avis budget group

Presentation to Investors

August 2015

Forward-Looking Statements

Statements about future results made in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include projections.

These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are specified in the Company's most recently filed Form 10-K, segment recast 8-K, and other SEC filings.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, the date of our last earnings conference call.

This presentation includes certain non-GAAP financial measures as defined under SEC rules. Important information regarding reconciliation of such measures is contained within this presentation, including in the Glossary section.

Key Messages

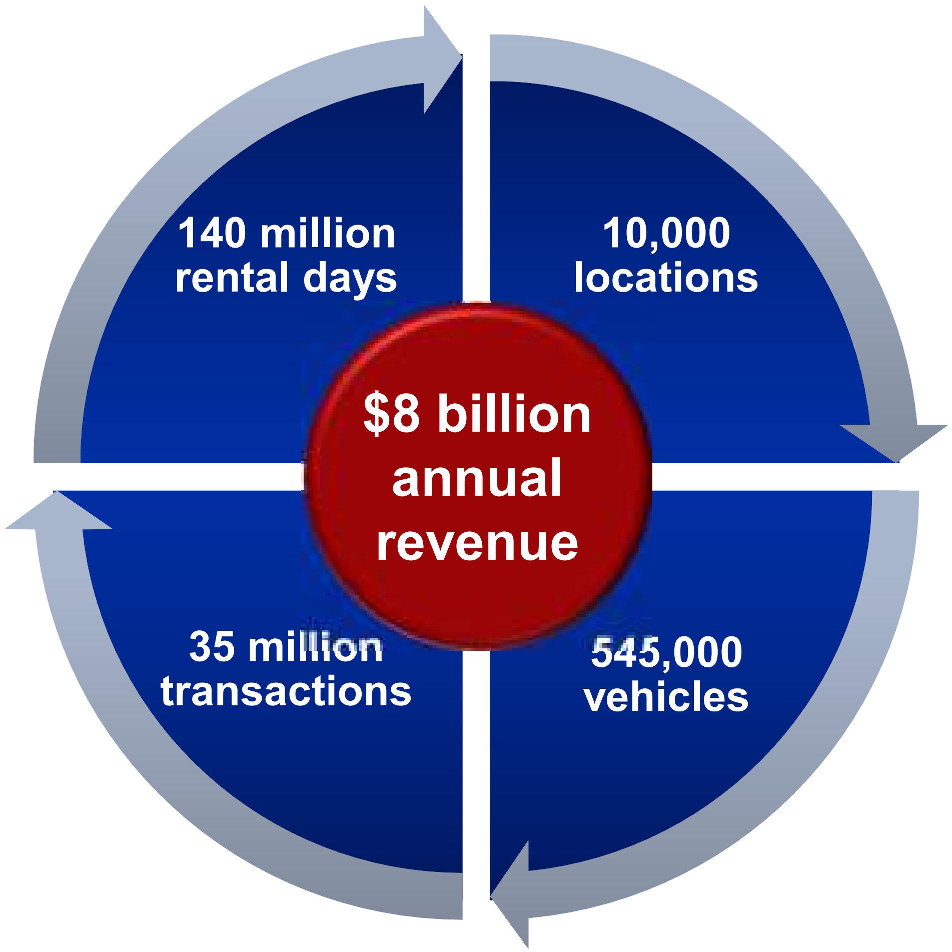
The Business Today

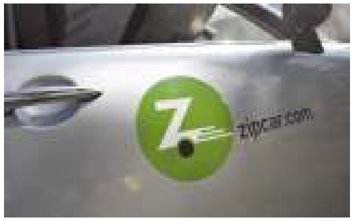
Market Dynamics

Global Performance Drivers

Projected Earnings Growth

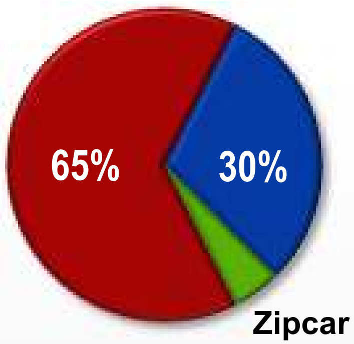
A Global Leader in the Car Rental Industry



