

Investor Presentation

June 2019

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Today's Speakers



John Kett
Chief Executive Officer and President, IAA

- CEO and President of IAA since 2014
- Previously served as CFO and Senior Vice President of Planning and Business Development
- Prior to IAA, served in a variety of senior financial and operational roles for Central Steel and Wire Co., Safelite Glass Corporation (formerly Vistar, Inc.), Newark Electronics and Deloitte



Vance Johnston
Chief Financial Officer, IAA

- CFO of IAA since 2019
- Prior to IAA, served as Executive Vice President, CFO and Treasurer of SP Plus Corporation from 2014 to 2019
- Also served as CFO and Senior Vice President of Furniture Brands International, Inc. and held various positions at Royal Caribbean International, OfficeMax and Burger King

Spin-Off Update

Progress Update	<ul style="list-style-type: none">• Private letter rulings received in the U.S. and Canada• Required agreements progressing or in place• Readiness plans in place	Key Milestones
Team	<ul style="list-style-type: none">• Board of Directors confirmed• Executive Leadership in place	Notify NYSE of Record Date: June 4
Capital Structure	<ul style="list-style-type: none">• IAA capital structure consisting of \$800mm Term Loan B, \$500mm Senior Notes and \$225mm Revolving Credit Facility, with the majority of net proceeds from this offering expected to be transferred to KAR in connection with the spin-off• Total net leverage is expected to be ~3.2x on a pro forma basis	Declaration Date: June 5
		Sell-Side Analyst Day: June 5
		IAA Roadshow: Week of June 10 / June 17
		Record Date: June 18
		When Issued Trading: June 17 – June 27
		Distribution Date: June 28
		Ex-Distribution Date: June 28



Key Investment Highlights



- ✓ **Leading omnichannel marketplace for total loss, damaged and low-value vehicles with industry-leading technology and data analytics capabilities**
- ✓ **Profitable and growing salvage vehicle market with attractive tailwinds (increasing miles driven, increasing age of vehicles, growing vehicle complexity, rising repair costs)**
- ✓ **Strong and consistent revenue growth, profitability and cash flow generation with supportive market fundamentals**
- ✓ **Asset-light business model supported by IAA's vehicle consignment model and high accounts receivable turnover**
- ✓ **Consolidated industry with significant barriers to entry**
- ✓ **Resiliency through economic cycles**
- ✓ **Highly experienced executive leadership team and a deep bench with extensive industry expertise**





Company and Industry Overview



Highly Experienced Leadership Team

Executive Officers



John Kett
CEO and President
34+ years of experience
17 years with IAA



Vance Johnston
CFO
27+ years of experience
Joined in 2019



Tim O'Day
President of U.S. Operations
30+ years of experience
5 years with IAA



Sidney Peryar
CLO
20+ years of experience
18 years with IAA



Maju Abraham
CIO
20+ years of experience
15 years with IAA

Highly experienced leadership team with extensive industry expertise



Key Operations Management

Key Operations Management



Eldon Booth
U.S. Operations



Terry Daniels
International Operations



Bill Davidson
Human Resources



John Krupnik
Technology



Justin Mahlik
Digital Products and Data



Steve Muscarello
Chief Commercial Officer, U.S.



Jeanene O'Brien
Global Marketing

Deep bench of key operators



Board of Directors

Board of Directors



John P. Larson
CEO, Bestop
Chairman of the Board



Brian Bales
Chief Development Officer,
Republic Services
Independent Director



Bill Breslin
CEO, Wenonah Consulting
Independent Director



Sue Gove
President, Excelsior Advisors
Independent Director



Lynn Jolliffe
CEO, Jolliffe Solutions
Independent Director



Peter Kamin
Founder and Managing
Partner, 3K Limited
Partnership
Independent Director



Olaf Kastner
Retired (Previously President
& CEO, BMW Group China)
Independent Director

