses	\$42	\$49	12.7%	35.5%	33.5%
Segment EBITDA <sup>(2)</sup>	\$7	\$7	n/m	6.0%	5.2%

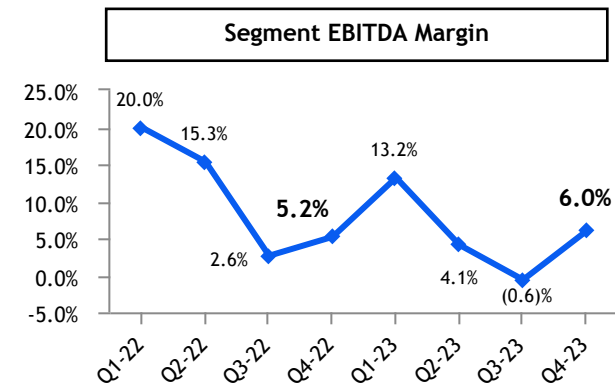
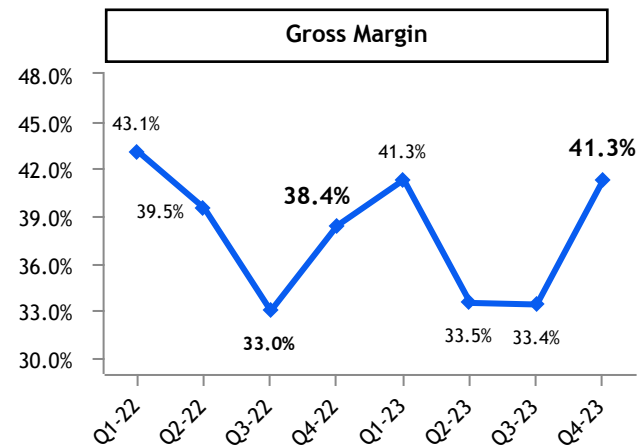
(1) Includes Other Revenue of \$67 million and \$89 million in Q4 2023 and Q4 2022, respectively. Refer to slide 28 for further detail on metals price trends.

(2) Segment EBITDA for each 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 segment.

## Self Service Segment EBITDA Margin Bridge

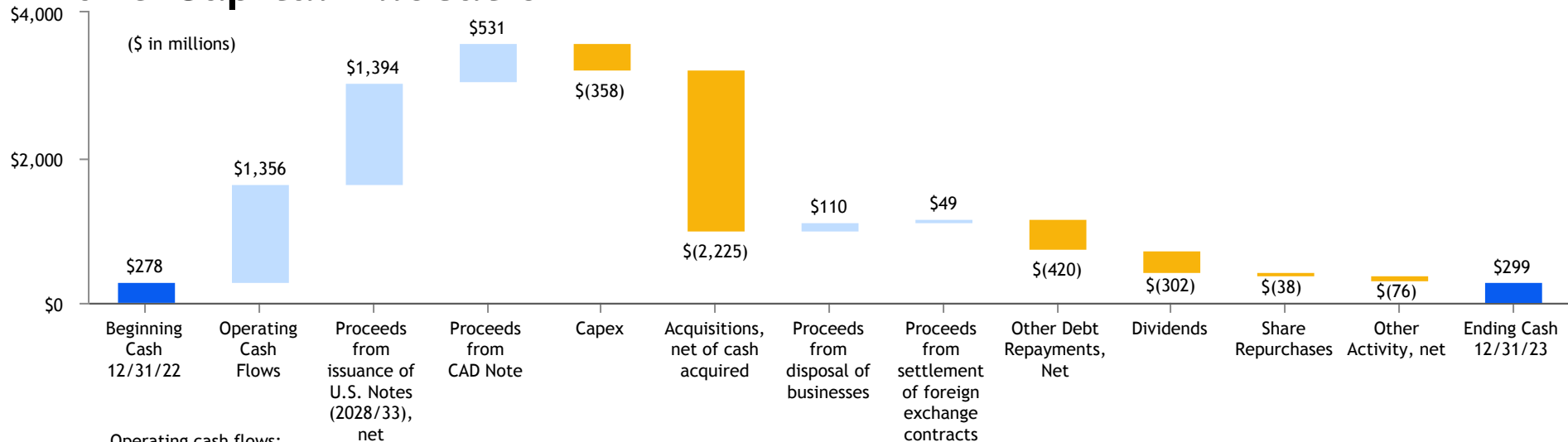


Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding



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# 2023 Capital Allocation



## Operating cash flows:

- Operating cash flows of \$1,356 million represent an 8%, or \$106 million, increase year over year primarily driven by improved inventory management in our Europe segment and higher purchasing levels in the prior period due to restocking efforts to rebuild inventory levels in our Wholesale - North America segment

