



avis budget group

Investor Day Presentation

February 2014

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 such measures is contained within this presentation, including in the Glossary section.

Agenda

- ▶ **Ron Nelson** Chairman and Chief Executive Officer
- ▶ **Larry De Shon** President, Europe, Middle East and Africa
- ▶ **Pat Siniscalchi** President, Latin America / Asia-Pacific

Q & A

- ▶ **Tom Gartland** President, North America
- ▶ **Kaye Ceille** President, Zipcar

Q & A

- ▶ **David Wyshner** Sr. Executive Vice President and CFO
- ▶ **Ron Nelson** Chairman and Chief Executive Officer

Q & A

- ▶ **Lunch** Avis Budget Group executives



avis budget group

Investor Day Presentation

**Ronald L. Nelson
Chairman & Chief Executive Officer**

February 2014

2

**Years since our last
Investor Day . . .**

3

New brands acquired . . .



256,000,000

Rental days . . .

\$15,300,000,000

Rental revenue . . .

\$1,600,000,000

Adjusted EBITDA

\$1,000,000,000

Free Cash Flow . . .

19,000,000

Diluted shares repurchased . . .

135%

Increase in stock price . . .

Why Am I So Optimistic?



\$1,000,000,000
Adjusted EBITDA by 2015

Valuation Does Not Reflect Our Growth Prospects

	avis budget group ^(b)	S&P 500 [®] (c)
Expected EPS Growth^(a)	25%	10%
Price to Earnings	11x	14x
Free Cash Flow Yield	12%	6%

(a) 2014 – 2015 CAGR

(b) Based on the midpoint of our 2015 estimates

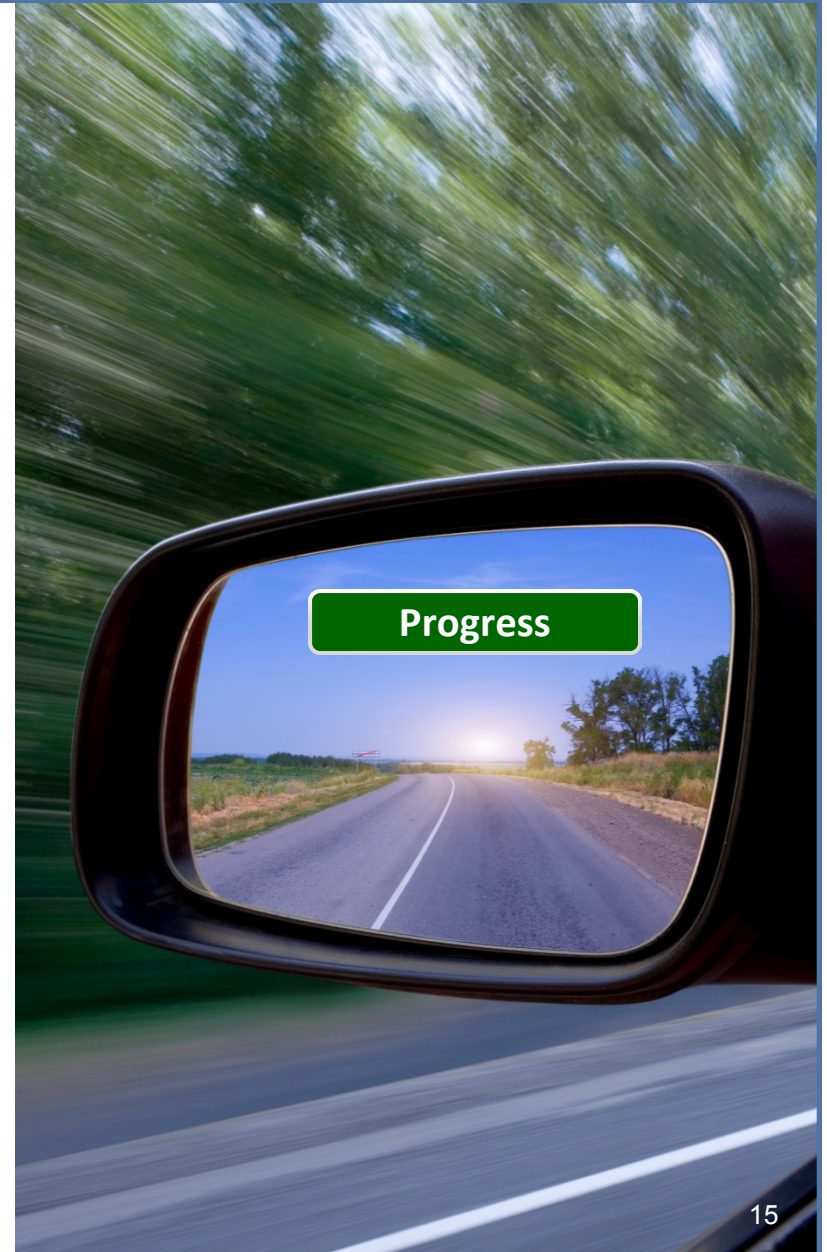
(c) Source: FactSet Market Aggregates

Note: Calculations are based on stock price as of 2/14/14

Why Am I So Optimistic?

Looking back...

- ▶ North America pricing has turned positive
- ▶ EMEA integration and expansion efforts successful
- ▶ Expanded our addressable market by acquiring Zipcar, Apex and Payless
- ▶ Strong, stable free cash flow



Why Am I So Optimistic?

Looking forward...

Market:

- ▶ \$50 billion global industry^(a)
- ▶ Scale benefits
- ▶ Little obsolescence risk
- ▶ Critical service to travelers
- ▶ Consolidation allows for rational competitive environment



Why Am I So Optimistic?

Looking forward...

Company:

- ▶ Ongoing benefits from acquisitions
- ▶ Technology deployment
- ▶ Global shared services opportunity
- ▶ Fleet costs have normalized
- ▶ Smart use of Free Cash Flow:
 - Organic growth initiatives
 - Share repurchase
 - Acquisitions
- ▶ Substantial margin enhancement



Expect Margin Expansion Across All Segments

Adjusted EBITDA Margin

		2013 Actual	2015 Estimate	Change
	North America	10%	11%	+1 pt
	International	11%	13%	+2 pts
	Truck	10%	12%	+2 pts
Total Company		10%	11-12%	+1-2 pts

Expect Margin Expansion Across All Segments

Adjusted EBITDA Margin

		2013 Actual	Long Term	Change
	North America	10%	12-13%	+2-3 pts
	International	11%	14-15%	+3-4 pts
	Truck	10%	13-14%	+3-4 pts
Total Company		10%	13-14%	+3-4 pts

Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***



***Put the
Customer
First***



***Drive
Efficiency
Throughout
the
Organization***

Key Messages

Global	Global brands competing in all major industry segments
Expansion	Significant opportunity for expansion
Proven Strategy	Proven strategic plan delivering profitable growth
Cash Flow	Deploying Free Cash Flow in high-return investments and share repurchases

AVIS[®]

 **Budget**[®]

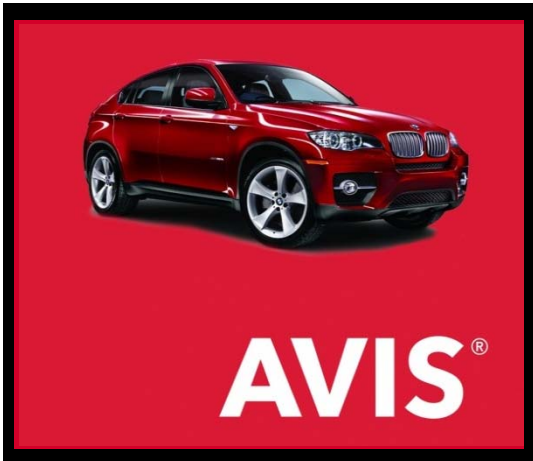
 **apex** car rentals

 **PAYLESS**[®]

 **zipcar**[®]



Investor Day 2014



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Investor Day Presentation

Larry De Shon
President, Europe, the Middle East and Africa

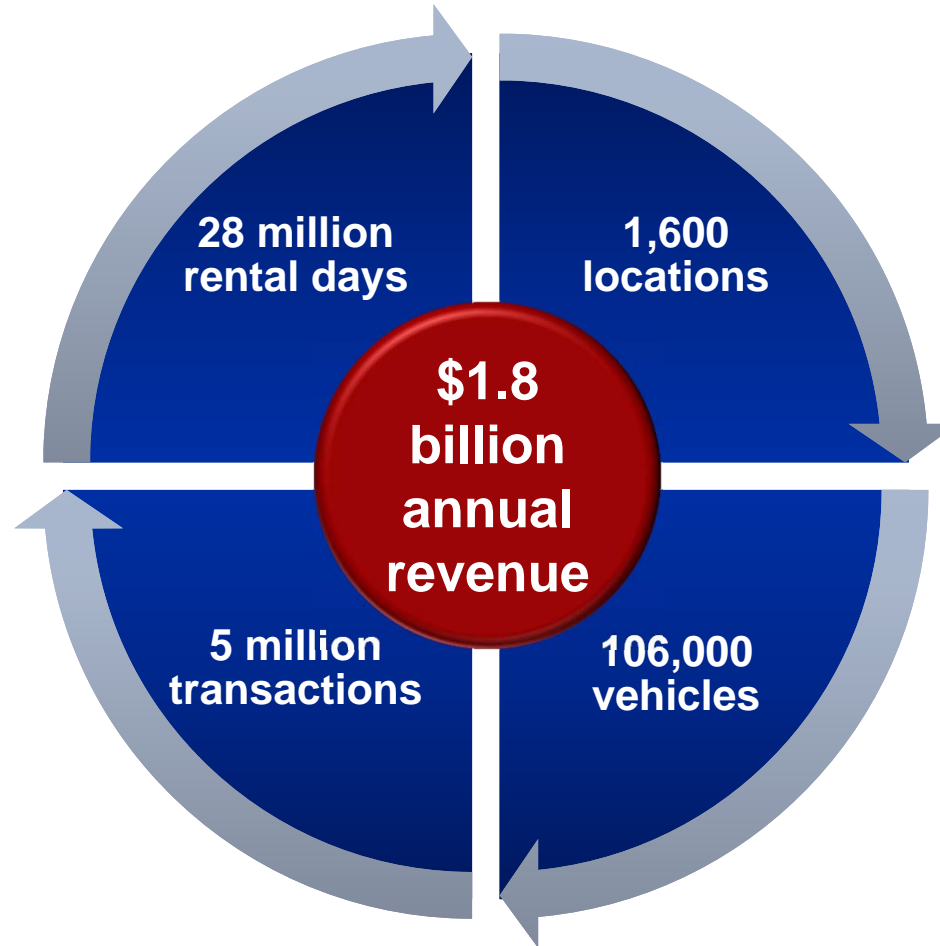
February 2014

Agenda

- ▶ **The business today**
- ▶ **Market dynamics**
- ▶ **Driving sustained profitable growth**

