

Second Quarter 2021 Earnings Slides

August 3, 2021

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 based on management's current expectations, are not guarantees of future performance and 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 uncertainties regarding the impact of the COVID-19 pandemic on our business and the economy generally, and those other 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.

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Second Quarter Summary

- ❑ Financial Performance
  - Consolidated revenue of $585.4M ($487.5M excluding purchased vehicles); vehicles sold of 711K
  - Gross profit was 51.7% of net revenue*
  - Adjusted EBITDA of $116.5M
  - Operating adjusted EPS of $0.15
    - Includes $11.9M pre-tax of a reduction in unrealized gains on investment securities or $0.04 per share
  - Effective tax rate increased to 44%
- ❑ Digital Dealer-to-Dealer
  - BacklotCars/TradeRev sold 119K vehicles in Q2 2021, an increase of 65% over the prior year
- ❑ Balance Sheet
  - Generated $295.7M of cash flow from operations; ending cash of $621.6M
  - Repurchased common stock: $100M QTD, $181M YTD
  - Net Senior Secured leverage of 0.8x
  - Total net debt of 2.95x
  - $325M undrawn revolver

* Exclusive of depreciation and amortization

2021 Guidance

(in millions, except per share amounts)	ANNUAL GUIDANCE 2021	ACTUAL 2020
Net income	**$90**	**$0.5**
Add back:		
Income tax expense	$38	$4.9
Interest expense, net of interest income	$125	$127.3
Depreciation and amortization	$205	$191.3
EBITDA	$458	$324.0
Total Adjusted EBITDA addbacks, net	$17	$51.3
Adjusted EBITDA	**$475**	**$375.3**
Effective tax rate	30%	90.7%
Net income (loss) per share – diluted *	$0.30	($0.16)
Weighted average diluted shares *	131	129.3
Operating adjusted net income per share - diluted	**$0.87**	**$0.51**
Weighted average diluted shares – including assumed conversion of preferred shares	165	147.0
Capital expenditures	$125	$101.4
Cash taxes	$65	$16.6
Cash interest on corporate debt	$74	$81.7

* The company used the two-class method of calculating net income per diluted share. Under the two-class method, net income is reduced by dividends and undistributed earnings to the holders of the Series A Preferred Stock, and the weighted average diluted shares do not assume conversion of the preferred shares to common shares.

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Second Quarter & Year-to-Date Results

KAR Q2 & YTD 2021 Highlights*

($ in millions, except per share amounts)

KAR	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Total operating revenues	$585.4	$419.0	$1,167.0	$1,064.5
Gross profit**	$252.2	$183.9	$503.4	$434.8
% of revenue*	*43.1%*	*43.9%*	*43.1%*	*40.8%*
SG&A	$140.2	$112.3	$289.2	$274.7
Other (income) expense, net	$14.8	$1.3	($35.4)	($0.7)
EBITDA	$97.0	$40.2	$249.2	$129.9
Adjusted EBITDA	$116.5	$80.0	$239.7	$168.6
Net income (loss)	$11.5	($32.3)	$62.4	($29.5)
Net income (loss) per share – diluted	$0.01	($0.27)	$0.26	($0.24)
Weighted average diluted shares	123.2	129.3	126.4	129.2
Operating adjusted net income per share – diluted	$0.15	$0.08	$0.61	$0.20
Weighted average diluted shares – including assumed conversion of preferred shares	156.6	N/A	159.5	N/A
Dividends declared per common share	$--	$ --	$--	$0.19
Effective tax rate	44.2%	12.5%	34.4%	8.1%
Capital expenditures	$36.2	$17.1	$50.7	$46.7

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended June 30, 2021.

** Exclusive of depreciation and amortization

ADESA Q2 & YTD 2021 Highlights*

($ in millions, except RPU)

ADESA	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Auction fees	$236.7	$177.8	$472.2	$433.1
Service revenue	$182.2	$134.8	$369.8	$371.0
Purchased vehicle sales	$97.9	$49.6	$190.6	$125.1
Total ADESA Revenue	$516.8	$362.2	$1,032.6	$929.2
Gross profit**	$197.3	$145.0	$396.2	$341.3
*% of revenue, excluding purchased vehicles***	*47.1%*	*46.4%*	*47.1%*	*42.4%*
SG&A	$131.4	$103.7	$271.6	$256.1
Other (income) expense, net	$2.9	$1.3	($3.0)	($0.6)
EBITDA	$62.8	$9.9	$127.2	$55.0
Adjusted EBITDA	$76.5	$54.7	$162.4	$109.3
% of revenue	*14.8%*	*15.1%*	*15.7%*	*11.8%*
On-premise vehicles sold	332,000	312,000	681,000	780,000
Off-premise vehicles sold	379,000	336,000	783,000	730,000
Total vehicles sold	711,000	648,000	1,464,000	1,510,000
Auction fees per vehicle sold	$333	$274	$323	$287
Gross profit per vehicle sold**	$277	$224	$271	$226
Dealer consignment mix	41%	21%	37%	24%
Commercial mix	59%	79%	63%	76%