## Investing cash flows:

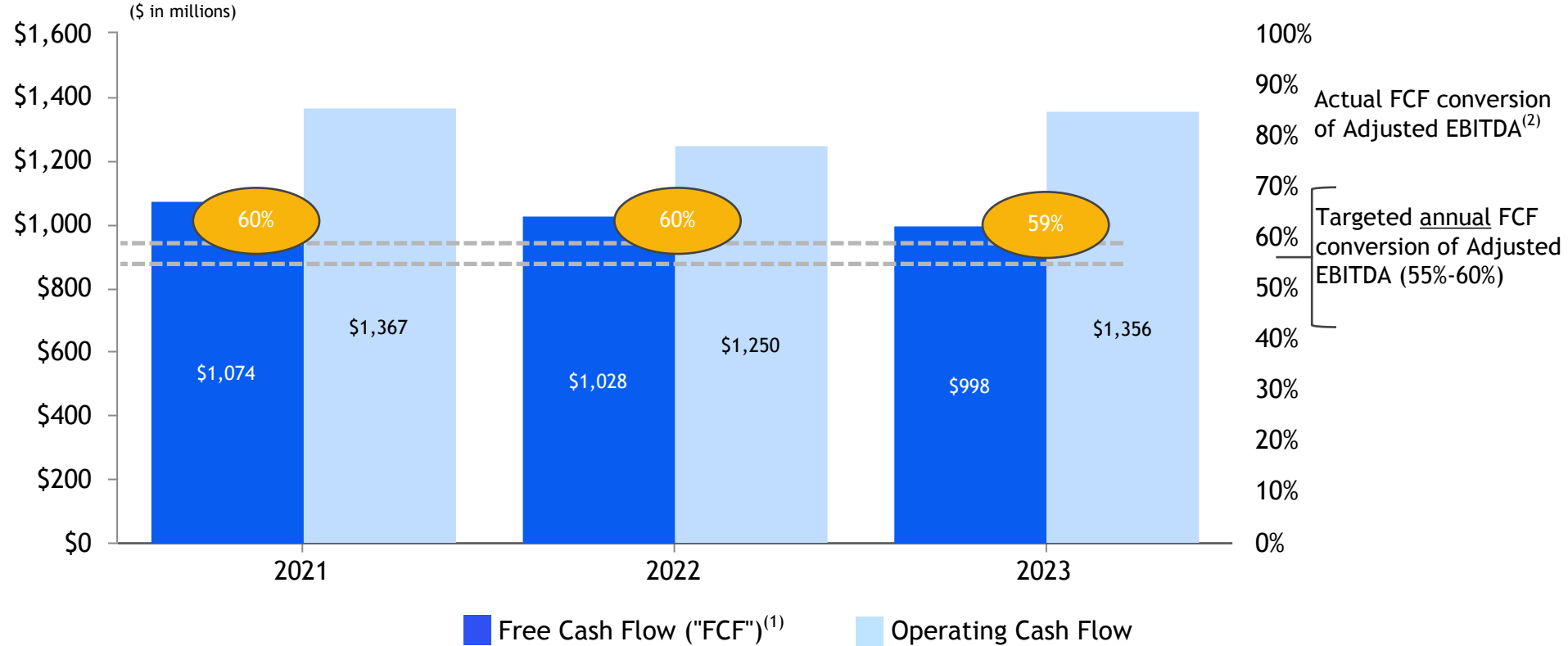
- Capex of \$358 million vs. \$222 million in 2022; up 61%, primarily driven by higher Capex due to catch-up spending in 2023 after relatively low 2022 expenditures caused by supply chain delays
- \$2,225 million of cash invested in business acquisitions primarily related to the acquisition of Uni-Select vs. \$4 million in the prior year
- \$110 million of proceeds from the disposal of businesses primarily related to GSF Car Parts vs. \$399 million in the prior year primarily related to PGW
- \$49 million of proceeds from settlement of foreign exchange contracts related to the acquisition of Uni-Select (none in the prior year)

## Financing cash flows:

- \$1,394 million in net proceeds from the issuance of U.S. Notes (2028/33) in the current year
- \$531 million in proceeds from CAD Note in the current year
- \$302 million for 2023 cash dividends vs. \$284 million in the prior year
- \$38 million to repurchase shares vs. \$1,040 million in the prior year
- \$420 million of other debt repayments, net vs. \$48 million debt repayments, net in the prior year
- \$33 million of debt issuance costs (none in the prior year)



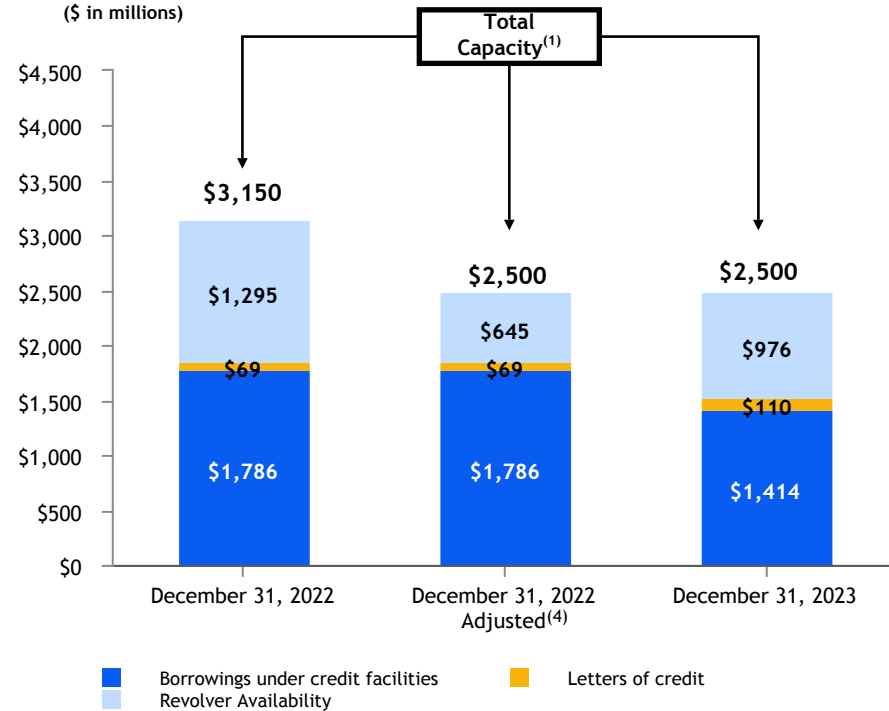
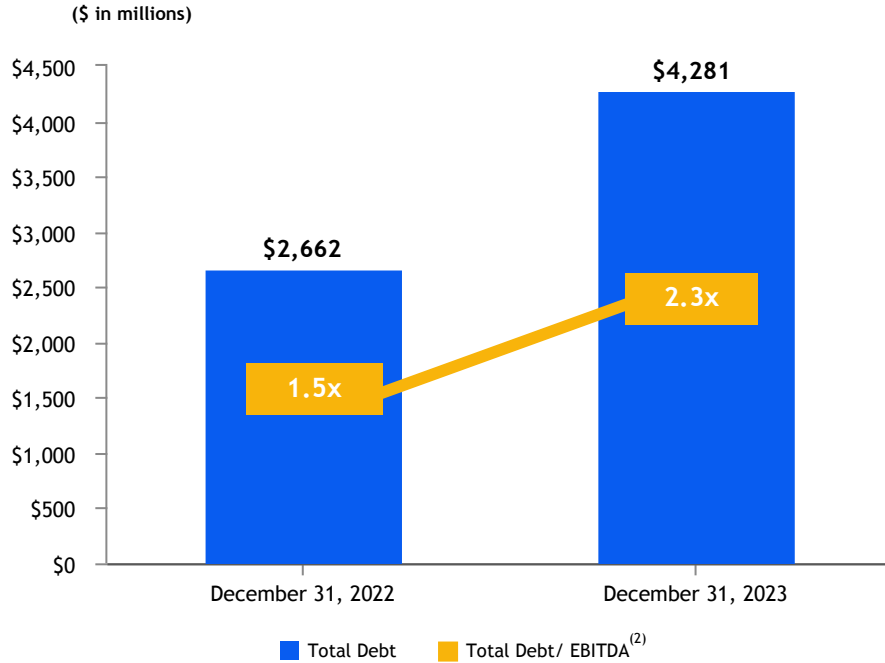
# Operating Cash Flow & Free Cash Flow<sup>(1)</sup>



