

Q4 2019 & Annual Earnings Slides

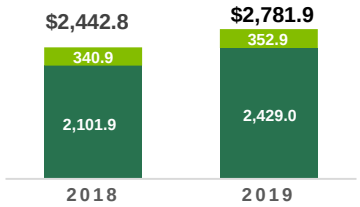
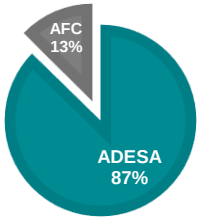
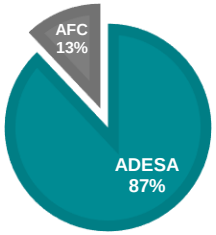
February 18, 2020

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℠

2019 Highlights

	Revenues	Highlights	Fundamentals
KAR		• Revenue growth +14% (7% excluding purchased vehicle sales) • Operating Adjusted EPS -17% • Adjusted EBITDA +1%	• Repurchased $119.7 million of KAR stock in Q3 2019 • Authorized share repurchase of up to $300 million of KAR stock through 2021
ADESA		• Revenue +16% (7% excluding purchased vehicle sales) • Total volume growth +9% (7% excluding acquisitions) • Physical auction RPU +$40 • 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. TradeRev volumes increased ~34% 2019 (157,000) vs 2018 (117,000)
AFC		• Revenue +4% • Revenue per LTU +$3 • Provision for credit losses as a percent of managed receivables 1.7% • Adjusted EBITDA +4%	• Credit losses expected to remain below 2% annually

2020 Outlook

(in millions, except per share amounts)	ANNUAL GUIDANCE 2020 Low	2020 High	2019
Net income from continuing operations	**$126.0**	**$139.3**	**$92.4**
Add back:			
Income tax expense	$53.0	$59.7	$37.7
Interest expense, net of interest income	$155.0	$155.0	$186.4
Depreciation and amortization	$194.0	$194.0	$188.7
EBITDA	$528.0	$548.0	$505.2
Total Adjusted EBITDA addbacks, net	($8.0)	($8.0)	$4.8
Adjusted EBITDA	**$520.0**	**$540.0**	**$510.0**
Effective tax rate	30%	30%	29%
Net income from continuing operations per share – diluted	$0.97	$1.07	$0.70
Capital expenditures	$135.0	$135.0	$161.6
Cash taxes	$65.0	$65.0	$37.8
Cash interest on corporate debt	$90.0	$90.0	$110.0
Operating adjusted net income from continuing operations per share - diluted	**$1.28**	**$1.38**	**$1.04**
Weighted average diluted shares	130	130	133

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Clear Shareholder Friendly Capital Allocation Framework

PRIORITIES	Capex	Dividends	Strategic Investments	Share Repurchases
	• Historically ~25% of Adjusted EBITDA, plus strategic investments	• 40%-50% of FCF • Highlights consistency & strength of free cash flow	• Targeted acquisitions • Complementary technology • New geographies	• Tool for managing cash and leverage
2017	**$97mm Spent**	**$175mm Paid**	**$73mm Acquisitions**	**$150mm Repurchased**
	• Technology $65mm • Physical $32mm	• $1.28 per share paid	• DRIVIN (Data Analytics) • DAS (Transportation) • TradeRev (Online Sales)	• 3.3mm shares repurchased • $270mm authorization remaining
2018	**$131mm Spent**	**$188mm Paid**	**$45mm Acquisitions**	**$150mm Repurchased**
	• Technology $87mm • Physical $44mm	• $1.40 per share paid	• STRATIM (Mobility) • Clearplan (Repossessions)	• 2.7mm shares repurchased • $120mm authorization remaining
2019	**$162mm Spent**	**$164mm Paid**	**$121mm Acquisitions**	**$120mm Repurchased**
	• Technology $99mm • Physical $36mm • Corporate $27mm	• 1Q19 $0.35 per share paid • 2Q19 $0.35 per share paid • 3Q19 $0.19 per share paid • 4Q19 $0.19 per share declared	• Dentology (Mobile Ancillary Services) • CarsOnTheWeb (Europe Online Only Auction)	• 4.8mm shares repurchased • Authorized $300mm share repurchase through October 2021

December 31, 2019 Leverage
(US$ in millions)

