avis budget group

Fourth Quarter 2013 Earnings Call

February 20, 2014

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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 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.

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Ron Nelson

Chairman and Chief Executive Officer

FULL-YEAR HIGHLIGHTS

Strong 2013, Both Financially and Strategically

- Second-highest annual Adjusted EBITDA ever[a]
- Expanded our global footprint
  - Completed the acquisitions of Zipcar and Payless
- Achieved efficiencies throughout the organization
- Generated $460 million of Free Cash Flow
- Authorized $200 million share repurchase

(a) Excluding certain items

FOURTH QUARTER 2013 HIGHLIGHTS

Record Fourth Quarter Results

- Increased volume and revenue in North America and International segments
- Achieved record fourth quarter Adjusted EBITDA[a]
- Continued to integrate acquired businesses
- Repurchased approximately $25 million of outstanding shares

(a) Excluding certain items

NORTH AMERICA

New technology allowing us to update rates more quickly

Pricing

- Fourth quarter pricing unchanged[(a)]
- U.S. leisure pricing increased approximately 1%
- Commercial pricing declined 1%
  - Weighted average rate on contract renewals improved in second half compared to first half
- Pricing up 2% year-to-date in 2014

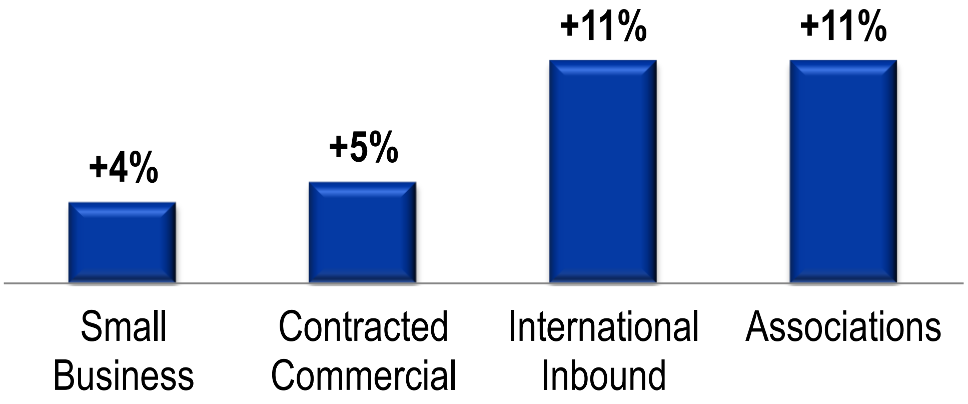
(a) Excluding Payless and currency effects

NORTH AMERICA

Volume

- Volume increased 6% year-over-year
  - Leisure volume increased 3%
  - Commercial volume increased 1%
  - Payless contributed three points to volume growth
- Budget on-airport leisure volume increased 10%

Year-over-Year Growth



Just Scratching the Surface of the Global Opportunity

- Introduced Zipcar in six new markets in 2013
- Zipcar now available at 28 airport locations
- Enrolling commercial customers
- Piloting one-way rentals
- Leveraging Avis Budget infrastructure

zipcar® wheels when you want them

INTERNATIONAL

In Europe, Avis' volume increased for the fourth consecutive quarter; Budget's rental days were up 70%

Record International Results

- Revenue increased 7% in the fourth quarter
- EMEA volume increased 6%
  - Total revenue per rental day increased 1%[a]
  - New digital platforms driving higher conversion rates
- Latin America / Asia-Pacific volume increased 6%
  - Pricing increased approximately 1%[b]

(a) Excluding currency effects
(b) Excluding Apex

FULL-YEAR HIGHLIGHTS

Full-Year Highlights

- North America pricing increased 1%
  - Leisure pricing increased 3%
- Numerous improvements to European operations
  - Budget volume grew 50%
- Acquired Zipcar and Payless, expanding our addressable market
- Invested in our Brazil and India licensees

North America

- Expect revenue to grow 4-6%
  - Pricing is projected to increase roughly 1%
- Will maintain our focus on fastest-growing and most profitable segments
- Anticipate only inflationary increases in fleet costs
- Emphasis on driving efficiency and enhancing the customer experience will continue

International

- European economy remains uneven
  - Plan to drive revenue growth through our Budget brand, increased ancillary penetration and digital investments
  - Full-year benefit from 2013 restructuring and integration actions
- Latin America / Asia-Pacific region expected to be driven by growth in rental volumes
  - Continued focus on inbound and outbound customers