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended June 30, 2021.
** Exclusive of depreciation and amortization

AFC Q2 & YTD 2021 Highlights*

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

AFC	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Interest and fee income	$68.2	$65.1	$136.8	$148.9
Other revenue	$2.2	$2.0	$4.2	$4.7
Provision for credit losses	($1.8)	($19.0)	($6.6)	($35.9)
Warranty contract revenue	$--	$8.7	$--	$17.6
Total AFC revenue	$68.6	$56.8	$134.4	$135.3
Gross profit**	$54.9	$38.9	$107.2	$93.5
% of revenue*	*80.0%*	*68.5%*	*79.8%*	*69.1%*
SG&A	$8.8	$8.6	$17.6	$18.6
Other (income) expense, net	$11.9	$--	($32.4)	($0.1)
EBITDA	$34.2	$30.3	$122.0	$74.9
Adjusted EBITDA	$40.0	$25.3	$77.3	$59.3
Loan transactions	356,000	420,000	728,000	868,000
Revenue per loan transaction***	$193	$115	$185	$136
Provision for credit losses % of finance receivables	0.4%	4.3%	0.7%	3.8%
Managed receivables	$2,108.9	$1,548.3	$2,108.9	$1,548.3
Obligations collateralized by finance receivables	$1,324.2	$735.9	$1,324.2	$735.9

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended June 30, 2021.
** Exclusive of depreciation and amortization
*** Excludes Warranty contract revenue in 2020

June 30, 2021 Leverage
(US$ in millions)

	Balance	Maturity
Term Loan B-6 (Adjusted LIBOR + 2.25%)	$933	2026
Revolving Credit Facility (Adjusted LIBOR + 1.75%)	-	2024
Senior Notes (Fixed 5.125%)	950	2025
Finance Leases & Other	24	
Total	1,907	
Less: Available Cash*	(592)	
Net Debt	$1,315	

Senior Secured Net Leverage Ratio	**0.8**
Total Net Debt Ratio	**2.95**

Corporate Credit Ratings: S&P B, Moodys B2

* As defined in the Credit Agreement

HISTORICAL DATA

ADESA Revenue

	2Q21	1Q21	2020	4Q20	3Q20	2Q20	1Q20	2019	4Q19	3Q19
Auction Fees	$236.7	$235.5	$887.7	$207.0	$247.6	$177.8	$255.3	$1,115.3	$261.0	$276.0
Service Revenue	$182.2	$187.6	$737.4	$173.5	$192.9	$134.8	$236.2	$1,018.2	$243.0	$258.5
Purchased Vehicle Sales	$97.9	$92.7	$295.0	$83.7	$86.2	$49.6	$75.5	$295.5	$79.3	$79.1
Total ADESA Revenue	$516.8	$515.8	$1,920.1	$464.2	$526.7	$362.2	$567.0	$2,429.0	$583.3	$613.6
Gross Profit	$197.3	$198.9	$714.4	$155.8	$217.3	$145.0	$196.3	$908.3	$212.4	$227.4
Gross Profit %	38.2%	38.6%	37.2%	33.6%	41.3%	40.0%	34.6%	37.4%	36.4%	37.1%
Gross Profit %, Net of Purchased Vehicle Sales	47.1%	47.0%	44.0%	40.9%	49.3%	46.4%	39.9%	42.6%	42.1%	42.5%

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ADESA Metrics - Annual

	2020	2019	2018	2017	2016
Revenue[1]	$1,920.1	$2,429.0	$2,101.9	$1,937.5	$1,765.3
On-premise vehicles sold	1,511	2,137	2,124	2,189	2,112
Off-premise vehicles sold	1,551	1,647	1,348	991	773
Total vehicles sold	3,062	3,784	3,472	3,180	2,885
Auction fees per vehicle sold	$290	$295	$302	$311	$303
Gross profit per vehicle sold	$233	$240	$251	$256	$253
Gross profit percentage[1]	37.2%	37.4%	41.4%	42.0%	41.3%
Gross profit percentage, excluding purchased vehicles	44.0%	42.6%	43.9%	43.8%	42.8%
Dealer consignment mix	26%	28%	30%	33%	36%
Commercial mix	74%	72%	70%	67%	64%