(1) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation

(2) Adjusted EBITDA is a non-GAAP measure. Refer to Appendix 6 for Adjusted EBITDA reconciliation

# Leverage & Liquidity



Effective borrowing rate for Q4 2023 was 5.8%<sup>(3)</sup>

(1) Total capacity includes our senior secured and unsecured credit facilities (revolver and term loan)

(2) Total leverage per bank covenants is defined as Total Debt/EBITDA. Refer to the definitions of Total Debt and EBITDA in the senior unsecured credit agreement filed January 6, 2023 with the SEC for further details

(3) Including our interest rate swaps, approximately 70% of our borrowings at December 31, 2023 is effectively at fixed interest rates

(4) Adjusted reflects the terms of the new credit agreement (effective January 5, 2023)

# Liquidity as of December 31, 2023

Credit Rating	<ul style="list-style-type: none"> <li>• Rated Baa3 (investment grade) by Moody's; Outlook Neutral</li> <li>• Rated BBB- (investment grade) by S&amp;P Global Ratings; Outlook Neutral</li> <li>• Rated BBB- (investment grade) by Fitch; Outlook Positive</li> </ul>
Debt Structure	<ul style="list-style-type: none"> <li>• Fixed Rate Instruments:             <ul style="list-style-type: none"> <li>◦ \$1.4 billion in aggregate (\$800 million (5.75%) due in 2028/\$600 million (6.25%) due in 2033)</li> <li>◦ €750 million (\$828 million) in aggregate (\$552 million (3.875%) due in 2024 /\$276 million (4.125%) due in 2028)</li> </ul> </li> <li>• Variable Rate Instruments:             <ul style="list-style-type: none"> <li>◦ Credit Facility Borrowings: \$1.4 billion                 <ul style="list-style-type: none"> <li>▪ \$914 million of revolver borrowings maturing in January 2028</li> <li>▪ \$500 million term loan maturing January 2026</li> </ul> </li> <li>◦ CAD Note: Unsecured term loan facility of CAD \$700 million (\$529 million due in 2026)</li> </ul> </li> <li>• Other Debt (capital leases, local lines of credit): \$110 million</li> </ul>
Interest Rates	<ul style="list-style-type: none"> <li>• Credit Facility Borrowings: (i) SOFR plus applicable spread or (ii) other risk-free interest rates for specified currency</li> <li>• \$400 million notional amount interest rate swap at a fixed weighted average of 4.63% maturing February 2025</li> <li>• \$300 million notional amount interest rate swap at a fixed weighted average of 4.23% maturing February 2026</li> <li>• CAD Note: (i) Canadian Dollar Offer Rate or (ii) Canadian Prime Rate; plus applicable spread</li> </ul>
Maturities	<ul style="list-style-type: none"> <li>• Current maturities: \$596 million primarily related to the Euro Notes (2024)<sup>(1)</sup> maturing in April 2024</li> </ul>
Financial Covenants <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Credit Facility and CAD Note maximum leverage ratio covenant: 4.0x             <ul style="list-style-type: none"> <li>◦ Total debt to EBITDA as of December 31, 2023: 2.3x</li> </ul> </li> <li>• Credit Facility and CAD Note minimum interest expense coverage ratio: 3.0x             <ul style="list-style-type: none"> <li>◦ EBITDA to interest expense as of December 31, 2023: 7.5x</li> </ul> </li> <li>• U.S. and Euro Notes do not include financial maintenance covenants</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>• Cash on balance sheet of \$299 million</li> <li>• \$2.0 billion revolving credit facility: \$976 million available as of December 31, 2023</li> <li>• Total Available Liquidity: \$1,275 million</li> </ul>
Cash Flows	<ul style="list-style-type: none"> <li>• 2023 operating cash flow of \$1,356 million; free cash flow<sup>(3)</sup> of \$998 million</li> </ul>

(1) We intend to refinance the 3.875% €500 million Euro Notes (2024) due on April 1, 2024 on or before the scheduled maturity

(2) Refer to the definition of Total debt, interest expense and EBITDA in the senior unsecured credit agreement filed January 6, 2023 with the SEC for further details

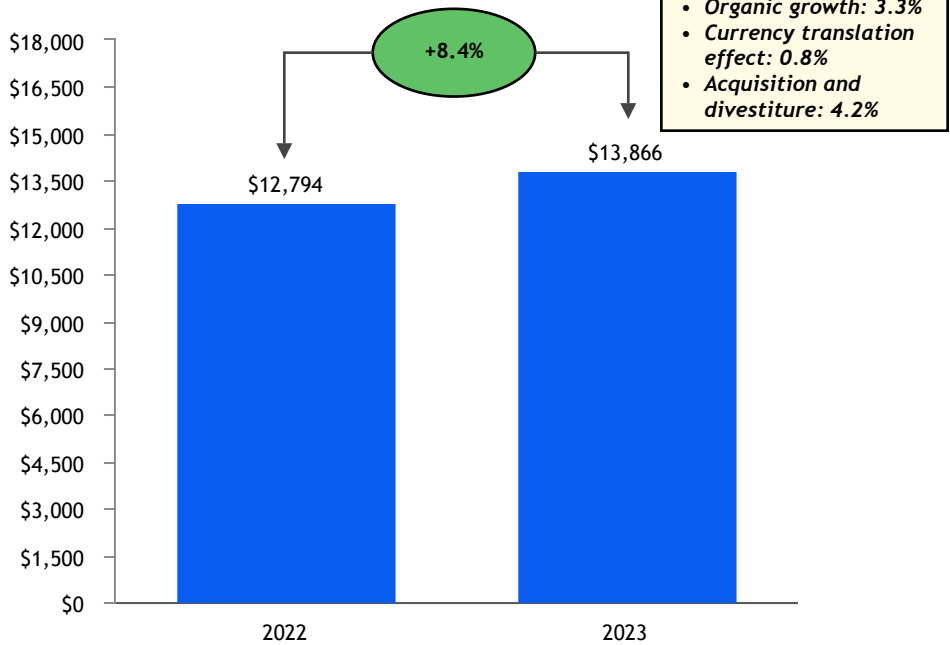
(3) Free Cash Flow is a non-GAAP measure. Refer to Appendix 6 for Free Cash Flow reconciliation