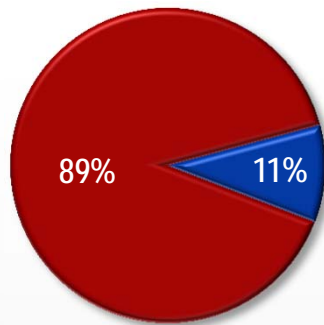


A Leader in the European Car Rental Industry

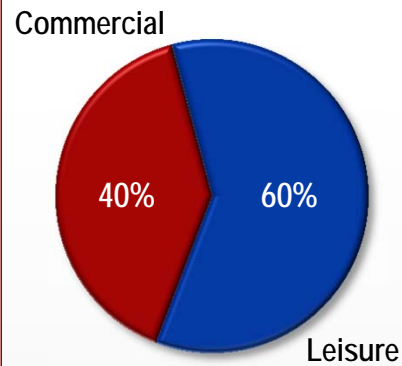


Diversified Revenue Sources

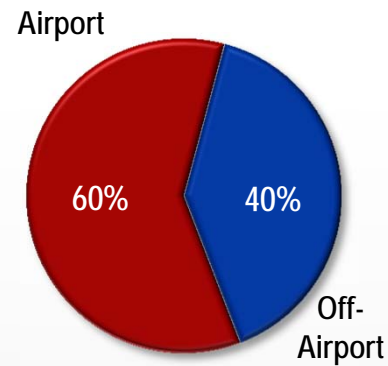
Avis vs. Budget



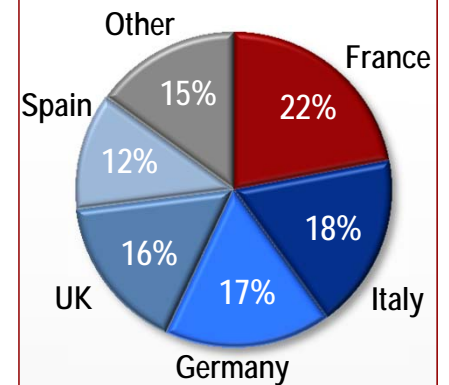
Commercial vs. Leisure



On-Airport vs. Off-Airport



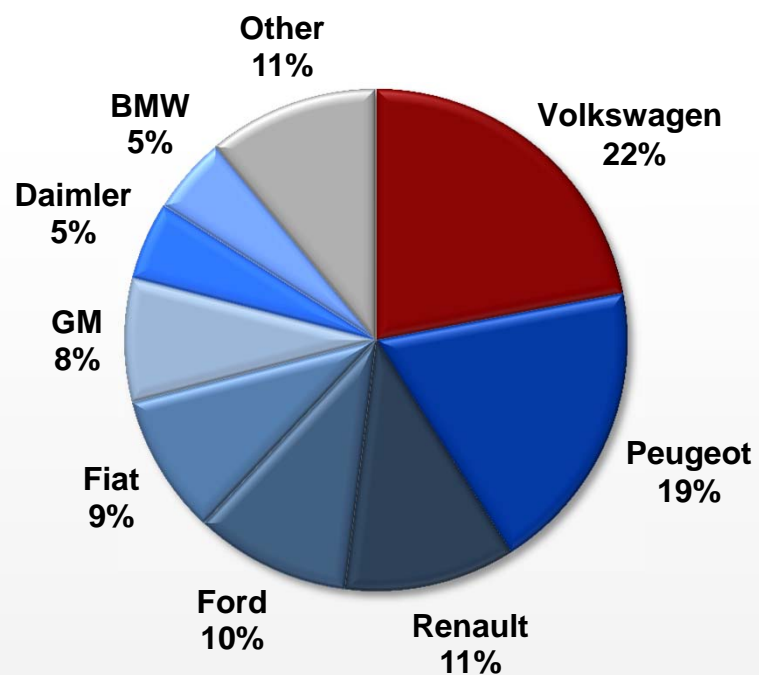
Revenue by Market



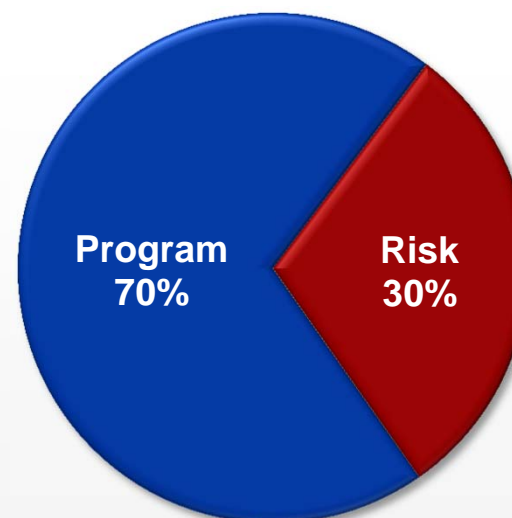
Budget share of EMEA revenue has tripled since 2011

Diversified Fleet Mitigates Risk

By Manufacturer

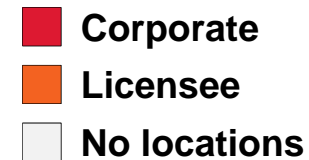
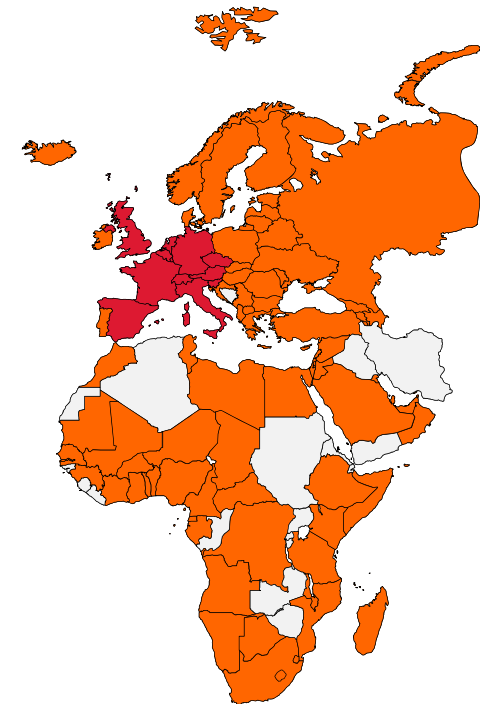
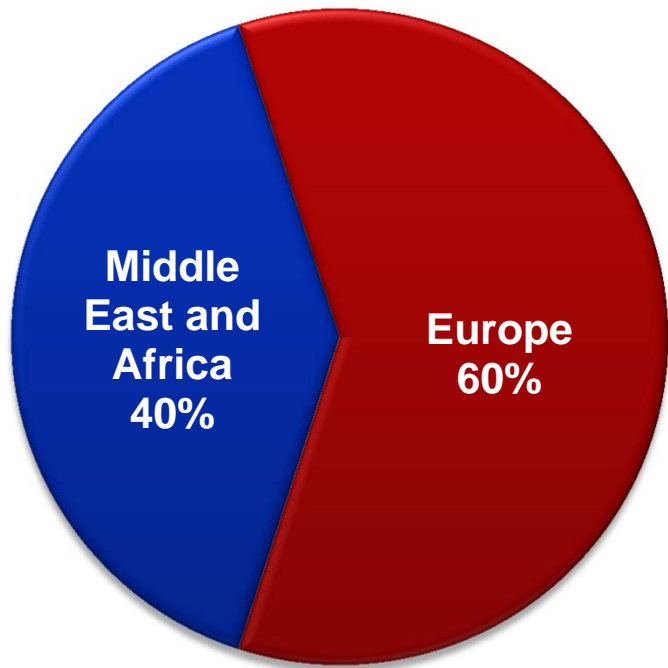


