

LKQ Corporation Announces Results for Second Quarter 2022

July 29, 2022

- Revenue of \$3.3 billion; revenue on a constant currency basis² of \$3.5 billion
- Parts and services organic revenue growth of 3.8% (4.2% on a per day basis)
- Diluted EPS¹ of \$1.49 (up 47.5%); adjusted diluted EPS^{1,2} of \$1.09 (down 3.5%)
- Second quarter operating cash flow of \$328 million; free cash flow² of \$288 million
- Repurchased 8.1 million shares for \$404 million in the quarter
- Dividend of \$0.25 per share approved to be paid in the third quarter of 2022
- Full year 2022 guidance range updated

CHICAGO, IL, July 28, 2022 (GLOBE NEWSWIRE) -- LKQ Corporation (Nasdaq:LKQ) today reported second quarter 2022 financial results.

“We had a solid second quarter delivering strong organic growth, and I am extremely proud of the results the LKQ team achieved in a challenging operating environment, which included significant inflationary pressures, supply chain disruptions, and volatile commodity and currency markets. Despite these challenges, we continued to drive our strategic initiatives forward,” noted Dominick Zarcone, President and Chief Executive Officer. “As we enter the back half of the year, we are well positioned with our market leading businesses, experienced management teams, strong balance sheet, and balanced capital allocation strategy, giving us the confidence to maintain our full year 2022 guidance.”

Second Quarter 2022 Financial Results

Revenue for the second quarter of 2022 was \$3.3 billion, a decrease of 2.7% as compared to \$3.4 billion in the second quarter of 2021. On a constant currency basis², second quarter revenue grew by 2.5% to \$3.5 billion. Parts and services organic revenue increased 3.8%, while the net impact of acquisitions and divestitures decreased revenue by 1.0% and foreign exchange rates decreased revenue by 5.6%, for a total parts and services revenue decrease of 2.7%. Other revenue fell 2.9% owing to changes in commodity prices relative to the same period in 2021.

Net income¹ for the quarter was \$420 million as compared to \$305 million for the same period in 2021. Diluted earnings per share¹ for the quarter was \$1.49 as compared to \$1.01 for the same period of 2021, an increase of 47.5%. On April 18, 2022, the Company completed the sale of PGW Auto Glass, which generated a pretax gain of \$155 million (\$127 million after tax), or \$0.45 per share.

On an adjusted basis, net income^{1,2} in the quarter was \$307 million as compared to \$340 million for the same period of 2021, a decrease of 9.6%. Adjusted diluted

earnings per share^{1,2} for the quarter was \$1.09 as compared to \$1.13 for the same period of 2021, a decrease of 3.5%.

Cash Flow and Balance Sheet

For the second quarter, cash flow from operations and free cash flow² were \$328 million and \$288 million, respectively. Cash flow from operations and free cash flow² were \$737 million and \$638 million, respectively, for the six months ended June 30, 2022. As of June 30, 2022, the balance sheet reflected total debt of \$2.4 billion and net debt² of \$2.1 billion. Net leverage, as defined in the credit facility, was 1.2x EBITDA.

Stock Repurchase and Dividend Programs

During the second quarter of 2022, the Company deployed \$404 million to repurchase 8.1 million shares of its common stock. For the six months ended June 30, 2022, the Company has repurchased 10.8 million shares for \$548 million, and since initiating the stock repurchase program in late October 2018, the Company has repurchased approximately 45 million shares for a total of \$1.9 billion. In May 2022, the Board of Directors increased the total share repurchase authorization to \$2.5 billion, effective through October 2024.

On July 26, 2022, our Board of Directors declared a quarterly cash dividend of \$0.25 per share of common stock, payable on September 1, 2022, to stockholders of record at the close of business on August 11, 2022.

Other Events

On May 23, 2022, the Company published its 2021 Corporate Sustainability Report.

