First Quarter 2015 Earnings Call

May 5, 2015

Webcast: ir.avisbudgetgroup.com
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Replay: (203) 369-1484
Passcode: 2995545
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.

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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.
Ron Nelson

Chairman and Chief Executive Officer
FIRST QUARTER 2015 HIGHLIGHTS

Solid Start to the Year

- Revenue grew 4% in constant currency
- Avis and Budget pricing increased in the United States
- Capitalized on a strong used car market
- Expanded our global footprint organically and through acquisitions
Positive U.S. Pricing for Avis and Budget Brands

Avis and Budget U.S. Pricing Increased
Both On- and Off- Airport

Approximately 75% of our corporate contract renewals were at flat or higher rates.
Ancillary revenue increased 7%.
Weather dampened our pricing growth.

Avis and Budget U.S. Pricing
(0.7%)
(0.6%)
(0.2%)
0%

Currency Effects
Payless Mix Effects
Other Effects
Reported Americas Pricing

(a) Primarily Canada and Latin America
Healthy Demand Environment

- Rental days increased 5% in the first quarter
  - Reflects organic growth and acquisition of Budget Southern California
- Leisure volume increased 8%
- Commercial volume grew 1%

Strategic Initiatives Driving Growth\(^{(a)}\)

- Specialty & Premium Vehicles: +6%
- International Inbound: +9%

\(^{(a)}\) Year-over-year revenue growth, excluding Payless
Expanded to new cities and additional universities

Launched in Istanbul, Zipcar’s sixth European market

Continuing to pilot ONE WAY transactions
Increased Constant-Currency Revenue

- Demand trends remain uneven
- Key operational accomplishments:
  - Budget volumes in Europe grew 25%
  - Ancillary revenue per day increased 12% \(^{(a)}\)
  - Utilization improved by 40 basis points

(a) Excluding gas, customer recoveries and currency effects
Reiterate Our Full-Year 2015 Adjusted EBIDTA Projections

- **Americas**
  - Full-year pricing projected to increase 1% to 2% in constant currency
  - Volume expected to grow 5-7%
  - Per-unit fleet costs expected to be flat to up 3%

- **International volume expected to grow more than 15%**
  - Reflects acquisitions and organic growth
  - European inbound travel expected to grow this summer
Substantial Achievements

- Four significant tuck-in acquisitions since October
  - Budget licensee for Southern California
  - Avis and Budget licensee for Scandinavia
  - Maggiore
  - Avis and Budget licensee in Brazil

- Continued focus on using free cash flow for acquisitions and share repurchases

- Overcoming uneven macroeconomic environment

(a) Previously a 50%-owned joint venture
David Wyshner
Senior Executive Vice President
and Chief Financial Officer
Solid Beginning to 2015

($ in millions)

Revenue

- First Quarter 2014: $1,862 (6.3% margin)
- First Quarter 2015: $1,850 (+4% excluding currency)

Adjusted EBITDA

- First Quarter 2014: $117
- First Quarter 2015: $117 (+0% margin)

First quarter earnings per share increased 6% to $0.17, excluding certain items.
FIRST QUARTER OVERVIEW

Consistent First Quarter Adjusted EBITDA

Adjusted EBITDA “Walk-down”
(in millions)

First Quarter 2014
Currency Effects
Litigation Accrual
Other Operating Variances, net
First Quarter 2015

+$17
($7)
($10)

Adjusted EBITDA Remained Unchanged Despite Several Headwinds
Ancillary revenue per day increased 4%\(^{(b)}\)

Adjusted EBITDA unchanged due to $7 million litigation accrual

First Quarter 2015 Results – Americas

Record Quarterly Revenue

Americas Revenue Drivers\(^{(a)}\)

- Rental Days: +5%
- Average Daily Rate: +0%
- Total Revenue: +3%

\(^{(a)}\) Year-over-year growth, excluding Zipcar
\(^{(b)}\) Excluding Zipcar, gas and customer recoveries, in constant currency
Challenging Operating Environment in Europe and Australia

International Revenue Drivers

<table>
<thead>
<tr>
<th>Rental Days</th>
<th>Total Revenue Per Day</th>
<th>Currency Effects</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>+5%</td>
<td>0%</td>
<td>(15%)</td>
<td>(11%)</td>
</tr>
</tbody>
</table>

Adjusted EBITDA Increased Principally due to Currency-Hedging Gains

(a) Year-over-year change, excluding Zipcar
(b) In constant currency
Roll-Out Proceeding Well

Americas

- Pricing robotic deployed in more than 125 U.S. and Canadian markets
- Demand forecaster currently being rolled out
- Fleet-optimization module expected to launch later this year

International

- Expect to launch pricing robotic in Australia and New Zealand this quarter
- Targeting year-end to pilot in Europe
FLEET COSTS

Fleet Costs Better than Our Expectations

Monthly Per-Unit Fleet Costs
(Americas)

First Quarter 2014: $297
First Quarter 2015: $294
First Quarter 2015 is 1% lower than First Quarter 2014.

Full Year 2014: $310
Full Year 2015E: $310 - $320
Full Year 2015E is +0.3% higher than Full Year 2014.