By Type

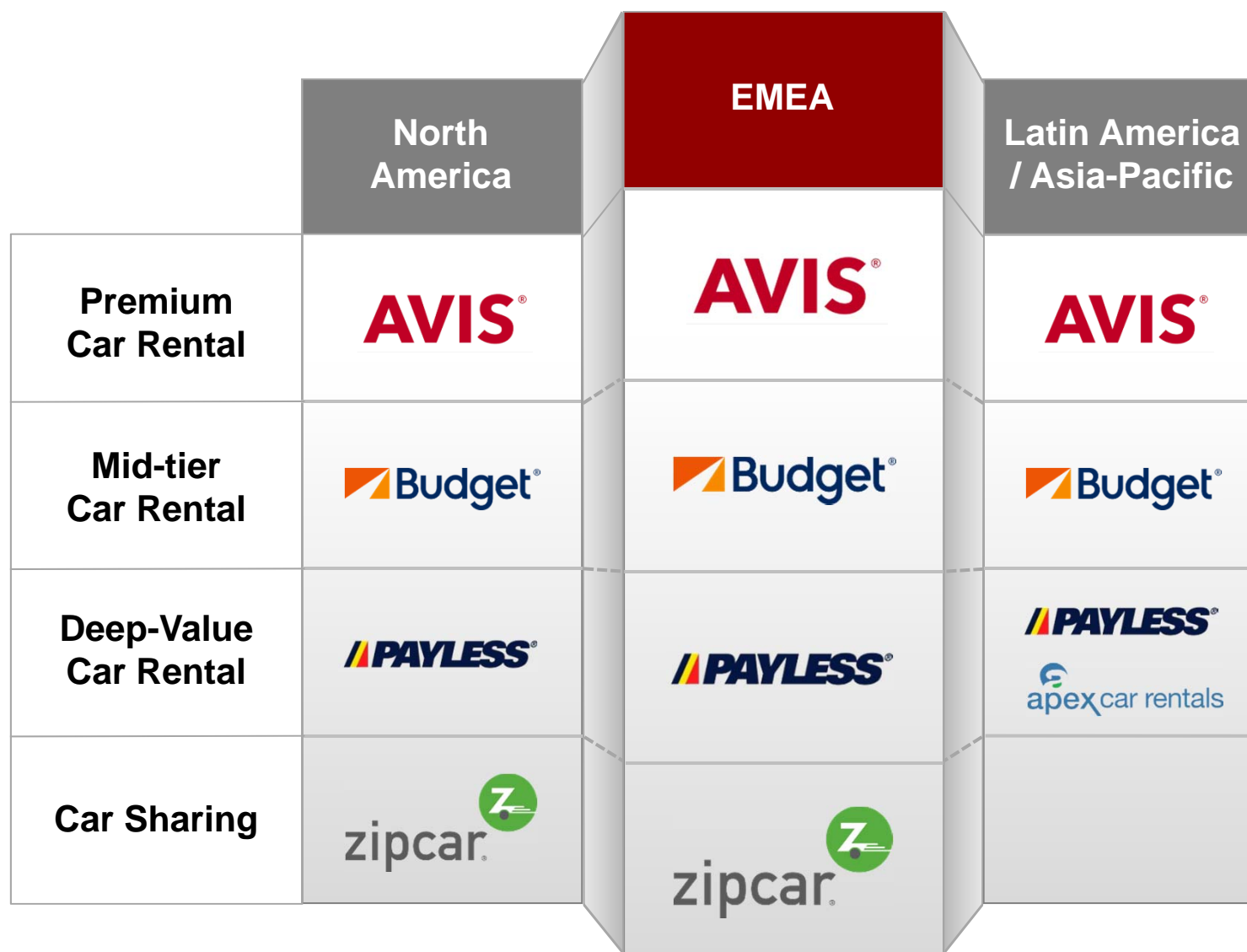


Substantial and Diversified Licensee Revenue Stream

More than \$80 million of High-margin Licensee Revenue



Differentiated Brand Portfolio to Meet Customer Needs



Competitive Landscape

Premium Sector

The Avis logo consists of the word "AVIS" in a bold, red, sans-serif font, followed by a registered trademark symbol (®).The Hertz logo features the word "Hertz" in a grey, sans-serif font, with a yellow rectangular background behind the letters.The Europcar logo displays the word "Europcar" in a grey, sans-serif font, with a green rectangular background behind the letters.The Sixt rent a car logo shows the word "SIXT" in a bold, grey, sans-serif font, with a yellow and orange curved line above the "T", and the words "rent a car" in a smaller, grey, sans-serif font below it.

Mid-tier

The Budget logo features the word "Budget" in a blue, sans-serif font, with an orange and blue square icon to the left.The Enterprise logo displays the word "enterprise" in a grey, sans-serif font, with a green rectangular background behind the letters.The Thrifty logo shows the word "Thrifty" in a blue, sans-serif font, with a small "Car Rental" tagline below it.The RENT-A-CAR.eu logo features the words "RENT-A-CAR.eu" in a blue, sans-serif font, with a small "Car Rental" tagline below it.The Maggiore logo displays the word "Maggiore" in a blue, sans-serif font, with a blue rectangular background behind the letters.The National Car Rental logo shows the word "National" in a blue, sans-serif font, with a green and blue wave icon to the left.

Deep-Value

The Payless logo features the word "PAYLESS" in a bold, blue, sans-serif font, with a yellow and blue square icon to the left.The Alamo logo displays the word "Alamo" in a yellow, sans-serif font, with a blue rectangular background behind the letters.The Dollar Rent a Car logo shows the word "DOLLAR" in a blue, sans-serif font, with a red and blue star icon to the left, and the words "RENT A CAR" in a smaller, blue, sans-serif font below it.The Goldcar rental logo features the word "GOLDCAR" in a blue, sans-serif font, with a green rectangular background behind the letters, and the word "rental" in a smaller, blue, sans-serif font below it.

Car Sharing

The Zipcar logo displays the word "zipcar" in a grey, sans-serif font, with a green circular icon containing a white "Z" to the right.The Green Wheels logo features the words "GREEN WHEELS" in a green, sans-serif font, with a green circular icon containing a white "G" to the left.The Car2Go logo displays the words "CAR 2GO" in a blue, sans-serif font, with a blue rectangular background behind the letters.The DriveNow logo shows the word "DriveNow" in a blue, sans-serif font, with a blue square icon containing a white "D" to the left.

Agenda

- ▶ The business today
- ▶ Market dynamics
- ▶ Driving sustained profitable growth



Market Environment: We Are Well Positioned to Benefit from Economic Recovery

UK and Germany

- ▶ Commercial volume trends improving



France

- ▶ Resilient leisure volumes but soft local commercial demand



Italy and Spain

- ▶ Inbound leisure improving, domestic demand still weak



Middle East and Africa

- ▶ Demand resilient across diversified markets



Strong Industry Partnerships Drive Incremental Revenue

Long-Standing Relationships with Leading Travel Participants

Travel



Air/Rail



Corporate



Agenda

- ▶ The business today
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Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***