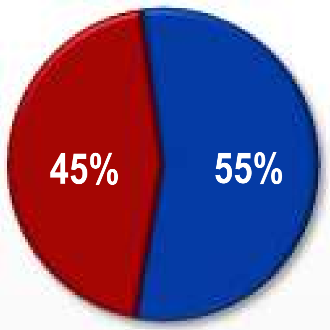


Diversified Revenue Sources

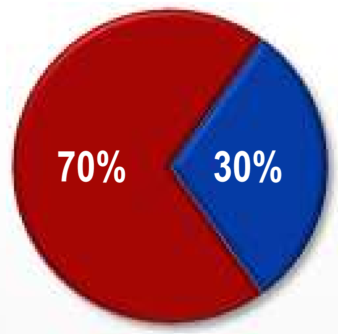
Avis vs. Budget



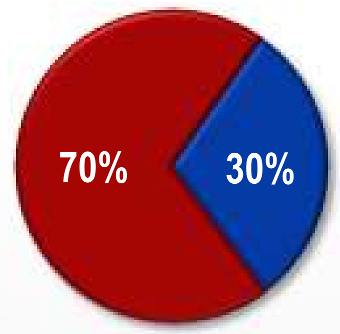
Commercial vs. Leisure



On-Airport vs. Off-Airport

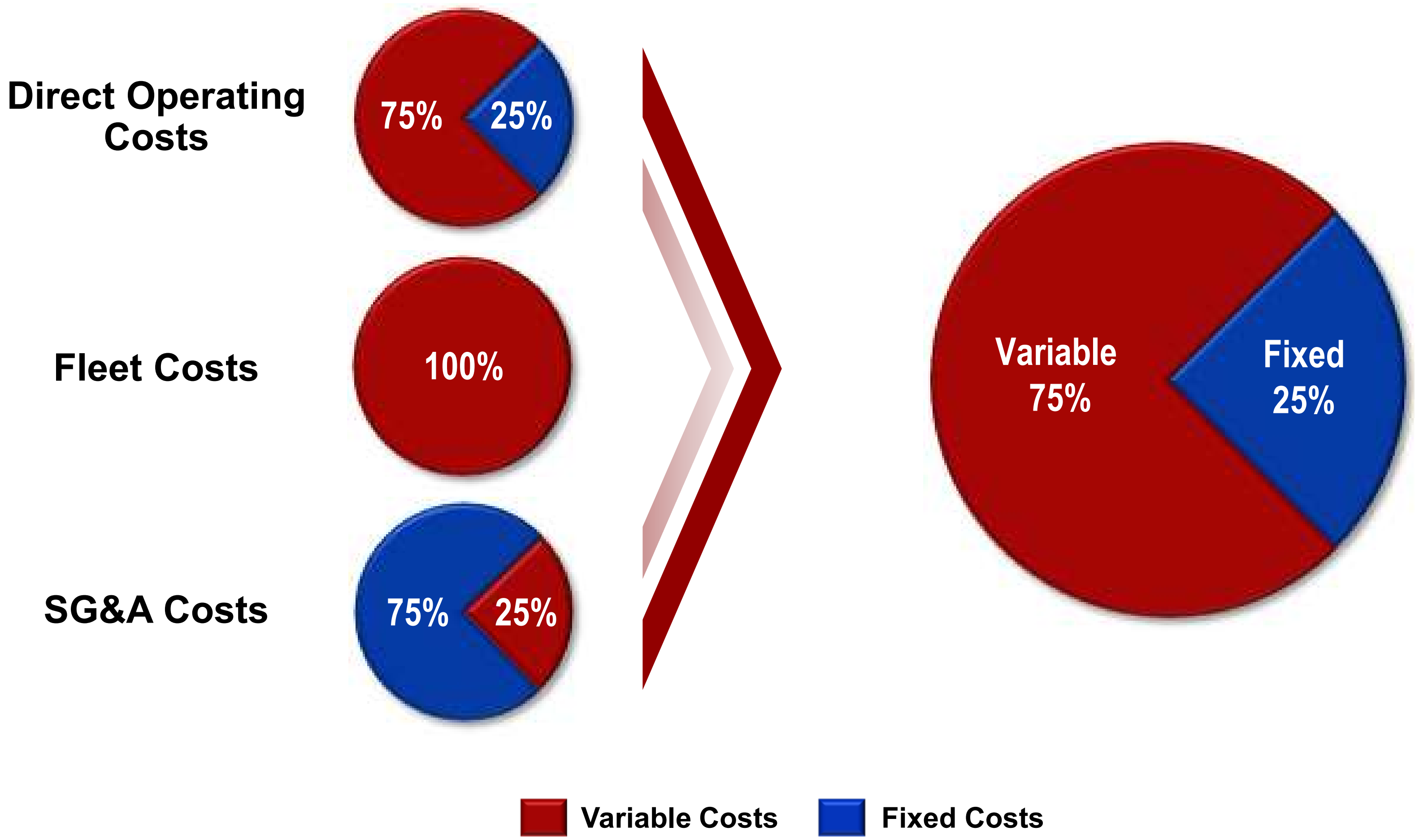


Americas vs. International



Locations in more than 175 countries and a leading position in most major markets

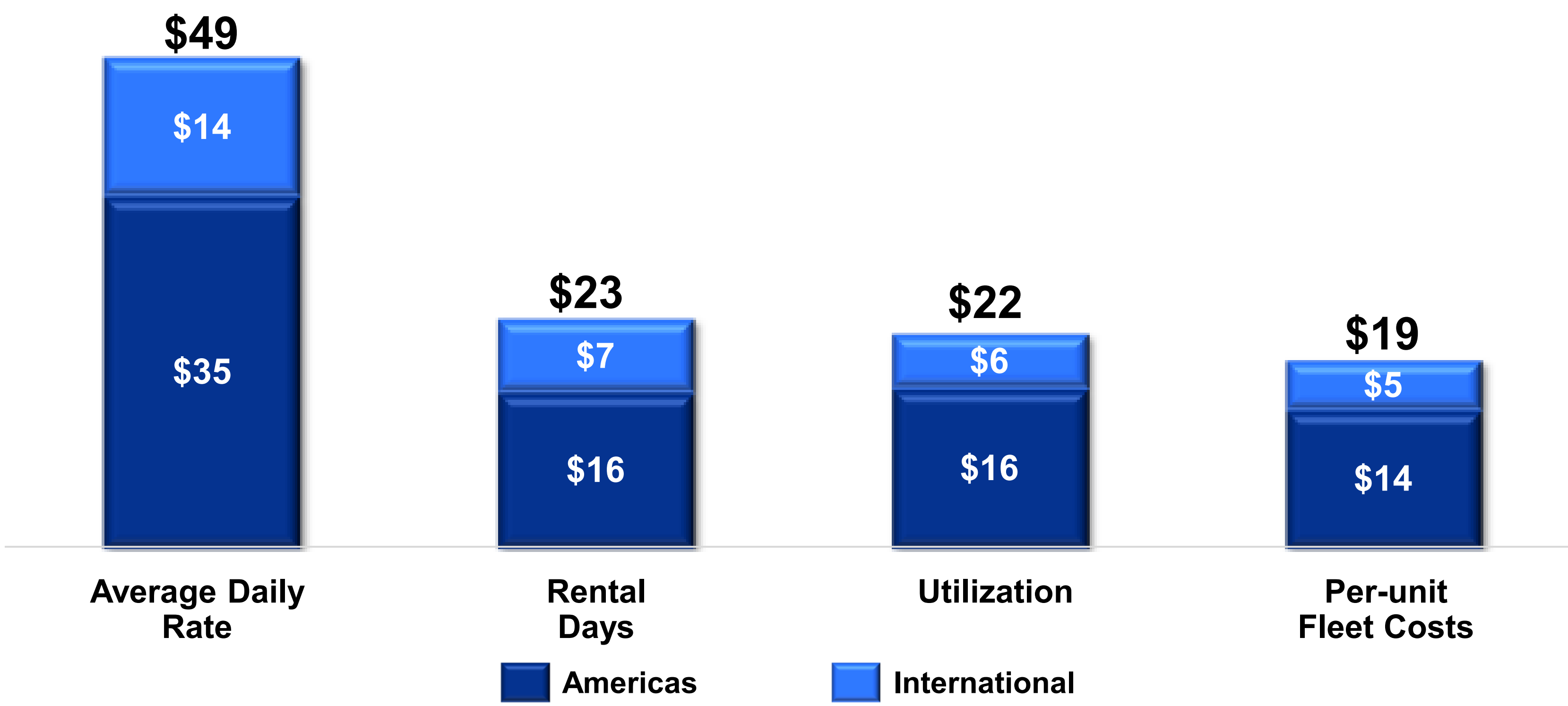
We Have a Highly Variable Cost Structure . . .



