

Q4 2018 & Annual Earnings Slides

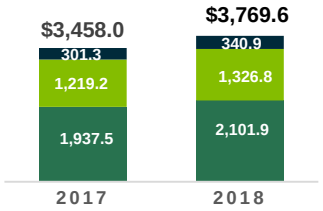
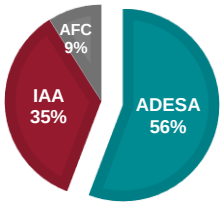
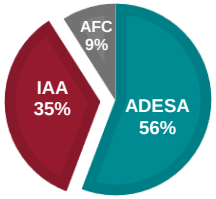
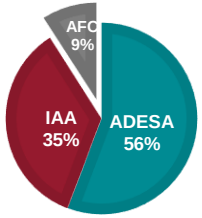
February 19, 2019

Forward-Looking Statements

This presentation includes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements are subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected, expressed or implied by such forward-looking statements. Many of these risk factors are outside of the company's control, and as such, they involve risks which are not currently known to the company that could cause actual results to differ materially from forecasted results. Factors that could cause or contribute to such differences include those matters disclosed in the company's Securities and Exchange Commission filings. The forward-looking statements in this document are made as of the date hereof and the company does not undertake to update its forward-looking statements.

KAR AUCTION SERVICES SM

2018 Highlights

	Revenues	Highlights	Fundamentals
KAR		• Revenue growth +9% • Operating Adjusted EPS +18% • Adjusted EBITDA +7%	• Diversified and complementary business services model
ADESA		• Revenue +8% • Total volume growth +9% • Physical auction RPU +$69 • Same store incremental operating profit margin 13% • Adjusted EBITDA -3%	• Off-lease supply driving volume growth • Revenue per unit growth largely due to ancillary services growth • Adjusted EBITDA decline due to continued TradeRev rollout and volumes double
IAA		• Revenue +9% • Volume growth +5% • North American inventory +1% • Adjusted EBITDA +16% • Incremental operating profit margin 49%	• Total Loss 18.3% 2018 vs. 18.0% 2017 (CCC) • Scrap pricing +17% (American Recycler, 2018 vs. 2017) • Miles driven +0.3% (FHWA, YTD through November 2018 vs. 2017)
AFC		• Revenue +13% • LTU growth +4% • Provision for credit losses as a percent of managed receivables 1.7% • Adjusted EBITDA +11%	• Conservative portfolio management • Increasing gross revenue per loan transaction due to higher average loan balances

2019 Outlook

	ANNUAL GUIDANCE		
	2019 Low	2019 High	2018
Net income	**$330.0**	**$355.5**	**$328.0**
Add back:			
Income tax expense	$122.0	$131.5	$107.7
Interest expense, net of interest income	$220.0	$220.0	$188.1
Depreciation and amortization	$281.0	$281.0	$269.9
EBITDA	$953.0	$988.0	$893.7
Total Adjusted EBITDA addbacks, net	($18.0)	($18.0)	$0.2
Adjusted EBITDA	**$935.0**	**$970.0**	**$893.9**
Effective tax rate	27%	27%	25%
Net income per share – diluted	$2.46	$2.65	$2.42
Capital expenditures	$200.0	$200.0	$198.0
Cash taxes	$135.0	$135.0	$109.8
Cash interest on corporate debt	$139.0	$139.0	$129.0
Operating adjusted net income per share - diluted	**$2.90**	**$3.09**	**$2.96**
Weighted average diluted shares	134	134	136

KAR AUCTION SERVICES SM

Clear Shareholder Friendly Capital Allocation Framework

PRIORITIES	Capex	Dividends	Strategic Investments	Share Repurchases
	• Historically ~18% - 20% of Adjusted EBITDA, plus strategic investments	• 45% - 50% of FCF • Highlights consistency & strength of free cash flow	• Targeted acquisitions • Complementary technology • New geographies	• Tool for managing cash and leverage
2016	**$155M Spent**	**$157M Paid**	**$432M Acquisitions**	**$80M Repurchased**
	• Technology $77M • Physical $51M • Chicago Greenfield $27M	• $1.14 per share paid	• Brashers (8 Ind Auctions) • Orlando (Indep Auction) • GRS (UK Online Auctions) • Flint (Indep Auction)	• $500M three year authorization approved in October 2016 • 1.9M shares repurchased
2017	**$152M Spent**	**$175M Paid**	**$73M Acquisitions**	**$150M Repurchased**
	• Technology $90M • Physical $62M	• $1.28 per share paid	• DRIVIN (Data Analytics) • DAS (Transportation) • TradeRev (Online Sales) • POIS (Total Loss Solutions)	• 3.3M shares repurchased • $270M Authorization Remaining
2018	**$198M Spent**	**$188M Paid**	**$45M Acquisitions**	**$150M Repurchased**
	• Technology $110M • Physical $88M	• $1.40 per share paid	• STRATIM (Mobility) / February 2018 • Clearplan/November 2018	• 2.7M shares repurchased • $120M Authorization Remaining

December 31, 2018 Leverage
(US$ in millions)

	Balance	Maturity
Term Loan B-4 (Adjusted LIBOR + 2.25%)	$704	2021
Term Loan B-5 (Adjusted LIBOR + 2.50%)	1,032	2023
Revolving Credit Facility (Adjusted LIBOR + 2.00%)	-	2021
Senior Notes (Fixed 5.125%)	950	2025
Capital Leases	56	
Total	2,742	
Less: Available Cash	(190)	
Net Debt	$2,552	