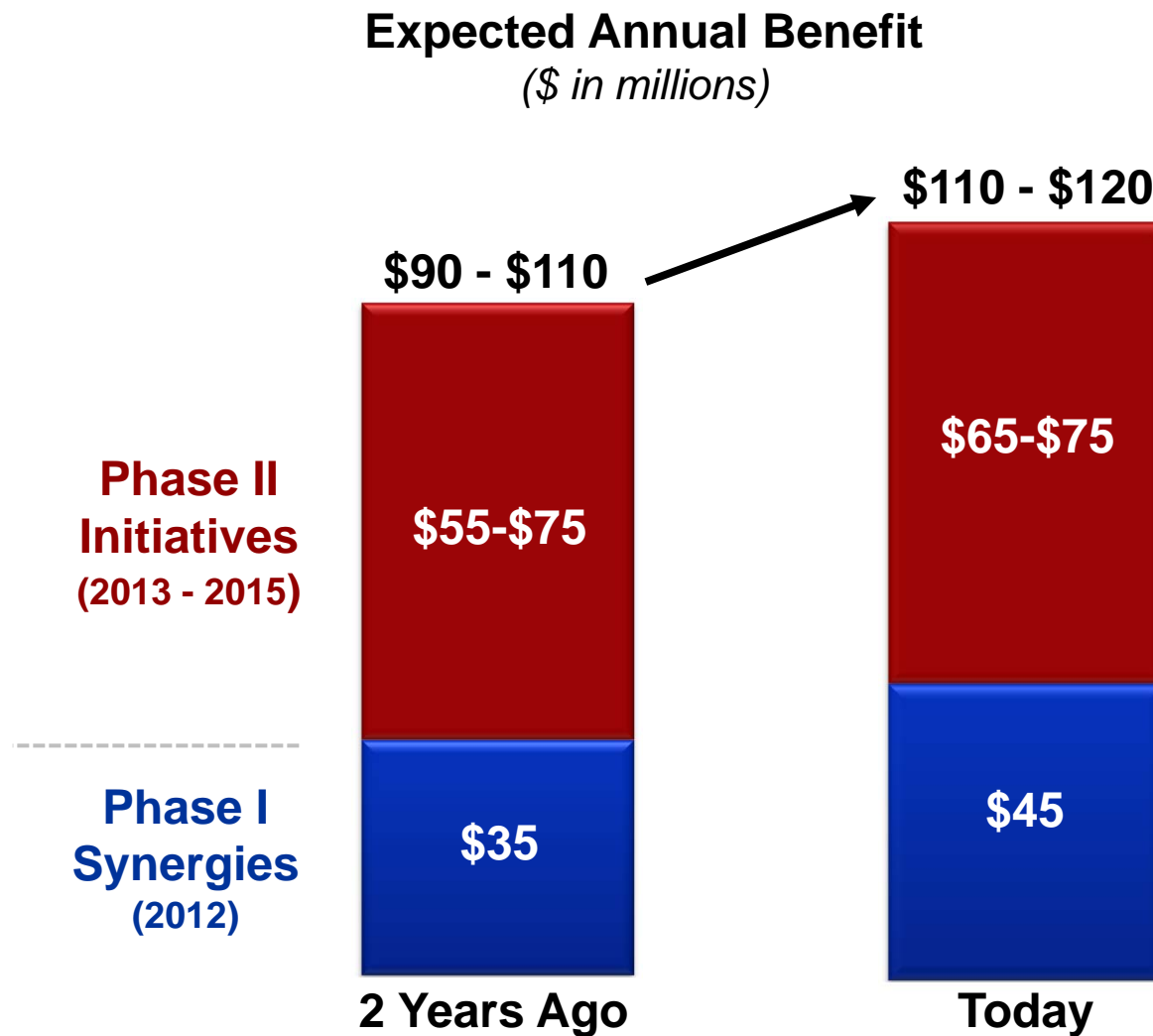


***Put the
Customer
First***



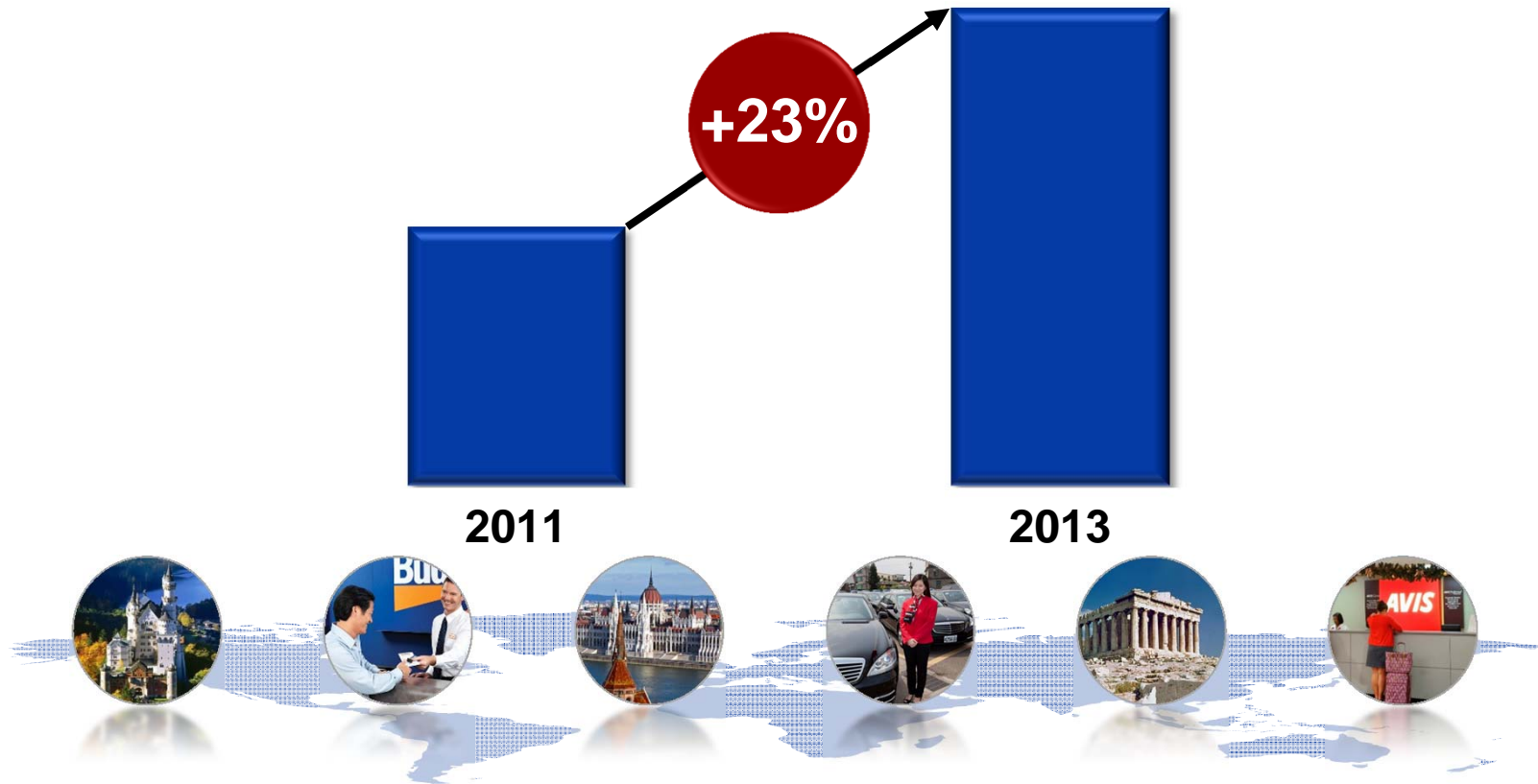
***Drive
Efficiency
Throughout
the
Organization***

Exceeding Targeted Operating Improvements



Capture Highly Profitable Cross Border Demand

International Inbound Revenue

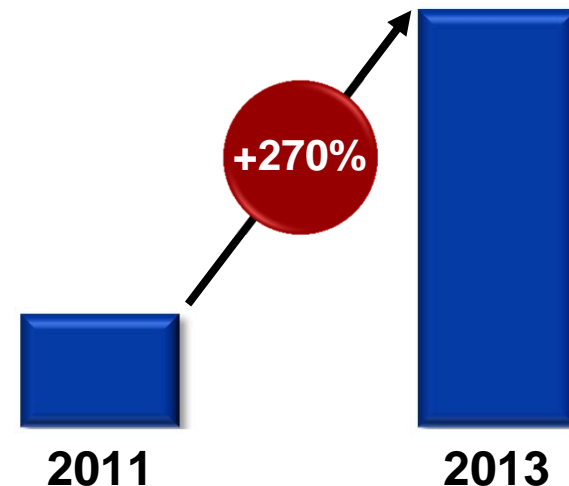


Increasing investment and resources to drive additional cross border revenue

Budget Volume has More than Tripled Since 2011

- ▶ **Network expanded**
 - Launched in Spain
 - Acquired licensees in Italy, Belgium and Luxembourg
 - Dual-branded locations
- ▶ **Added to major travel partnerships**
- ▶ **Sales team reorganized and retrained**

Budget Rental Days

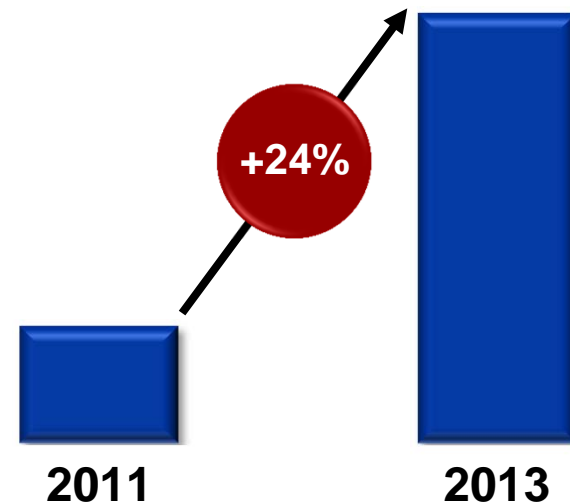


Expect Budget to grow to nearly 20% of EMEA volume by 2016

Driving Profitability Through Growth in Ancillary Products

- ▶ Driving sales culture
- ▶ Trained almost 3,000 rental sales staff
- ▶ Introduced new products

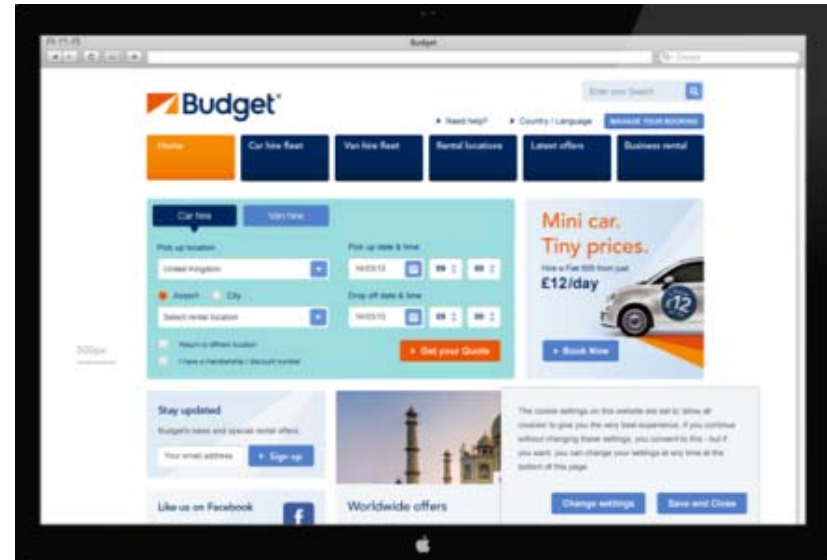
Ancillary Revenue
per Day^(a)



Expect ancillary sales to increase \$50 million by 2016

Investing in Digital Capabilities to Drive Traffic to our Most Profitable Channels

- ▶ **New Budget websites across our five largest countries**
- ▶ **Benefits include:**
 - Loading times reduced by 40%
 - Customer conversion improved by 16%
- ▶ **Further developments in 2014**



**Targeting increases in website visitors
and 20% higher conversion**

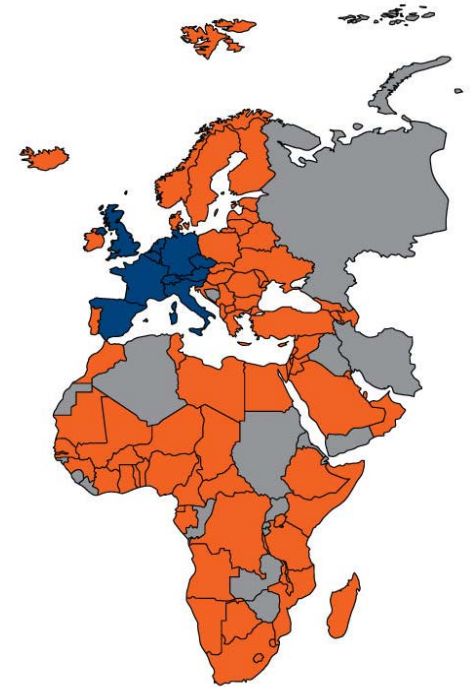
Significant Opportunity for Zipcar Expansion in EMEA

- ▶ European car sharing market expected to reach 12 million members by 2020^(a)
- ▶ Zipcar currently operates in three countries
 - More than 15 cities identified for potential expansion including potential licensee markets
- ▶ Re-branding *Avis on Demand* in Paris to *Zipcar*



Building a Stronger Licensee Network to Increase System Profitability

- ▶ Expanding geographic presence, especially for Budget
- ▶ Leveraging strong licensee partners
- ▶ Growing inbound-to-licensee and outbound-from-licensee volumes
- ▶ Driving improved profitability for both Avis Budget and licensees



■ Opportunity Countries
■ Corporate Territories
■ Licensee Territories



CUSTOMER FIRST

Improving the Customer Experience



Driving Cost Savings and Process Improvements

Organizational Transformation

- ▶ Increasing use of shared service centers drives savings



Structural Realignment

- ▶ Implemented regional structure to drive efficiencies



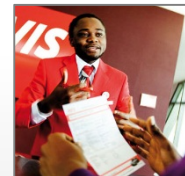
Operational Excellence

- ▶ Improving utilization and productivity



Performance Excellence

- ▶ Performance Excellence contributing to profitability



2014 Outlook

- ▶ **Economic environment beginning to recover**
- ▶ **Expect full year revenue growth of 4-6% driven by**
 - Budget expansion revenue growth of approximately 25%
 - Increase ancillary sales by 10%
- ▶ **Initiative benefits ahead of original expectations**
- ▶ **Zipcar focused on growth and expansion**



Key Messages

Broadest Brands

A market leader with the broadest brand portfolio

Well Positioned

Well-positioned for recovery in demand

Strong Execution

Exceeding original targets through strong execution

Zipcar Opportunity

Significant opportunity to expand Zipcar

AVIS®

 **Budget®**

 **PAYLESS®**

 **zipcar.**



Investor Day 2014



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Investor Day Presentation

Pat Siniscalchi
President, Latin America/Asia-Pacific

February 2014

2012: 40-Years With Avis Budget Group . . .