. . . So Pricing Has the Largest Impact on Margins

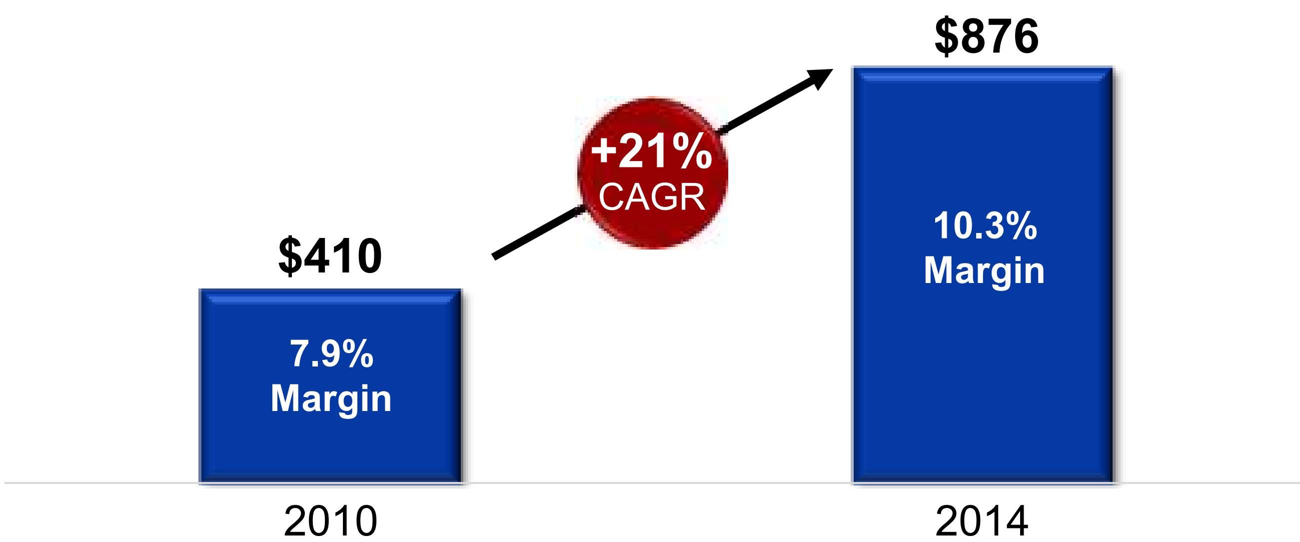
Adjusted EBITDA Impact of a 1% Change in Driver

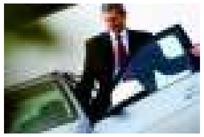
($ in millions)



Substantial Profit Growth

Adjusted EBITDA
($ in millions)