	Balance	Maturity
Term Loan B-6 (Adjusted LIBOR + 2.25%)	$948	2026
Revolving Credit Facility (Adjusted LIBOR + 1.75%) & Lines of Credit	19	2024
Senior Notes (Fixed 5.125%)	950	2025
Finance Leases	27	
Total	1,944	
Less: Available Cash	(431)	
Net Debt	$1,513	

Net Debt / Adjusted EBITDA (Target 3x)	**3.0**

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

Fourth Quarter Results

KAR Q4 2019 Highlights

($ in millions, except per share amounts)

KAR	Q4 2019	Q4 2018	Highlights*
Total operating revenues	$671.3	$593.8	$55.1M acquisitions, including $37.7M of purchased vehicle sales
Gross profit**	$276.4	$261.5	
% of revenue	41.2%	44.0%	46.7% in Q4 2019, excluding purchased vehicle sales
SG&A	$164.7	$148.7	Severance +$7.7M, TradeRev +$5.6M, $4.7M acquired SG&A; Q4 2019: 24.5% of revenue
EBITDA	$113.0	$110.7	
Adjusted EBITDA	$122.0	$110.5	Improved Adjusted EBITDA margin in 2019
Net income from continuing operations	$15.3	$15.1	
Net income from continuing operations per share – diluted	$0.12	$0.11	
Operating adjusted net income from continuing operations per share – diluted	$0.19	$0.21	Q4 2019 negatively impacted by one-time severance payments ($0.05) and increased tax rate over prior year ($0.05)
Weighted average diluted shares	130.1	134.9	
Dividends declared per common share	$0.19	$0.35	
Effective tax rate	37.8%	10.7%	

* 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, 2019.

** Exclusive of depreciation and amortization

ADESA Q4 2019 Highlights

($ in millions, except RPU)

ADESA	Q4 2019	Q4 2018	Highlights*
Auction fees and services revenue	$504.0	$475.3	
Purchased vehicle sales	$79.3	$33.2	Includes $37.7M from acquisitions
Total ADESA Revenue	$583.3	$508.5	$55.1M acquisitions, including $37.7M of purchased vehicle sales
Gross profit**	$212.4	$198.7	
% of revenue	36.4%	39.1%	Increased purchased vehicle sales from COTW and ADESA Assurance reduced margins ~3%
SG&A	$124.1	$106.9	Incentive-based compensation +$6.1M, TradeRev +$5.6M and $4.7M of acquired SG&A
EBITDA	$86.7	$86.6	
Adjusted EBITDA	$102.4	$98.8	
% of revenue	17.6%	19.4%	
Vehicles sold	887,000	811,000	
Institutional vehicles sold in North America	623,000	568,000	
Dealer consignment vehicles sold in North America	234,000	233,000	Includes TradeRev volume of 38,000 in Q4 2019 and 31,000 in Q4 2018
Vehicles sold in Europe	30,000	10,000	Primarily acquisition volume
Percentage of vehicles sold online	59%	54%	
Conversion rate at North American physical auctions	58.4%	58.5%	Includes physical auction sales to online buyers
Physical RPU	$886	$868	Excludes purchased vehicles; Includes off-premise ancillary services
Online only RPU	$155	$122	Excludes purchased vehicles; Includes Openlane, TradeRev & Europe

* 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, 2019.
** Exclusive of depreciation and amortization

AFC Q4 2019 Highlights

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

AFC	Q4 2019	Q4 2018	Highlights*
Interest and fee income	$86.0	$84.2	
Other revenue	$2.8	$3.5	
Provision for credit losses	($9.8)	($10.8)	
Warranty contract revenue	$9.0	$8.4	PWI revenue
Total AFC revenue	$88.0	$85.3	-1% revenue per LTU, +4% loan transactions
Gross profit**	$64.0	$62.8	
% of revenue	72.7%	73.6%	
SG&A	$6.1	$7.1	Decrease in travel expenses and incentive-based compensation
EBITDA	$57.9	$55.8	
Adjusted EBITDA	$45.6	$42.0	
Loan transactions	443,000	428,000	4% increase
Revenue per loan transaction***	$178	$180	
Provision for credit losses % of finance receivables	1.9%	2.2%	
Managed receivables	$2,115.2	$2,014.8	Increasing vehicle values
Obligations collateralized by finance receivables	$1,461.2	$1,445.3	