David Wyshner

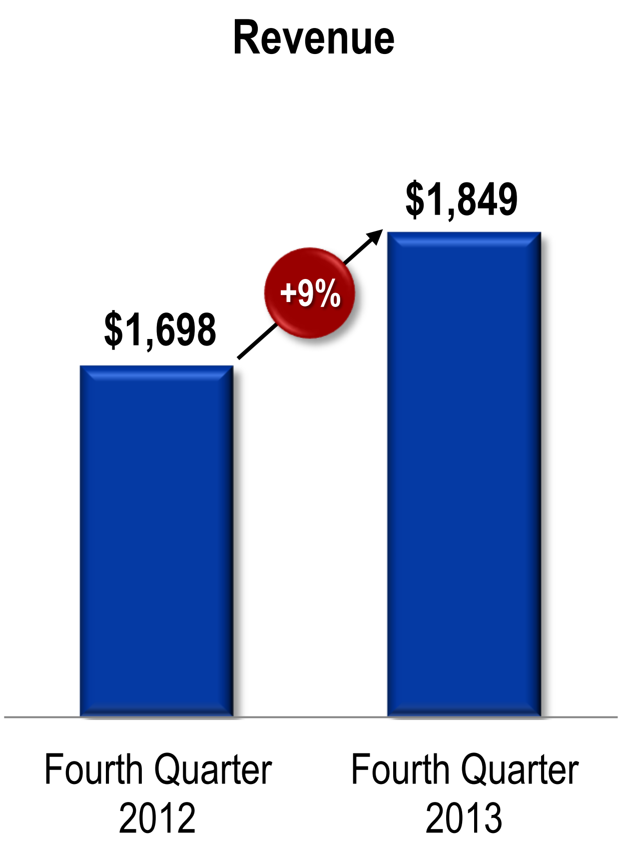
Senior Executive Vice President

and Chief Financial Officer

FOURTH QUARTER 2013 RESULTS

Record Results

($ in millions)



(a) Excluding certain items

FOURTH QUARTER 2013 RESULTS – NORTH AMERICA

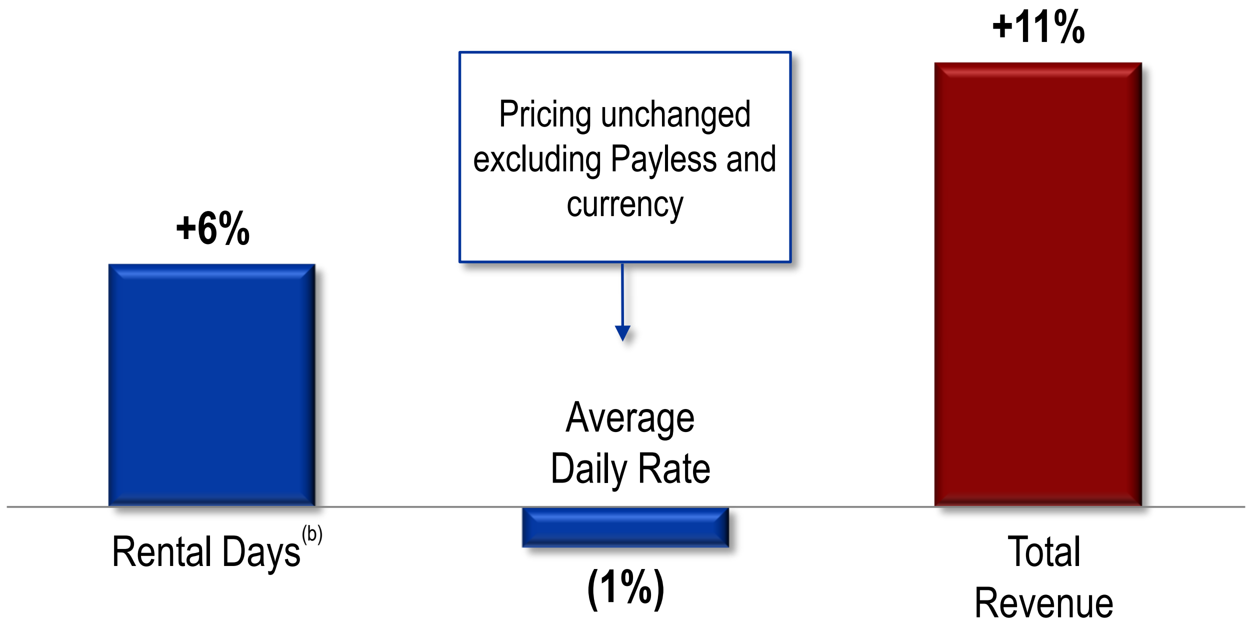
Per-unit fleet costs increased 8%[a]

Adjusted EBITDA increased 36% to \$64 million[c]