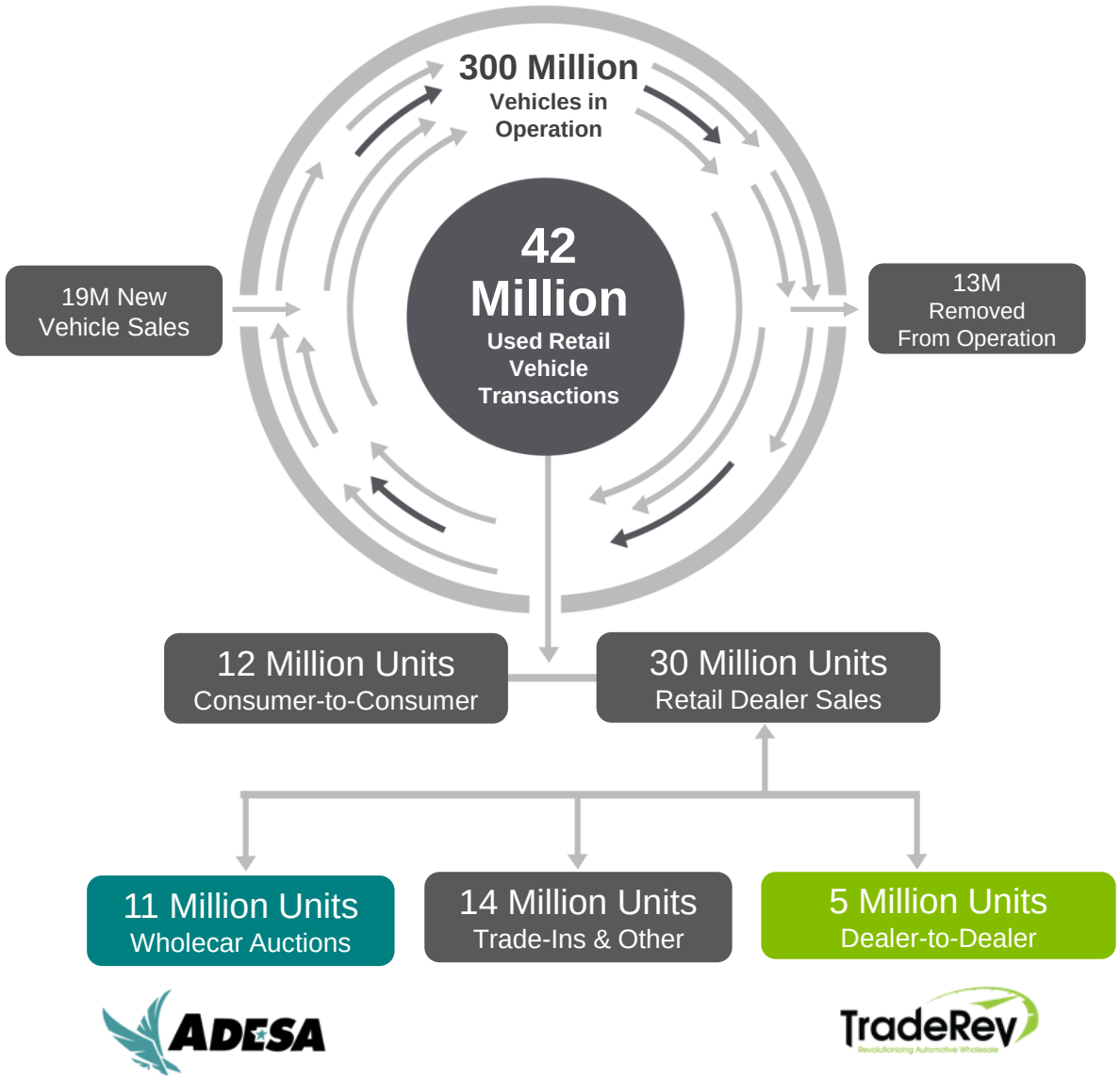
Net Debt / Adjusted EBITDA (Target 3x)	**2.9**

Corporate Credit Ratings: S&P BB-, Moodys B1

LIBOR Interest Rate Caps

$800M notional amt	Expire 9/30/19	2.00% LIBOR cap
$400M notional amt	Expire 3/31/19	2.00% LIBOR cap

TradeRev North America



- 5M vehicle dealer-to-dealer market
- 2018 vehicles sold doubled
- ~$250 RPU
- Strong gross profit and improving with scale

TradeRev	2018A	2019E
Markets	128	176
Vehicles Sold	117k	200k+
Operating Loss	($53M)	($60M)