* 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, 2019.
** Exclusive of depreciation and amortization
*** Excludes "Warranty contract revenue"

Year-to-Date Results

KAR Year Ended December 31, 2019 Highlights

($ in millions, except per share amounts)

KAR	YTD 2019	YTD 2018	Highlights*
Total operating revenues	$2,781.9	$2,442.8	$193.0M acquisitions, including $131.7M of purchased vehicle sales
Gross profit**	$1,164.8	$1,121.3	
% of revenue	41.9%	45.9%	46.8% in 2019, excluding purchased vehicle sales
SG&A	$662.0	$608.8	TradeRev +$25.4M, $21.2M acquired SG&A, severance+$9.6M
EBITDA	$505.2	$511.6	
Adjusted EBITDA	$510.0	$505.2	
Net income from continuing operations	$92.4	$117.6	Increases in TradeRev losses, depreciation & amortization and the effective tax rate
Net income from continuing operations per share – diluted	$0.70	$0.87	
Operating adjusted net income from continuing operations per share – diluted	$1.04	$1.26	2019 negatively impacted by one-time severance payments ($0.08) and increased tax rate over prior year ($0.06)
Weighted average diluted shares	132.9	135.7	
Dividends declared per common share	$1.08	$1.40	
Effective tax rate	29.0%	22.6%	
Capital expenditures	$161.6	$131.3	2019 includes $27M of one-time corporate costs

* 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, 2019.

** Exclusive of depreciation and amortization

ADESA Year Ended December 31, 2019 Highlights

($ in millions, except RPU)

ADESA	YTD 2019	YTD 2018	Highlights*
Auction fees and services revenue	$2,133.5	$1,985.1	
Purchased vehicle sales	$295.5	$116.8	Includes $131.7M from acquisitions
Total ADESA Revenue	$2,429.0	$2,101.9	$193.0M acquisitions, including $131.7M of purchased vehicle sales
Gross profit**	$908.3	$871.1	
% of revenue	37.4%	41.4%	Increased purchased vehicle sales from COTW and ADESA Assurance reduced margins ~3%
SG&A	$494.3	$435.8	TradeRev +$25.4M, $21.2M of acquired SG&A
EBITDA	$405.5	$420.7	
Adjusted EBITDA	$448.0	$459.8	
% of revenue	18.4%	21.9%	
Vehicles sold	3,784,000	3,472,000	
Institutional vehicles sold in North America	2,653,000	2,401,000	
Dealer consignment vehicles sold in North America	1,018,000	1,027,000	Includes TradeRev volume of 157,000 in YTD 2019 and 117,000 in YTD 2018
Vehicles sold in Europe	113,000	44,000	Primarily acquisition volume
Percentage of vehicles sold online	58%	54%	
Conversion rate at North American physical auctions	62.8%	61.6%	Includes physical auction sales to online buyers
Physical RPU	$884	$844	Excludes purchased vehicles; Includes off-premise ancillary services
Online only RPU	$149	$121	Excludes purchased vehicles; Includes Openlane, TradeRev & Europe

* 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, 2019.
** Exclusive of depreciation and amortization

AFC Year Ended December 31, 2019 Highlights

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

AFC	YTD 2019	YTD 2018	Highlights*
Interest and fee income	$342.1	$327.3	
Other revenue	$10.9	$13.1	
Provision for credit losses	($35.3)	($32.9)	
Warranty contract revenue	$35.2	$33.4	PWI revenue
Total AFC revenue	$352.9	$340.9	+2% revenue per LTU
Gross profit**	$256.5	$250.2	
% of revenue	72.7%	73.4%	
SG&A	$25.6	$30.7	Decreases in travel expenses, incentive-based compensation and compensation expense
EBITDA	$230.8	$219.5	
Adjusted EBITDA	$177.9	$170.9	4% increase
Loan transactions	1,783,000	1,760,000	1% increase
Revenue per loan transaction***	$178	$175	
Provision for credit losses % of finance receivables	1.7%	1.7%	
Managed receivables	$2,115.2	$2,014.8	Increasing vehicle values
Obligations collateralized by finance receivables	$1,461.2	$1,445.3	

* 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, 2019.
** Exclusive of depreciation and amortization
*** Excludes "Warranty contract revenue"