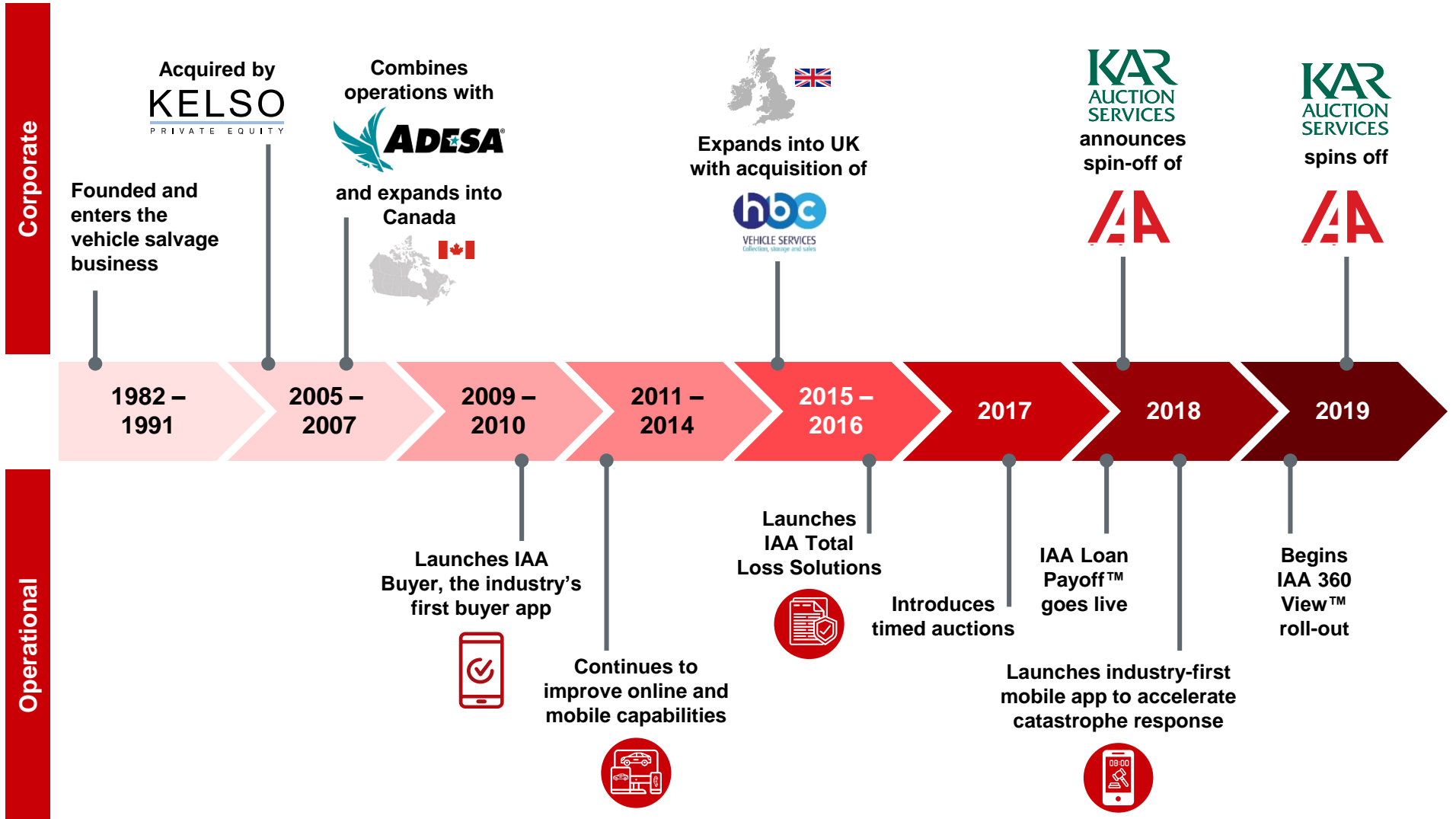


John Kett
CEO and President, IAA

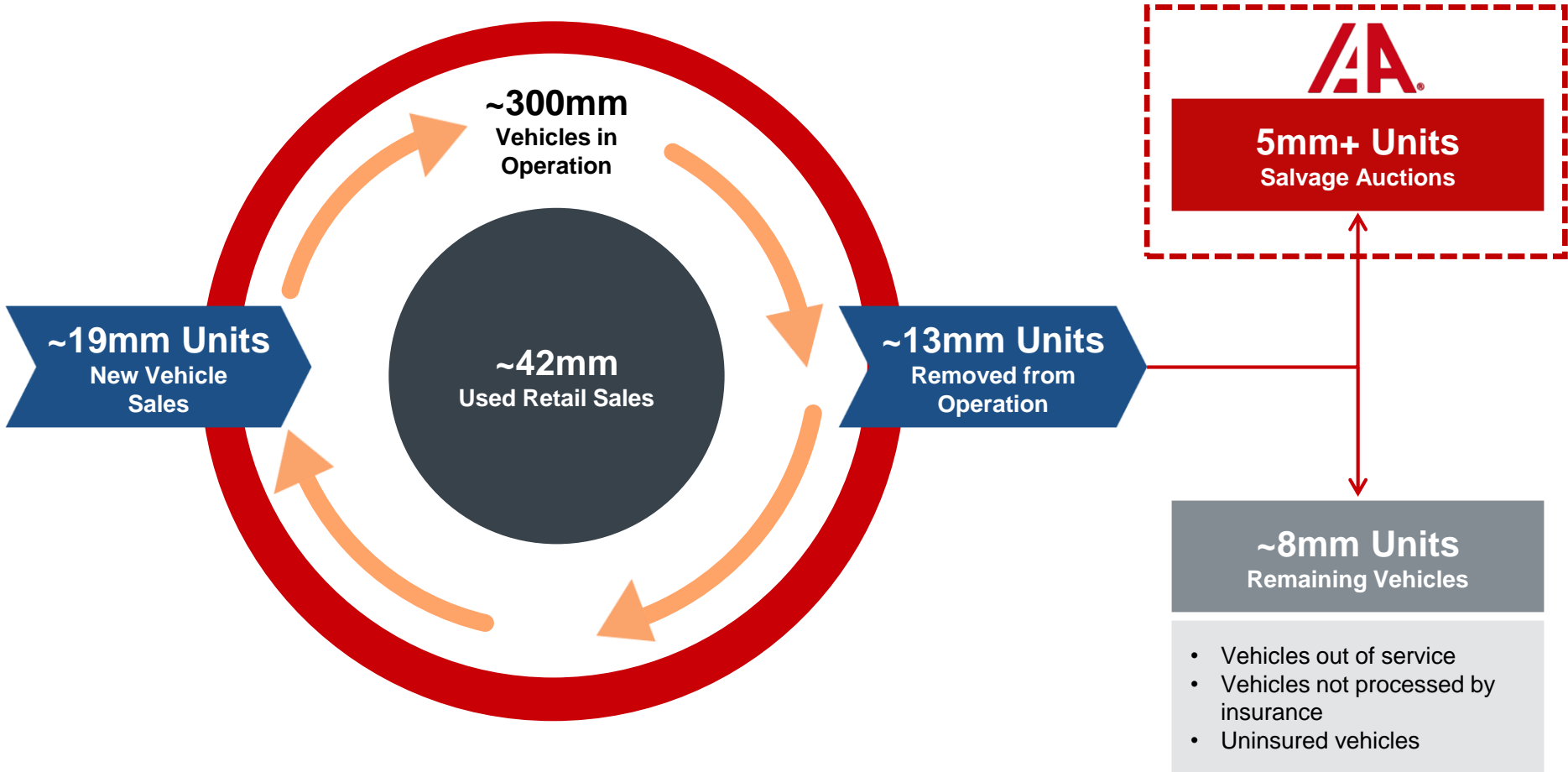
Accomplished Board of Directors with diverse backgrounds and areas of expertise



History and Key Events

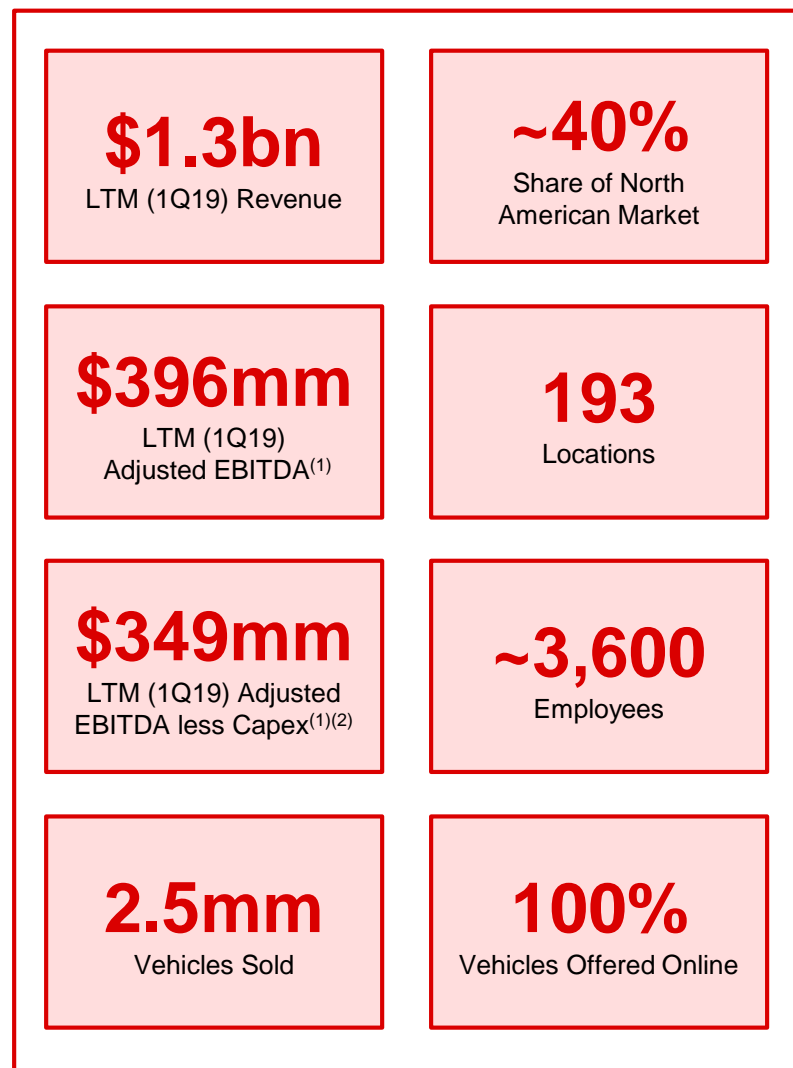


Large North American Addressable Market



Insurance Auto Auctions (“IAA”) Overview

Leading omnichannel marketplace for total loss, damaged and low-value vehicles



Omnichannel Auctions

Optimizes Buyer Convenience, Enhances Buyer Participation, Reduces Friction in the Process