KAR Extends International Footprint

97%
cross border sales

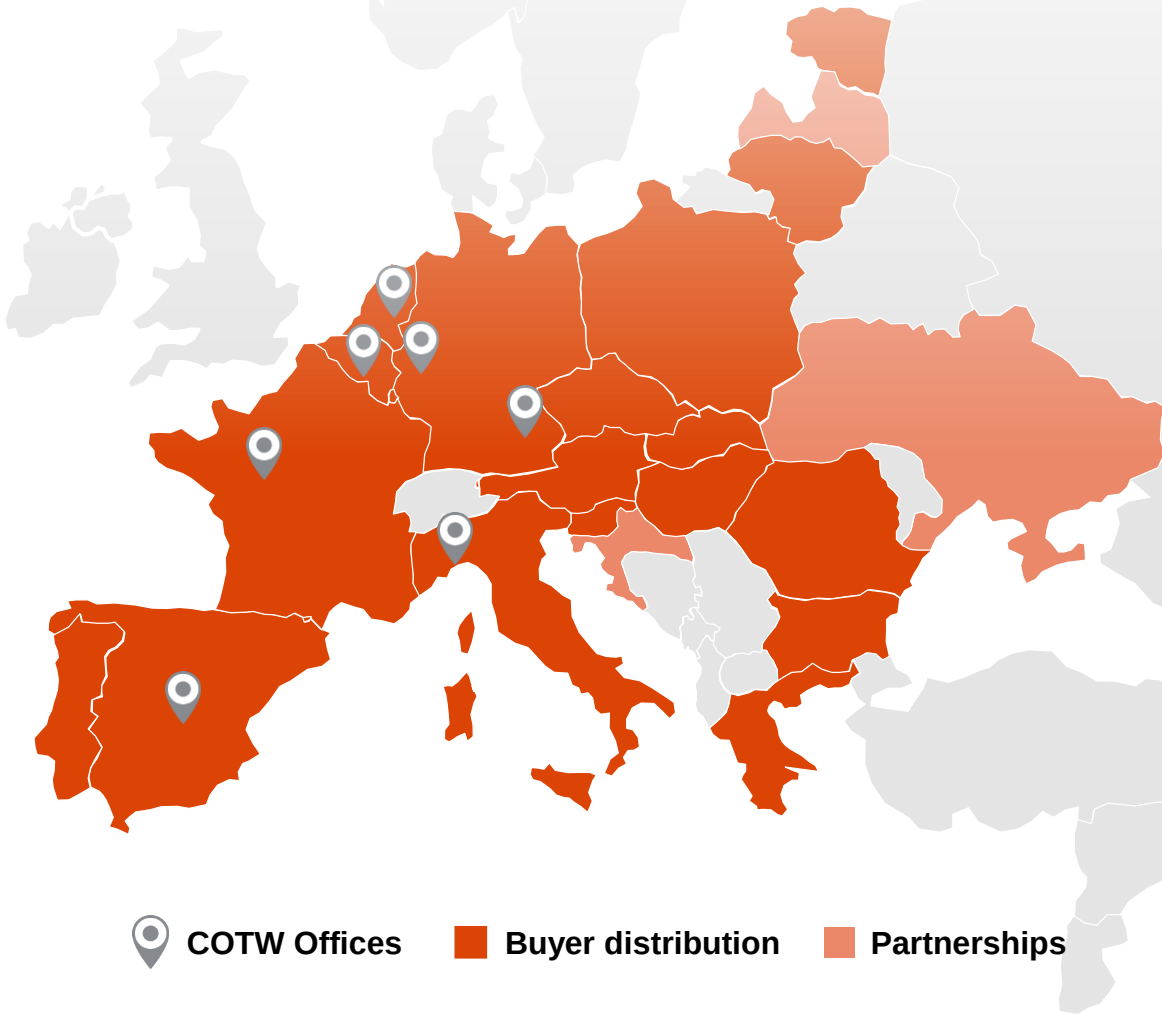
19
languages

170
employees

40K+
registered dealers*

Pan-European
logistics

VAT Compliant
processes



*Figures represent 12 month period.

Fourth Quarter Results

KAR Q4 2018 Highlights

($ in millions, except per share amounts)

KAR	Q4 2018	Q4 2017	Highlights*
Total operating revenues	$929.0	$890.4	
Gross profit**	$385.8	$365.3	
% of revenue	41.5%	41.0%	
SG&A	$176.6	$172.5	$1.5M acquired SG&A
EBITDA	$206.9	$214.3	
Adjusted EBITDA	$206.6	$194.6	
Net Income	$67.3	$172.8	Income tax effect (2017 tax reform)
Net income per share - diluted	$0.50	$1.27	Income tax effect (2017 tax reform)
Operating adjusted net income per share - diluted	$0.62	$0.63	
Weighted average diluted shares	134.9	136.5	1.8M shares repurchased ($100M)
Dividends declared per common share	$0.35	$0.35	
Effective tax rate	23.8%	-67.6%	
Capital expenditures	$76.9	$42.1	Includes $25.5M for IAA catastrophe property

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the three months ended December 31, 2018.

** Exclusive of depreciation and amortization

ADESA Q4 2018 Highlights

($ in millions, except RPU)

ADESA	Q4 2018	Q4 2017	Highlights*
Revenue	$508.5	$473.2	
Gross profit**	$198.7	$191.5	
% of revenue	39.1%	40.5%	
SG&A	$106.9	$99.9	$1.5M of acquired SG&A
EBITDA	$86.6	$109.1	
Adjusted EBITDA	$98.8	$95.7	3% increase
% of revenue	19.4%	20.2%	
Vehicles sold	811,000	744,000	9% growth
Physical vehicles sold	505,000	507,000	
Online only volume	306,000	237,000	29% growth (Includes TradeRev volume of 31,000 in Q4 2018 and 19,000 in Q4 2017)
Dealer consignment mix % (physical only)	40%	44%	Continued off-lease increase displaced dealer consignment
Total online volume %	54%	49%	Includes LiveBlock and DealerBlock sales
Physical RPU	$868	$822	Excludes purchased vehicles
Online only RPU	$122	$122	Excludes ADESA Assurance

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the three months ended December 31, 2018.

