

LKQ Corporation Announces Results for Second Quarter 2026

July 30, 2026

Antioch, TENN -- LKQ Corporation (Nasdaq: LKQ) today reported second quarter 2026 financial results and provided an updated outlook for 2026.

"Our second-quarter performance reflected solid execution across our North America and Specialty segments. North America returned to positive organic growth for the first time in nine quarters, driven by record alternative-parts utilization of over 40%, moderating insurance premiums that were negative in May and June, and continued sequential improvement in repairable claims. Specialty also delivered growth despite a challenging end-market environment and continued macro-economic pressure on consumers. Europe fell short of expectations, with results affected by the ERP implementation in Germany. Outside of the ERP impact, the team delivered substantial cost reductions that largely offset the lower volumes we witnessed in the UK and Benelux regions. Overall, the fundamentals of our business are improving, and as market conditions continue to recover, we expect those operational gains to translate into stronger financial performance and profitability in the quarters ahead," commented Justin Jude, President and Chief Executive Officer.

Second Quarter 2026 Financial and Operating Results

Revenue for the second quarter of 2026 was \$3.4 billion, a decrease of 3.0% compared to \$3.5 billion for the second quarter of 2025. Total parts and services revenue decreased 3.6%, which included a 5.1% decrease in parts and services organic revenue, a 1.0% increase from foreign exchange rates year over year, and the net impact of acquisitions and divestitures, which increased revenue by 0.5%.

Net income² was \$134 million compared to \$185 million for the same period of 2025. Diluted earnings per share² was \$0.52 compared to \$0.72 for the same period of 2025.

On an adjusted basis, net income^{1,2} was \$170 million compared to \$218 million for the same period of 2025. Adjusted diluted earnings per share^{1,2} was \$0.67 compared to \$0.84 for the same period of 2025.

Strategic initiatives

In December 2025, the Company announced that it had commenced a process to explore a potential sale of its Specialty segment, and in January 2026, the Company announced that its Board of Directors had initiated a

comprehensive review of strategic alternatives, including a sale of the Company, to enhance shareholder value. Our Specialty segment is currently being evaluated as part of the broader strategic review process initiated in January.

The strategic review process remains active, and the Company continues to engage with multiple parties. The review has no deadline or definitive timetable and there can be no assurance the review will result in any transaction or other strategic outcome. The Company will provide updates on the process as appropriate.

Cash Flow and Balance Sheet

Cash flow from operations³ and free cash flow^{1,3} were \$111 million and \$60 million, respectively, for the second quarter of 2026. Cash flow from operations³ and free cash flow^{1,3} were \$55 million and negative \$36 million, respectively, for the six months ended June 30, 2026. As of June 30, 2026, the balance sheet reflected total debt of \$4.0 billion and total leverage, as defined in our credit facility, was 2.8x EBITDA.

Returning Capital to Shareholders

During the second quarter of 2026, the Company invested \$52 million to repurchase 1.9 million shares of its common stock and distributed \$77 million in cash dividends. For the six months ended June 30, 2026, the Company returned \$207 million to its shareholders by investing \$53 million to repurchase 1.9 million shares of its common stock and distributing \$154 million in cash dividends. Since initiating the stock repurchase program in late October 2018, the Company has repurchased approximately 71 million shares of its common stock for a total of \$3.0 billion through June 30, 2026. An aggregate balance of \$1.5 billion remains for potential additional stock repurchases through October 25, 2026. On July 28, 2026, the Board of Directors declared a quarterly cash dividend of \$0.30 per share of common stock, payable on September 3, 2026, to stockholders of record at the close of business on August 20, 2026.