Comprehensive, End-to-End Solutions

Creates Deeply Embedded Customer Relationships



Advanced Technology and Data Analytics Capabilities

Enhances Customer Retention and Adoption



Consignment Model

Reduces Working Capital Requirements Via an Asset-Light Business Model

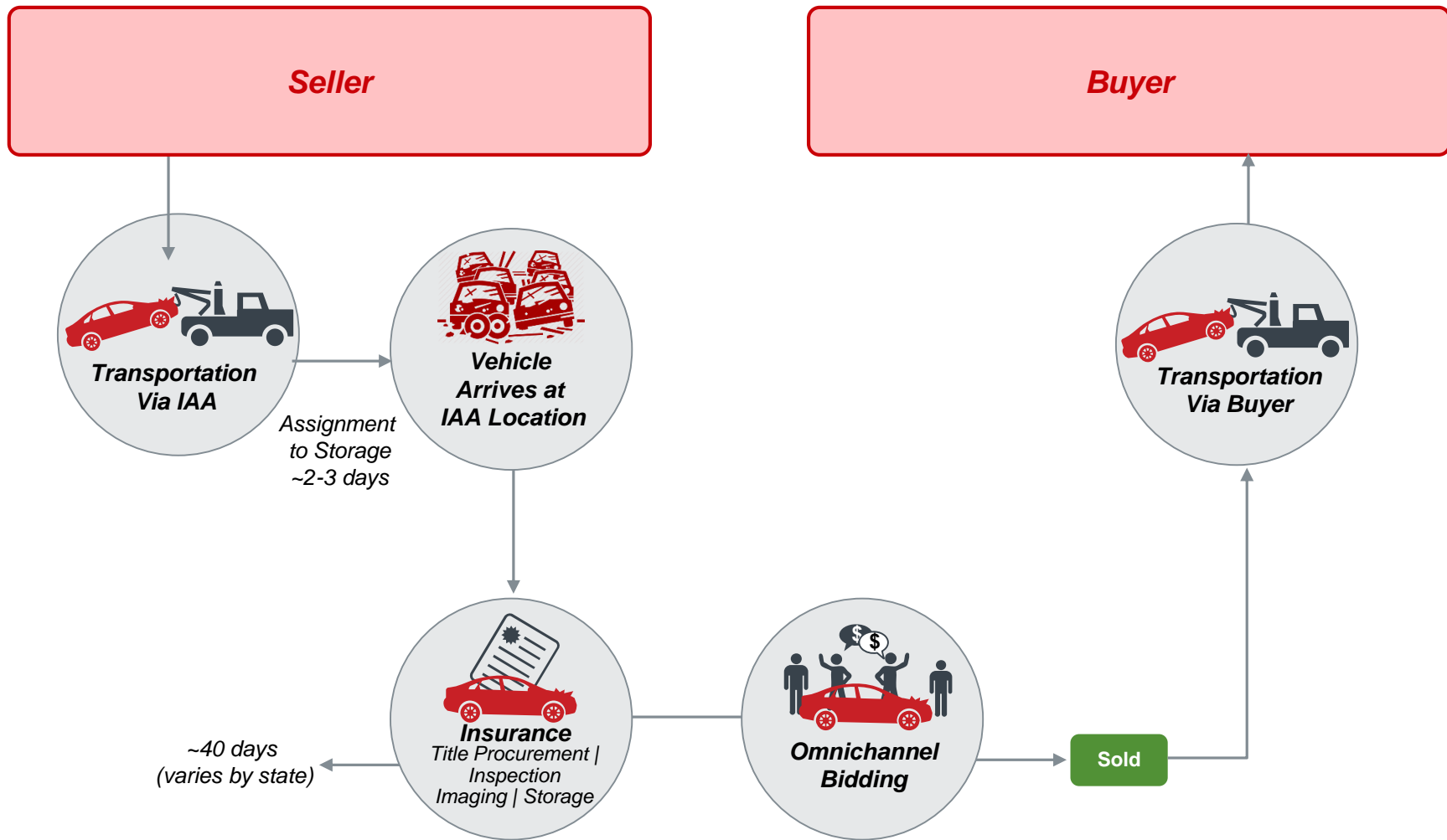


Extensive Seller Base and Global Buyer Base

Supports “Many-to-Many” Network Effects

1. Please reference page 32 for a notice regarding Non-GAAP financial measures.
2. Excludes \$25.5mm for the purchase of IAA property in Florida for use during catastrophic events.

Overview of the Auction Process



Entire process takes 45-90 days



Diversified Customer Base With Longstanding Relationships

Sellers



Significant large insurance seller base with a diverse set of non-insurance sellers, including charitable organizations, dealer groups and rental car companies

Long-term business partnerships with 80 of the top 100 major U.S. insurers

Over 14,000 active sellers in 2018

Buyers



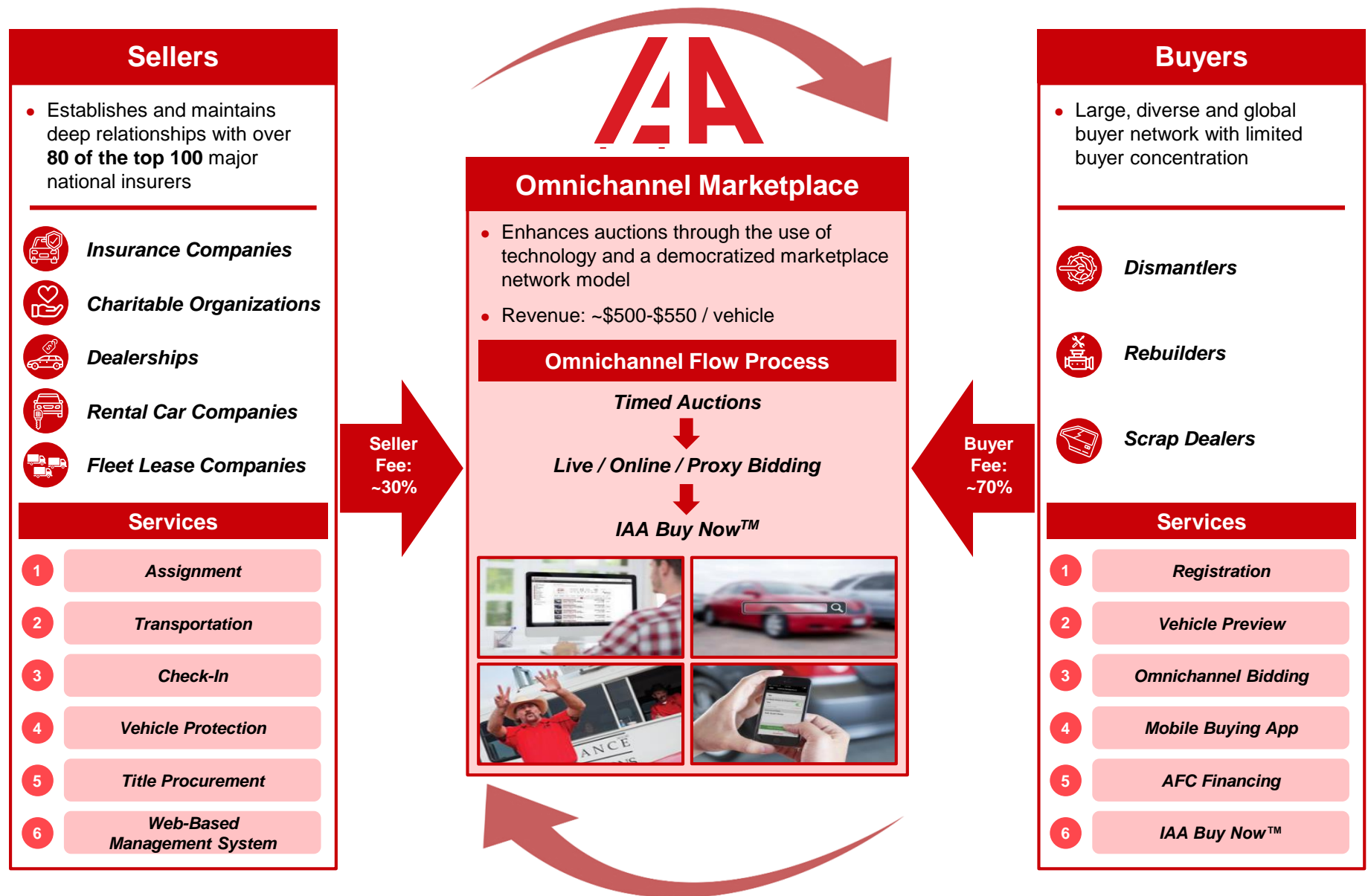
Large and diverse global buyer base of over 150,000 active buyers across more than 120 countries

Total active buyer growth of nearly 40% and active foreign buyer growth of over 50% from 2014 to 2018

Largest buyer accounts for ~3% of total revenue, while no other buyer accounts for more than 1.5% of total revenue



IAA's Omnichannel Marketplace



Comprehensive Suite of Solutions for Sellers and Buyers

Seller Solutions



IAA Loan Payoff™
Online portal between banks and insurance companies that expedites the total loss process



IAA Inspection Services®
Technology-based system for remote vehicle inspections and appraisals



IAA Title Services™
Full-service tools designed to expedite the laborious and time-consuming title-procurement process



Transportation & Towing
Inbound logistics administration with actual services typically provided by third-party carriers



Catastrophe Services
Centralized point of crisis management with storm pattern tracking and response teams



Vehicle Inspection Centers
Temporary storage and inspection facilities designed to minimize vehicle storage charges



BidFast®
Guaranteed bids to help insurance companies close challenging cases



CSAToday®
Inventory management tool to help with every step of the auction process



IAA Market Value™
IAA's historical auction data to estimate vehicle value

Buyer Solutions



IAA Run & Drive®
Buyers get to see and hear a vehicle in motion before bidding



I-Pay®
A fast, secure online payment option for IAA customers with a licensed business account



Vehicle Search
Robust search tools to help buyers find the vehicle parts they need



IAA Buy Now™
Allows buyers to purchase vehicles between auctions for a set price



IAA 360 View™
Provides an interactive, 360° video of a vehicle's interior and exterior



IAA Transport™
Convenient, cost-effective delivery solution for vehicles purchased at IAA