On June 3, 2022, the Company announced that Moody's Investors Service assigned a 'Baa3' Issuer Rating to LKQ with a stable outlook.

2022 Outlook

Varun Laroyia, Executive Vice President and Chief Financial Officer commented: "By focusing on our operational excellence initiatives, the business continues to deliver profitable growth and solid free cash flow. Notwithstanding the significant headwinds from foreign currency exchange rates and commodity price fluctuations, we are holding the midpoint of our adjusted diluted EPS range and our free cash flow guidance for the full year."

For 2022, management updated the outlook as set forth below:

	2022 Previous Full Year Outlook	2022 Updated Full Year Outlook

Organic revenue growth for parts and services	4.5% to 6.5%	4.5% to 6.5%
Diluted EPS ¹	\$3.57 to \$3.87	\$4.09 to \$4.29
Adjusted diluted EPS ^{1,2}	\$3.80 to \$4.10	\$3.85 to \$4.05
Operating cash flow	\$1.3 billion	\$1.3 billion
Free cash flow ² (at a minimum)	\$1.0 billion	\$1.0 billion
Free cash flow conversion of EBITDA ²	55 - 60 %	55 - 60 %

Our outlook for the full year 2022 is based on current conditions and recent trends, and assumes current U.S. federal tax legislation remains unchanged, the prices of scrap and precious metals hold near the June average, and no further deterioration due to the Ukraine/Russia conflict. We have applied exchange rates near July spot levels, including \$1.02 and \$1.20 for the euro and pound sterling, respectively, for the balance of the year. Our outlook is also based on management's current expectations regarding the recovery from the COVID-19 pandemic. 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 (including provisions for and subsequent adjustments to reserves for asset recoverability and expenditures to support our employees and their families) and gains and losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities and the gain on the PGW Auto Glass sale).

¹ References in this release to Net income and Diluted earnings per share, and the corresponding adjusted figures, reflect amounts from continuing operations attributable to LKQ stockholders.

² Non-GAAP measure. See the table on the LKQ website that reconciles the actual or forecasted U.S. GAAP measure to the actual or forecasted adjusted measure, which is non-GAAP.

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Non-GAAP Financial Measures

This release contains and management's presentation on the related conference call will refer to non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Included with this release are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP. See the link above.

Webcast and Presentation Details

The audio webcast and accompanying slide presentation can be accessed at (www.lkqcorp.com) in the Investor Relations section.

A replay of the conference call will be available by telephone at +1 647 362-9199 for international calls. The telephone replay will require you to enter conference ID: 5232422#. An online replay of the audio webcast will be available on the Company's website. Both formats of replay will be available through August 12, 2022.

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About LKQ Corporation

LKQ Corporation (www.lkqcorp.com) is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ has operations in North America, Europe and Taiwan. LKQ offers its customers a broad range of OEM recycled and aftermarket parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles.

About LKQ Europe

LKQ Europe, a subsidiary of LKQ Corporation, with its head office in Zug, Switzerland, is the leading distributor of automotive aftermarket parts for cars, commercial vans, and industrial vehicles in Europe. It currently employs approximately 26,000 people with a network of more than 1,000 branches and approximately \$6.1 billion in revenue in 2021. The organization supplies more than 100,000 independent workshops in over 20 European countries.

The group includes Euro Car Parts, LKQ Fource, RHIAG Group, Elit, LKQ CZ, and STAHLGRUBER Group, as well as recycling specialist, Atracco. LKQ also holds a minority interest in MEKO Group.

Investor Relations Contact

Joseph P. Boutross
Vice President, Investor Relations

CONTACT

LKQ Corporation
T +1 312 621-2793
E jpboutross@lkqcorp.com

Media Contact Europe

Dr. Christiane Lesmeister
Director of Communications

CONTACT

LKQ Europe
T +41 41 884 84 41
E christiane.lesmeister@lkqeuropa.com

LKQ Europe GmbH
Zählerweg 10
6300 Zug