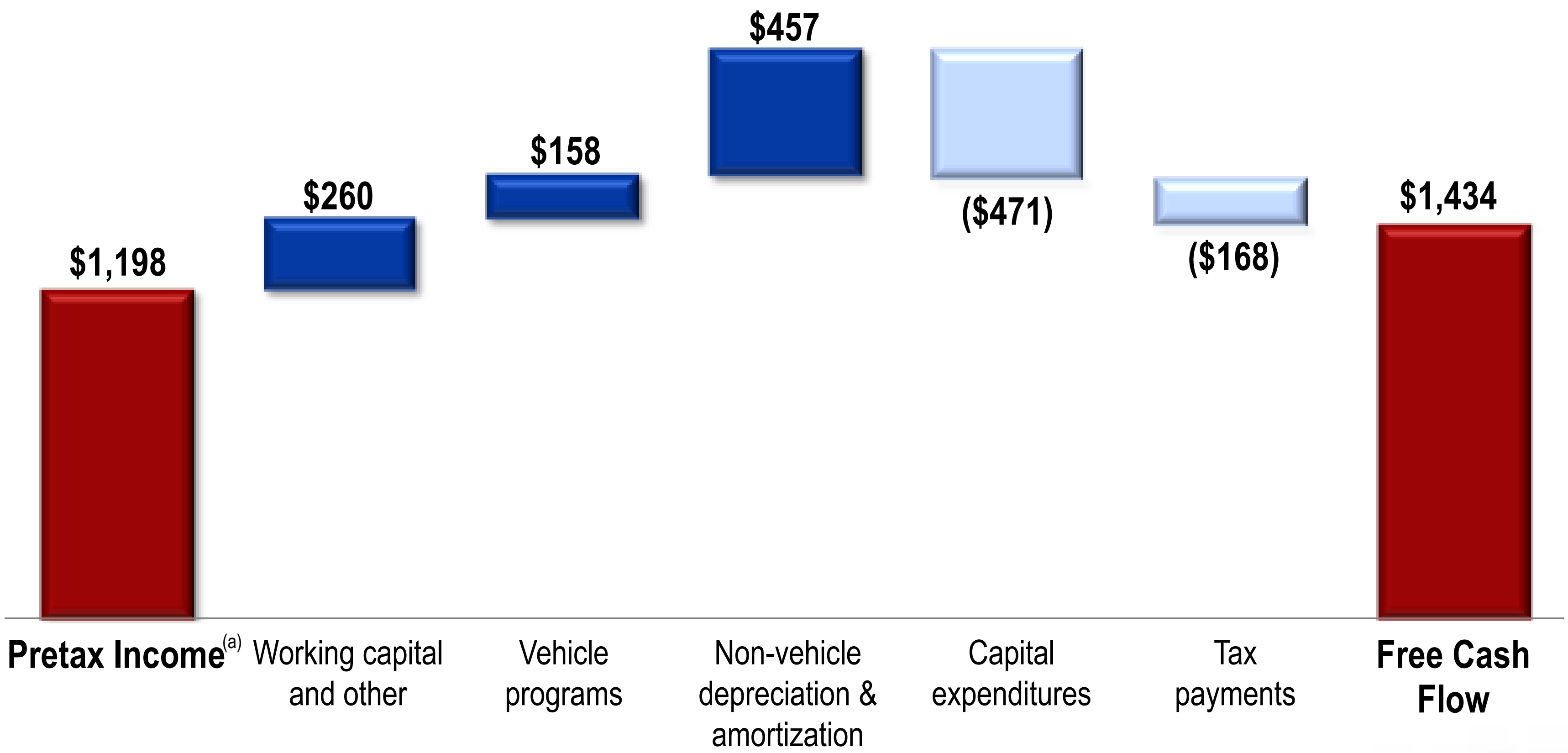


Significant margin improvement

Free Cash Flow of $1.4 Billion over Last Three Years

($ in millions)



Data are cumulative for years 2012, 2013 and 2014

(a) Excluding debt extinguishment, restructuring and transaction-related costs

Key Messages

The Business Today

Market Dynamics

Global Performance Drivers

Projected Earnings Growth

Well-Positioned for Future Growth

Americas

- Revenue to be driven by volume growth and increased pricing

International

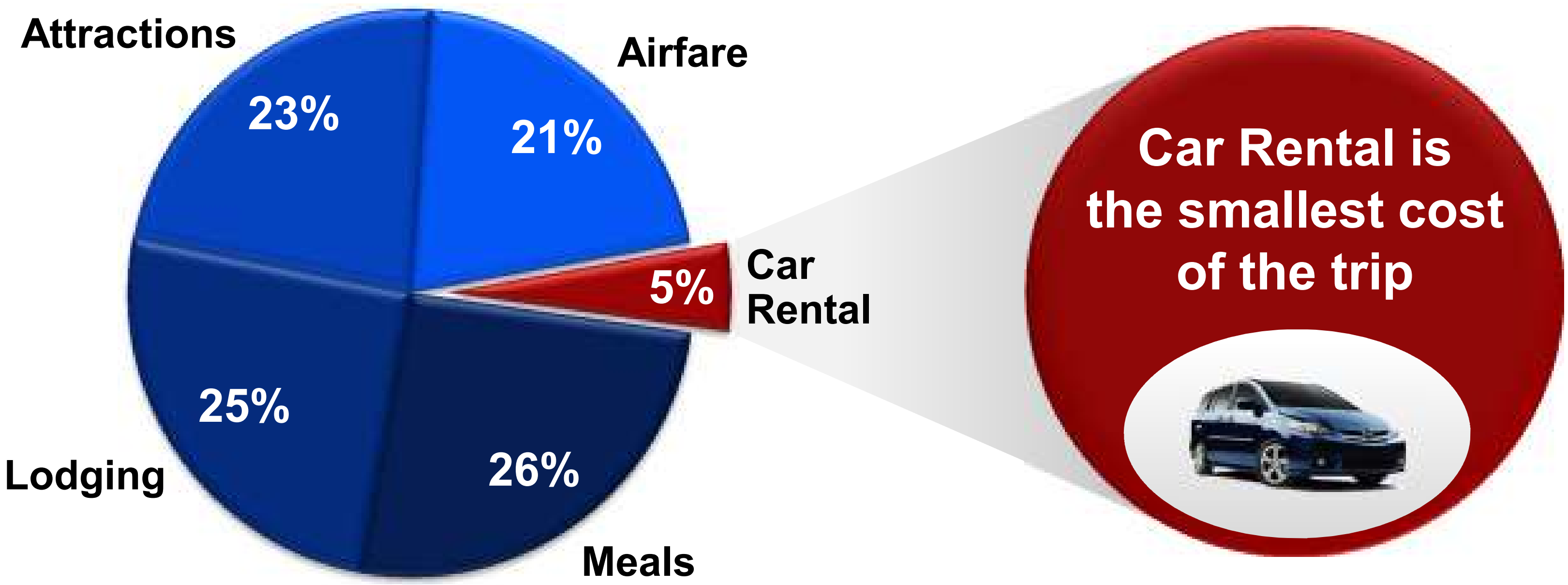
- Poised to benefit from economic recovery and continued integration

Zipcar

- Targeting organic membership and revenue growth, incremental synergy benefits and expansion

Upside Potential for Car Rental Pricing . . .