Comprehensive Coverage

Strong Presence and Scale Near Major Metro Areas

North America

Presence in Every U.S. State

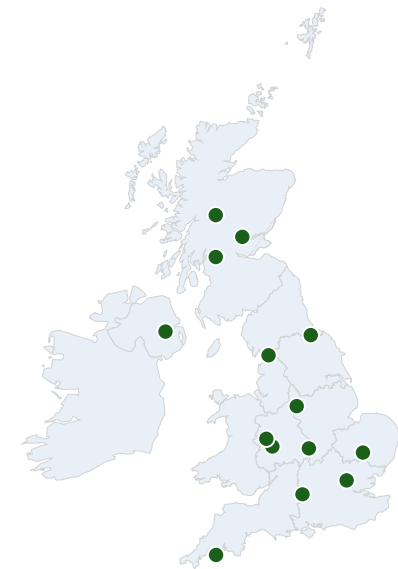
#1 Coverage in Canada



Estimated 40% Market Share and Co-Leader in North America

UK

Growing Footprint in the UK

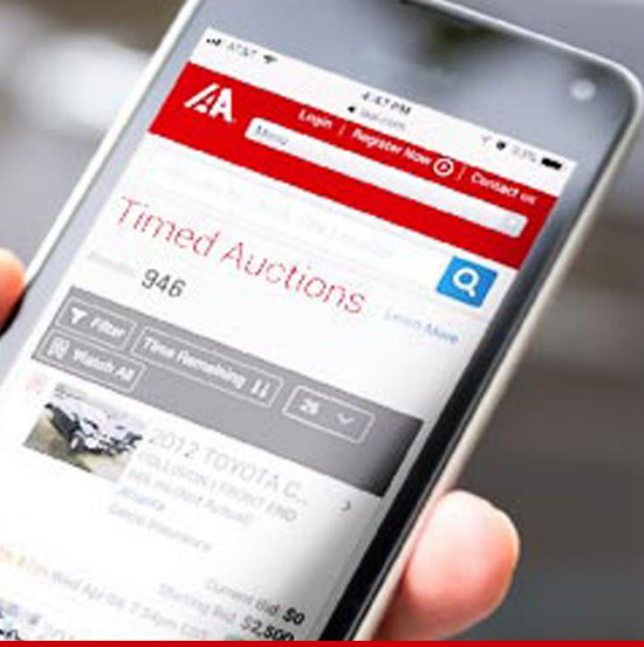


● U.S. Locations

● Canada Locations

● UK Locations








Strategic Plan





IAA Growth Strategy


- 

1 Enhance Existing Relationships and Expand Market Share
Grow share of wallet with large insurance carriers and increase penetration of smaller insurance carriers and non-insurance sellers
- 

2 Broaden Service Offering to Deepen Strategic Relationships
Add additional innovative services and capabilities to our leading end-to-end solutions
- 

3 Enhance International Buyer Network
Expand buyer base on the platform to yield better outcomes for sellers
- 

4 Expand Margins Through Cost Reductions, Operating Efficiencies and Ancillary Services
Deploy innovative processes and technology to shorten cycle time and reduce costs to improve operating margins
- 

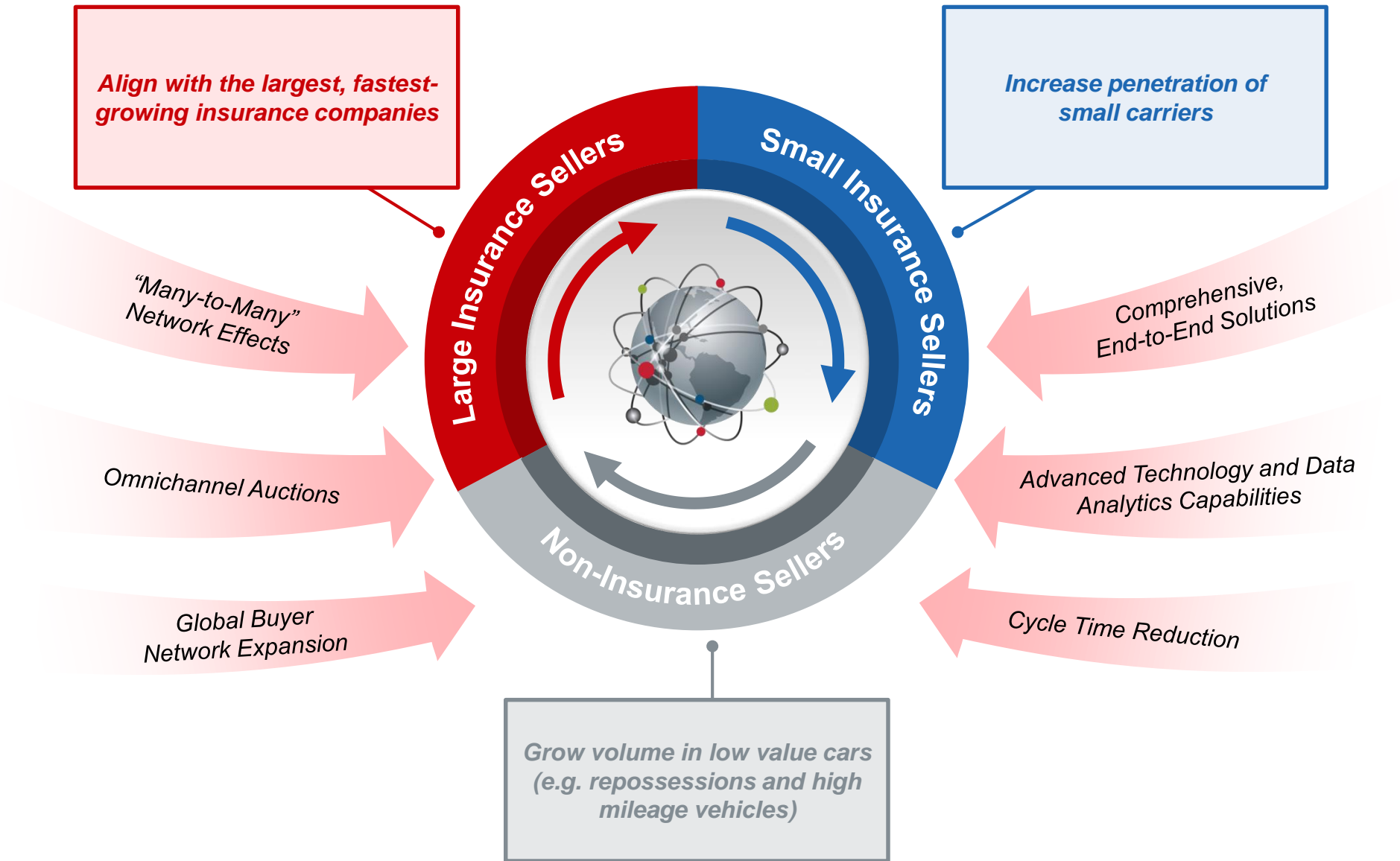
5 Continue to Innovate and Enhance Data Analytics Capabilities
Invest in developing new innovative solutions and capitalizing on data analytics expertise
- 

6 Expand Internationally in Attractive Markets
Continue to expand existing international presence and enter new strategically attractive geographic markets