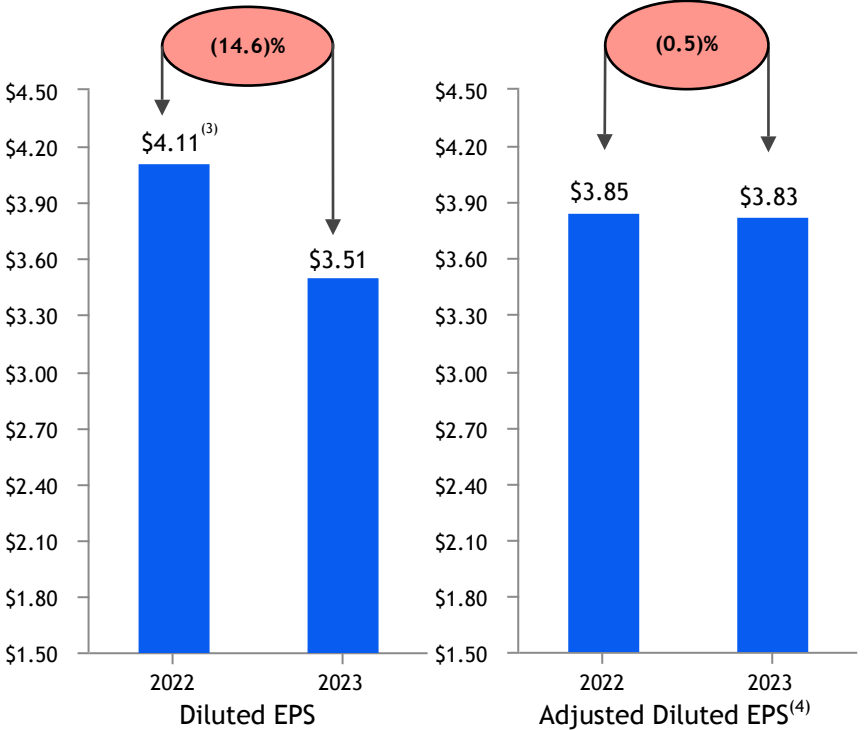
# 2023 Results and Supplementary Information

# Consolidated Results 2023

## Revenue<sup>(1)</sup>



## EPS<sup>(2)</sup>



(1) Revenue in millions  
 (2) Earnings per share figures refer to net income from continuing operations attributable to LKQ stockholders  
 (3) Includes \$0.46 from gain on sale of businesses (primarily PGW)  
 (4) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation



# 2023 Revenue

## Revenue Changes by Source:

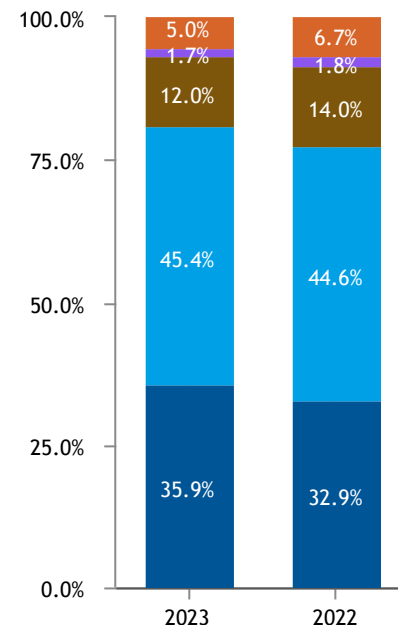
	Organic	Acquisition and Divestiture	Foreign Exchange	Total <sup>(1)</sup>
Wholesale - North America	8.2%	10.3%	(0.2)%	18.2%
Europe	6.9%	1.3%	2.1%	10.4%
Specialty	(10.1)%	3.6%	(0.3)%	(6.9)%
Self Service	2.4%	—%	—%	2.4%
Parts and Services	4.7%	4.8%	0.9%	10.4%
Other	(16.0)%	(3.4)%	(0.1)%	(19.6)%
<b>Total Revenue</b>	<b>3.3%</b>	<b>4.2%</b>	<b>0.8%</b>	<b>8.4%</b>

- Wholesale - North America organic revenue for parts and services increased 8.2% (8.6% on a per day basis); primarily driven by pricing initiatives which focused on offsetting inflation on input costs and a net volume increase. Aftermarket collision parts volumes increased year over year due to (i) reduced pressures on our supply chain and (ii) the continued rollout of State Farm's aftermarket parts program, which began on a trial basis in June 2022 and has subsequently been expanded
- Wholesale - North America acquisition and divestiture revenue was a net increase of \$432 million primarily due to the acquisition of Uni-Select in the third quarter of 2023, partially offset by the divestiture of our PGW aftermarket glass business in the second quarter of 2022
- Europe organic revenue for parts and services increased by 6.9% (7.4% on a per day basis); primarily driven by pricing initiatives across all geographies to offset inflation on input costs and to a lesser extent, higher volumes
- Favorable F/X impact on European parts and services revenue of \$121 million; European constant currency<sup>(2)</sup> parts and services revenue increased 8.3%
- Specialty organic revenue for parts and services decreased 10.1%; primarily due to demand softness in the RV product line, as RV unit retail sales and wholesale shipments have declined year over year
- Self Service organic revenue for parts and services increased 2.4%; driven by pricing initiatives which focused on offsetting inflation on input costs
- Other organic revenue decreased 16.0%; primarily driven by lower commodity prices
- Other acquisition and divestiture revenue was a net decrease primarily due to the divestiture of a business in our Self Service segment in the third quarter of 2022

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

(2) Constant currency is a non-GAAP financial measure. Refer to Appendix 1 for constant currency reconciliation

Components of Revenue



■ WS - NA P&S  
■ Europe P&S  
■ Specialty P&S  
■ Self Service P&S  
■ Other Revenue

# Operating Results

(\$ in millions, except per share data)	Fiscal Year		
	2023	2022	Change F/(U)
Revenue	\$13,866	\$12,794	8.4%
Gross Margin	5,575	5,223	6.7%
Operating Expenses	3,870	3,544	(9.2)%
Operating Income	1,357	1,581	(14.2)%
Income from continuing operations before provision for income taxes	1,235	1,518	(18.6)%
Net income from continuing operations attributable to LKQ stockholders	942	1,143	(17.6)%
Segment EBITDA <sup>(1)</sup>	1,759	1,719	2.3%
Segment EBITDA <sup>(1)</sup> Margin	12.7%	13.4%	(70) bps
Diluted EPS from continuing operations attributable to LKQ stockholders:			
Reported	\$3.51	\$4.11	(14.6)%
Adjusted <sup>(2)</sup>	\$3.83	\$3.85	(0.5)%

- Effective income tax rate for the year ended December 31, 2023 was 24.8% compared to 25.3% for the year ended December 31, 2022
- 2022 figures include a \$159 million pretax gain on the sale of businesses (primarily PGW); gain is excluded from Segment EBITDA and Adjusted Diluted EPS (\$0.46 per share)
- 2023 figures include a \$49 million gain on foreign exchange contracts related to the Uni-Select acquisition; gain is excluded from Segment EBITDA and Adjusted Diluted EPS (\$0.18 per share)