HISTORICAL DATA

ADESA Revenue

	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Auction Fees & Services Revenue	$502.7	$511.1	$496.0	$475.3	$1,985.1	$541.9	$553.1	$534.5	$504.0	$2,133.5
Purchased Vehicle Sales	$25.4	$27.2	$31.0	$33.2	$116.8	$57.8	$79.3	$79.1	$79.3	$295.5
Total ADESA Revenue	$528.1	$538.3	$527.0	$508.5	$2,101.9	$599.7	$632.4	$613.6	$583.3	$2,429.0
Gross Profit	$222.1	$231.1	$219.2	$198.7	$871.1	$229.0	$239.5	$227.4	$212.4	$908.3
Gross Profit %	42.1%	42.9%	41.6%	39.1%	41.4%	38.2%	37.9%	37.1%	36.4%	37.4%
Gross Profit %, Net of Purchased Vehicle Sales	44.2%	45.2%	44.2%	41.8%	43.9%	42.2%	43.2%	42.5%	42.1%	42.6%

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ADESA Metrics - Annual

	2019	2018	2017	2016	2015
Revenue[2]	**$2,429.0**	$2,101.9	$1,937.5	$1,765.3	$1,427.8
Total Volume	**3,784**	3,472	3,180	2,885	2,465
Online Only Volume (N.A.)	**1,533**	1,304	938	743	592
Total Online Volume %[3]	**58%**	54%	46%	42%	40%
Physical Conversion % (N.A.)	**62.8%**	61.6%	60.4%	58.0%	58.3%
Dealer Consignment Mix % (Physical)	**40%**	42%	45%	48%	50%
Physical RPU[1]	**$884**	$844	$775	$753	$701
Online Only RPU[1]	**$149**	$121	$113	$110	$102
Gross Margin[2]	**37.4%**	41.4%	42.0%	41.3%	41.4%

[1] Excluding purchased vehicle sales
[2] Includes purchased vehicle sales
[3] Includes ADESA Simulcast and DealerBlock volume

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ADESA Metrics - Quarter

	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Revenue[2]	$583.3	$613.6	$632.4	$599.7	$508.5	$527.0	$538.3	$528.1
Total Volume	887	957	994	945	811	876	907	878
Online Only Volume (N.A.)	355	396	416	367	306	343	346	309
Total Online Volume %[3]	59%	59%	59%	57%	54%	54%	54%	52%
Physical Conversion % (N.A.)	58.4%	62.8%	66.1%	63.8%	58.5%	62.9%	62.4%	62.6%
Dealer Consignment Mix % (Physical)	39%	43%	41%	38%	40%	44%	43%	41%
Physical RPU[1]	$886	$893	$882	$875	$868	$850	$839	$820
Online Only RPU[1]	$155	$151	$150	$144	$122	$126	$118	$117
Gross Margin[2]	36.4%	37.1%	37.9%	38.2%	39.1%	41.6%	42.9%	42.1%

[1] Excluding purchased vehicle sales
[2] Includes purchased vehicle sales
[3] Includes ADESA Simulcast and DealerBlock volume

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AFC Metrics - Annual

	2019	2018	2017	2016	2015
Revenue	**$352.9**	$340.9	$301.3	$286.8	$268.4
Loan Transaction Units (LTU)	**1,783**	1,760	1,688	1,718	1,607
Revenue per Loan Transaction, Excluding "Warranty Contract Revenue"	**$178**	$175	$159	$148	$150
Ending Managed Finance Receivables	**$2,115.2**	$2,014.8	$1,912.6	$1,792.2	$1,641.0
Ending Obligations Collateralized by Finance Receivables	**$1,461.2**	$1,445.3	$1,358.1	$1,280.3	$1,189.0
% Vehicles Purchased at Any Auction	**84%**	83%	85%	83%	84%
Active Dealers	**12,900**	12,300	12,400	12,200	11,300
Vehicles per active dealer	**16**	15	15	15	16
Average Credit Line	**$270,000**	$270,000	$250,000	$260,000	$230,000
Avg Value Outstanding per Vehicle	**$10,000**	$10,200	$9,900	$9,500	$9,100