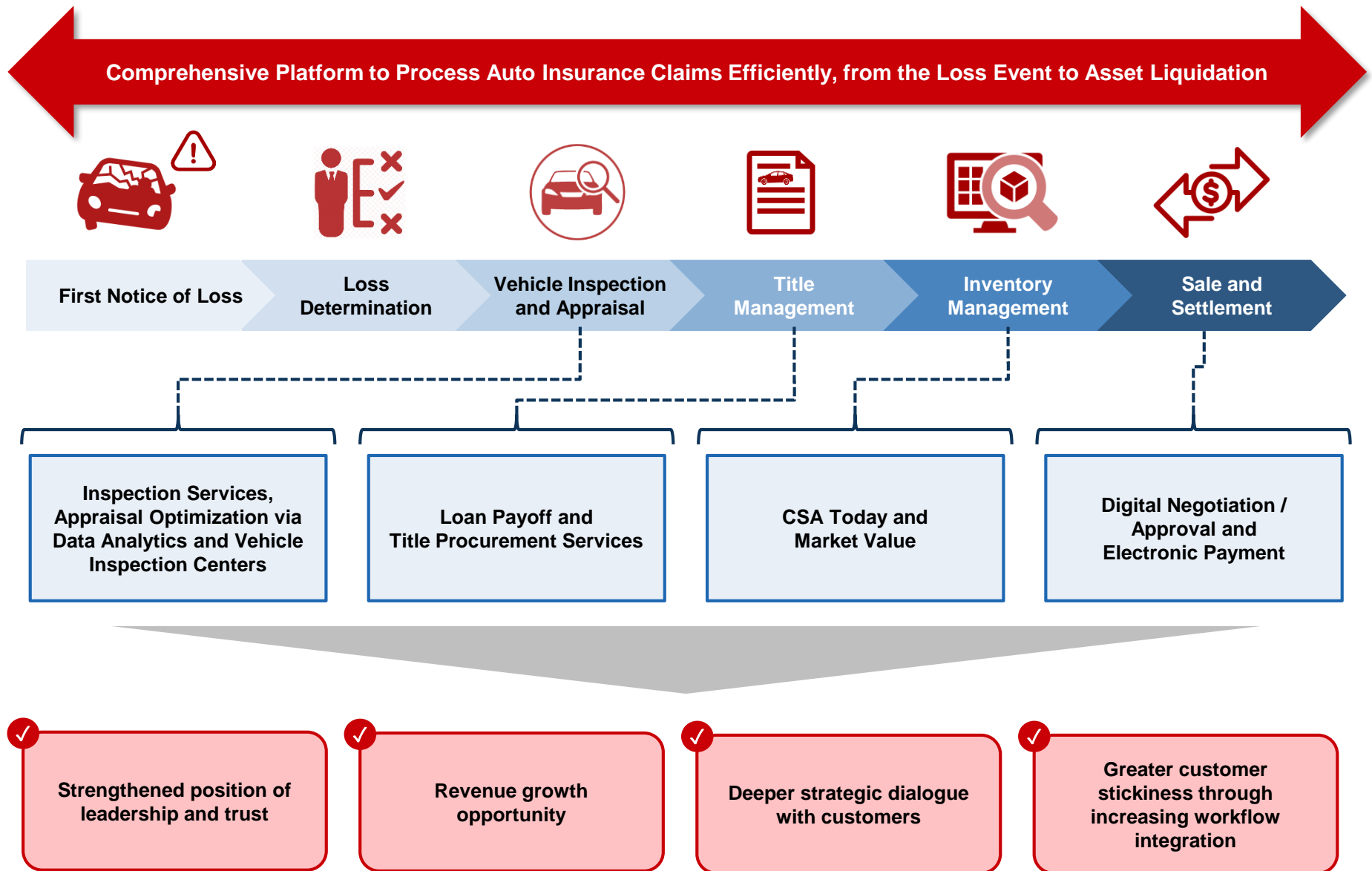
Employ Disciplined Capital Allocation Strategy

Drive long-term growth and deliver sustainable shareholder value

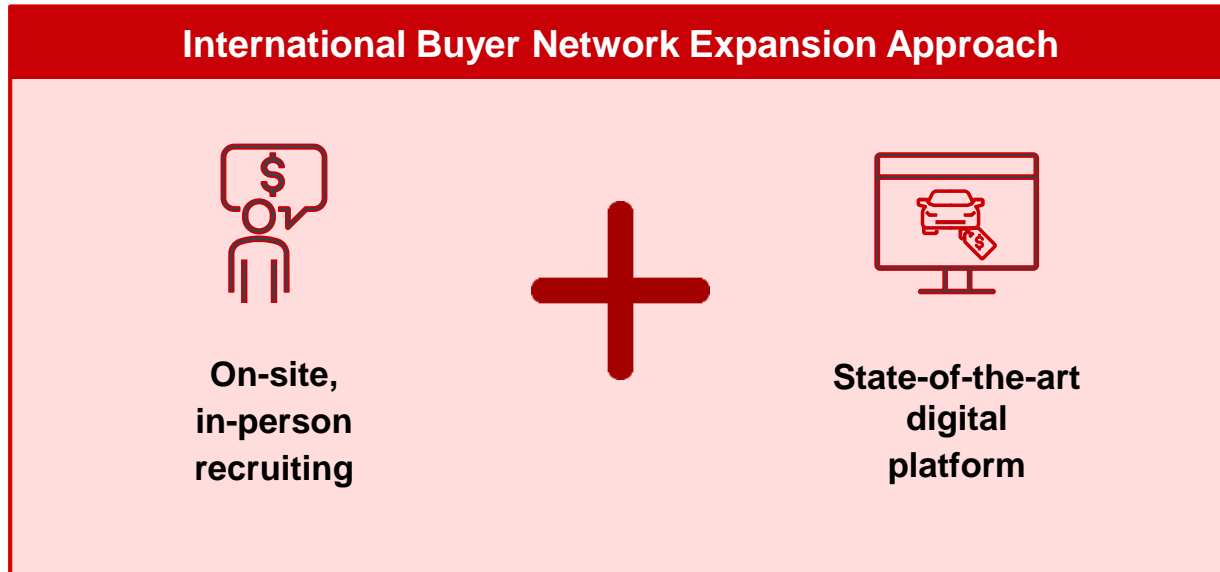
1 Enhance Existing Relationships and Expand Market Share



2 Broaden Service Offering to Deepen Strategic Relationships



3 Enhance International Buyer Network



~30%
of our 2018 U.S. volume
is exported

~50%
growth in the number of
international buyers in our
U.S. marketplace
(2014 to 2018)

Buyer Portal

Available in
6
Languages

Call Center

Supports
12
Languages

Expanding the base of international buyers brings more bidders to our platform and yields better outcomes for sellers in our marketplaces



4 Reduce Costs to Expand Margins

Branch Costs

- Auction and related costs
- Vehicle storage configuration and costs
- Process improvement
- Discipline on discretionary spend

Strategic Sourcing

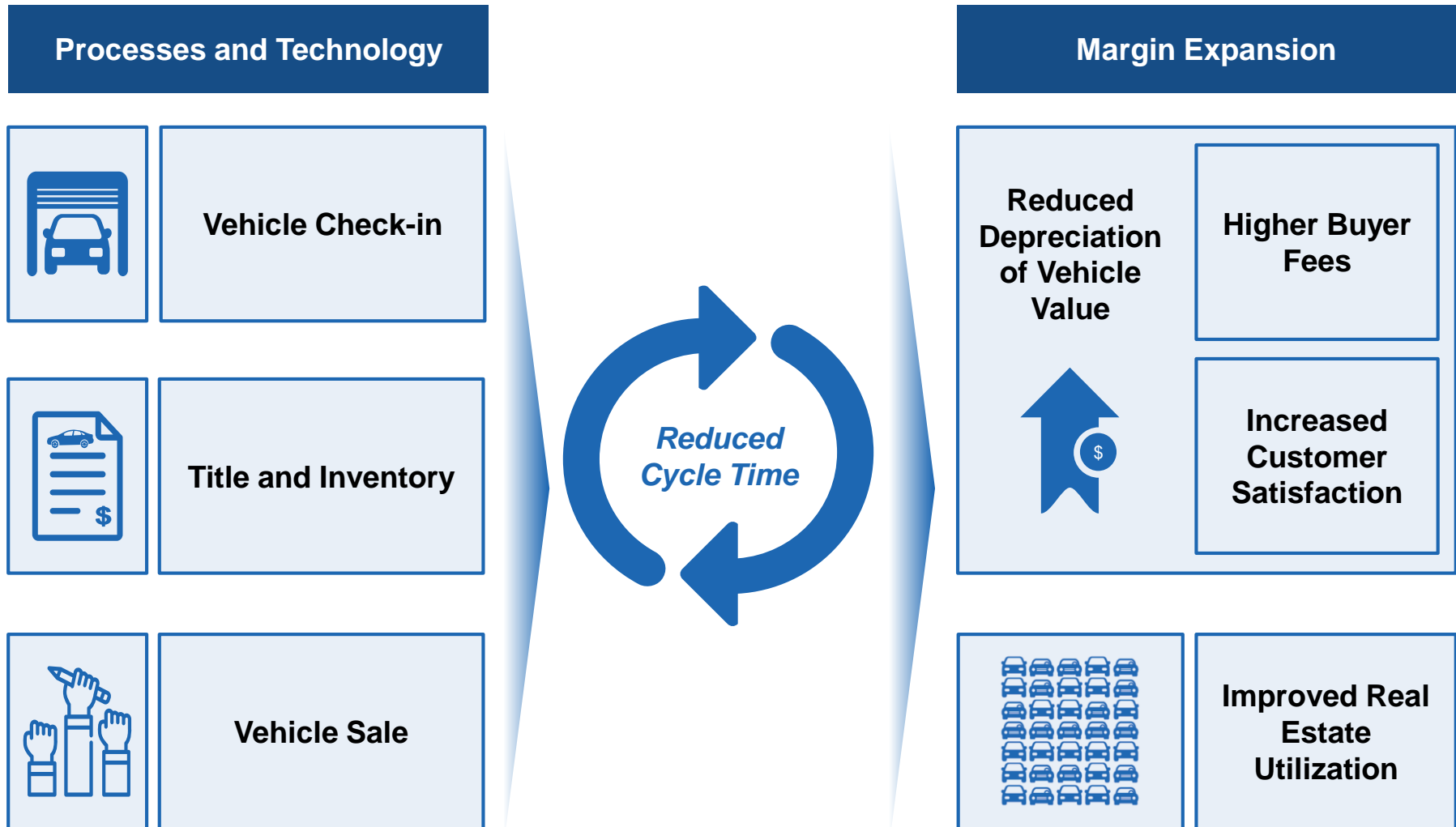
- Source key categories
- Reduce costs and obtain volume discounts
- Improve terms

