



First Quarter 2021 Earnings Slides

May 4, 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.

First Quarter Summary

□ Financial Performance

- Consolidated revenue of \$581.6M (\$488.9M excluding purchased vehicles); vehicles sold of 753K
- ADESA gross profit percentage, excluding purchased vehicles of 47.0%*; gross profit/vehicle sold of \$264*
- Adjusted EBITDA of \$123.2M
 - Includes \$17.0M in realized gains from strategic investments
- Operating adjusted EPS of \$0.45
 - Includes \$43.5M pre-tax of unrealized gains on investment securities or \$0.18 per share

□ Dealer-to-Dealer

- BacklotCars/TradeRev sold 100K vehicles in Q1 2021, an increase of 81% over the prior year
- Completed TradeRev migration to BacklotCars for all U.S. transactions

□ Balance Sheet

- Generated \$164.5M of cash flow from operations; ending cash of \$759M
- Net Senior Secured leverage of 0.6x
- Total net debt of 2.98x
- \$325M undrawn revolver

* Exclusive of depreciation and amortization

2021 Guidance

	ANNUAL GUIDANCE	ACTUAL
(in millions, except per share amounts)	2021	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.

March 31, 2021 Leverage

(US\$ in millions)

	<u>Balance</u>	<u>Maturity</u>
Term Loan B-6 (Adjusted LIBOR + 2.25%)	\$936	2026
Revolving Credit Facility (Adjusted LIBOR + 1.75%)	-	2024
Senior Notes (Fixed 5.125%)	950	2025
Finance Leases & Other	35	
Total	1,921	
Less: Available Cash*	(699)	
Net Debt	\$1,222	

Senior Secured Net Leverage Ratio	0.6
--	------------

Total Net Debt Ratio	2.98
-----------------------------	-------------

Corporate Credit Ratings: S&P B, Moodys B2

* As defined in the Credit Agreement

First Quarter Results

KAR Q1 2021 Highlights*



(\$ in millions, except per share amounts)

KAR	Q1 2021	Q1 2020
Total operating revenues	\$581.6	\$645.5
Gross profit**	\$251.2	\$250.9
<i>% of revenue**</i>	43.2%	38.9%
SG&A	\$149.0	\$162.4
Other income, net	\$50.2	\$2.0
EBITDA	\$152.2	\$89.7
Adjusted EBITDA	\$123.2	\$88.6
Net income	\$50.9	\$2.8
Net income per share – diluted	\$0.25	\$0.02
Weighted average diluted shares	129.7	130.0
Operating adjusted net income per share – diluted	\$0.45	\$0.09
Weighted average diluted shares – including assumed conversion of preferred shares	162.4	130.0
Dividends declared per common share	\$--	\$0.19
Effective tax rate	31.7%	41.7%
Capital expenditures	\$14.5	\$29.6

* 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 three months ended March 31, 2021.

** Exclusive of depreciation and amortization

ADESA Q1 2021 Highlights*



(\$ in millions, except RPU)

ADESA	Q1 2021	Q1 2020
Auction fees	\$235.5	\$255.3
Service revenue	\$187.6	\$236.2
Purchased vehicle sales	\$92.7	\$75.5
Total ADESA Revenue	\$515.8	\$567.0
Gross profit**	\$198.9	\$196.3
<i>% of revenue, excluding purchased vehicles**</i>	47.0%	39.9%
SG&A	\$140.2	\$152.4
Other income, net	\$5.9	\$1.9
EBITDA	\$64.4	\$45.1
Adjusted EBITDA	\$85.9	\$54.6
<i>% of revenue</i>	16.7%	9.6%
On-premise vehicles sold	349,000	468,000
Off-premise vehicles sold	404,000	394,000
Total vehicles sold	753,000	862,000
Auction fees per vehicle sold	\$313	\$296
Gross profit per vehicle sold**	\$264	\$228
Dealer consignment mix	33%	26%
Commercial mix	67%	74%

* 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 three months ended March 31, 2021.