My wife asked, “What are you doing?”

I said, “Nothing.”

My wife then asked, “Didn’t you do that yesterday?”

I replied, “I wasn’t finished yet.”

... Two Years Later



My friend Bob asked, “Will that be us in ten years?”

I replied, “That’s a mirror.”

Agenda

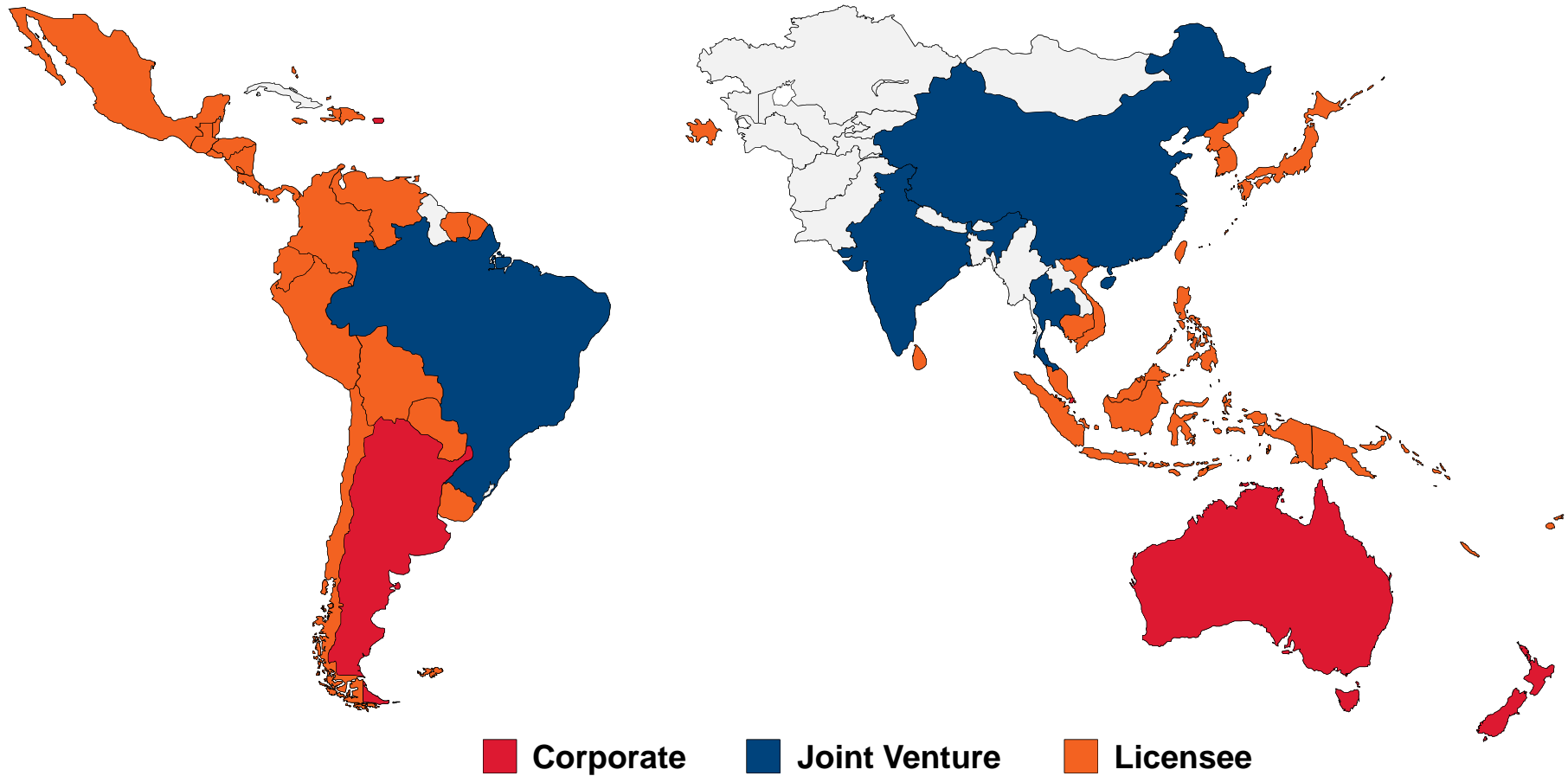
- ▶ **The business today**

- ▶ **Market dynamics**

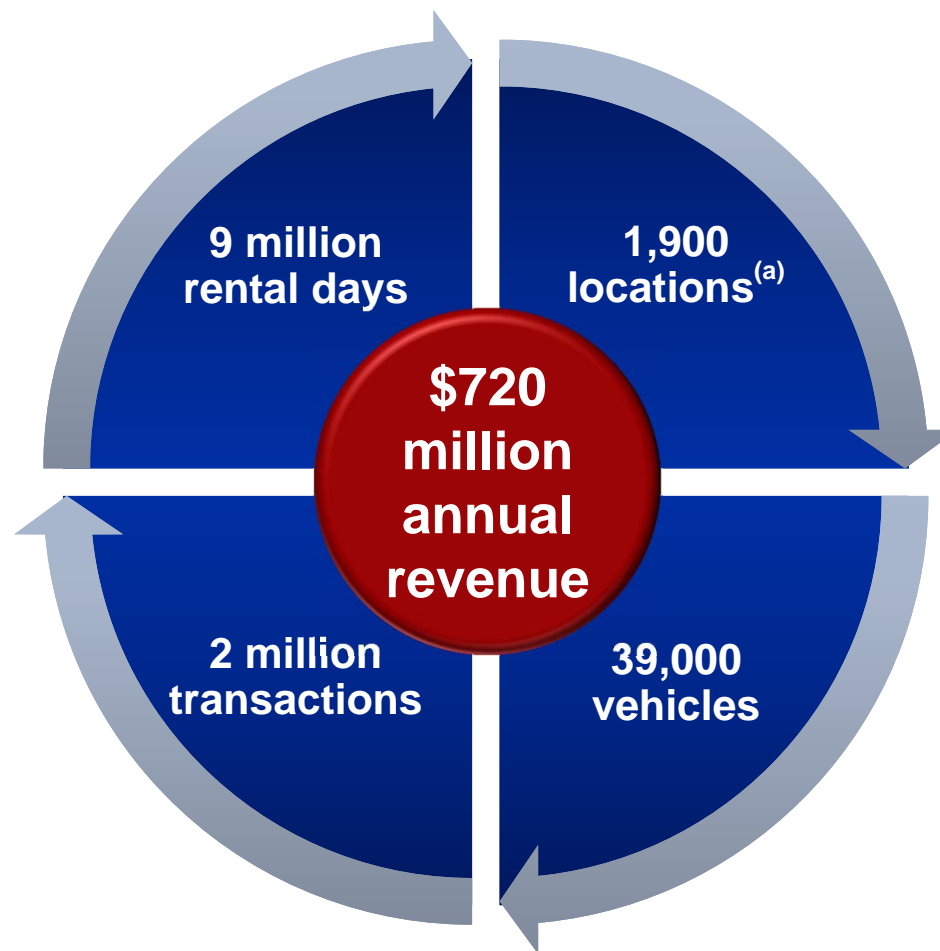
- ▶ **Growth drivers**



Broadest Coverage in Car Rental

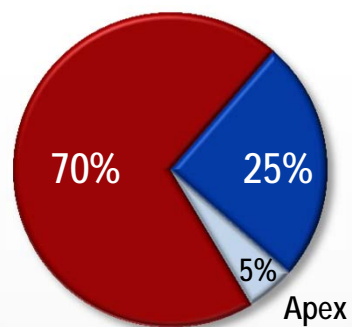


The Business Today

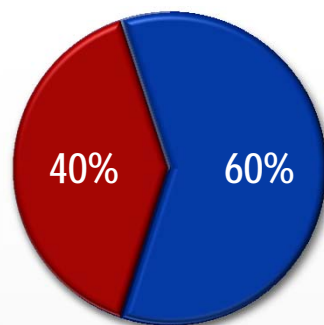


Diversified Revenue Sources

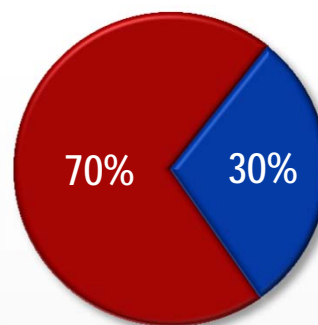
Avis vs. Budget



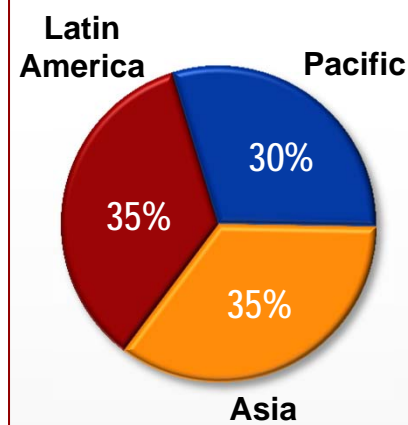
Commercial vs. Leisure



On-Airport vs. Off-Airport

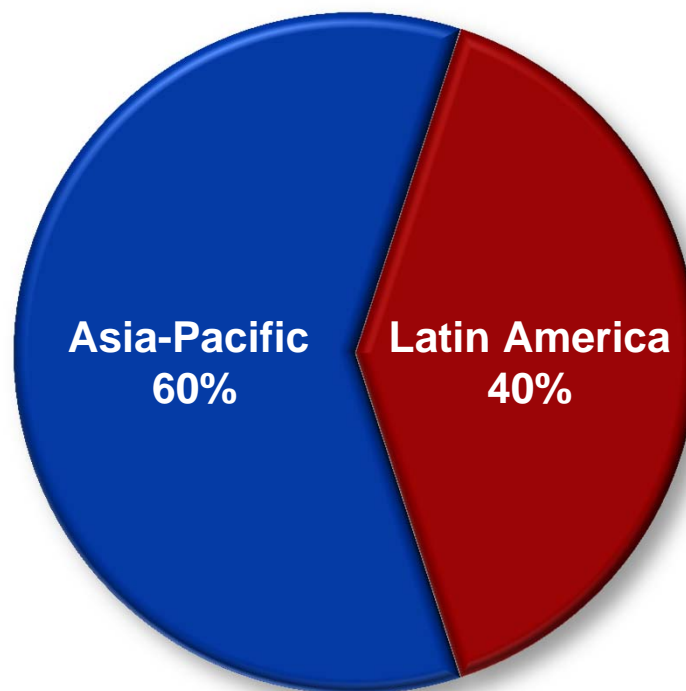


Locations by Region^(a)



Substantial and Diversified Licensee Revenue Stream

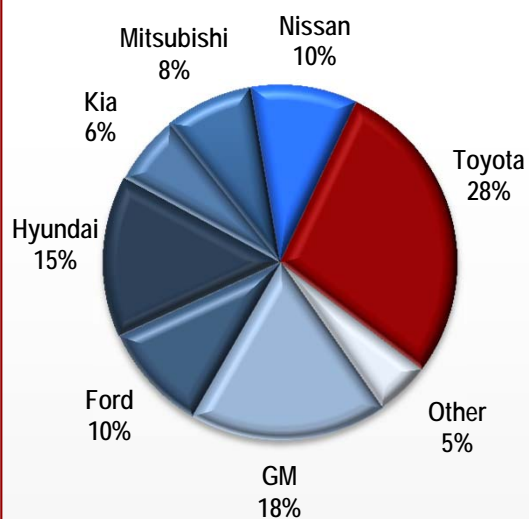
Latin America/Asia-Pacific Licensee Revenue