Back Office G&A

- Optimize stand-alone public company costs
- Organizational alignment
- Discipline on discretionary spend



4 Drive Operating Efficiencies to Expand Margins



4 Grow Ancillary Services to Expand Margins

Seller Services / Solutions



**IAA Loan
Payoff™**



**Title
Procurement**



**IAA Inspection
Services®**

Buyer Services / Solutions



IAA 360° View™



IAA Transport

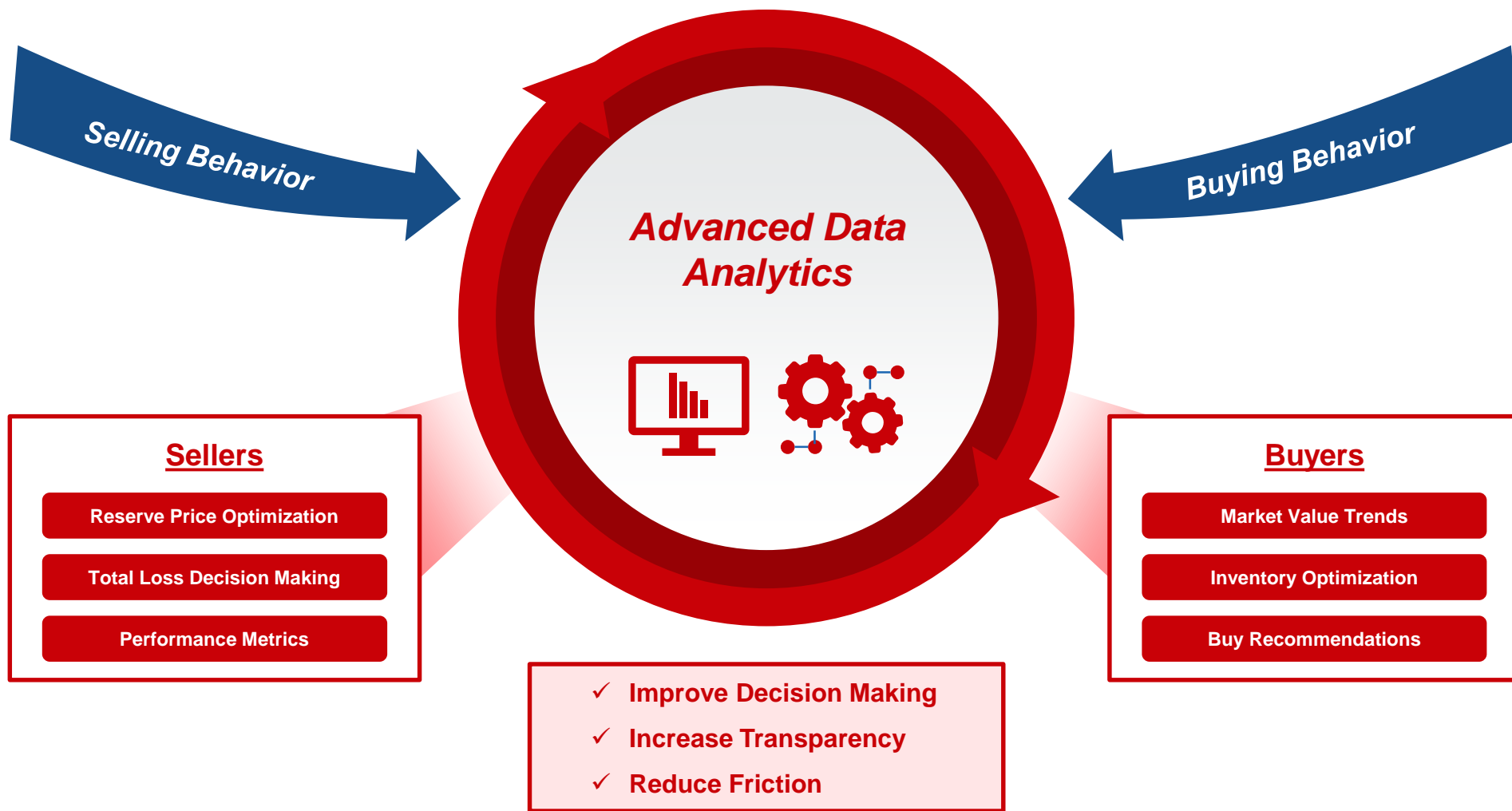


Data Services

Opportunity to monetize data in the future



5 Continue to Innovate and Enhance Data Analytics Capabilities



Our culture of innovation and leading data analytics capabilities continues to enhance economic benefits for both sellers and buyers

6 Expand Internationally in Attractive Markets



Identify opportunities to expand throughout the world

Focus on geographies with a mature used car marketplace, relatively stable economy and business friendly regulations

Leverage extensive international buyer base to facilitate global expansion

Adapt business models for different markets



Financial Overview



Organic Growth Driven by Supporting Fundamentals

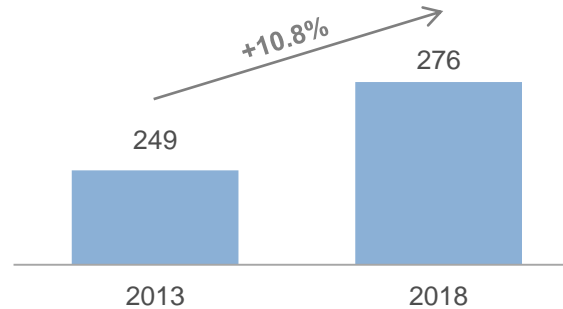
Key Drivers

- ✓ Supportive macroeconomic trends and low fuel prices as a catalyst for vehicle use
- ✓ Ride share and parcel delivery increasing

Growing U.S. Car Parc and Miles Driven Resulting in More Accidents

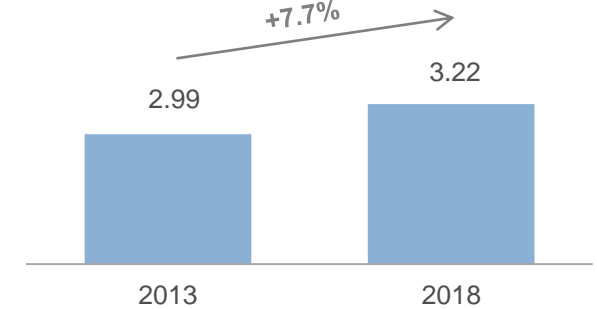
U.S. Light Vehicle Car Parc

(Vehicles in Operation in millions)



U.S. LTM Miles Driven

(Miles in trillions)



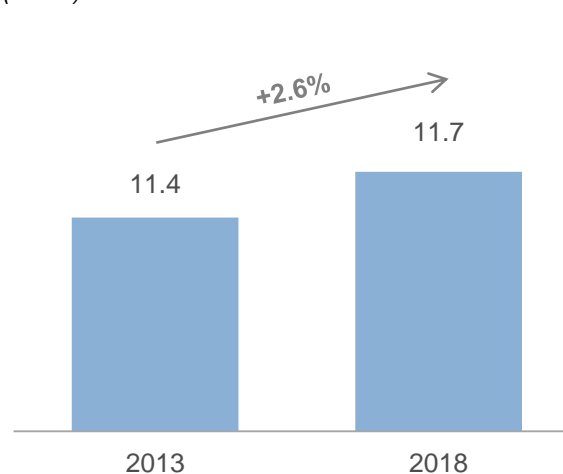
Key Drivers

- ✓ Vehicle values decline as the car parc ages
- ✓ Increasing driver distractions
- ✓ Multi-year increase in accident rates
- ✓ Collision repair cost increasing due to vehicle complexity as well as increasing labor and parts costs
- ✓ Substantial increase in total loss rates over the past 10+ years

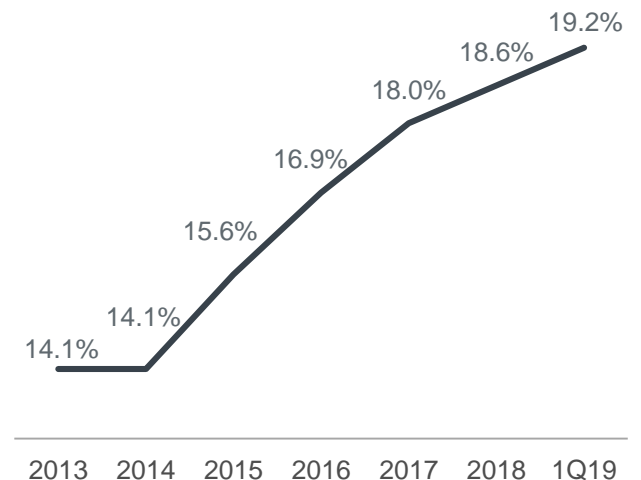
Increasing Total Loss

U.S. Average Vehicle Age

(Years)



Total Loss % of Total Claims



Source: CCC Information Services, Hedges and Company, U.S. Department of Transportation, Autocare Association.