** Exclusive of depreciation and amortization

AFC Q1 2021 Highlights*



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

AFC	Q1 2021	Q1 2020
Interest and fee income	\$68.6	\$83.8
Other revenue	\$2.0	\$2.7
Provision for credit losses	(\$4.8)	(\$16.9)
Warranty contract revenue	\$--	\$8.9
Total AFC revenue	\$65.8	\$78.5
Gross profit**	\$52.3	\$54.6
% of revenue**	79.5%	69.6%
SG&A	\$8.8	\$10.0
Other income, net	\$44.3	\$0.1
EBITDA	\$87.8	\$44.6
Adjusted EBITDA	\$37.3	\$34.0
Loan transactions	372,000	448,000
Revenue per loan transaction***	\$177	\$155
Provision for credit losses % of finance receivables	1.0%	3.3%
Managed receivables	\$1,984.4	\$1,954.8
Obligations collateralized by finance receivables	\$1,239.1	\$1,349.9

* 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 three months ended March 31, 2021.

** Exclusive of depreciation and amortization

*** Excludes Warranty contract revenue

HISTORICAL DATA

ADESA Revenue

	1Q21	2020	4Q20	3Q20	2Q20	1Q20	2019	4Q19	3Q19	2Q19
Auction Fees	\$235.5	\$887.7	\$207.0	\$247.6	\$177.8	\$255.3	\$1,115.3	\$261.0	\$276.0	\$294.5
Service Revenue	\$187.6	\$737.4	\$173.5	\$192.9	\$134.8	\$236.2	\$1,018.2	\$243.0	\$258.5	\$258.6
Purchased Vehicle Sales	\$92.7	\$295.0	\$83.7	\$86.2	\$49.6	\$75.5	\$295.5	\$79.3	\$79.1	\$79.3
Total ADESA Revenue	\$515.8	\$1,920.1	\$464.2	\$526.7	\$362.2	\$567.0	\$2,429.0	\$583.3	\$613.6	\$632.4
Gross Profit	\$198.9	\$714.4	\$155.8	\$217.3	\$145.0	\$196.3	\$908.3	\$212.4	\$227.4	\$239.5
Gross Profit %	38.6%	37.2%	33.6%	41.3%	40.0%	34.6%	37.4%	36.4%	37.1%	37.9%
Gross Profit %, Net of Purchased Vehicle Sales	47.0%	44.0%	40.9%	49.3%	46.4%	39.9%	42.6%	42.1%	42.5%	43.3%

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

ADESA Metrics - Quarter

	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19
Revenue ¹	\$515.8	\$464.2	\$526.7	\$362.2	\$567.0	\$583.3	\$613.6	\$632.4
On-premise vehicles sold	349	328	403	312	468	502	527	553
Off-premise vehicles sold	404	353	468	336	394	385	431	441
Total vehicles sold	753	681	871	648	862	887	958	994
Auction fees per vehicle sold	\$313	\$304	\$284	\$274	\$296	\$294	\$288	\$296
Gross profit per vehicle sold	\$264	\$229	\$249	\$224	\$228	\$239	\$237	\$241
Gross profit percentage ¹	38.6%	33.6%	41.3%	40.0%	34.6%	36.4%	37.1%	37.9%
Gross profit percentage, excluding purchased vehicles	47.0%	40.9%	49.3%	46.4%	39.9%	42.1%	42.5%	43.3%
Dealer consignment mix	33%	31%	26%	21%	26%	28%	30%	28%
Commercial mix	67%	69%	74%	79%	74%	72%	70%	72%

¹ Includes purchased vehicle sales

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

	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19
Revenue	\$65.8	\$65.4	\$66.9	\$56.8	\$78.5	\$88.0	\$88.3	\$86.7
Loan Transaction Units (LTU)	372	327	324	420	448	443	442	437
Revenue per Loan Transaction, Excluding "Warranty Contract Revenue"	\$177	\$186	\$179	\$115	\$155	\$178	\$180	\$178
Ending Managed Finance Receivables	\$1,984.4	\$1,911.0	\$1,744.8	\$1,548.3	\$1,954.8	\$2,115.2	\$2,110.4	\$2,070.1
Ending Obligations Collateralized by Finance Receivables	\$1,239.1	\$1,261.2	\$1,101.0	\$735.9	\$1,349.9	\$1,461.2	\$1,428.4	\$1,422.3