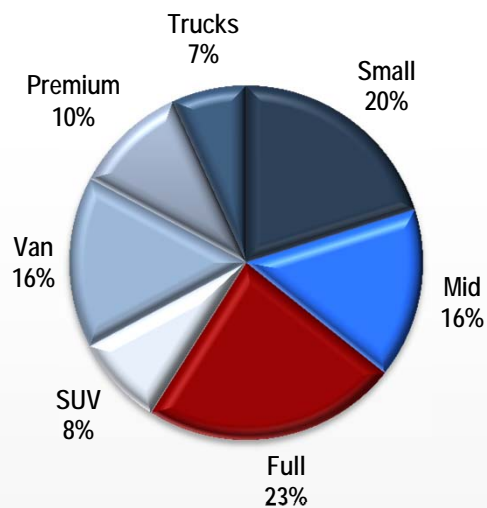
\$35 million of high-margin licensee revenue

Diversified Fleet Mitigates Risk

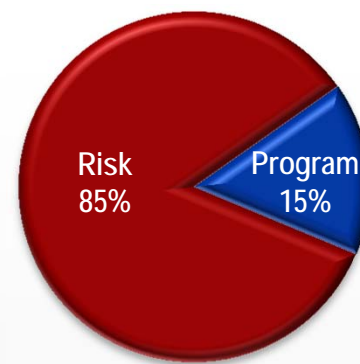
By Manufacturer



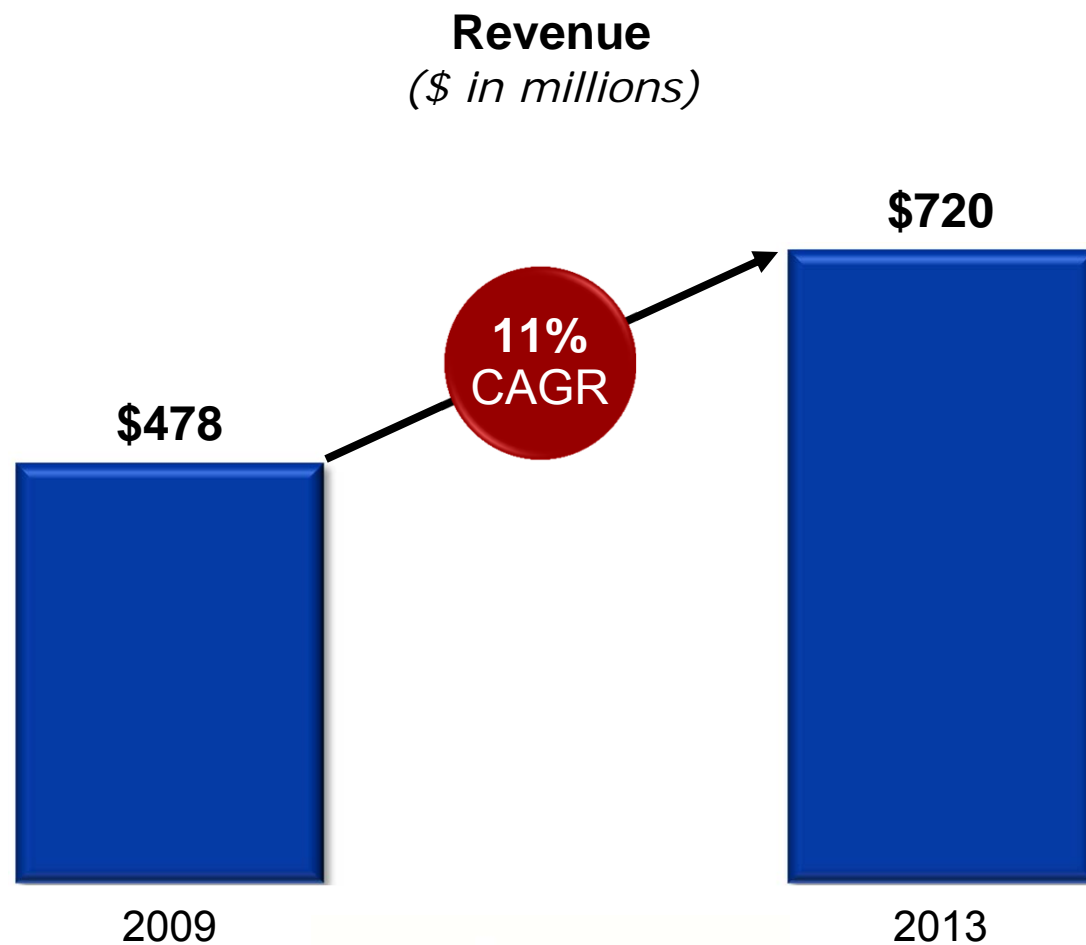
By Car Class



By Type



Double-Digit Revenue Growth



Agenda










- ▶ The business today

- ▶ Market dynamics

- ▶ Growth drivers



Differentiated Brand Portfolio to Meet Customer Needs

	North America	EMEA	Latin America / Asia-Pacific
Premium Car Rental	AVIS®	AVIS®	AVIS®
Mid-tier Car Rental	 Budget®	 Budget®	 Budget®
Deep-Value Car Rental	 PAYLESS®	 PAYLESS®	 PAYLESS®  apex car rentals
Car Sharing	 zipcar.	 zipcar.	Coming in 2014

Strong Positions in Australia and New Zealand

- ▶ **Leading market shares in each country**
 - Our New Zealand revenue is double our next competitor's
- ▶ **Strong profitability driven by high ancillary revenue and inbound volume**
- ▶ **Award-winning customer service**