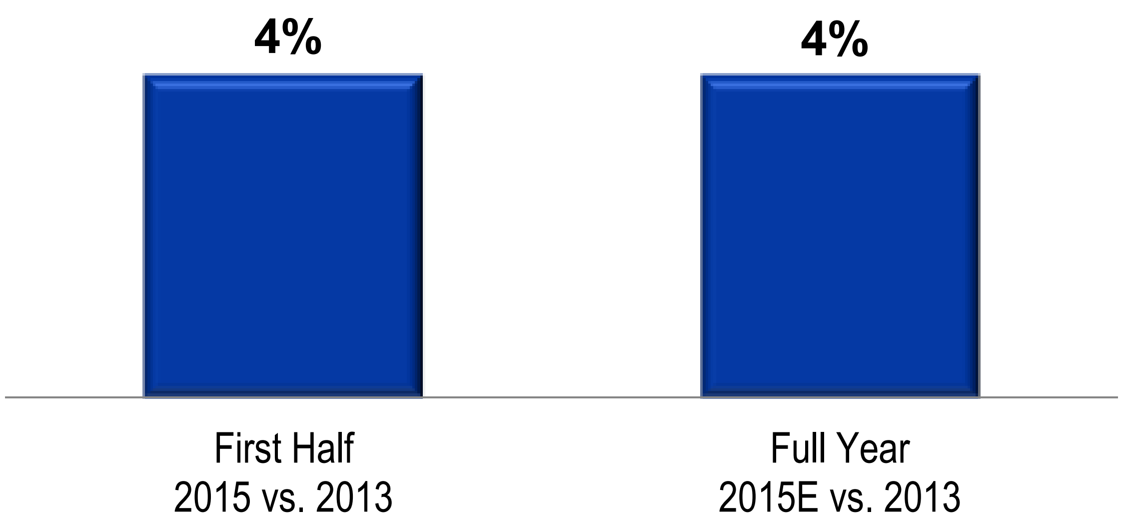
A Typical Family Vacation

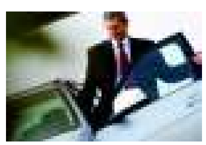


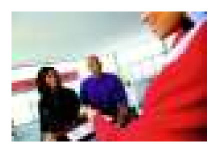
Nobody would alter their trip because the price of the car rental went up

. . . And Pricing Has Been Improving

Two-Year Change in U.S. Pricing







Meaningful change in realized pricing

Note: U.S. excluding Zipcar and Payless

Key Messages

The Business Today

Market Dynamics

Global Performance Drivers

Projected Earnings Growth

Strategic Plan

Driving Sustained, Profitable Growth

Strategically Accelerate Growth

Expand Our Global Footprint

Put the Customer First

Drive Efficiency Throughout the Organization

Delivering Higher Revenue per Transaction

		Higher Revenue per Transaction
	International Inbound[a]	+83%
	Small Business[b]	+24%
	Specialty & Premium Fleet[c]	+54%
	Ancillary Revenue[d]	+76%

Note: Data are 2014 results for North America excluding Payless and Zipcar
(a) Compared to all non-inbound transactions (b) Compared to contracted commercial transactions
(c) Compared to average transactions, excluding Specialty & Premium fleet (d) Compared to transactions without ancillary products

Expanding our Global Footprint

New Markets

- The Avis Europe transaction reunited our world-class brands globally, and Zipcar is the worldwide leader in car sharing

Budget Licensees

- Acquisitions of Southern California, Edmonton and Scandinavia will drive significant revenue and cost synergies

Additional Brands

- Acquistions of Maggiore, Payless and Apex improve our long-term growth potential and provide attractive returns

zipcar wheels when you want them

Payless CAR RENTAL®

apex car rentals

Zipcar Meets Emerging Consumer Needs

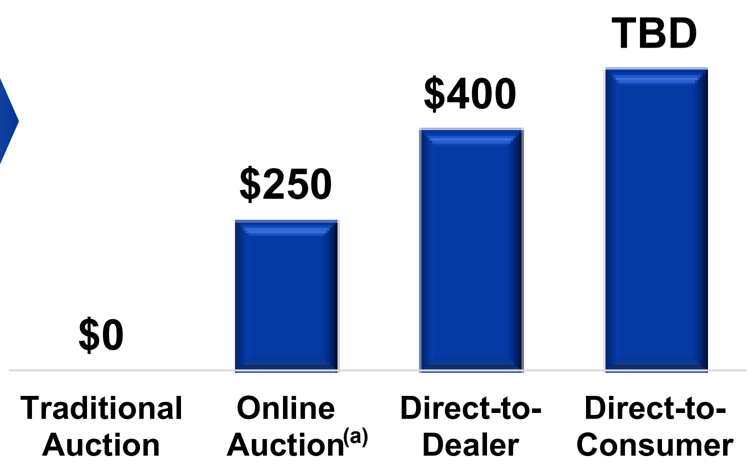
- **Zipcar operates the largest member-based, car sharing network in the world**
  - **More than 470 cities and towns and 440 college campuses**
  - **More than 900,000 members**
- **Locations in the United States, Canada and Europe**
- **Growth opportunities in existing markets, from new services and through international expansion**
- **Leverages Avis Budget infrastructure**

Proprietary technology drives Zipcar's leadership and innovation

Diversifying Disposal Channels to Reduce Fleet Costs

- Expanding dealer-direct sales
- 65% more risk-car sales completed via alternative channels in first half 2015

Alternative Disposal Channel Benefits



Our combined direct-to-dealer and direct-to-consumer car sales have increased 75% over last twelve months

(a) Excluding simulcast auction sales

Organizational Efficiencies Delivering Significant Benefits

Yield Management
- Targeted pricing strategies
- Integrate demand, fleet and revenue management

Performance Excellence
- Organization-wide process improvement
- Fleet maintenance and repair
- Improve speed of vehicle sales

Global Effectiveness
- Leveraging global scale of our organization
- Transforming internal support structures

