KAR AUCTION SERVICES

NYSE: KAR

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KAR Auction Services provides sellers and buyers across the global wholesale used-vehicle industry with innovative, technology-driven remarketing solutions. KAR's unique end-to-end platform supports whole car, salvage, financing, logistics and other ancillary and related services, including the sale of approximately 5.1 million units valued at over $40 billion through our auctions. Our integrated physical, online and mobile marketplaces reduce risk, improve transparency and streamline transactions for customers in 110 countries. Headquartered in Carmel, Ind., KAR has approximately 17,400 employees across the United States, Canada, Mexico and the United Kingdom. http://karauctionservices.com/investor-relations

Summary (2016 annual & 12/31/16 amounts)

Market Cap	~$6B
Net Debt (Ratings: S&P BB-, Moodys B1)	$2.4B
Enterprise Value	~$8B+
Revenue	$3.2B
Net Income	$222M
Adjusted EBITDA	$748M
Adjusted EBITDA Margin	24%
Dividend Yield	~3%
Net Debt / Adjusted EBITDA	3.1x
Free Cash Flow	$368M

Strategic Priorities



- Capital deployment
- Extend and integrate our platforms
- Leverage unique data and analytic capabilities
- Improve operating efficiency

Investment Highlights

- Proven & resilient growth through diversified business mix
- Strong free cash flow generation & high margin
- Physical & technological asset differentiation
- Established market leader across core businesses
- Multiple avenues for organic & acquisition expansion
- Experienced management with proven track record

Capital Allocation Priorities

- Capital Expenditures (2016 $155M)
- Recurring Dividend (~45%-50% of Free Cash Flow)
- Strategic Investments (2016 $432M Acquisitions)
- Share Repurchases (2016 $80M / 1.9M Shares)
- *Note: Net Debt / Adjusted EBITDA Target 3x*

Financial History

$MM	2016	2015	2014	2013	CAGR
Revenue	$3,150	$2,691	$2,365	$2,173	13%
Operating Profit	$499	$427	$378	$267	25%
Net Income	$222	$215	$169	$68	49%
Adj EBITDA	$748	$650	$599	$538	12%
Adj EBITDA Margin	24%	24%	25%	25%	na
EPS	$1.60	$1.51	$1.19	$0.48	49%
Operating Adj EPS	$2.06	$1.90	$1.71	$0.83	35%
Free Cash Flow	$368	$338	$321	$339	6%
Total Assets	$6,558	$5,772	$5,335	$5,089	9%

Expected Trends (2017 – 2019)

- Growth in off-lease and repo vehicle volumes
- ~ 60/40 commercial vehicle vs. dealer consignment mix should drive increases in revenue per vehicle sold
- 5%-7% annual growth in salvage auction industry volumes
- Potential for a 1% reduction in corporate income tax = $.02/share increase in net income

ADESA

Whole car (used car) auctions of dealer and institutional vehicles (e.g., off-lease, repossessions)

56% of KAR revenue

#2 North American market position

2.9M vehicles sold in 77 locations & online

42% vehicles sold online

Insurance Auto Auctions

Salvage vehicle auctions of total loss vehicles (e.g., insurance companies, charities, etc.)

35% of KAR revenue

Co-Lead North American market position

2.2M vehicles sold in 170+ locations & online

60% vehicles sold online

Automotive Finance Corporation

Independent dealer vehicle floorplan finance

9% of KAR revenue

#2 North American market position with 128 branch locations

1.7M loan transaction units

65 day secured loans

$1.5B (US) + $125M (CAD) securitization facilities

KAR Auction Services (NYSE: KAR) Consolidated	2016	2015	2014	2013	2012
Revenue	$3,150.1	$2,690.6	$2,417.0	$2,220.2	$2,007.1
Operating Profit	$499.0	$427.3	$377.7	$256.7	$267.0
Adjusted EBITDA	$747.9	$649.8	$598.8	$538.2	$500.2
Adjusted EBITDA Margin	23.7%	24.2%	24.8%	24.2%	24.9%
Net Income	$222.4	$214.6	$169.3	$67.7	$92.0
Operating Adjusted Net Income	$286.6	$269.7	$243.1	na	na
Diluted EPS	$1.60	$1.51	$1.19	$0.48	$0.66
Diluted Operating Adjusted EPS	$2.06	$1.90	$1.71	na	na
ADESA	**2016**	**2015**	**2014**	**2013**	**2012**
Revenue	$1,765.3	$1,427.8	$1,271.0	$1,165.5	$1,097.2
Total Volume	2,885	2,465	2,198	2,055	1,885
Physical Volume Growth	14%	10%	3%	na	na
Online Only Volume	743	592	495	407	296
Grounding Volume	385	352	312	na	na
Online % of Total Volume	42%	40%	38%	35%	31%
Physical Conversion (North America)	58.3%	58.3%	58.2%	56.9%	56.9%
Physical Dealer Consignment Mix	48%	50%	51%	51%	49%
Dealer Consign Growth	9%	7%	3%	8%	13%
Total RPU	$591	$559	$554	$544	$559
Physical RPU (Excluding Purchased Vehicles)	$753	$701	$685	$649	$639
Online Only RPU (Excluding Purchased Vehicles)	$110	$102	$104	$119	$129
Gross Margin	41.3%	41.4%	41.3%	41.9%	41.7%
Adjusted EBITDA	$419.5	$328.6	$285.0	$256.0	$231.1
Adjusted EBITDA Margin	23.8%	23.0%	22.4%	22.0%	21.1%
IAAI	**2016**	**2015**	**2014**	**2013**	**2012**
Revenue	$1,098.0	$994.4	$895.9	$830.0	$716.1
Total Volume	2,184	1,970	1,732	1,616	1,429
Inventory Growth (North America)	25%	14%	20%	10%	na
Purchased Vehicles Mix (North America)	5%	7%	6%	7%	7%
Gross Margin	36.7%	36.3%	38.0%	34.2%	37.2%
Adjusted EBITDA	$288.9	$265.1	$247.4	$219.2	$206.4
Adjusted EBITDA Margin	26.3%	26.7%	27.6%	26.4%	28.8%
AFC	**2016**	**2015**	**2014**	**2013**	**2012**
Revenue	$286.8	$268.4	$250.1	$224.7	$193.8
LTUs	1,718	1,607	1,445	1,355	1,240
RPU (Excluding PWI)	$148	$150	$155	$157	$156
Provision for Credit Losses	$30.7	$16.0	$12.3	$9.6	$7.2
Provision for Credit Losses	1.77%	1.08%	1.02%	0.91%	0.78%
Gross Margin (Excluding PWI)	77.7%	77.5%	78.5%	79.0%	78.8%
Adjusted EBITDA	$149.3	$147.3	$143.5	$133.6	$120.2
Adjusted EBITDA Margin	52.1%	54.9%	57.4%	59.5%	62.0%
Managed Receivables	$1,792.2	$1,641.0	$1,371.1	$1,107.6	$1,004.2
Securitized Finance Receivables	$1,280.3	$1,189.0	$859.3	$763.3	$710.2

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