Strong and growing share in each country

Market Environment: Well-Positioned for Long-term Growth in Key Markets

Australia

- ▶ Corporate and government segments rebounding slowly



New Zealand

- ▶ Strong economy and good inbound growth



Brazil

- ▶ 2014 World Cup expected to drive incremental revenue



China

- ▶ Car rental market continues to grow double digits



Key Partnerships Drive Incremental Revenue

Long-Standing Relationships with Leading Travel Participants

Travel	Air	Corporate
    	        	       

Agenda

- ▶ The business today

- ▶ Market dynamics

- ▶ Growth drivers



Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***



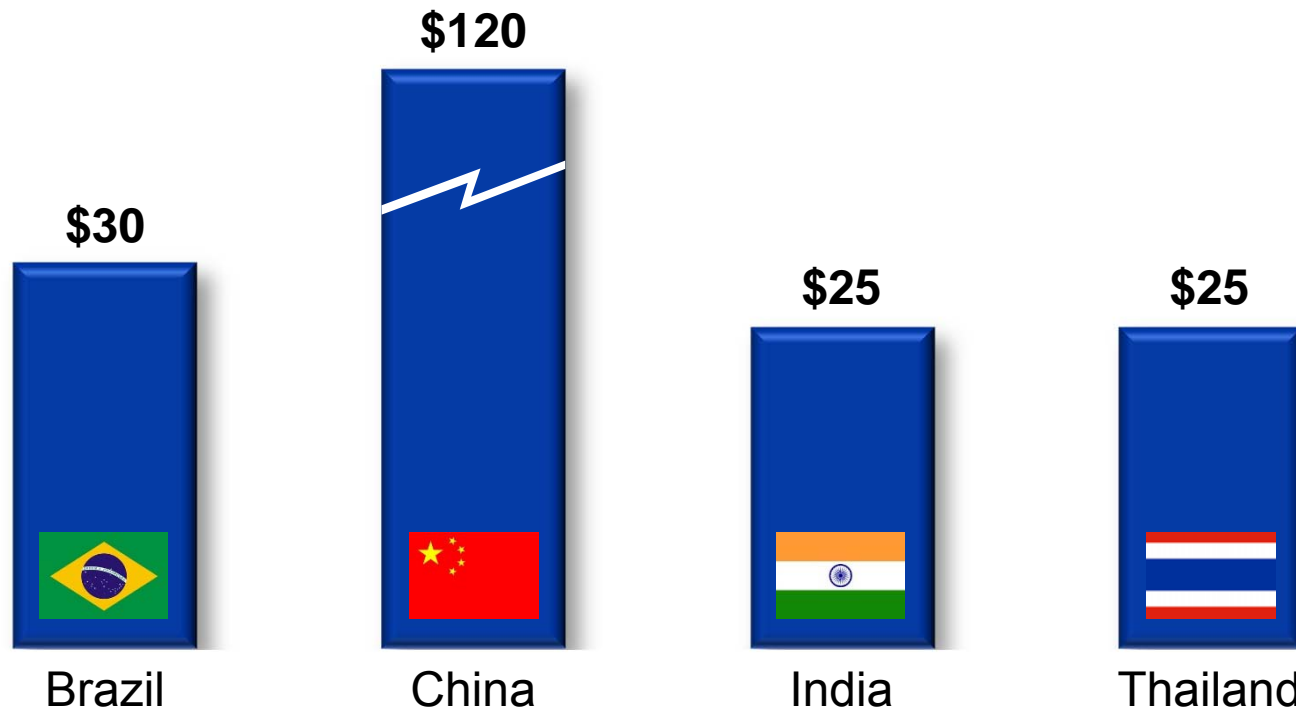
***Put the
Customer
First***



***Drive
Efficiency
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Joint Venture Investments Expected to Accelerate Profitable Growth

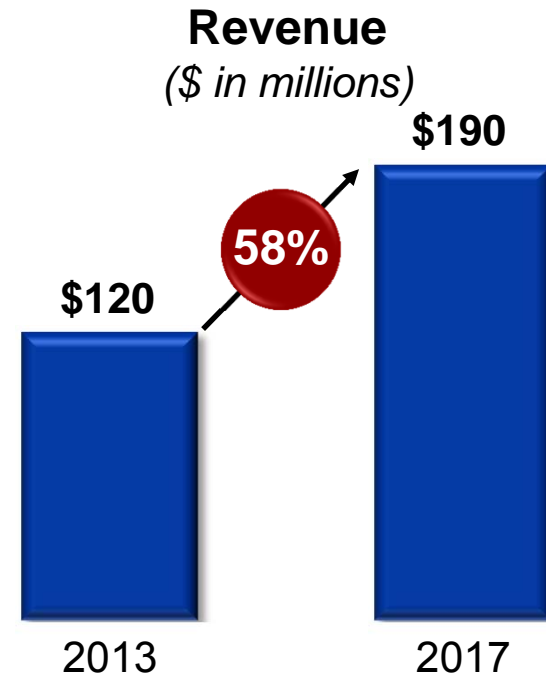
Joint Ventures' 2013 Revenue
(\$ in millions)



**Our joint ventures generated \$200 million
of revenue in 2013^(a)**

China – Second Largest Car Rental Market by 2020

- ▶ Avis is the leading international car rental brand in China
- ▶ Focusing on higher margin self-drive rentals
- ▶ Profitable over last three years

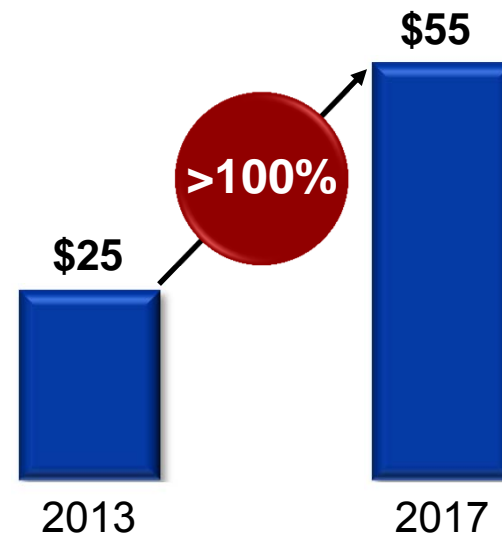


Double-digit revenue growth since 2011

India – The Developing Market

- ▶ Increased ownership stake to 60% in 2013
- ▶ More locations than any other car rental company in India
- ▶ Principally car-with-driver market
- ▶ Expect to launch Budget in 2014

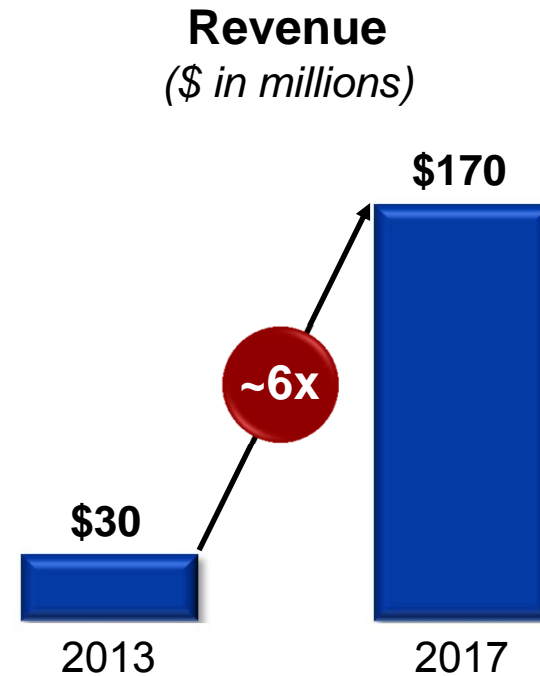
Revenue
(\$ in millions)



Joint venture revenue grew 25% in 2013

Brazil – Capture Share in Growing Car Rental Market

- ▶ Acquired 50% ownership of existing licensee in 2013
- ▶ Expect to increase fleet by 30% in 2014
- ▶ Capturing high-margin inbound and outbound demand



**2014 World Cup and 2016 Summer Olympics
expected to drive incremental revenue**

Substantial Expansion Opportunity Across Regions

- ▶ **2013 brand expansions:**
 - Signed Avis licensees in Laos, Cambodia and Taiwan
 - Introduced Budget brand in Singapore and signed Budget licensee in Colombia
 - Expanded Apex to four Australian cities
- ▶ **Opportunity to expand our deep-value brands**
- ▶ **Expect to launch Zipcar in Australia in 2014**



2014 Outlook

- ▶ Revenue to grow 5% to 7% despite mixed economic conditions
- ▶ Higher profits from joint ventures
- ▶ Apex revenue to grow more than 25%
 - First Apex licensee expected to open in May
- ▶ Expanding ancillary sales training to increase profits



Key Messages

Leading Brands

A market leader with a broad brand portfolio

Profitable

Strong profitability driven by high ancillary sales and increasing inbound volume

Growing

Well-positioned to capture growth within emerging markets

Expanding

Significant opportunity to expand our brands

AVIS[®]