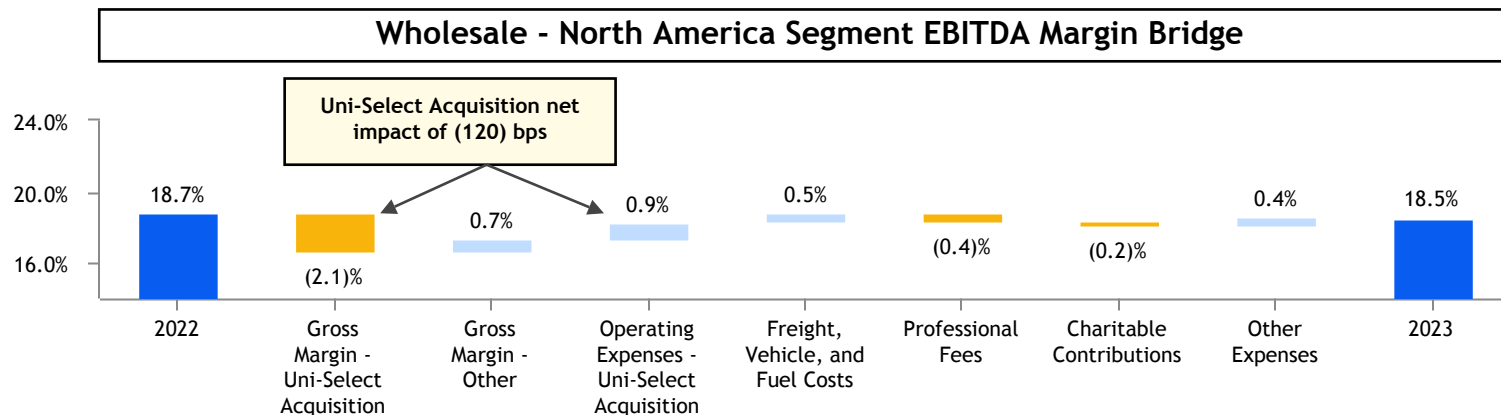
(1) Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for Segment EBITDA reconciliation

(2) Adjusted Diluted EPS is a non-GAAP measure. Refer to Appendix 4 for Adjusted Diluted EPS reconciliation

# Wholesale - North America - 2023 Results

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue	\$5,282	\$4,556	15.9%		
Gross Margin	\$2,486	\$2,209	12.5%	47.0%	48.5%
Operating Expenses	\$1,535	\$1,372	(11.8)%	29.0%	30.1%
Segment EBITDA <sup>(1)</sup>	\$975	\$852	14.5%	18.5%	18.7%

(1) Segment EBITDA for each 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 segment.



Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

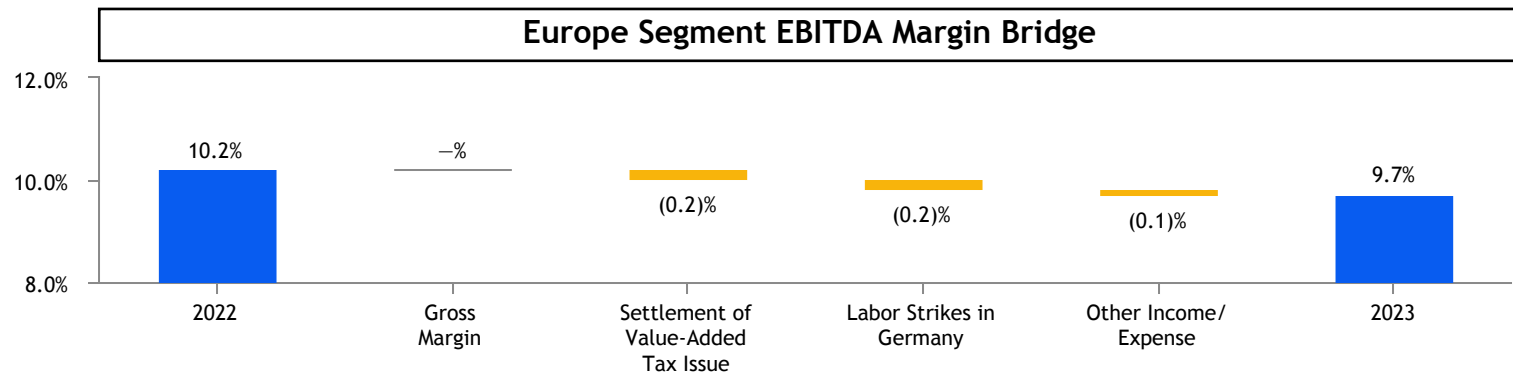


# Europe - 2023 Results

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue <sup>(1)</sup>	\$6,323	\$5,735	10.2%		
Gross Margin	\$2,437	\$2,215	10.0%	38.5%	38.6%
Operating Expenses	\$1,842	\$1,651	(11.6)%	29.1%	28.8%
Segment EBITDA <sup>(2)</sup>	\$614	\$585	5.1%	9.7%	10.2%

(1) The foreign currency impact on parts and services revenue was a \$121 million favorable impact which brings revenue growth at a constant currency to 8.3%. Refer to Appendix 1 for a reported revenue to constant currency revenue reconciliation.

(2) Segment EBITDA for each 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 segment.