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%

AFC Provision for Credit Losses - Quarterly

	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19
Ending Managed Receivables	\$1,984.4	\$1,911.0	\$1,744.8	\$1,548.3	\$1,954.8	\$2,115.2	\$2,110.4	\$2,070.1
Average Managed Receivables	\$1,947.7	\$1,827.9	\$1,646.6	\$1,751.6	\$2,035.0	\$2,112.8	\$2,090.3	\$2,029.6
Provision for Credit Losses	\$4.8	\$2.7	\$--	\$19.0	\$16.9	\$9.8	\$8.9	\$8.4
% of Managed Receivables	1.0%	0.6%	0.0%	4.3%	3.3%	1.9%	1.7%	1.7%

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.

Q1 2021 Adjusted EBITDA Reconciliation

(\$ in millions)

Three Months ended March 31, 2021

	ADESA	AFC	Consolidated
Net income (loss)	(\$5.8)	\$56.7	\$50.9
Add back:			
Income taxes	4.1	19.5	23.6
Interest expense, net of interest income	21.4	9.3	30.7
Depreciation and amortization	44.6	2.4	47.0
Intercompany interest	0.1	(0.1)	-
EBITDA	\$64.4	\$87.8	\$152.2
Non-cash stock-based compensation	4.9	0.7	5.6
Acquisition related costs	1.5	-	1.5
Securitization interest	-	(6.8)	(6.8)
(Gain)/Loss on asset sales	1.0	(0.8)	0.2
Severance	0.5	0.2	0.7
Foreign currency (gains)/losses	2.2	-	2.2
Contingent consideration adjustment	11.2	-	11.2
Unrealized gains on investment securities	-	(43.5)	(43.5)
Other	0.2	(0.3)	(0.1)
Total Addbacks/(Deductions)	21.5	(50.5)	(29.0)
Adjusted EBITDA	\$85.9	\$37.3	\$123.2
Revenue	\$515.8	\$65.8	\$581.6
Adjusted EBITDA % margin	16.7%	56.7%	21.2%

Q1 2020 Adjusted EBITDA Reconciliation

(\$ in millions)

Three Months ended March 31, 2020

	ADESA	AFC	Consolidated
Net income (loss)	(\$18.6)	\$21.4	\$2.8
Add back:			
Income taxes	(5.2)	7.2	2.0
Interest expense, net of interest income	23.7	13.5	37.2
Depreciation and amortization	44.4	3.3	47.7
Intercompany interest	0.8	(0.8)	-
EBITDA	\$45.1	\$44.6	\$89.7
Non-cash stock-based compensation	4.6	0.7	5.3
Acquisition related costs	1.4	-	1.4
Securitization interest	-	(11.4)	(11.4)
Loss on asset sales	0.5	-	0.5
Severance	1.8	-	1.8
Foreign currency (gains)/losses	0.4	-	0.4
Other	0.8	0.1	0.9
Total Addbacks/(Deductions)	9.5	(10.6)	(1.1)
Adjusted EBITDA	\$54.6	\$34.0	\$88.6
Revenue	\$567.0	\$78.5	\$645.5
Adjusted EBITDA % margin	9.6%	43.3%	13.7%

Operating Adjusted Net Income per Share Reconciliation

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

	Three Months ended March 31,	
	2021	2020
Net income ⁽¹⁾	\$50.9	\$2.8
Acquired amortization expense	15.6	14.3
Contingent consideration adjustment	11.2	-
Income taxes ⁽²⁾	(4.9)	(6.0)
Operating adjusted net income	\$72.8	\$11.1
Operating adjusted net income per share – diluted	\$0.45	\$0.09
Weighted average diluted shares	162.4	130.0

(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 because this item is not deductible for income tax purposes.