Acquisitions contributed \$95 million of revenue and \$10 million of Adjusted EBITDA

Volume and Revenue Increased

(year-over-year change)[a]



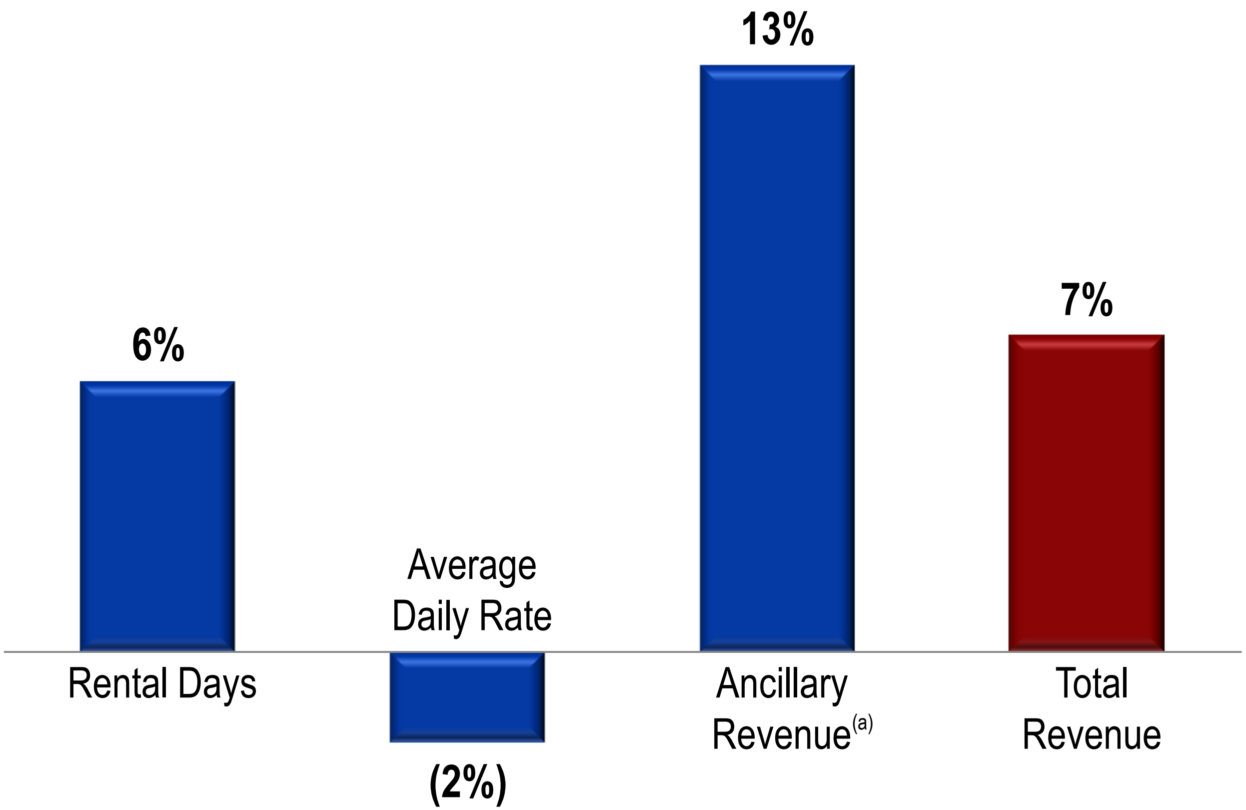
(a) Rental days and average daily rate excludie Zipcar
(b) Increased 3% excluding Payless
(c) Excluding certain items

FOURTH QUARTER 2013 RESULTS – INTERNATIONAL

Adjusted EBITDA grew 37%, to $48 million[b]

Revenue Increased due to Higher Volumes and Ancillary Revenue

(year-over-year change)