** Exclusive of depreciation and amortization

IAA Q4 2018 Highlights

($ in millions)

IAA	Q4 2018	Q4 2017	Highlights*
Revenue	$335.2	$335.4	
Gross profit**	$124.3	$112.7	
% of revenue	37.1%	33.6%	Excluding HBC 37.5% in Q4 2018 and 33.9% in Q4 2017
SG&A	$26.3	$27.2	3% decrease
EBITDA	$97.7	$85.4	
Adjusted EBITDA	$97.7	$87.4	
% of revenue	29.1%	26.1%	
Vehicles sold	617,000	635,000	-3% volume, +7% excluding CAT vehicles
Inventory growth (N.A.)	1%	3%	
% Purchased contract vehicles	4%	4%	Reduced HBC purchase vehicles

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the three months ended December 31, 2018.

** Exclusive of depreciation and amortization

AFC Q4 2018 Highlights

($ in millions, except for revenue per loan transaction)

AFC	Q4 2018	Q4 2017	Highlights*
Interest and fee income	$84.2	$77.2	
Other revenue	$3.5	$2.9	
Provision for credit losses	($10.8)	($6.4)	
Other service revenue	$8.4	$8.1	PWI revenue
Total AFC revenue	$85.3	$81.8	+1% revenue per LTU
Gross profit**	$62.8	$61.1	
% of revenue	73.6%	74.7%	
SG&A	$7.1	$8.5	16% decrease
EBITDA	$55.8	$52.5	
Adjusted EBITDA	$42.0	$44.3	5% decrease
Loan transactions	428,000	414,000	
Revenue per loan transaction***	$180	$178	$205 vs $193 prior year excluding provision for credit losses
Provision for credit losses % of finance receivables	2.2%	1.4%	
Managed receivables	$2,014.8	$1,912.6	Increasing vehicle values
Obligations collateralized by finance receivables	$1,445.3	$1,358.1	

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the three months ended December 31, 2018.
** Exclusive of depreciation and amortization
*** Excludes "Other service revenue"

Year-to-Date Results

KAR Year Ended December 31, 2018 Highlights

($ in millions, except per share amounts)

KAR	YTD 2018	YTD 2017	Highlights*
Total operating revenues	$3,769.6	$3,458.0	$26.4M acquisitions
Gross profit**	$1,626.9	$1,470.8	
% of revenue	43.2%	42.5%	
SG&A	$732.8	$640.2	$52.2M acquired SG&A
EBITDA	$893.7	$825.2	
Adjusted EBITDA	$893.9	$838.0	
Net Income	$328.0	$362.0	Income tax effect (2017 tax reform)
Net income per share - diluted	$2.42	$2.62	Income tax effect (2017 tax reform)
Operating adjusted net income per share - diluted	$2.96	$2.50	
Weighted average diluted shares	135.7	138.0	Repurchased 2.7M shares YTD 2018
Dividends declared per common share	$1.40	$1.31	
Effective tax rate	24.7%	9.0%	
Capital expenditures	$198.0	$152.2	Includes $25.5M for IAA catastrophe property

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the year ended December 31, 2018.

** Exclusive of depreciation and amortization

ADESA Year Ended December 31, 2018 Highlights

($ in millions, except RPU)

ADESA	YTD 2018	YTD 2017	Highlights*
Revenue	$2,101.9	$1,937.5	+$26.4M acquisitions
Gross profit**	$871.1	$813.6	
% of revenue	41.4%	42.0%	
SG&A	$435.8	$360.0	7% growth excluding $52.2M of acquired SG&A
EBITDA	$420.7	$462.7	
Adjusted EBITDA	$459.8	$473.3	3% decrease
% of revenue	21.9%	24.4%	
Vehicles sold	3,472,000	3,180,000	9% growth; 6% excluding acquisitions
Physical vehicles sold	2,168,000	2,242,000	3% decrease
Online only volume	1,304,000	938,000	39% growth (Includes TradeRev volume of 117,000 in 2018); TradeRev sold ~60,000 vehicles in 2017
Dealer consignment mix % (physical only)	42%	45%	Continued off-lease increase displaced dealer consignment
Total online volume %	54%	46%	Includes LiveBlock and DealerBlock sales
Physical RPU	$844	$775	Excludes purchased vehicles
Online only RPU	$121	$113	Excludes ADESA Assurance

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the year ended December 31, 2018.

** Exclusive of depreciation and amortization

IAA Year Ended December 31, 2018 Highlights

($ in millions)

IAA	YTD 2018	YTD 2017	Highlights*
Revenue	$1,326.8	$1,219.2	
Gross profit**	$505.6	$441.1	
% of revenue	38.1%	36.2%	Excluding HBC 38.6% vs 36.9% prior year
SG&A	$114.3	$107.1	
EBITDA	$391.8	$334.9	
Adjusted EBITDA	$395.5	$339.5	
% of revenue	29.8%	27.8%	
Vehicles sold	2,480,000	2,369,000	+5% volume
Inventory growth (N.A.)	1%	3%	
% Purchased contract vehicles	4%	5%	Reduced HBC purchase vehicles

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the year ended December 31, 2018.