[1] Includes purchased vehicle sales

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ADESA Metrics - Quarter

	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19
Revenue[1]	$516.8	$515.8	$464.2	$526.7	$362.2	$567.0	$583.3	$613.6
On-premise vehicles sold	332	349	328	403	312	468	502	527
Off-premise vehicles sold	379	404	353	468	336	394	385	431
Total vehicles sold	711	753	681	871	648	862	887	958
Auction fees per vehicle sold	$333	$313	$304	$284	$274	$296	$294	$288
Gross profit per vehicle sold	$277	$264	$229	$249	$224	$228	$239	$237
Gross profit percentage[1]	38.2%	38.6%	33.6%	41.3%	40.0%	34.6%	36.4%	37.1%
Gross profit percentage, excluding purchased vehicles	47.1%	47.0%	40.9%	49.3%	46.4%	39.9%	42.1%	42.5%
Dealer consignment mix	41%	33%	31%	26%	21%	26%	28%	30%
Commercial mix	59%	67%	69%	74%	79%	74%	72%	70%

[1] Includes purchased vehicle sales

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AFC Metrics - Annual

	2020	2019	2018	2017	2016
Revenue	$267.6	$352.9	$340.9	$301.3	$286.8
Loan Transaction Units (LTU)	1,519	1,783	1,760	1,688	1,718
Revenue per Loan Transaction, Excluding Warranty Contract Revenue	$156	$178	$175	$159	$148
Ending Managed Finance Receivables	$1,911.0	$2,115.2	$2,014.8	$1,912.6	$1,792.2
Ending Obligations Collateralized by Finance Receivables	$1,261.2	$1,461.2	$1,445.3	$1,358.1	$1,280.3
% Vehicles Purchased at Any Auction	87%	84%	83%	85%	83%
Active Dealers	10,900	12,900	12,300	12,400	12,200
Vehicles per Active Dealer	15	16	15	15	15
Average Credit Line	$290,000	$270,000	$270,000	$250,000	$260,000
Avg Value Outstanding per Vehicle	$11,800	$10,000	$10,200	$9,900	$9,500

AFC Metrics - Quarter

	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19
Revenue	$68.6	$65.8	$65.4	$66.9	$56.8	$78.5	$88.0	$88.3
Loan Transaction Units (LTU)	356	372	327	324	420	448	443	442
Revenue per Loan Transaction, Excluding “Warranty Contract Revenue”	$193	$177	$186	$179	$115	$155	$178	$180
Ending Managed Finance Receivables	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8	$2,115.2	$2,110.4
Ending Obligations Collateralized by Finance Receivables	$1,324.2	$1,239.1	$1,261.2	$1,101.0	$735.9	$1,349.9	$1,461.2	$1,428.4

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AFC Provision for Credit Losses - Annual

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ending Managed Receivables	$1,911.0	$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	$1,854.8	$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	$38.6	$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	2.1%	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

	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19
Ending Managed Receivables	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8	$2,115.2	$2,110.4
Average Managed Receivables	$2,046.7	$1,947.7	$1,827.9	$1,646.6	$1,751.6	$2,035.0	$2,112.8	$2,090.3
Provision for Credit Losses	$1.8	$4.8	$2.7	$--	$19.0	$16.9	$9.8	$8.9
% of Managed Receivables	0.4%	1.0%	0.6%	0.0%	4.3%	3.3%	1.9%	1.7%

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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 (loss) and operating adjusted net income (loss) 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 (loss) and net income (loss) per share have been adjusted for certain other charges, as seen in the following reconciliation.

EBITDA, Adjusted EBITDA, operating adjusted net income (loss) and operating adjusted net income (loss) 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.

Q2 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended June 30, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($5.2)**	**$16.7**	**$11.5**
Add back:			
Income taxes	3.4	5.7	9.1
Interest expense, net of interest income	21.6	9.4	31.0
Depreciation and amortization	42.9	2.5	45.4
Intercompany interest	0.1	(0.1)	-
EBITDA	**$62.8**	**$34.2**	**$97.0**
Non-cash stock-based compensation	4.3	0.6	4.9
Acquisition related costs	1.8	-	1.8
Securitization interest	-	(6.8)	(6.8)
Severance	1.2	-	1.2
Foreign currency (gains)/losses	0.4	-	0.4
Contingent consideration adjustment	4.5	-	4.5
Reduction in unrealized gains on investment securities	-	11.9	11.9
Other	1.5	0.1	1.6
Total Addbacks/(Deductions)	13.7	5.8	19.5
Adjusted EBITDA	**$76.5**	**$40.0**	**$116.5**
Revenue	$516.8	$68.6	$585.4
Adjusted EBITDA % margin	14.8%	58.3%	19.9%