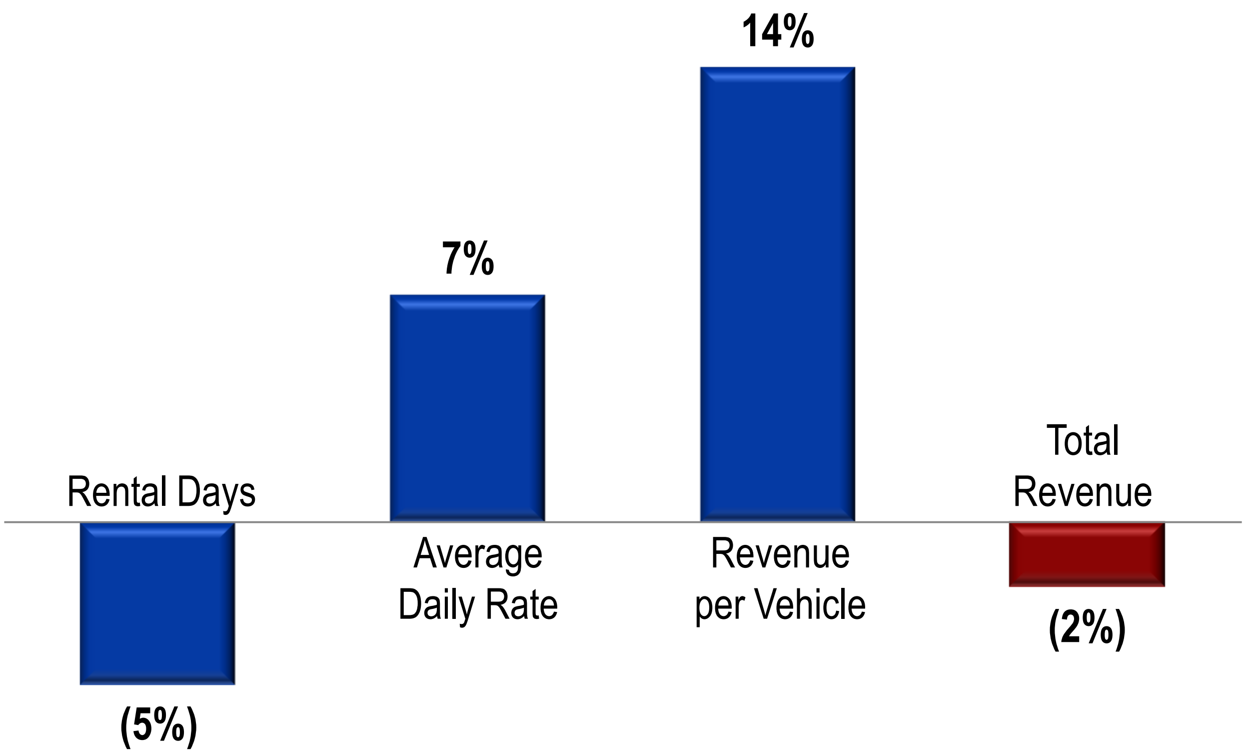


(a) Excluding gas and customer recoveries, on a per day basis
(b) Excluding certain items

FOURTH QUARTER 2013 RESULTS – TRUCK RENTAL

Substantial Pricing and Utilization Improvements

(year-over-year change)



ZIPCAR INTEGRATION

Expect $50 to $70 Million of Annual Synergies by End of 2015

- **Actions taken to capture cost synergies**
- **Currently sharing hundreds of cars between Avis, Budget and Zipcar**
- **Zipcar membership growing 11% annually, to 863,000 at year-end**
- **Substantial intermediate-term growth opportunities**

FLEET COSTS

Modeling approximately two-point lower residual values

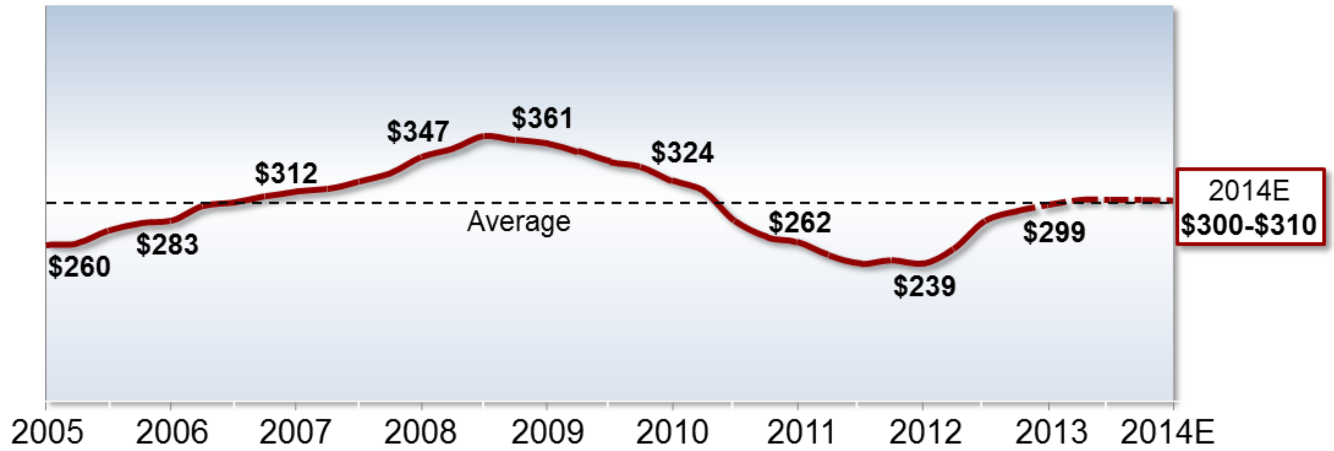
Used car market should continue to see good demand