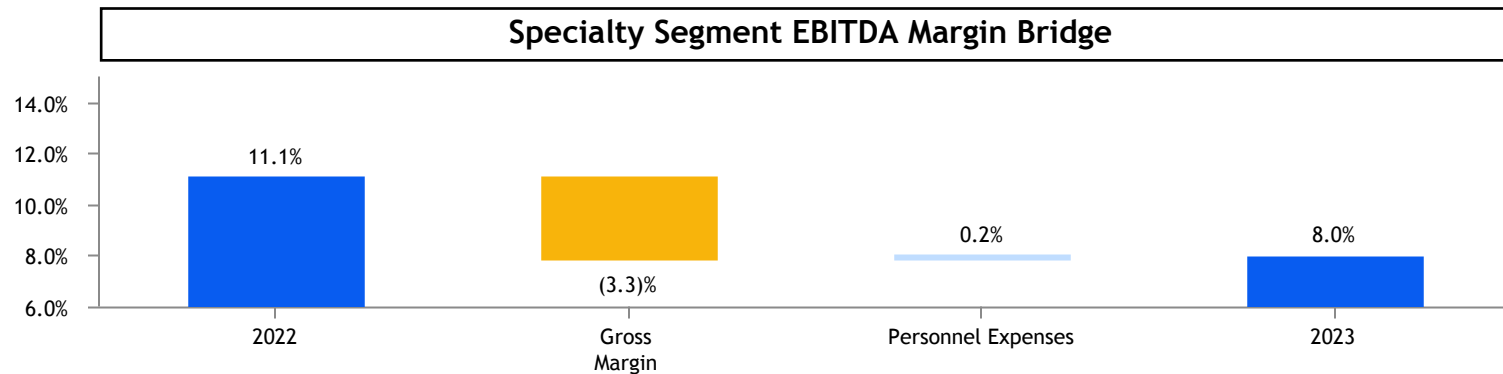


Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

# Specialty - 2023 Results

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue	\$1,668	\$1,791	(6.9)%		
Gross Margin	\$430	\$521	(17.4)%	25.8%	29.1%
Operating Expenses	\$305	\$325	6.4%	18.3%	18.2%
Segment EBITDA <sup>(1)</sup>	\$134	\$199	(32.7)%	8.0%	11.1%

(1) Segment EBITDA for each 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 segment.



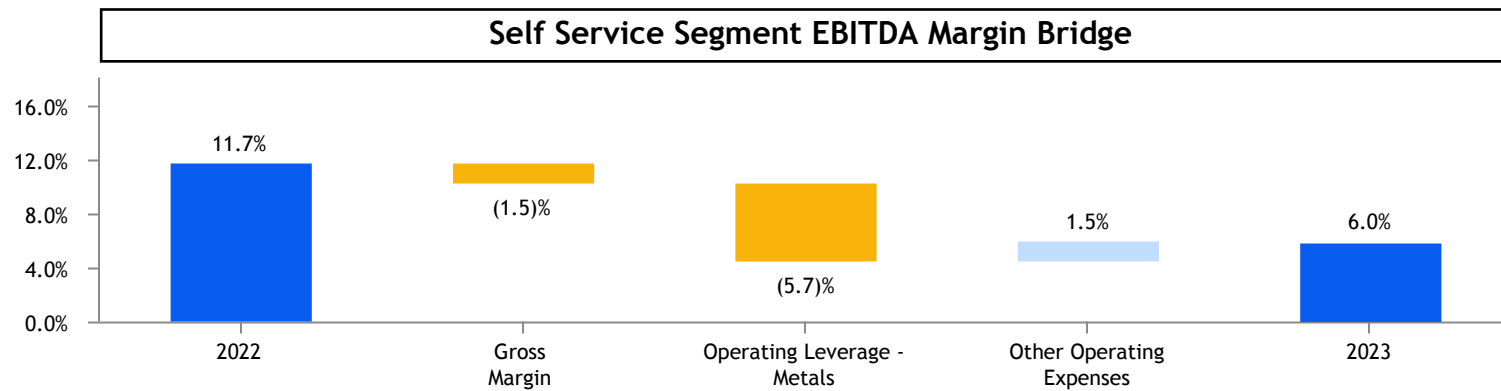
Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

# Self Service - 2023 Results

(\$ in millions)	2023	2022	Change F/(U)	% of Revenue	
				2023	2022
Total Revenue <sup>(1)</sup>	\$597	\$715	(16.5)%		
Gross Margin	\$222	\$278	(20.0)%	37.2%	38.8%
Operating Expenses	\$188	\$196	3.9%	31.5%	27.4%
Segment EBITDA <sup>(2)</sup>	\$36	\$83	(57.3)%	6.0%	11.7%

(1) Includes Other Revenue of \$365 million and \$488 million for 2023 and 2022, respectively. Refer to slide 28 for further detail on metals price trends.

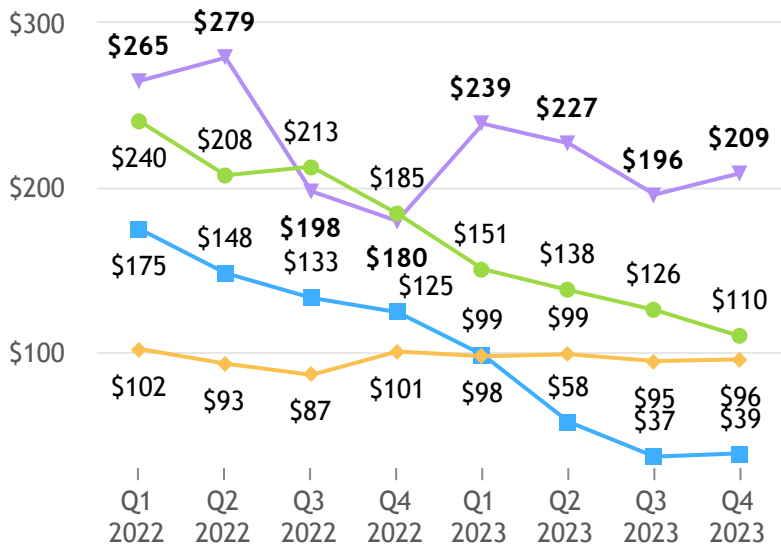
(2) Segment EBITDA for each segment is a GAAP measure, while total Segment EBITDA is a non-GAAP measure. Refer to Appendix 3 for total Segment EBITDA reconciliation and Appendix 2 for the breakout of Segment EBITDA for each segment.



Note: In the table and Segment EBITDA Margin Bridge above, the sum of the individual percentages may not equal the total due to rounding

# Metals Prices & Foreign Exchange

## Average Metals Prices



- Scrap Steel per ton
- Palladium per .1 Troy oz
- Rhodium per .01 Troy oz
- Platinum per .1 Troy oz

## Q4 2023 vs Q4 2022 Segment EBITDA Impact

(\$ in millions)	Self Service	Wholesale - North America	Total
Scrap Steel	\$7	\$4	\$11
Precious Metals	\$(13)	\$(10)	\$(23)
<b>Total</b>	<b>\$(6)</b>	<b>\$(6)</b>	<b>\$(12)</b>

## 2023 vs 2022 Segment EBITDA Impact

(\$ in millions)	Self Service	Wholesale - North America	Total
Scrap Steel	\$21	\$11	\$32
Precious Metals	\$(60)	\$(39)	\$(99)
<b>Total</b>	<b>\$(39)</b>	<b>\$(28)</b>	<b>\$(67)</b>