Note: Including Zipcar, excluding Truck fleet

Americas fleet expected to be approximately 50% risk in 2015
Selling more than 30% of our risk vehicles through alternative disposition channels
Sold 82% more cars through alternative channels compared to first quarter 2014
## Significant Impacts from Exchange-Rate Movements

### Year-over-Year Effect of Currency Movements \(^{(a)}\)

*in millions*

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>($85)</td>
<td>($145)</td>
<td>($165)</td>
<td>($75)</td>
<td>($470)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$17(^{(b)})</td>
<td>($15)</td>
<td>($37)</td>
<td>($5)</td>
<td>($40)</td>
</tr>
</tbody>
</table>

\(^{a}\) Based on exchange rates as of April 1, 2015 and assuming no further changes to exchange rates

\(^{b}\) Primarily due to hedging gains

Currently Expect Approximately $40 Million Negative Impact on Adjusted EBITDA
Strong Liquidity Position

- $5 billion of available liquidity at year-end
- Net corporate leverage of 3.3x\(^{(a)}\)
- Issued five-year fleet debt at an average rate of 2.7%
- Issued $375 million of ten-year senior notes at a rate of 5.25%

LTM Net Corporate Leverage\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Leverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter 2013</td>
<td>3.4x</td>
</tr>
<tr>
<td>First Quarter 2014</td>
<td>3.6x</td>
</tr>
<tr>
<td>First Quarter 2015</td>
<td>3.3x</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Net corporate debt to Adjusted EBITDA
**2015 OUTLOOK**

- Expect cash taxes of $50 to $75 million
- Expect capital expenditures of approximately $200 million
- Tax rate expected to be 37% to 38%
- Diluted share count of approximately 106 million

### 2015 Estimates

<table>
<thead>
<tr>
<th>($ in millions, except EPS)</th>
<th>Projection&lt;sup&gt;(a)&lt;/sup&gt;</th>
<th>Growth vs. 2014&lt;sup&gt;(b)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$8,800</td>
<td>4%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>900 – 1,000</td>
<td>8%</td>
</tr>
<tr>
<td>Non-vehicle D&amp;A</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Pretax income</td>
<td>535 – 635</td>
<td>13%</td>
</tr>
<tr>
<td>Net income</td>
<td>$335 – $400</td>
<td>12%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$3.15 – $3.75</td>
<td>17%</td>
</tr>
</tbody>
</table>

*Expect Free Cash Flow of Approximately $450 to $525 Million<sup>(c)</sup>*

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<sup>(a)</sup> Excluding certain items  
<sup>(b)</sup> Based on midpoint of projections  
<sup>(c)</sup> Excluding any significant timing differences
Our priorities for free cash flow continue to be tuck-in acquisitions and share repurchases.

Tuck-in acquisition targets remain:
- Avis Budget Group licensees in or near where we operate directly
- Independent operators outside the United States

Expect to utilize remaining $254 million of share repurchase authorization in 2015.
SUMMARY

Well-Positioned for a Record 2015

- Organic growth coupled with tuck-in acquisitions
- Focused on achieving higher prices and greater levels of profitability
- Benefiting from healthy used car market and greater use of alternative disposition channels
- Continued roll-out of integrated Demand–Fleet–Pricing yield-management system in 2015
- Focused execution, even in a choppy environment
Adjusted EBITDA
Adjusted EBITDA represents income before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, transaction-related costs, non-vehicle related interest and income taxes. We believe that 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 our 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 income (loss) before income taxes (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 117</td>
</tr>
<tr>
<td>Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)</td>
<td>39</td>
</tr>
<tr>
<td>Interest expense related to corporate debt, net</td>
<td>52</td>
</tr>
<tr>
<td><strong>Income before income taxes, excluding certain items</strong></td>
<td><strong>$ 26</strong></td>
</tr>
<tr>
<td>Less certain items:</td>
<td></td>
</tr>
<tr>
<td>Transaction-related costs</td>
<td>31</td>
</tr>
<tr>
<td>Acquisition-related amortization expense</td>
<td>10</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>1</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td><strong>$ (16)</strong></td>
</tr>
</tbody>
</table>
Reconciliation of Net Corporate Debt (in millions):

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Corporate debt</td>
<td>$3,388</td>
<td>$3,335</td>
<td>$3,420</td>
<td>$3,725</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents</td>
<td>537</td>
<td>713</td>
<td>624</td>
<td>854</td>
</tr>
<tr>
<td>Net corporate debt</td>
<td>$2,851</td>
<td>$2,622</td>
<td>$2,796</td>
<td>$2,871</td>
</tr>
</tbody>
</table>

Reconciliation of Adjusted EBITDA excluding certain items (in millions):

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$827</td>
<td>$862</td>
<td>$876</td>
<td>$876</td>
</tr>
<tr>
<td>Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)</td>
<td>139</td>
<td>145</td>
<td>147</td>
<td>151</td>
</tr>
<tr>
<td>Interest expense related to corporate debt, net (excluding early extinguishment of debt)</td>
<td>225</td>
<td>219</td>
<td>209</td>
<td>205</td>
</tr>
<tr>
<td>Income before income taxes, excluding certain items</td>
<td>$463</td>
<td>$498</td>
<td>$520</td>
<td>$520</td>
</tr>
<tr>
<td>Less certain items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early extinguishment of debt</td>
<td>72</td>
<td>72</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>44</td>
<td>38</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Transaction-related costs, net</td>
<td>41</td>
<td>37</td>
<td>13</td>
<td>36</td>
</tr>
<tr>
<td>Acquisition-related amortization expense</td>
<td>28</td>
<td>30</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>Impairment</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$245</td>
<td>$321</td>
<td>$392</td>
<td>$371</td>
</tr>
</tbody>
</table>

Free Cash Flow

Reconciles 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.