** Exclusive of depreciation and amortization

AFC Year Ended December 31, 2018 Highlights

($ in millions, except for revenue per loan transaction)

AFC	YTD 2018	YTD 2017	Highlights*
Interest and fee income	$327.3	$290.3	
Other revenue	$13.1	$11.8	
Provision for credit losses	($32.9)	($33.9)	
Other service revenue	$33.4	$33.1	PWI revenue
Total AFC revenue	$340.9	$301.3	+10% revenue per LTU
Gross profit**	$250.2	$216.1	
% of revenue	73.4%	71.7%	
SG&A	$30.7	$30.9	
EBITDA	$219.5	$185.2	
Adjusted EBITDA	$170.9	$153.9	11% increase
Loan transactions	1,760,000	1,688,000	
Revenue per loan transaction***	$175	$159	$193 vs $179 prior year excluding provision for credit losses
Provision for credit losses % of finance receivables	1.7%	1.9%	
Managed receivables	$2,014.8	$1,912.6	Increasing vehicle values
Obligations collateralized by finance receivables	$1,445.3	$1,358.1	

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the year ended December 31, 2018.
** Exclusive of depreciation and amortization
*** Excludes "Other service revenue"

HISTORICAL DATA

ADESA Metrics - Annual

	2018	2017	2016	2015	2014
Revenue[2]	**2,101.9**	$1,937.5	$1,765.3	$1,427.8	$1,271.0
Total Volume	**3,472**	3,180	2,885	2,465	2,198
Online Only Volume	**1,304**	938	743	592	495
Total Online Volume %[3]	**54%**	46%	42%	40%	38%
Physical Conversion % (N.A.)	**61.6%**	60.4%	58.0%	58.3%	58.2%
Dealer Consignment Mix % (Physical)	**42%**	45%	48%	50%	51%
Physical RPU[1]	**$844**	$775	$753	$701	$685
Online RPU[1]	**$121**	$113	$110	$102	$104
Gross Margin[2]	**41.4%**	42.0%	41.3%	41.4%	41.3%

[1] Excluding Acquired Vehicles
[2] Includes purchased vehicles
[3] Includes LiveBlock and DealerBlock volume

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ADESA Metrics - Quarter

	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Revenue[2]	508.5	$527.0	$538.3	$528.1	$473.2	$477.1	$489.2	$498.0
Total Volume	811	876	907	878	744	788	830	818
Online Only Volume	306	343	346	309	237	241	245	215
Total Online Volume %[3]	54%	54%	54%	52%	49%	46%	46%	44%
Physical Conversion % (N.A.)	58.5%	62.9%	62.4%	62.6%	57.3%	61.3%	61.1%	61.8%
Dealer Consignment Mix % (Physical)	40%	44%	43%	41%	44%	47%	46%	44%
Physical RPU[1]	$868	$850	$839	$820	$822	$781	$748	$755
Online RPU[1]	$122	$126	$118	$117	$122	$112	$105	$111
Gross Margin[2]	39.1%	41.6%	42.9%	42.1%	40.5%	42.9%	43.0%	41.6%

[1] Excluding Acquired Vehicles
[2] Includes purchased vehicles
[3] Includes LiveBlock and DealerBlock volume

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IAA Metrics - Annual

	2018	2017	2016	2015	2014
Revenue	$1,326.8	$1,219.2	$1,098.0	$994.4	$895.9
Total Volume	2,480	2,369	2,184	1,970	1,732
Inventory Growth (North America)	1%	3%	25%	14%	20%
Purchased Vehicle Mix %	4%	5%	7%	7%	6%
Gross Profit	$505.6	$441.1	$390.0	$360.8	$340.2
Gross Margin (IAA)	38.1%	36.2%	35.5%	36.3%	38.0%
Gross Margin (North America)	38.6%	36.9%	36.7%	37.0%	38.0%

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IAA Year Ended December 31, 2018 Gross Profit

($ in millions)

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	IAA	HBC	Total	IAA	HBC	Total
Revenue	$1,294.1	$32.7	$1,326.8	$1,181.3	$37.9	$1,219.2
Cost of Services**	$794.6	$26.6	$821.2	$745.9	$32.2	$778.1
Gross Profit**	$499.5	$6.1	$505.6	$435.4	$5.7	$441.1
% of Revenue	*38.6%*	*18.7%*	*38.1%*	*36.9%*	*15.0%*	*36.2%*

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** Exclusive of depreciation and amortization

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IAA Metrics - Quarter

	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Revenue	$335.2	$321.1	$333.2	$337.3	$335.4	$287.7	$298.7	$297.4
Total Volume	617	597	623	643	635	562	580	592
Inventory Growth (North America)	1%	-9%	2%	4%	3%	12%	9%	17%
Purchased Vehicle Mix %	4%	4%	4%	4%	4%	5%	5%	5%
Gross Profit	$124.3	$118.6	$132.1	$130.6	$112.7	$102.9	$117.2	$108.3
Gross Margin (IAA)	37.1%	36.9%	39.6%	38.7%	33.6%	35.8%	39.2%	36.4%
Gross Margin (North America)	37.5%	37.4%	40.2%	39.2%	33.9%	36.3%	40.2%	37.4%

IAA Q4 2018 Gross Profit

($ in millions)

	Three Months Ended December 31, 2018			Three Months Ended December 31, 2017		
	IAA	HBC	Total	IAA	HBC	Total
Revenue	$327.6	$7.6	$335.2	$327.8	$7.6	$335.4
Cost of Services**	$204.7	$6.2	$210.9	$216.6	$6.1	$222.7
Gross Profit**	$122.9	$1.4	$124.3	$111.2	$1.5	$112.7
% of Revenue	*37.5%*	*18.4%*	*37.1%*	*33.9%*	*19.7%*	*33.6%*

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** Exclusive of depreciation and amortization