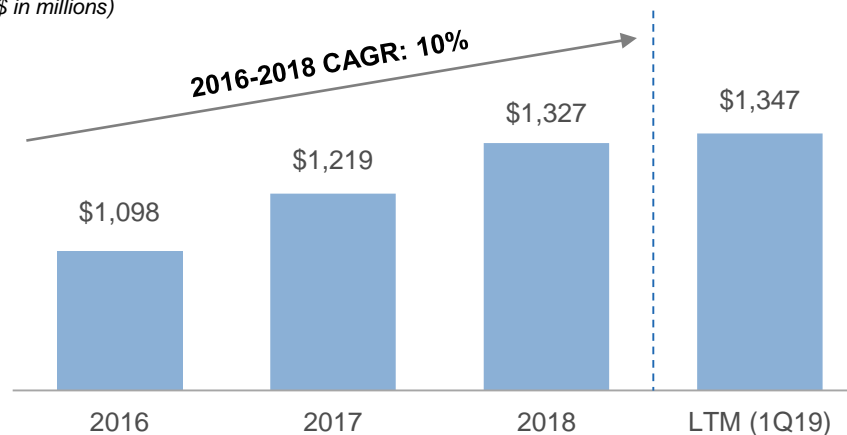
Strong and Consistent Execution History

Commentary

- IAA has consistently increased Adjusted EBITDA margin – now at 29%
- Strong cash flow generation sustained through low maintenance capital expenditures and working capital requirements
 - Expected fiscal year 2019 capital expenditures to be only ~12% of Adjusted EBITDA

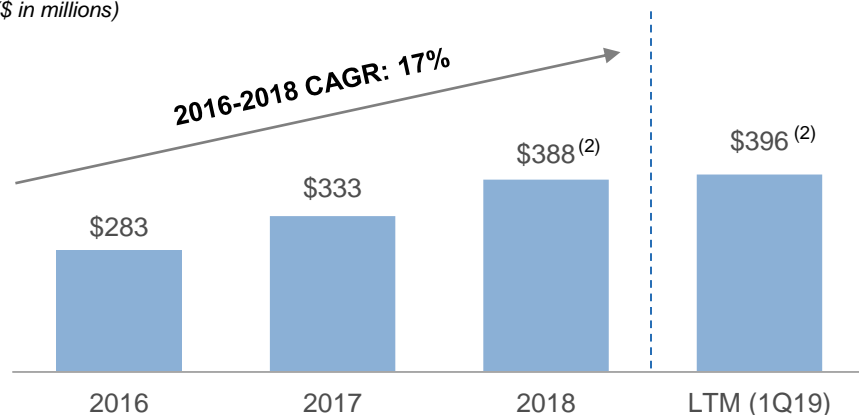
Revenue

(\$ in millions)



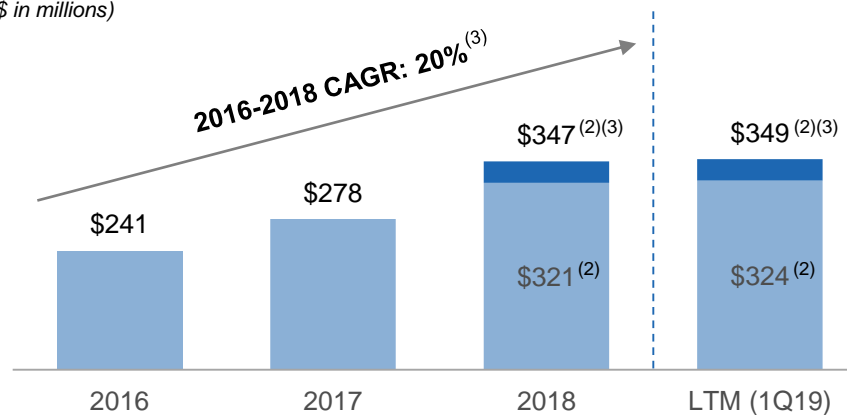
Adjusted EBITDA⁽¹⁾

(\$ in millions)



Adjusted EBITDA less Capex⁽¹⁾

(\$ in millions)



Adjusted EBITDA Margin:

Year	2016	2017	2018	LTM (1Q19)
Adjusted EBITDA Margin	26%	27%	29%	29%

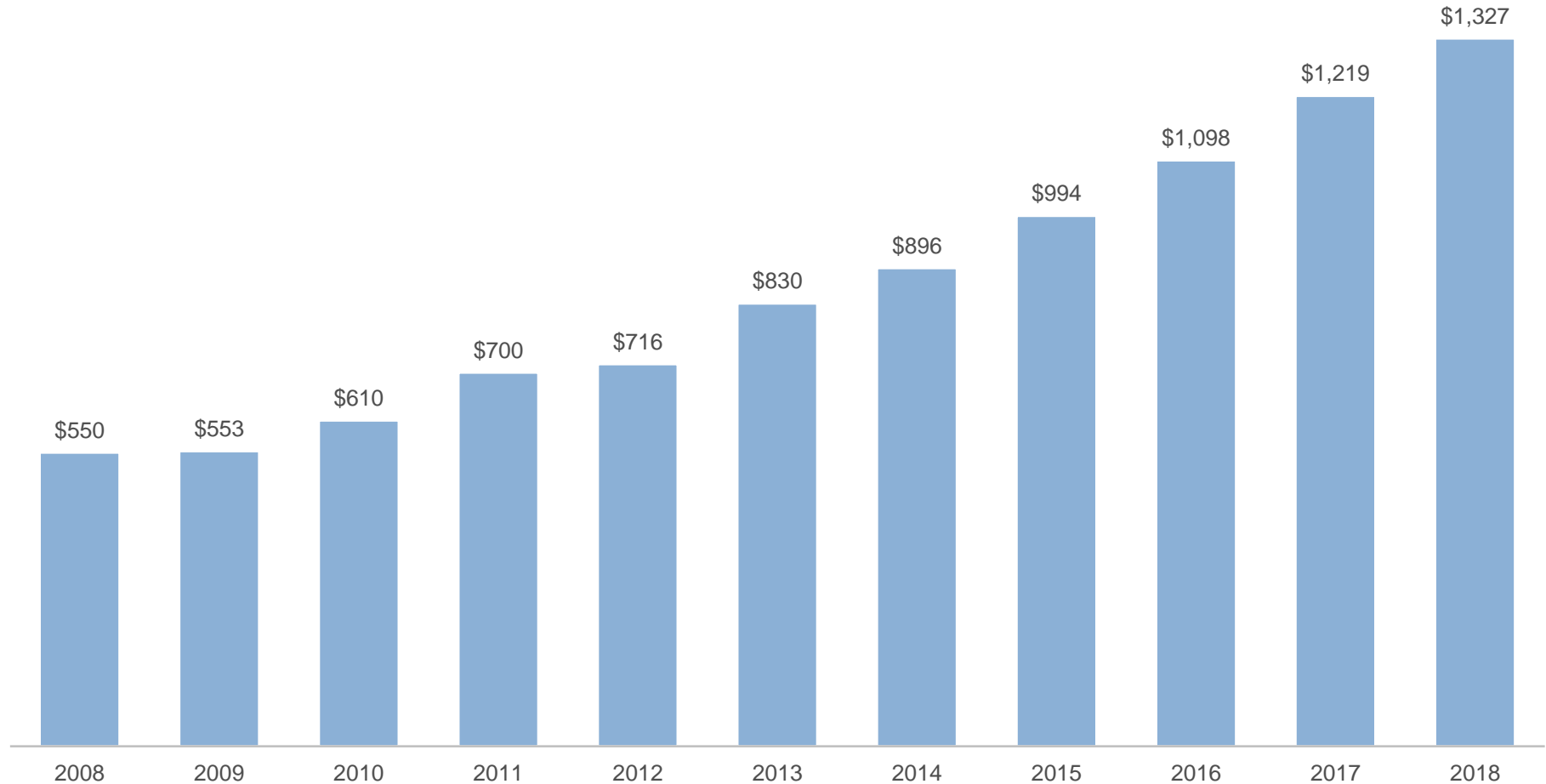
1. Please reference page 32 for a notice regarding Non-GAAP financial measures.
 2. Unaffected for estimated public company costs of \$8-\$10mm.
 3. Excludes \$25.5mm for the purchase of IAA property in Florida for use during catastrophic events.