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AFC Metrics - Quarter

	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Revenue	$88.0	$88.3	$86.7	$89.9	$85.3	$85.4	$85.1	$85.1
Loan Transaction Units (LTU)	443	442	437	461	428	433	435	464
Revenue per Loan Transaction, Excluding "Warranty Contract Revenue"	$178	$180	$178	$177	$180	$177	$177	$166
Ending Managed Finance Receivables	$2,115.2	$2,110.4	$2,070.1	$1,989.1	$2,014.8	$1,979.7	$1,958.6	$1,933.2
Ending Obligations Collateralized by Finance Receivables	$1,461.2	$1,428.4	$1,422.3	$1,360.6	$1,445.3	$1,366.3	$1,358.0	$1,354.2

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AFC Provision for Credit Losses - Annual

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ending Managed Receivables	$2,115.2	$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	$2,059.9	$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	$35.3	$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%	1.7%	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

	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Ending Managed Receivables	$2,115.2	$2,110.4	$2,070.1	$1,989.1	$2,014.8	$1,979.7	$1,958.6	$1,933.2
Average Managed Receivables	$2,112.8	$2,090.3	$2,029.6	$2,002.0	$1,997.3	$1,969.2	$1,945.9	$1,922.9
Provision for Credit Losses	$9.8	$8.9	$8.4	$8.2	$10.8	$7.3	$7.1	$7.7
% of Managed Receivables	1.9%	1.7%	1.7%	1.6%	2.2%	1.5%	1.5%	1.6%

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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 from continuing operations and operating adjusted net income from continuing operations 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 from continuing operations and operating adjusted net income from continuing operations 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 2019 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2019			
	ADESA	AFC	Corporate	Consolidated
Net income (loss) from continuing operations	**$35.0**	**$31.4**	**($51.1)**	**$15.3**
Add back:				
Income taxes	13.3	9.7	(13.7)	9.3
Interest expense, net of interest income	0.5	15.1	22.7	38.3
Depreciation and amortization	39.7	2.7	7.7	50.1
Intercompany interest	(1.8)	(1.0)	(2.8)	-
EBITDA	**$86.7**	**$57.9**	**($31.6)**	**$113.0**
Intercompany charges	3.1	-	(3.1)	-
Non-cash stock-based compensation	2.2	0.4	2.6	5.2
Acquisition related costs	1.7	-	0.2	1.9
Securitization interest	-	(13.0)	-	(13.0)
Loss on asset sales	0.4	-	-	0.4
Severance	4.9	0.3	4.4	9.6
Foreign currency (gains)/losses	(0.4)	-	0.7	0.3
Other	3.8	-	0.8	4.6
Total Addbacks	15.7	(12.3)	5.6	9.0
Adjusted EBITDA	**$102.4**	**$45.6**	**($26.0)**	**$122.0**
Revenue	$583.3	$88.0	–	$671.3
Adjusted EBITDA % margin	17.6%	51.8%		18.2%

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Q4 2018 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2018			
	ADESA	AFC	Corporate	Consolidated
Net income (loss) from continuing operations	**$38.1**	**$29.5**	**($52.5)**	**$15.1**
Add back:				
Income taxes	11.1	8.7	(18.0)	1.8
Interest expense, net of interest income	0.1	16.3	34.8	51.2
Depreciation and amortization	33.1	2.4	7.1	42.6
Intercompany interest	4.2	(1.1)	(3.1)	-
EBITDA	**$86.6**	**$55.8**	**($31.7)**	**$110.7**
Intercompany charges	4.3	-	(4.3)	-
Non-cash stock-based compensation	2.4	0.6	1.5	4.5
Acquisition related costs	1.1	-	1.0	2.1
Securitization interest	-	(14.5)	-	(14.5)
Loss on asset sales	0.4	-	-	0.4
Severance	1.7	0.1	0.1	1.9
Foreign currency losses	1.9	-	1.8	3.7
IAA allocated costs	-	-	1.3	1.3
Other	0.4	-	-	0.4
Total Addbacks	12.2	(13.8)	1.4	(0.2)
Adjusted EBITDA	**$98.8**	**$42.0**	**($30.3)**	**$110.5**
Revenue	$508.5	$85.3	–	$593.8
Adjusted EBITDA % margin	19.4%	49.2%		18.6%