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Q2 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended June 30, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($45.5)**	**$13.2**	**($32.3)**
Add back:			
Income taxes	(9.5)	4.9	(4.6)
Interest expense, net of interest income	21.4	9.2	30.6
Depreciation and amortization	43.3	3.2	46.5
Intercompany interest	0.2	(0.2)	-
EBITDA	**$9.9**	**$30.3**	**$40.2**
Non-cash stock-based compensation	2.4	0.5	2.9
Acquisition related costs	0.9	-	0.9
Securitization interest	-	(6.0)	(6.0)
Loss on asset sales	0.5	-	0.5
Severance	6.0	0.5	6.5
Foreign currency (gains)/losses	2.7	-	2.7
Goodwill and other intangibles impairment	29.8	-	29.8
Other	2.5	-	2.5
Total Addbacks/(Deductions)	44.8	(5.0)	39.8
Adjusted EBITDA	**$54.7**	**$25.3**	**$80.0**
Revenue	$362.2	$56.8	$419.0
Adjusted EBITDA % margin	15.1%	44.5%	19.1%

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YTD 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Six Months ended June 30, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($11.0)**	**$73.4**	**$62.4**
Add back:			
Income taxes	7.5	25.2	32.7
Interest expense, net of interest income	43.0	18.7	61.7
Depreciation and amortization	87.5	4.9	92.4
Intercompany interest	0.2	(0.2)	-
EBITDA	**$127.2**	**$122.0**	**$249.2**
Non-cash stock-based compensation	9.2	1.3	10.5
Acquisition related costs	3.3	-	3.3
Securitization interest	-	(13.6)	(13.6)
(Gain)/Loss on asset sales	1.0	(0.8)	0.2
Severance	1.7	0.2	1.9
Foreign currency (gains)/losses	2.6	-	2.6
Contingent consideration adjustment	15.7	-	15.7
Unrealized gains on investment securities	-	(31.6)	(31.6)
Other	1.7	(0.2)	1.5
Total Addbacks/(Deductions)	35.2	(44.7)	(9.5)
Adjusted EBITDA	**$162.4**	**$77.3**	**$239.7**
Revenue	$1,032.6	$134.4	$1,167.0
Adjusted EBITDA % margin	15.7%	57.5%	20.5%

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YTD 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Six Months ended June 30, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($64.1)**	**$34.6**	**($29.5)**
Add back:			
Income taxes	(14.7)	12.1	(2.6)
Interest expense, net of interest income	45.1	22.7	67.8
Depreciation and amortization	87.7	6.5	94.2
Intercompany interest	1.0	(1.0)	-
EBITDA	**$55.0**	**$74.9**	**$129.9**
Non-cash stock-based compensation	7.0	1.2	8.2
Acquisition related costs	2.3	-	2.3
Securitization interest	-	(17.4)	(17.4)
Loss on asset sales	1.0	-	1.0
Severance	7.8	0.5	8.3
Foreign currency (gains)/losses	3.1	-	3.1
Goodwill and other intangibles impairment	29.8	-	29.8
Other	3.3	0.1	3.4
Total Addbacks/(Deductions)	54.3	(15.6)	38.7
Adjusted EBITDA	**$109.3**	**$59.3**	**$168.6**
Revenue	$929.2	$135.3	$1,064.5
Adjusted EBITDA % margin	11.8%	43.8%	15.8%

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Operating Adjusted Net Income per Share Reconciliation

($ in millions, except per share amounts), (unaudited)	Three Months ended June 30,		Six Months ended June 30,	
	2021	2020	2021	2020
Net income (loss) [1]	**$11.5**	**($32.3)**	**$62.4**	**($29.5)**
Acquired amortization expense	13.6	14.1	29.2	28.4
Contingent consideration adjustment	4.5	-	15.7	-
Goodwill and other intangibles impairment	-	29.8	-	29.8
Income taxes [2]	(6.0)	(1.8)	(10.0)	(2.3)
Operating adjusted net income	**$23.6**	**$9.8**	**$97.3**	**$26.4**
Operating adjusted net income per share − diluted	**$0.15**	**$0.08**	**$0.61**	**$0.20**
Weighted average diluted shares	156.6	129.3	159.5	129.2

(1) The Series A Preferred Stock dividends and undistributed earnings allocated to participating securities have not been included in the calculation of operating adjusted net income and operating adjusted net income per diluted share.
(2) 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. There was no income tax benefit related to the contingent consideration adjustment or the goodwill and other intangibles impairment because these items were not deductible for income tax purposes.

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