North America fleet will remain approximately two-thirds risk

Expect Inflationary Increases

- North America per-unit fleet costs to be $300 to $310 per month

North America Per-Unit Fleet Costs[a]



(a) LTM fleet costs on a per-month basis and excluding Zipcar

Year-end cash balance of $693 million

Strong Liquidity Position

- $5.3 billion of available liquidity at quarter-end
- Net corporate leverage of 3.5x(a)
- No corporate debt maturities over next three years(b)
- Debt refinancing remains a cost-saving opportunity
  - Still approximately $900 million of corporate debt at rates above 8%
- 2013 actions reduced diluted shares outstanding by more than 5 million

(a) Net corporate debt to Adjusted EBITDA excluding certain items
(b) Excluding $66 million of convertible notes expected to convert in 2014

FREE CASH FLOW

Substantial Free Cash Flow in 2013

($ in millions)	2013 Actual
Adjusted EBITDA[a]	$769
Corporate interest	(228)
Capital expenditures	(154)
Cash taxes	(58)
Working capital, vehicle programs and other	131
Free cash flow	$460

Generated Approximately $4 of Free Cash Flow per Share

(a) Excluding certain items

2014 OUTLOOK

Expect cash taxes of approximately $60 to $75 million

Expect capital expenditures of approximately $190 million

Tax rate expected to be approximately 38%

Diluted share count of 114 million

2014 Estimates

($ in millions, except EPS)	**Projection**[a]
Revenue	**$8,300 – $8,500**
Adjusted EBITDA	**825 – 900**
Non-vehicle D&A	**150 – 155**
Interest expense	**220**
Pretax income	**450 – 530**
Net income	**$275 – $325**
Diluted EPS	**$2.45 – $2.85**

Expect Free Cash Flow of Approximately $400 Million[b]

(a) Excluding certain items
(b) Excluding any significant timing differences

Positioned for Earnings and Margin Growth

- **Achieved volume and pricing growth in North America**
- **In an excellent position to benefit from a recovery in the European economy**
- **Completed Zipcar, Payless and other acquisitions to accelerate our growth**
- **Remain focused on delivering our strategic initiatives, strengthening our brands and achieving financial targets**

Focused on Generating $1 Billion of Adjusted EBITDA in 2015

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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 represents income (loss) before non-vehicle related depreciation and amortization, any impairment charge, early extinguishment of debt, transaction-related costs, non-vehicle related interest and income taxes. Adjusted EBITDA excluding certain items represents Adjusted EBTIDA excluding restructuring-related expenses, costs related to early extinguishment of debt and other certain items as such items are not representative of the results of operations of our business. We believe that Adjusted EBITDA and Adjusted EBITDA excluding certain items are useful as supplemental measures 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 (loss) 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):

	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012
Adjusted EBITDA excluding certain items	**$ 114**	**$ 78**
Less: Non-vehicle related depreciation and amortization	35	30
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	58	59
Income before income taxes, excluding certain items	**$ 21**	**$ (11)**
Less certain items:		
Early extinguishment of debt	16	23
Restructuring expense	22	12
Transaction-related costs	14	13
Acquisition-relation amortization expense	7	4
Avis Budget Group, Inc. income (loss) before income taxes	**$ (38)**	**$ (63)**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	Quarter Ended December 31, 2013
Corporate debt	**$ 3,394**
Less: Cash and cash equivalents	693
Net corporate debt	**$ 2,701**

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

	LTM Ended December 31, 2013
Adjusted EBITDA excluding certain items	**$ 769**
Less: Non-vehicle related depreciation and amortization	128
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	228
Income before income taxes, excluding certain items	**$ 413**
Less certain items:	
Early extinguishment of debt	147
Restructuring expense	61
Transaction-related costs	51
Acquisition-relation amortization expense	24
Impairment	33
Income before income taxes	**$ 97**

GLOSSARY

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:

	LTM Ended December 31, 2013
Free Cash Flow	**$ 460**
Investing activities of vehicle programs	1,569
Financing activities of vehicle programs	196
Capital expenditures	154
Proceeds received on asset sales	(22)
Change in restricted cash	(14)
Acquisition-related payments	(29)
Transaction-related payments	(61)
Net Cash Provided by Operating Activities	**$ 2,253**