2026 Outlook

"Second-quarter results reflected improving trends in North America and resilient demand in Specialty, offset by a slower-than-expected recovery following the ERP implementation in Germany. North America remains on track against its full-year plan, and Specialty's revenue performance has been consistent with our expectations. Our revised outlook reflects a more measured pace of recovery in Europe, while we maintain a disciplined focus on cost management, cash generation and capital allocation. The actions underway in Europe are focused on restoring service levels, aligning the cost structure with current demand and translating operational improvement into

stronger financial performance," stated Rick Galloway, Senior Vice President and Chief Financial Officer.

For 2026, management updated the outlook as set forth below:

	2026 Full Year Outlook	2026 Updated Full Year Outlook
Organic revenue growth for parts and services	(0.5%) to 1.5%	(3.0%) to (1.0%)
Diluted EPS²	\$2.16 to \$2.46	\$1.78 to \$2.08
Adjusted diluted EPS^{1,2}	\$2.90 to \$3.20	\$2.60 to \$2.90
Operating cash flow	\$900 to \$1,100 million	\$825 to \$1,025 million
Free cash flow¹	\$700 to \$850 million	\$625 to \$775 million

Our outlook for the full year 2026 is based on current conditions, recent trends and our expectations. Outlook includes estimated impacts from the U.S. and retaliatory tariffs in effect as of July 1, 2026 and assumes a global effective tax rate of 26.8% and foreign currency exchange rates near recent average levels, including \$1.17, \$1.35 and \$0.72 for the euro, pound sterling and Canadian dollar, respectively, for the balance of the year. Changes in these conditions may impact our ability to achieve the estimates. Adjusted figures exclude (to the extent applicable) the impact of restructuring and transaction related expenses; amortization expense related to acquired intangibles; excess tax benefits and deficiencies from stock-based payments; losses on debt extinguishment; impairment charges; and gains and losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities).

⁽¹⁾ Non-GAAP measure. See the table accompanying this release that reconciles the actual or forecasted U.S. GAAP measure to the actual or forecasted adjusted measure, which is non-GAAP.

⁽²⁾ References in this release to Net income and Diluted earnings per share, and the corresponding adjusted figures, reflect amounts from continuing operations attributable to LKQ stockholders.

⁽³⁾ Cash flow from operations and free cash flow include both continuing and discontinued operations.

Non-GAAP Financial Measures

This release contains (and management's presentation on the related investor conference call will refer to) non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Included with this release are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

About LKQ Corporation

LKQ Corporation (www.lkqcorp.com) is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ has operations in North America, Europe and Taiwan. LKQ offers its customers a broad range of OEM recycled and aftermarket parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles.

About LKQ Europe

LKQ Europe, a subsidiary of LKQ Corporation, headquartered in Zug, Switzerland, is the leading distributor of automotive aftermarket parts for cars, vans and industrial vehicles across 18+ European countries including the following regions: Benelux-France, Central Eastern Europe, DACH, Italy, Scandinavia, and the UK & Ireland.

With around 25,000 employees and 900+ branches, it supplies over 100,000 workshops through strong logistics, digital tools and training via LKQ Academy, while expanding circular economy capabilities via REMAN, Salvage, LKQ SYNETIQ, LKQ Electriq, and ACtronics to advance sustainable, repair-first mobility.

Forward Looking Statements

Statements and information in this press release and on the related conference call, including our outlook for 2026, as well as remarks by the Chief Executive Officer and other members of management, that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the “safe harbor” provisions of such Act.

Forward-looking statements include, but are not limited to, statements regarding our outlook, expectations, beliefs, hopes, intentions and strategies. These statements are subject to a number of risks, uncertainties, assumptions and other factors including those identified below. All forward-looking statements are based on information available to us at the time the statements are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks, uncertainties, assumptions and other factors that could cause actual events or results to differ from the events or results predicted or implied by our forward-looking statements include the factors set forth below, and other factors discussed in our filings with the SEC, including those disclosed under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2025 and in our subsequent Quarterly Reports on Form 10-Q. These reports are available at the Investor Relations section on our website (www.lkqcorp.com) and on the SEC's website (www.sec.gov).