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AFC Metrics - Annual

	2018	2017	2016	2015	2014
Revenue	$340.9	$301.3	$286.8	$268.4	$250.1
Loan Transaction Units (LTU)	1,760	1,688	1,718	1,607	1,445
Revenue per Loan Transaction, Excluding "Other Service Revenue"	$175	$159	$148	$150	$155
Ending Managed Finance Receivables	$2,014.8	$1,912.6	$1,792.2	$1,641.0	$1,371.1
Ending Obligations Collateralized by Finance Receivables	$1,445.3	$1,358.1	$1,280.3	$1,189.0	$859.3
% Vehicles Purchased at Auction	83%	85%	83%	84%	84%
Active Dealers	12,300	12,400	12,200	11,300	10,100
Vehicles per active dealer	15	15	15	16	16
Average Credit Line	$270,000	$250,000	$260,000	$230,000	$219,000
Avg Value Outstanding per Vehicle	$10,200	$9,900	$9,500	$9,100	$8,630

AFC Metrics - Quarter

	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Revenue	$85.3	$85.4	$85.1	$85.1	$81.8	$78.2	$70.1	$71.2
Loan Transaction Units (LTU)	428	433	435	464	414	402	416	456
Revenue per Loan Transaction, Excluding "Other Service Revenue"	$180	$177	$177	$166	$178	$174	$148	$138
Ending Managed Finance Receivables	$2,014.8	$1,979.7	$1,958.6	$1,933.2	$1,912.6	$1,809.2	$1,736.5	$1,760.7
Ending Obligations Collateralized by Finance Receivables	$1,445.3	$1,366.3	$1,358.0	$1,354.2	$1,358.1	$1,259.3	$1,224.9	$1,241.8

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AFC Provision for Credit Losses - Annual

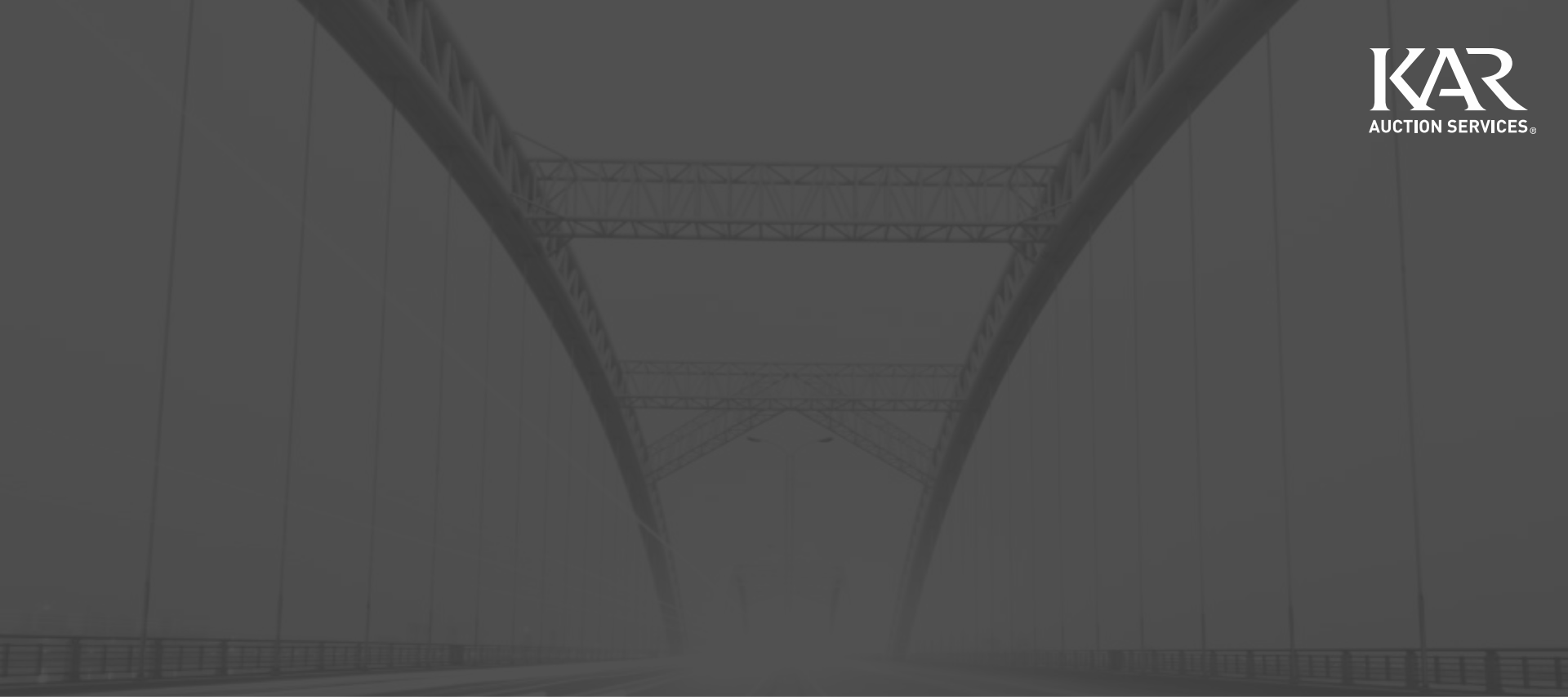
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ending Managed Receivables	$2,014.8	$1,912.6	$1,792.2	$1,641.0	$1,371.1	$1,107.6	$1,004.2	$883.2	$771.6	$613.0	$506.6	$847.9
Average Managed Receivables	$1,959.8	$1,802.2	$1,732.5	$1,474.9	$1,208.4	$1,051.4	$925.8	$798.8	$688.6	$516.4	$744.4	$835.3
Provision for Credit Losses	$32.9	$33.9	$30.7	$16.0	$12.3	$9.6	$7.2	$6.1	$11.2	$17.1	$44.7	$25.0
% of Managed Receivables	1.7%	1.9%	1.8%	1.1%	1.0%	0.9%	0.8%	0.8%	1.6%	3.3%	6.0%	3.0%