Acquisition Integration
- Europe
- Zipcar
- Payless
- Apex
- Licensees

Each initiative providing eight-figure benefits

Key Messages

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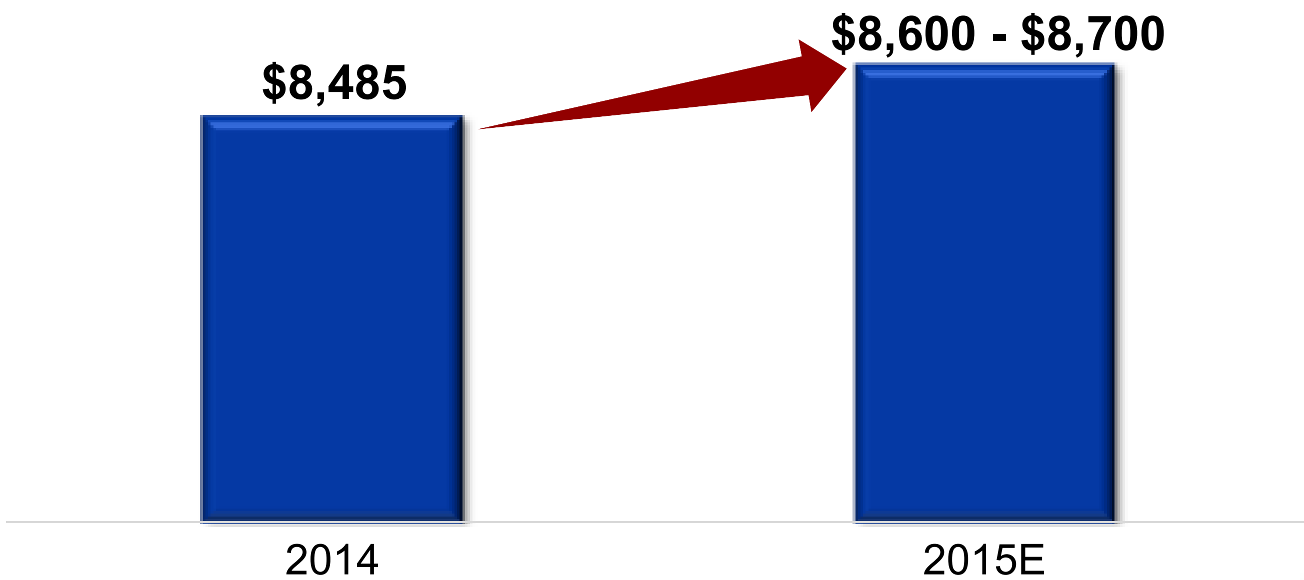
Market Dynamics

Global Performance Drivers

Projected Earnings Growth

We Expect Revenue to Increase 1% - 3% in 2015

Revenue
($ in millions)

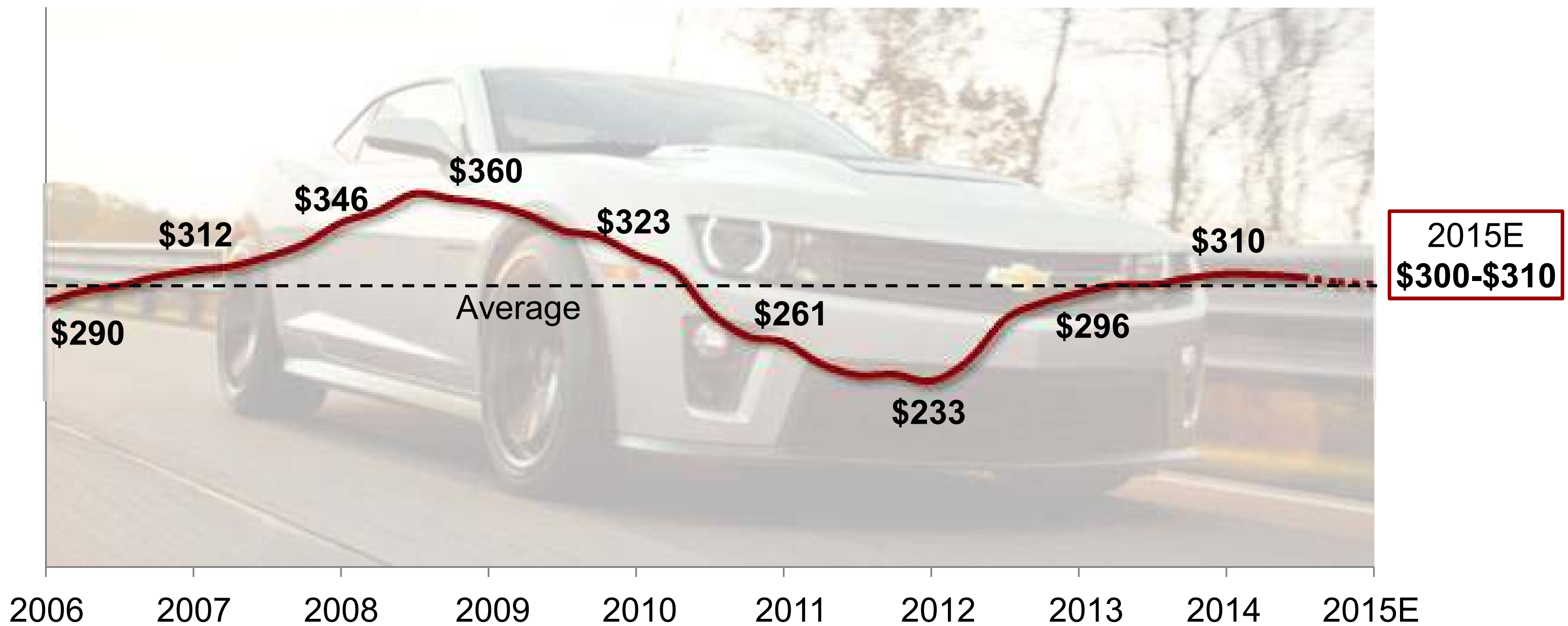


Americas pricing is expected to be largely unchanged in 2015[a]

(a) Excluding currency effects

We Expect Fleet Costs Will Remain Manageable

LTM Monthly Per-Unit Fleet Costs
Americas



Per-unit fleet costs are expected to be down by as much as 3% in 2015

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Note: Per-unit fleet costs include car rental and Zipcar operations

2015 Outlook

($ in millions, except EPS)

	2015 Estimate[a]	Growth vs. 2014[b]
Revenue	**$8,600 - $8,700**	**+2%**
Adjusted EBITDA	**$900 – $950**	**+6%**
Pretax income	**$535 – $585**	**+8%**
Net income	**$330 – $370**	**+7%**
Diluted EPS	**$3.15 – $3.45**	**+11%**

(a) As of August 3, 2015; excludes certain items such as acquisition-related costs, early extinguishment of debt, restructuring expenses and amortization of intangible assets recognized in purchase accounting
(b) Percentages based on midpoint of range