Limited Exposure to Economic Cycles

Historical Sales

(\$ in millions)



Source: Company management.



Objectives Going Forward

Short-Term

- Stand up new public company
- Optimize transition services and new public company costs
- Execute strategy and continue to deliver results for sellers and buyers
- Conduct margin improvement assessment
- De-lever

Long-Term

- Accelerate strategy and growth
- Implement margin expansion plan
- Pursue selective M&A opportunities
 - Disciplined approach
- Return value to shareholders through disciplined capital allocation

Expect to provide further details on margin expansion plan and impact on long-term targets at investor day in early 2020



Long-Term Financial Outlook – Next 5 Years

Revenue Growth	~5%-7% Organic Upside from M&A and Ancillary Services
Adjusted EBITDA Growth	~6%-8% Organic Upside from Margin Expansion Plan and M&A

Current expectations for 2019 in alignment with long-term financial outlook for revenue growth and adjusted EBITDA growth



Capital Allocation Priorities

A

**Initial use of excess cash generated by the business for debt reduction,
with target net leverage of ~2.0x-3.0x**

B

Patient and disciplined investment in strategic growth

C

Evaluate initiatives to return capital to shareholders

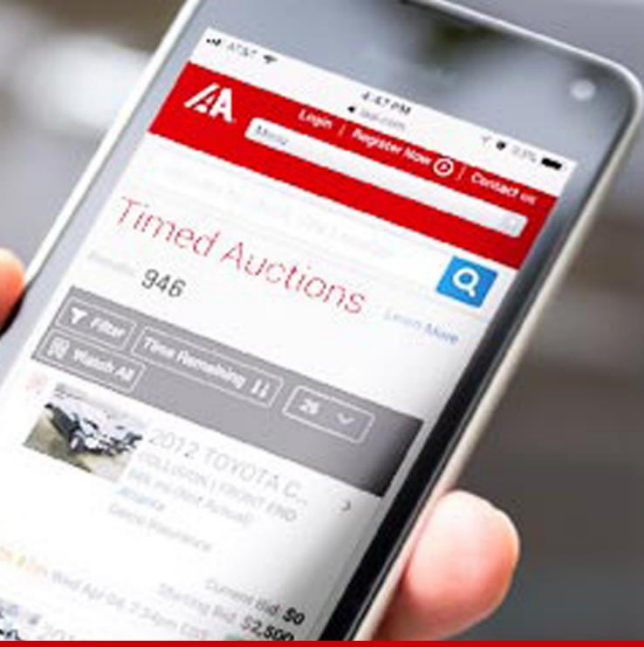


Key Investment Highlights



- ✓ **Leading omnichannel marketplace for total loss, damaged and low-value vehicles with industry-leading technology and data analytics capabilities**
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- ✓ **Strong and consistent revenue growth, profitability and cash flow generation with supportive market fundamentals**
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- ✓ **Resiliency through economic cycles**
- ✓ **Highly experienced executive leadership team and a deep bench with extensive industry expertise**





Appendices



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 including non-cash stock-based compensation, loss on extinguishment of debt, acquisition related costs, securitization interest, minority interest and (gain)/loss on asset sales. 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 IAA's creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate IAA's performance.
- EBITDA and Adjusted EBITDA 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.



Adjusted EBITDA Reconciliation – Annual

(\$ in millions)	Fiscal years ended						LTM
	Dec 29, 2013 (unaudited)	Dec 28, 2014 (unaudited)	Dec 27, 2015	Jan 1, 2017	Dec 31, 2017	Dec 30, 2018	Mar 31, 2019
<u>Statement of income data</u>							
Net income	\$55.4	\$78.2	\$89.9	\$94.9	\$161.4	\$183.7	\$189.9
Add back:							
Income taxes	32.1	47.5	52.5	58.4	35.6	62.5	65.6
Interest expense, net of interest income	1.3	0.8	0.8	0.8	0.8	0.8	0.9
Depreciation and amortization	73.8	76.2	80.8	87.9	93.1	97.4	95.1
Intercompany interest	37.8	37.8	37.8	37.8	37.8	37.9	37.9
<u>Other financial data</u>							
EBITDA	\$200.4	\$240.5	\$261.8	\$279.8	\$328.7	\$382.3	\$389.4
Intercompany charges	0.6	0.8	0.7	0.3	--	--	0.6
Non-cash stock-based compensation	2.9	4.2	1.1	2.6	3.9	3.9	4.0
Minority interest	--	--	(1.4)	--	--	--	--
Separation costs	--	--	--	--	--	2.0	1.6
Others	13.9	0.2	1.0	(0.1)	0.7	(0.2)	0.3
Total addbacks	17.4	5.2	1.4	2.8	4.6	5.7	6.5
Adjusted EBITDA	\$217.8	\$245.7	\$263.2	\$282.6	\$333.3	\$388.0	\$395.9
Revenue	\$830.0	\$895.9	\$994.3	\$1,098.0	\$1,219.2	\$1,326.8	\$1,346.7
Adjusted EBITDA Margin %	26.2%	27.4%	26.5%	25.7%	27.3%	29.2%	29.4%



Adjusted EBITDA Reconciliation – Quarter

(\$ in millions)	Fiscal quarters								
	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
<u>Statement of income data</u>									
Net income	\$30.5	\$35.6	\$26.2	\$69.1	\$48.3	\$49.8	\$39.0	\$46.6	\$54.5
Add back:									
Income taxes	18.0	20.6	15.9	(18.9)	16.0	17.4	14.0	15.1	19.1
Interest expense, net of interest income	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Depreciation and amortization	23.2	22.9	23.1	23.9	24.1	24.7	24.3	24.3	21.8
Intercompany interest	9.4	9.4	9.5	9.5	9.4	9.5	9.4	9.6	9.4
<u>Other financial data</u>									
EBITDA	\$81.3	\$88.7	\$74.9	\$83.8	\$98.0	\$101.6	\$86.9	\$95.8	\$105.1
Intercompany charges	--	--	--	--	--	--	--	--	0.6
Non-cash stock-based compensation	0.9	0.9	1.0	1.1	1.0	0.9	1.0	1.0	1.1
Separation costs	--	--	--	--	0.4	0.6	0.9	0.1	--
Others	0.1	(0.6)	0.3	0.9	0.6	--	0.2	(1.0)	1.1
Total addbacks	1.0	0.3	1.3	2.0	2.0	1.5	2.1	0.1	2.8
Adjusted EBITDA	\$82.3	\$89.0	\$76.2	\$85.8	\$100.0	\$103.1	\$89.0	\$95.9	\$107.9
Revenue	\$297.4	\$298.7	\$287.7	\$335.4	\$337.3	\$333.2	\$321.1	\$335.2	\$357.2
Adjusted EBITDA Margin %	27.7%	29.8%	26.5%	25.6%	29.6%	30.9%	27.7%	28.6%	30.2%



Summary Unaudited Pro Forma Balance Sheet

(\$ in millions, as of March 31, 2019)

Assets		Liabilities & Equity	
Current Assets		Current Liabilities	
Cash and cash equivalents	\$25	Short-term debt	\$8
Trade receivables, net	338	Accounts payable	123
Prepaid consigned vehicle charges	51	Accrued expenses	70
Other current assets	39	Income taxes payable	1
		Short-term right of use operating lease liability	63
Non-Current Assets		Non-Current Liabilities	
Property and equipment, net	198	Long-term debt	1,267
Intangible assets	686	Deferred income tax liabilities	64
Operating lease right-of-use assets	626	Long-term right-of-use operating lease liability	607
Other assets	12	Other liabilities	13
		Parent Equity	(241)
Total Assets	\$1,975	Total Liabilities & Equity	\$1,975