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AFC Provision for Credit Losses - Quarterly

	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Ending Managed Receivables	$2,014.8	$1,979.7	$1,958.6	$1,933.2	$1,912.6	$1,809.2	$1,736.5	$1,760.7
Average Managed Receivables	$1,997.3	$1,969.2	$1,945.9	$1,922.9	$1,860.9	$1,772.9	$1,748.6	$1,776.5
Provision for Credit Losses	$10.8	$7.3	$7.1	$7.7	$6.4	$5.0	$11.4	$11.1
% of Managed Receivables	2.2%	1.5%	1.5%	1.6%	1.4%	1.1%	2.6%	2.5%

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APPENDIX

Non-GAAP Financial Measures

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for the items of income and expense and expected incremental revenue and cost savings as described in the company's senior secured credit agreement covenant calculations. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal measures of performance used by the company's creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate the company's performance.

Depreciation expense for property and equipment and amortization expense of capitalized internally developed software costs relate to ongoing capital expenditures; however, amortization expense associated with acquired intangible assets, such as customer relationships, software, tradenames and non-compete agreements are not representative of ongoing capital expenditures, but have a continuing effect on our reported results. Non-GAAP financial measures of operating adjusted net income and operating adjusted net income per share, in the opinion of the company, provide comparability to other companies that may not have incurred these types of non-cash expenses or that report a similar measure. In addition, net income and net income per share have been adjusted for certain other charges, as seen in the following reconciliation.

EBITDA, Adjusted EBITDA, operating adjusted net income and operating adjusted net income per share have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

Q4 2018 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2018				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	**$38.1**	**$47.8**	**$29.5**	**($48.1)**	**$67.3**
Add back:					
Income taxes	11.1	16.0	8.7	(14.8)	21.0
Interest expense, net of interest income	0.1	-	16.3	35.1	51.5
Depreciation and amortization	33.1	24.3	2.4	7.3	67.1
Intercompany interest	4.2	9.6	(1.1)	(12.7)	-
EBITDA	**$86.6**	**$97.7**	**$55.8**	**($33.2)**	**$206.9**
Intercompany charges	4.3	-	-	(4.3)	-
Non-cash stock-based compensation	2.4	1.0	0.6	1.5	5.5
Acquisition related costs	1.1	-	-	1.0	2.1
Securitization interest	-	-	(14.5)	-	(14.5)
Severance	1.7	-	0.1	-	1.8
IAA separation costs	-	-	-	1.3	1.3
Foreign currency gains/losses	1.9	0.2	-	1.8	3.9
Other	0.8	(1.2)	-	-	(0.4)
Total Addbacks	12.2	-	(13.8)	1.3	(0.3)
Adjusted EBITDA	**$98.8**	**$97.7**	**$42.0**	**($31.9)**	**$206.6**
Revenue	$508.5	$335.2	$85.3	–	$929.0
Adjusted EBITDA % margin	19.4%	29.1%	49.2%		22.2%

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Q4 2017 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2017				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	**$108.9**	**$68.5**	**$42.3**	**($46.9)**	**$172.8**
Add back:					
Income taxes	(39.5)	(16.5)	(9.3)	(4.4)	(69.7)
Interest expense, net of interest income	0.4	-	11.8	29.6	41.8
Depreciation and amortization	30.6	23.9	7.8	7.1	69.4
Intercompany interest	8.7	9.5	(0.1)	(18.1)	-
EBITDA	**$109.1**	**$85.4**	**$52.5**	**($32.7)**	**$214.3**
Intercompany charges	4.0	-	-	(4.0)	-
Non-cash stock-based compensation	2.2	1.1	0.8	3.6	7.7
Acquisition related costs	1.4	-	-	0.3	1.7
Securitization interest	-	-	(9.9)	-	(9.9)
Minority interest	0.1	-	-	-	0.1
Gain on previously held equity interest value	(21.6)	-	-	-	(21.6)
Severance	0.6	0.1	0.2	-	0.9
Other	(0.1)	0.8	0.7	-	1.4
Total Addbacks	(13.4)	2.0	(8.2)	(0.1)	(19.7)
Adjusted EBITDA	**$95.7**	**$87.4**	**$44.3**	**($32.8)**	**$194.6**
Revenue	$473.2	$335.4	$81.8	–	$890.4
Adjusted EBITDA % margin	20.2%	26.1%	54.2%		21.9%

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YTD 2018 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2018				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	**$203.3**	**$192.3**	**$112.0**	**($179.6)**	**$328.0**
Add back:					
Income taxes	69.1	64.2	35.4	(61.0)	107.7
Interest expense, net of interest income	1.0	-	59.3	127.8	188.1
Depreciation and amortization	127.5	97.4	16.0	29.0	269.9
Intercompany interest	19.8	37.9	(3.2)	(54.5)	-
EBITDA	**$420.7**	**$391.8**	**$219.5**	**($138.3)**	**$893.7**
Intercompany charges	15.3	-	-	(15.3)	-
Non-cash stock-based compensation	9.3	3.9	2.3	8.8	24.3
Acquisition related costs	4.8	-	-	2.5	7.3
Securitization interest	-	-	(51.5)	-	(51.5)
Severance	5.0	0.1	0.6	0.1	5.8
IAA separation costs	-	-	-	8.1	8.1
Foreign currency gains/losses	1.9	0.2	-	1.8	3.9
Other	2.8	(0.5)	-	-	2.3
Total Addbacks	39.1	3.7	(48.6)	6.0	0.2
Adjusted EBITDA	**$459.8**	**$395.5**	**$170.9**	**($132.3)**	**$893.9**
Revenue	$2,101.9	$1,326.8	$340.9	–	$3,769.6
Adjusted EBITDA % margin	21.9%	29.8%	50.1%		23.7%