Significant Free Cash Flow

($ in millions)

	2015E
Adjusted EBITDA	**$900 – $950**
Corporate interest	(200)
Capital expenditures	(200)
Cash taxes	(25) – (50)
Working capital, vehicle programs and other	0 - 25
Free Cash Flow	**$475 - $525**

Expect free cash flow of approximately $475 to $525 million in 2015[a]

(a) Excluding any significant timing differences

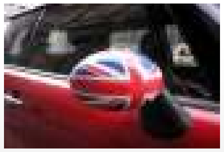
Planned Uses of Free Cash Flow in 2015

- **Share repurchases**
  - Expect to spend at least $300 million on share repurchases in 2015
  - Approximately $375 million available under our share repurchase authorization[a]
- **Tuck-in acquisition targets:**
  - Avis Budget Group licensees in or near where we operate corporately
  - Independent operators outside the United States

Expect the majority of our 2015 free cash flow to be directed toward share repurchases

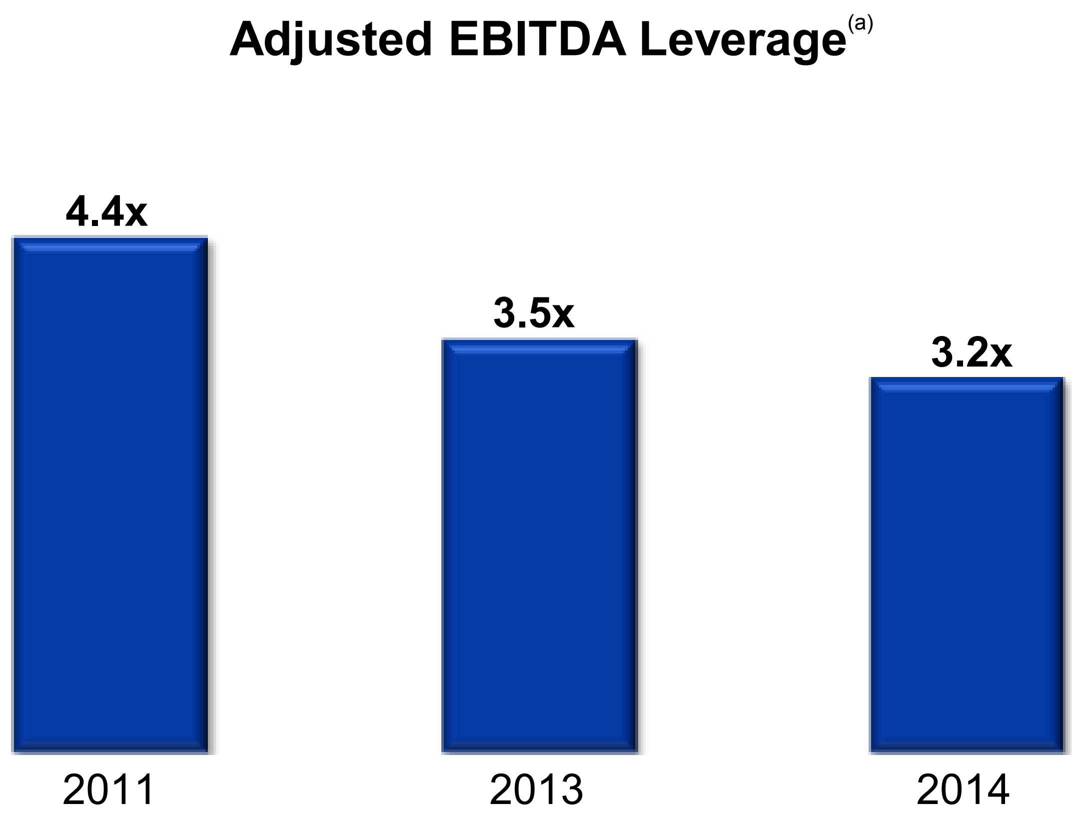
(a) As of August 3, 2015

Key Messages

Strong Performance	**Strong financial performance**	
Focused	**Focused on profitable growth**	
Global Opportunities	**Multiple opportunities to grow globally**	
Profitable	**Generating significant earnings and free cash flow**	