These factors include the following (not necessarily in order of importance):

- our operating results and financial condition have been and could continue to be adversely affected by the economic, political and social conditions in North America, Europe, Taiwan and other countries, as well as the economic health of vehicle owners and numbers and types of vehicles sold;
- we face competition from local, national, international, and internet-based vehicle products providers, and this competition could negatively affect our business;
- we rely upon insurance companies and our customers to promote the usage of alternative parts;
- intellectual property claims relating to aftermarket products could adversely affect our business;
- if the number of vehicles involved in accidents or being repaired declines, or the mix of the types of vehicles in the overall vehicle population changes, our business could suffer;
- fluctuations in the prices of commodities could adversely affect our financial results;

- an adverse change in our relationships with our suppliers, disruption to our supply of inventory, or the misconduct, performance failures or negligence of our third party vendors or service providers could increase our expenses, impede our ability to serve our customers, or expose us to liability;
- future public health emergencies could have a material adverse impact on our business, results of operations, financial condition and liquidity, the nature and extent of which is highly uncertain;
- if we determine that our goodwill or other intangible assets have become impaired, we may incur significant charges to our pretax income;
- we could be subject to product liability claims and involved in product recalls;
- we may not be able to successfully acquire businesses or integrate acquisitions, and we may not be able to successfully divest certain businesses;
- we have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business;
- our senior notes do not impose any limitations on our ability to incur additional debt or protect against certain other types of transactions, and we may incur certain additional indebtedness under our credit agreement and CAD Note;
- each of our credit agreement and CAD Note imposes operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities;
- we may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- our future capital needs may require that we seek to refinance our debt or obtain additional debt or equity financing, events that could have a negative effect on our business;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly;
- repayment of our indebtedness is dependent on cash flow generated by our subsidiaries;
- a downgrade in our credit rating would impact us;
- the amount and frequency of our share repurchases and dividend payments may fluctuate;
- existing or new laws and regulations, or changes to enforcement or interpretation of existing laws or regulations, may prohibit, restrict or burden the sale of aftermarket, recycled, refurbished or remanufactured products;
- we are subject to environmental regulations and incur costs relating to environmental matters;
- if we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our company and as a

result may have a material adverse effect on the value of our common stock;

- we may be adversely affected by legal, regulatory or market responses to global climate change;
- our amended and restated bylaws provide that the courts in the State of Delaware are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees;
- our effective tax rate could materially increase as a consequence of various factors, including U.S. and/or international tax legislation, applicable interpretations and administrative guidance, our mix of earnings by jurisdiction, and U.S. and foreign jurisdictional audits;
- if significant tariffs or other restrictions are placed on products or materials we import or any related counter-measures are taken by countries to which we export products, our revenue and results of operations may be materially harmed;
- governmental agencies may refuse to grant or renew our operating licenses and permits;
- the costs of complying with the requirements of laws pertaining to data privacy and cybersecurity of personal information and the potential liability associated with the failure to comply with such laws could materially adversely affect our business and results of operations;
- our employees are important to successfully manage our business and achieve our objectives;
- we operate in foreign jurisdictions, which exposes us to foreign exchange and other risks;
- our business may be adversely affected by union activities and labor and employment laws;
- we rely on information technology and communication systems in critical areas of our operations and a disruption relating to such technology and systems, including cybersecurity threats, could harm our business;
- business interruptions in our distribution centers or other facilities may affect our operations, the function of our computer systems, and/or the availability and distribution of merchandise, which may affect our business;
- if we experience problems with our fleet of trucks and other vehicles, our business could be harmed;
- we may lose the right to operate at key locations;
- activist investors could cause us to incur substantial costs, divert management's attention, and have an adverse effect on our business; and
- we cannot assure you that our previously announced review of strategic alternatives will result in any transaction being consummated or any particular outcome being achieved, and speculation and uncertainty regarding the outcome of this review may adversely impact our business.

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