## Foreign Exchange

	YoY Impact	Q4 2023	Q4 2022
GBP	5.7%	1.24	1.18
EUR	5.3%	1.08	1.02

	2023	Q4 2023
GAAP EPS <sup>(1)</sup> Impact	\$0.20	\$0.02
Adjusted EPS Impact	\$0.02	\$0.02

<sup>(1)</sup> Includes gains on foreign exchange contracts related to the Uni-Select acquisition of \$49 million for the year ended December 31, 2023; excluded from Adjusted EPS

# Inventory Procurement

(\$ in millions, vehicles purchased in 000s)

	Q4			Fiscal Year		
	2023	2022	% Change	2023	2022	% Change
Total aftermarket procurement	\$1,760	\$1,328	32.5%	\$6,399	\$5,974	7.1%
Wholesale - North America salvage vehicles	69	58	19.0%	258	246	4.9%
Europe wholesale salvage vehicles	7	6	16.7%	29	29	—%
Self Service salvage vehicles	100	121	(17.4)%	497	517	(3.9)%

- Aftermarket purchases in FY 2023 increased compared to FY 2022 with increases in Wholesale - North America and Europe partially offset by decreases in Specialty
  - Aftermarket purchases in Wholesale - North America increased relative to the prior year period primarily due to a \$393 million increase attributable to the acquisition of Uni-Select, partially offset by higher purchasing levels in the prior year due to restocking efforts to rebuild inventory levels
  - Europe aftermarket purchases increased by \$70 million year over year primarily attributable to the increase in the value of the euro, and to a lesser extent, the pound sterling. On a constant currency basis, inventory purchases increased compared to the prior year period, primarily due to increased sales and prices
  - Specialty aftermarket purchases decreased by \$31 million year over year primarily due to matching inventory levels with demand
- Wholesale - North America salvage purchases in 2023 increased relative to the prior year due to improved availability of vehicles at auctions
- Self Service salvage purchases in 2023 decreased relative to the prior year due to a focus on reducing car cost as car costs rose faster than commodity prices in late 2022 and early 2023

# 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 and revenue growth for parts & services and total revenue to constant currency revenue and revenue growth for the same measures:

(in millions)	Three Months Ended December 31, 2023		Year Ended December 31, 2023	
	Consolidated	Europe	Consolidated	Europe
<b>Parts &amp; Services</b>				
Revenue as reported	\$3,356	\$1,541	\$13,174	\$6,303
Less: Currency impact	76	77	106	121
Revenue at constant currency	\$3,280	\$1,464	\$13,068	\$6,182
<b>Total</b>				
Revenue as reported	\$3,501		\$13,866	
Less: Currency impact	77		105	
Revenue at constant currency	\$3,424		\$13,761	

# Appendix 1(cont.)

## Constant Currency Reconciliation

	Three Months Ended December 31, 2023		Year Ended December 31, 2023	
	Consolidated	Europe	Consolidated	Europe
<b>Parts &amp; Services</b>				
Revenue growth as reported	18.7%	11.3%	10.4%	10.4%
Less: Currency impact	2.7%	5.6%	0.9%	2.1%
Revenue growth at constant currency	16.0%	5.7%	9.5%	8.3%
<b>Total</b>				
Revenue growth as reported	16.6%		8.4%	
Less: Currency impact	2.6%		0.8%	
Revenue growth at constant currency	14.0%		7.6%	

We have presented our revenue and the growth rate 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-titled 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				Year Ended December 31			
	2023	% of revenue	2022	% of revenue	2023	% of revenue	2022	% of revenue
<b>Revenue</b>								
Wholesale - North America	\$1,467		\$1,102		\$5,282		\$4,556	
Europe	1,546		1,390		6,323		5,735	
Specialty	371		365		1,668		1,791	
Self Service	118		144		597		715	
Eliminations	(1)		—		(4)		(3)	
<b>Total Revenue</b>	<b>\$3,501</b>		<b>\$3,001</b>		<b>\$13,866</b>		<b>\$12,794</b>	
<b>Segment EBITDA</b>								
Wholesale - North America	\$239	16.3%	\$204	18.5%	\$975	18.5%	\$852	18.7%
Europe	129	8.3%	139	10.0%	614	9.7%	585	10.2%
Specialty	21	5.7%	23	6.2%	134	8.0%	199	11.1%
Self Service	7	6.0%	7	5.2%	36	6.0%	83	11.7%
<b>Total Segment EBITDA</b>	<b>\$396</b>	<b>11.3%</b>	<b>\$373</b>	<b>12.4%</b>	<b>\$1,759</b>	<b>12.7%</b>	<b>\$1,719</b>	<b>13.4%</b>

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 Net Income attributable to LKQ stockholders excluding discontinued operations; depreciation, amortization; interest; gains and losses on debt extinguishment; income tax expense; restructuring and transaction 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; equity investment fair value adjustments; impairment charges; and direct impacts of the Ukraine/Russia conflict and related sanctions (including provisions for and subsequent adjustments to reserves for asset recoverability and expenditures to support our employees and their families). 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 Segment EBITDA.

## Appendix 3

### Reconciliation of Net Income to Segment EBITDA

(in millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Net income	\$178	\$195	\$938	\$1,150
Less: net income attributable to continuing noncontrolling interest	1	1	2	1
Net income attributable to LKQ stockholders	\$177	\$194	\$936	\$1,149
Less: net (loss) income from discontinued operations	(7)	1	(6)	6
Net income from continuing operations attributable to LKQ stockholders	\$184	\$193	\$942	\$1,143
Adjustments - continuing operations attributable to LKQ stockholders:				
Depreciation and amortization	100	67	319	264
Interest expense, net of interest income	58	24	186	70
Loss on debt extinguishment	—	—	1	—
Provision for income taxes	43	81	306	385
Equity in earnings of unconsolidated subsidiaries	(6)	(3)	(15)	(11)
Gains on foreign exchange contracts - acquisition related <sup>(1)</sup>	—	—	(49)	—
Equity investment fair value adjustments	1	2	2	5
Restructuring and transaction related expenses	12	10	65	20
Restructuring expenses - cost of goods sold	2	—	4	—
Gain on disposal of businesses	—	—	—	(159)
Losses (gains) on previously held equity interests	1	—	(3)	(1)
Direct impacts of Ukraine/Russia conflict <sup>(2)</sup>	—	(1)	—	3
Impairment of net assets held for sale	1	—	1	—
Segment EBITDA	\$396	\$373	\$1,759	\$1,719
Net income from continuing operations attributable to LKQ stockholders as a percentage of revenue	5.3%	6.5%	6.8%	8.9%
Segment EBITDA as a percentage of revenue	11.3%	12.4%	12.7%	13.4%

(1) Related to the Uni-Select acquisition

(2) Adjustments include provisions for and subsequent adjustments to reserves for asset recoverability (receivables and inventory) and expenditures to support our employees and their families in Ukraine

# Appendix 3

## Segment EBITDA Reconciliation

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. Refer to paragraph in Appendix 2 for details on the calculation of Segment EBITDA.