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YTD 2017 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2017				
	ADESA	IAA	AFC	Corporate	Consolidated
Net income (loss)	**$260.9**	**$166.0**	**$103.9**	**($168.8)**	**$362.0**
Add back:					
Income taxes	52.9	38.0	26.6	(81.5)	36.0
Interest expense, net of interest income	-	-	43.6	119.0	162.6
Depreciation and amortization	113.1	93.1	31.3	27.1	264.6
Intercompany interest	35.8	37.8	(20.2)	(53.4)	-
EBITDA	**$462.7**	**$334.9**	**$185.2**	**($157.6)**	**$825.2**
Intercompany charges	11.6	-	-	(11.6)	--
Non-cash stock-based compensation	7.3	3.9	2.6	11.4	25.2
Loss on extinguishment of debt	-	-	-	27.5	27.5
Acquisition related costs	5.2	-	-	1.6	6.8
Securitization interest	-	-	(34.9)	-	(34.9)
Minority interest	4.4	-	-	-	4.4
Gain on previously held equity interest value	(21.6)	-	-	-	(21.6)
Severance	2.3	0.3	0.3	-	2.9
Other	1.4	0.4	0.7	-	2.5
Total Addbacks	10.6	4.6	(31.3)	28.9	12.8
Adjusted EBITDA	**$473.3**	**$339.5**	**$153.9**	**($128.7)**	**$838.0**
Revenue	$1,937.5	$1,219.2	$301.3	–	$3,458.0
Adjusted EBITDA % margin	24.4%	27.8%	51.1%		24.2%

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Operating Adjusted Net Income per Share Reconciliation

($ in millions, except per share amounts), (unaudited)

	Three Months ended December 31,		Year ended December 30,	
	2018	2017	2018	2017
Net income	**$67.3**	**$172.8**	**$328.0**	**$362.0**
Acquired amortization expense	20.1	27.0	89.5	103.7
IAA separation costs	1.3	-	8.1	-
Loss on extinguishment of debt	-	-	-	27.5
Gain on previously held equity interest value	-	(21.6)	-	(21.6)
Reduction in taxes for revaluation of deferred taxes	-	(102.7)	-	(102.7)
Increase in taxes for mandatory repatriation of undistributed foreign earnings	-	11.1	-	11.1
Income taxes [(1)]	(5.1)	(1.1)	(24.1)	(35.1)
Operating adjusted net income	**$83.6**	**$85.5**	**$401.5**	**$344.9**
Net income per share − diluted	$0.50	$1.27	$2.42	$2.62
Acquired amortization expense	0.15	0.20	0.66	0.75
IAA separation costs	0.01	-	0.06	-
Loss on extinguishment of debt	-	-	-	0.20
Gain on previously held equity interest value	-	(0.16)	-	(0.16)
Reduction in taxes for revaluation of deferred taxes	-	(0.75)	-	(0.74)
Increase in taxes for mandatory repatriation of undistributed foreign earnings	-	0.08	-	0.08
Income taxes	(0.04)	(0.01)	(0.18)	(0.25)
Operating adjusted net income per share − diluted	**$0.62**	**$0.63**	**$2.96**	**$2.50**
Weighted average diluted shares	134.9	136.5	135.7	138.0

(1) The effective tax rate for 2018 was used to determine the amount of income tax benefit on the adjustments to net income. The effective income tax rates for 2017 were adjusted to reflect the tax reform items reflected as separate line items in the above reconciliation (revaluation of deferred taxes and repatriation of undistributed foreign earnings).

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YTD 2018 ADESA Incremental Operating Profit Margin Analysis

Incremental Operating Profit %

($ in millions)

	REPORTED	IMPACT OF ACQUISITIONS	ADESA EXCLUDING ACQUISITIONS
YTD 2018			
Revenue	$2,101.9	$26.4	$2,075.5
Operating Profit	$307.8	($51.1)	$358.9
Operating Profit %	14.6%	(193.6%)	17.3%
YTD 2017			
Revenue	$1,937.5		
Operating Profit	$340.5		
Operating Profit %	17.6%		
YTD 2018 Reported Growth			
Reported Revenue Growth	$164.4		
Reported Operating Profit Growth	($32.7)		
Incremental Operating Margin	(19.9%)		
YTD 2018 Excluding Acquisitions			
Revenue Growth	$138.0		
Operating Profit Growth	$18.4		
Incremental Operating Margin	**13.3%**		

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YTD 2018 IAA Incremental Operating Profit Margin Analysis

Incremental Operating Profit %
($ in millions)

	REPORTED
YTD 2018	
Revenue	$1,326.8
Operating Profit	$293.9
Operating Profit %	22.2%
YTD 2017	
Revenue	$1,219.2
Operating Profit	$240.9
Operating Profit %	19.8%
YTD 2018 Reported Growth	
Reported Revenue Growth	$107.6
Reported Operating Profit Growth	$53.0
Incremental Operating Margin	**49.3%**

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