KAR AUCTION SERVICES SM

YTD 2019 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2019			
	ADESA	AFC	Corporate	Consolidated
Net income (loss) from continuing operations	**$174.3**	**$120.0**	**($201.9)**	**$92.4**
Add back:				
Income taxes	67.3	41.9	(71.5)	37.7
Interest expense, net of interest income	2.3	63.7	120.4	186.4
Depreciation and amortization	149.9	10.3	28.5	188.7
Intercompany interest	11.7	(5.1)	(6.6)	-
EBITDA	**$405.5**	**$230.8**	**($131.1)**	**$505.2**
Intercompany charges	13.5	-	(13.5)	-
Non-cash stock-based compensation	7.8	1.6	10.9	20.3
Loss on extinguishment of debt	-	-	2.2	2.2
Acquisition related costs	6.5	-	5.7	12.2
Securitization interest	-	(54.9)	-	(54.9)
Loss on asset sales	2.1	-	-	2.1
Severance	9.1	0.4	5.8	15.3
Foreign currency (gains)/losses	(1.5)	-	0.8	(0.7)
IAA allocated costs	-	-	2.3	2.3
Other	5.0	-	1.0	6.0
Total Addbacks	42.5	(52.9)	15.2	4.8
Adjusted EBITDA	**$448.0**	**$177.9**	**($115.9)**	**$510.0**
Revenue	$2,429.0	$352.9	–	$2,781.9
Adjusted EBITDA % margin	18.4%	50.4%		18.3%

KAR AUCTION SERVICES℠

YTD 2018 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2018			
	ADESA	AFC	Corporate	Consolidated
Net income (loss) from continuing operations	**$203.3**	**$112.0**	**($197.7)**	**$117.6**
Add back:				
Income taxes	69.1	35.4	(70.2)	34.3
Interest expense, net of interest income	1.0	59.3	127.0	187.3
Depreciation and amortization	127.5	16.0	28.9	172.4
Intercompany interest	19.8	(3.2)	(16.6)	-
EBITDA	**$420.7**	**$219.5**	**($128.6)**	**$511.6**
Intercompany charges	15.3	-	(15.3)	-
Non-cash stock-based compensation	9.3	2.3	8.8	20.4
Acquisition related costs	4.8	-	2.5	7.3
Securitization interest	-	(51.5)	-	(51.5)
Loss on asset sales	1.7	-	-	1.7
Severance	5.0	0.6	0.1	5.7
Foreign currency losses	1.9	-	1.8	3.7
IAA allocation costs	-	-	5.2	5.2
Other	1.1	-	-	1.1
Total Addbacks	39.1	(48.6)	3.1	(6.4)
Adjusted EBITDA	**$459.8**	**$170.9**	**($125.5)**	**$505.2**
Revenue	$2,101.9	$340.9	–	$2,442.8
Adjusted EBITDA % margin	21.9%	50.1%		20.7%

KAR AUCTION SERVICES℠

Operating Adjusted Net Income from Continuing Operations per Share Reconciliation

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

	Three Months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Net income	**$19.8**	**$67.3**	**$188.5**	**$328.0**
Less: Income from discontinued operations	**(4.5)**	**(52.2)**	**(96.1)**	**(210.4)**
Net income from continuing operations	**$15.3**	**$15.1**	**$92.4**	**$117.6**
Acquired amortization expense	14.4	13.6	58.3	63.2
IAA allocated costs	-	1.3	2.3	5.2
Acceleration of debt issuance costs	-	-	1.8	-
Loss on extinguishment of debt	-	-	2.2	-
Income taxes [1]	(5.4)	(1.6)	(18.7)	(15.5)
Operating adjusted net income from continuing operations	**$24.3**	**$28.4**	**$138.3**	**$170.5**
Net income from continuing operations per share − diluted	$0.12	$0.11	$0.70	$0.87
Acquired amortization expense	0.11	0.10	0.44	0.46
IAA allocated costs	-	0.01	0.02	0.04
Acceleration of debt issuance costs	-	-	0.01	-
Loss on extinguishment of debt	-	-	0.02	-
Income taxes	(0.04)	(0.01)	(0.15)	(0.11)
Operating adjusted net income from continuing operations per share − diluted	**$0.19**	**$0.21**	**$1.04**	**$1.26**
Weighted average diluted shares	130.1	134.9	132.9	135.7

(1) The effective tax rate at the end of each period presented was used to determine the amount of income tax on the adjustments to net income.

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