Appendix

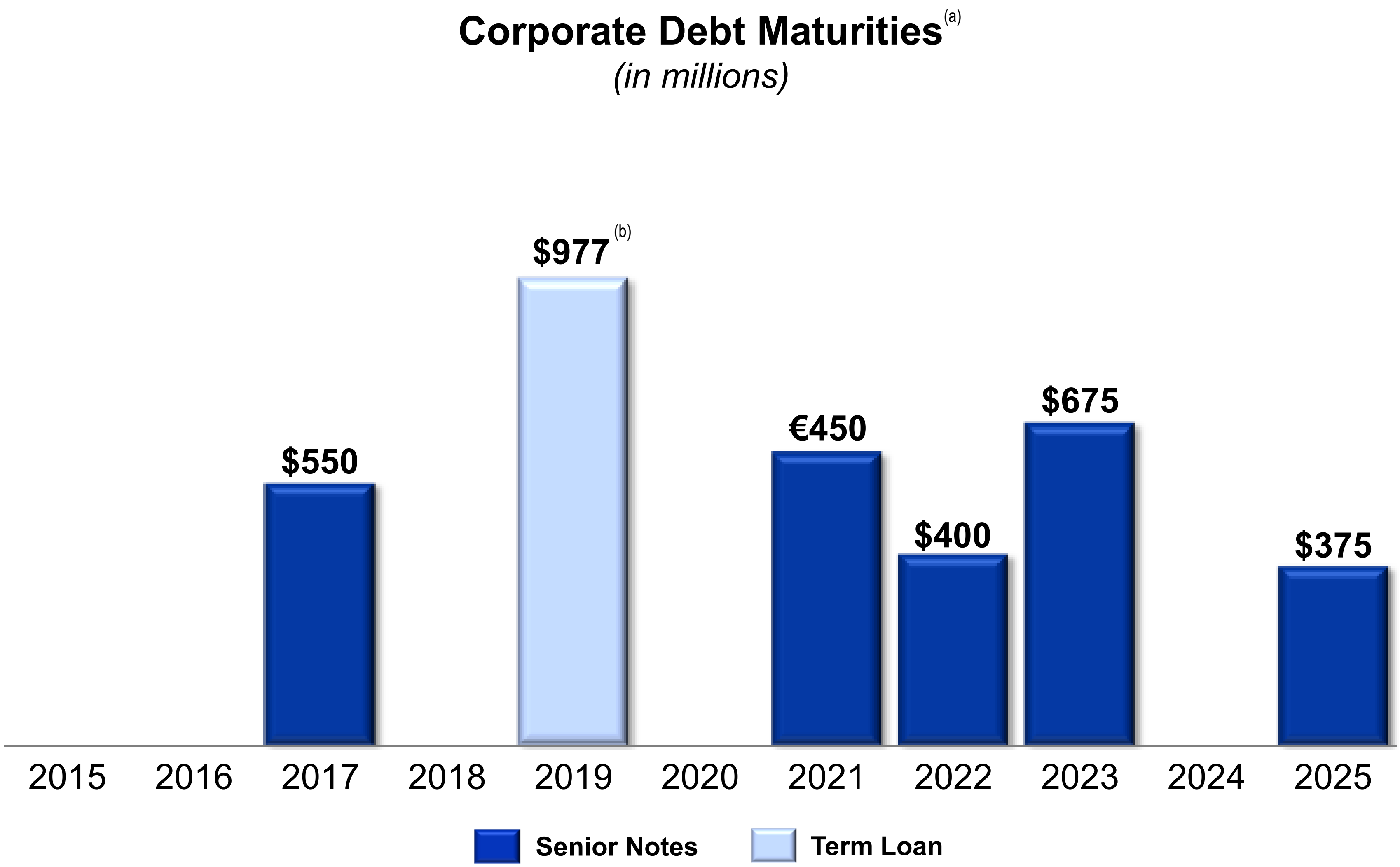
Strong Earnings Growth Drives a Reduction in Leverage



Target net leverage of 3 to 4 times Adjusted EBITDA

(a) Net corporate debt divided by Adjusted EBITDA excluding certain items

No Corporate Debt Maturities Until 2017



(a) As of June 30, 2015
(b) $600 million swapped to fixed rates

Glossary

This presentation includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. We have provided below reasons we present these non-GAAP financial measures, a description of what they represent and a reconciliation to the most comparable financial measure calculated and presented in accordance with GAAP. Because of the forward-looking nature of the Company's forecasted non-GAAP Adjusted EBITDA, free cash flow, pretax income and diluted earnings per share, excluding certain items, specific quantifications of the amounts that would be required to reconcile forecasted net income, net cash provided by operating activities, pretax income and diluted earnings per share are not available. The Company believes that there is a degree of volatility with respect to certain of the Company's GAAP measures which preclude the Company from providing accurate forecasted GAAP to non-GAAP reconciliations. Based on the above, the Company believes that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

Adjusted EBITDA

Adjusted EBITDA, which represents income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expenses, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs, net and income taxes. We believe Adjusted EBITDA is useful as a supplemental measure in evaluating the aggregate performance of our operating businesses. Adjusted EBITDA is the measure that is used by our management, including out chief operating decision maker, to perform such evaluation. It is also a component of our financial covenant calculations under our credit facilities, subject to certain adjustments. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Reconciliation of Adjusted EBITDA to Avis Budget Group, Inc. income before income taxes (in millions):

	Year Ended December 31,				
	2010	2011	2012	2013	2014
Total Revenue	**$ 5,185**	**$ 5,900**	**$ 7,357**	**$ 7,937**	**$ 8,485**
Adjusted EBITDA	**$ 410**	**$ 610**	**$ 840**	**$ 769**	**$ 876**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	90	91	109	128	147
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	162	195	268	228	209
Income before income taxes, excluding certain items	158	324	463	413	520
Less certain items:					
Early extinguishment of debt	52	-	75	147	56
Restructuring expense	11	5	38	61	26
Transaction-related costs, net	14	255	34	51	13
Acquisition-related amortization expense	-	24	16	24	33
Impairment	-	-	-	33	-
Acquisition-related interest	8	4	-	-	-
Litigation costs	1	-	-	-	-
Income before income taxes	**$ 72**	**$ 36**	**$ 300**	**$ 97**	**$ 392**

Glossary

Reconciliation of Net Corporate Debt (in millions):

	Year Ended December 31,			
	2011	2012	2013	2014
Net corporate debt	**$ 2,671**	**$ 2,299**	**$ 2,701**	**$ 2,796**
Plus: Cash and cash equivalents	534	606	693	624
Corporate debt	**$ 3,205**	**$ 2,905**	**$ 3,394**	**$ 3,420**

Free Cash Flow

Represents Net Cash Provided by Operating Activities adjusted to reflect the cash inflows and outflows relating to capital expenditures and GPS navigational units, the investing and financing activities of our vehicle programs, asset sales, if any, and to exclude debt extinguishment costs and transaction-related costs. We believe that Free Cash Flow is useful to management and investors in measuring the cash generated that is available to be used to repurchase stock, repay debt obligations, pay dividends and invest in future growth through new business development activities or acquisitions. Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity, and our presentation of Free Cash Flow may not be comparable to similarly-titled measures used by other companies.

Reconciliation of Free Cash Flow to net cash provided by operating activities:

	Year Ended December 31, 2014
Free Cash Flow	**$ 456**
Investing activities of vehicle programs	2,219
Financing activites of vehicle programs	(382)
Capital expenditures	185
Proceeds received on asset sales	(21)
Change in restricted cash	(6)
Acquisition-related payments	146
Transaction-related payments	(18)
Net Cash Provided by Operating Activities	**$ 2,579**

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