Segment EBITDA should not be construed as an alternative 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 Segment EBITDA information calculate Segment EBITDA 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.

# Appendix 4

## Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations Attributable to LKQ Stockholders

(in millions, except per share data)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Net income	\$178	\$195	\$938	\$1,150
Less: net income attributable to continuing noncontrolling interest	1	1	2	1
Net income attributable to LKQ stockholders	\$177	\$194	\$936	\$1,149
Less: net (loss) income from discontinued operations	(7)	1	(6)	6
Net income from continuing operations attributable to LKQ stockholders	\$184	\$193	\$942	\$1,143
Adjustments - continuing operations attributable to LKQ stockholders:				
Amortization of acquired intangibles	38	16	95	64
Restructuring and transaction related expenses	12	10	65	20
Restructuring expenses - cost of goods sold	2	—	4	—
Loss on debt extinguishment	—	—	1	—
Pre-acquisition interest expense, net of interest income <sup>(1)</sup>	—	—	15	—
Gains on foreign exchange contracts - acquisition related <sup>(1)</sup>	—	—	(49)	—
Losses (gains) on previously held equity interests	1	—	(3)	(1)
Direct impacts of Ukraine/Russia conflict <sup>(2)</sup>	—	(1)	—	3
Gain on disposal of businesses	—	—	—	(159)
Impairment of net assets held for sale	1	—	1	—
Excess tax benefit from stock-based payments	—	—	(3)	(3)
Tax effect of adjustments	(12)	(9)	(41)	2
Adjusted net income from continuing operations attributable to LKQ stockholders	\$226	\$209	\$1,027	\$1,069
Weighted average diluted common shares outstanding	268.1	268.7	268.3	278.0
Diluted earnings per share from continuing operations attributable to LKQ stockholders:				
Reported	\$0.69	\$0.72	\$3.51	\$4.11
Adjusted	\$0.84	\$0.78	\$3.83	\$3.85

(1) Related to the Uni-Select acquisition

(2) Adjustments include provisions for and subsequent adjustments to reserves for asset recoverability (receivables and inventory) and expenditures to support our employees and their families in Ukraine

# Appendix 4

## Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted EPS from Continuing Operations Attributable to LKQ Stockholders

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 discontinued operations, restructuring and transaction 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 (including gains or losses on foreign currency forward contracts related to the Uni-Select transaction), impairment charges, direct impacts of the Ukraine/Russia conflict and related sanctions (including provisions for and subsequent adjustments to reserves for asset recoverability and expenditures to support our employees and their families), interest and financing costs related to the Uni-Select transaction prior to closing, excess tax benefits and deficiencies from stock-based payments 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 related transactions in a particular period, management believes that these costs are not core 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

(in millions, except per share data)	Forecasted Fiscal Year 2024	
	Minimum Outlook	Maximum Outlook
Net income from continuing operations attributable to LKQ stockholders	\$918	\$998
Adjustments:		
Amortization of acquired intangibles	144	144
Restructuring and transaction related expenses	30	30
Tax effect of adjustments	(47)	(47)
Adjusted net income from continuing operations attributable to LKQ stockholders	\$1,045	\$1,125
Weighted average diluted common shares outstanding	267.8	267.8
Diluted EPS from continuing operations attributable to LKQ stockholders:		
U.S. GAAP	\$3.43	\$3.73
Non-GAAP (Adjusted)	\$3.90	\$4.20

We have presented forecasted Adjusted Net Income and forecasted Adjusted Diluted Earnings per Share from Continuing Operations Attributable to LKQ Stockholders in our financial outlook. 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 net income from continuing operations attributable to LKQ stockholders, amortization of acquired intangibles for the full fiscal year 2024, restructuring expenses under previously announced plans, and the related tax effect.

# Appendix 6

## Reconciliations of Net Cash Provided by Operating Activities to Free Cash Flow and Net Income to Adjusted EBITDA

(in millions)	Year Ended December 31		
	2023	2022	2021
Net cash provided by operating activities	\$1,356	\$1,250	\$1,367
Less: purchases of property, plant and equipment	358	222	293
Free cash flow	\$998	\$1,028	\$1,074
Free cash flow conversion (Free cash flow / Adjusted EBITDA)	59%	60%	60%
Net income	\$938	\$1,150	\$1,092
Less: net income attributable to continuing noncontrolling interest	2	1	1
Net income attributable to LKQ stockholders	\$936	\$1,149	\$1,091
Less: net (loss) income from discontinued operations	(6)	6	1
Net income from continuing operations attributable to LKQ stockholders	\$942	\$1,143	\$1,090
Adjustments - continuing operations attributable to LKQ stockholders:			
Depreciation and amortization	319	264	284
Interest expense, net of interest income	186	70	70
Loss on debt extinguishment	1	—	24
Provision for income taxes	306	385	331
Gain on disposal of businesses <sup>(1)</sup>	—	(159)	—
Gains on foreign exchange contracts - acquisition related <sup>(2)</sup>	(49)	—	—
Adjusted EBITDA	\$1,705	\$1,703	\$1,799

(1) FCF conversion of Adjusted EBITDA excludes \$159 million of gains related to the sale of businesses (primarily PGW) from Adjusted EBITDA, as the proceeds are included in investing cash flows

(2) Related to the Uni-Select acquisition; proceeds are included in investing activities

# Appendix 6

## Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Net Income to Adjusted EBITDA

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. We believe 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, pay dividends 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.

We also evaluate our free cash flow by measuring the conversion of Adjusted EBITDA into free cash flow. For the denominator of our conversion ratio, we calculate Adjusted EBITDA as net income attributable to LKQ stockholders excluding discontinued operations, depreciation, amortization, interest, gains and losses on debt extinguishment, income tax expense, gains and losses on the disposal of businesses, and other unusual income and expense items that affect investing or financing cash flows. We exclude gains and losses on the disposal of businesses as the proceeds are included in investing cash flows, which is outside of free cash flow. Adjusted EBITDA should not be construed as an alternative 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 Adjusted EBITDA information calculate Adjusted EBITDA 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.

(in millions)	Forecasted Fiscal Year 2024
	Outlook
Net cash provided by operating activities	\$1,350
Less: purchases of property, plant and equipment	350
Free cash flow	\$1,000

We have presented forecasted free cash flow in our financial outlook. Refer to the paragraph above for details on the calculation of free cash flow.