 **Budget**[®]

 **apex** car rentals

 **PAYLESS**[®]

 **zipcar**[®]



Investor Day 2014



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Investor Day Presentation

**Tom Gartland
President, North America**

February 2014

Agenda

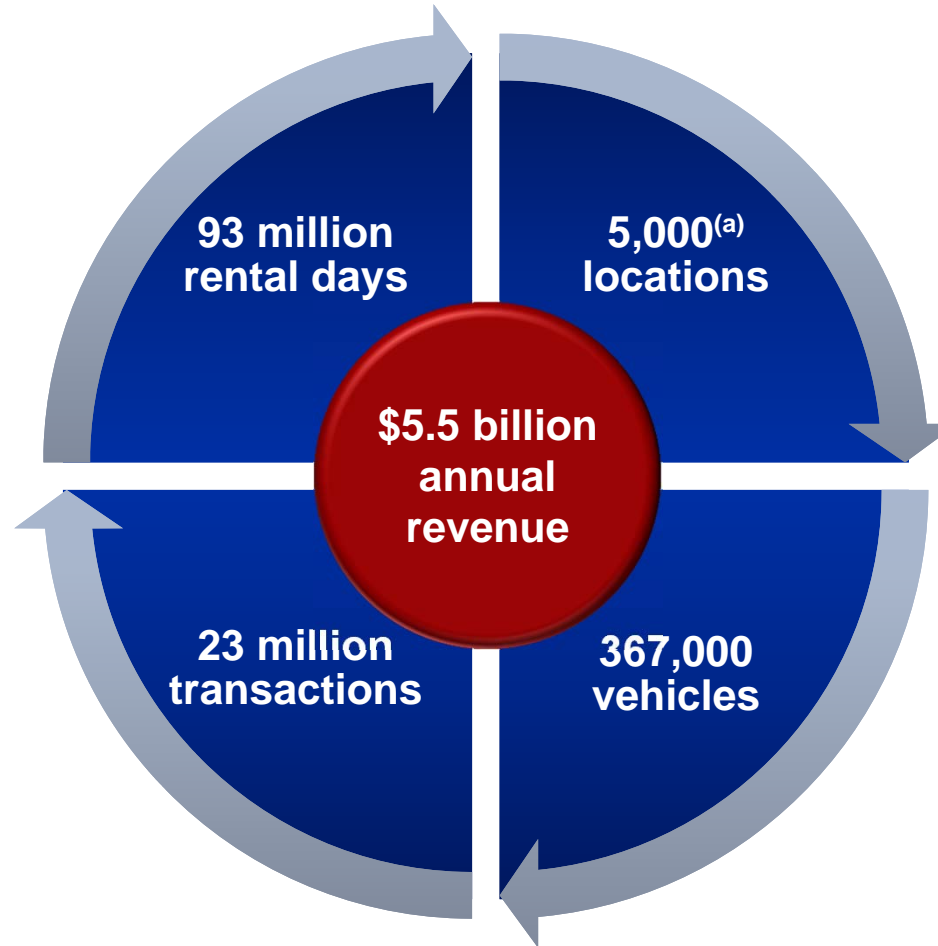
- ▶ **The business today**

- ▶ **Market dynamics**

- ▶ **Growth drivers**

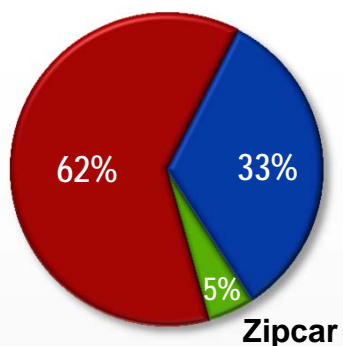


A Leader in North American Car Rental Industry

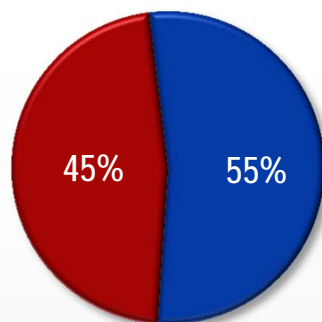


Diversified Revenue Sources

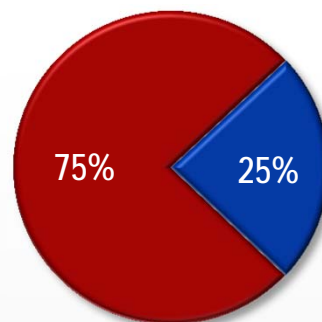
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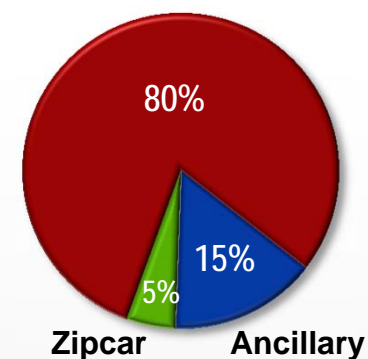
Commercial vs. Leisure^(a)



On-Airport vs. Off-Airport^(a)

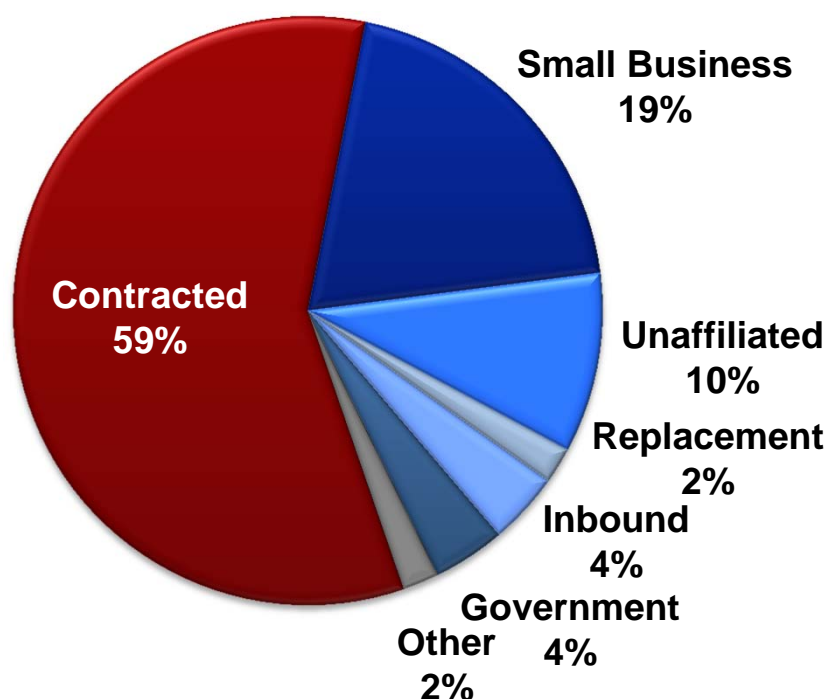


Total Revenue^(b)

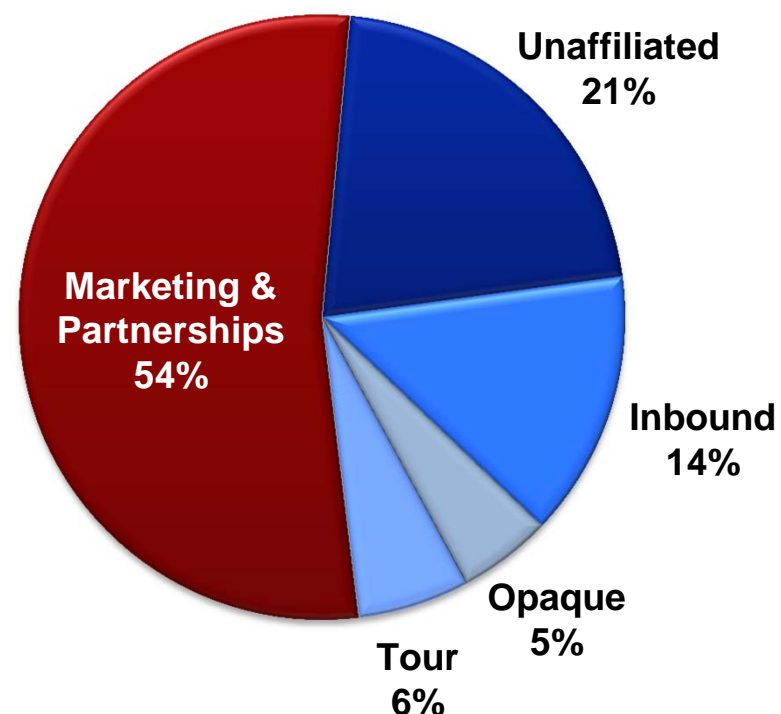


Balanced Revenue Between Segments

**Commercial
\$2.2B**



**Leisure
\$2.6B**



Our revenue mix continues to shift towards more profitable segments

Key Partnerships Drive Incremental Revenue

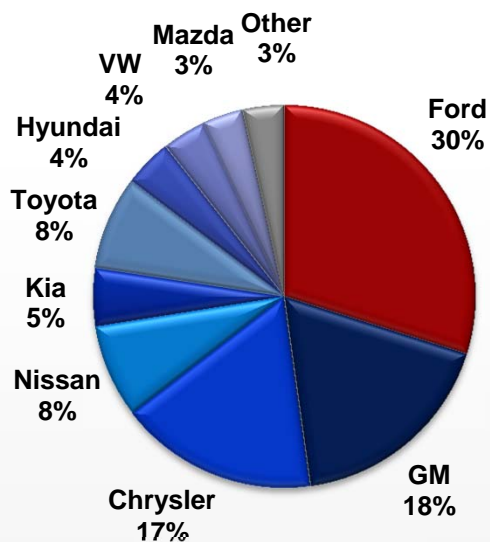
Long-Standing Relationships with Leading Industry Participants



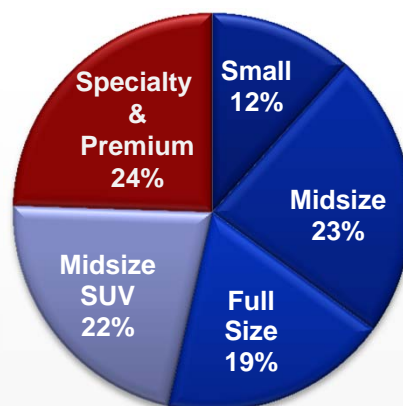
\$3 billion of annual revenue from travel and corporate partners

Diversified Fleet Mitigates Risk

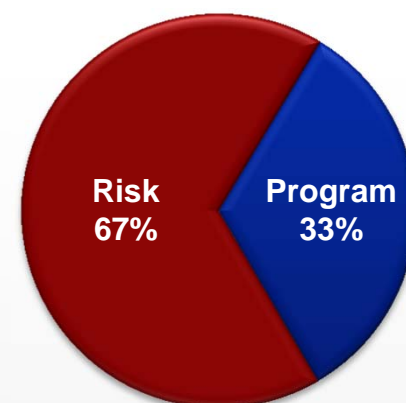
By Manufacturer



By Car Class












By Type



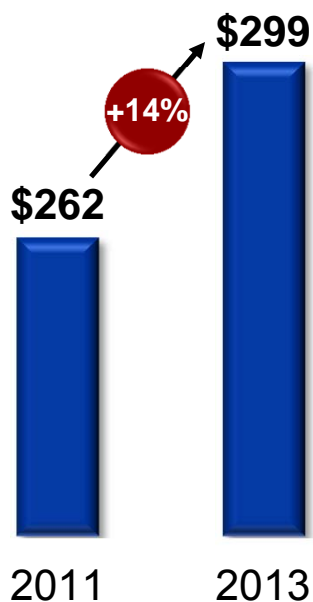
High-margin specialty & premium fleet has grown almost 15% since 2011

Differentiated Brand Portfolio to Meet Customer Needs

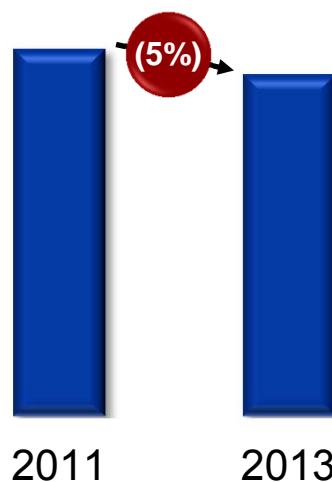
	North America	EMEA	Latin America / Asia-Pacific
Premium Car Rental	AVIS®	AVIS®	AVIS®
Mid-tier Car Rental	 Budget®	 Budget®	 Budget®
Deep-Value Car Rental	 PAYLESS®	 PAYLESS®	 PAYLESS®  apex car rentals
Car Sharing	 zipcar.	 zipcar.	Coming in 2014

Earnings and Margins Have Grown

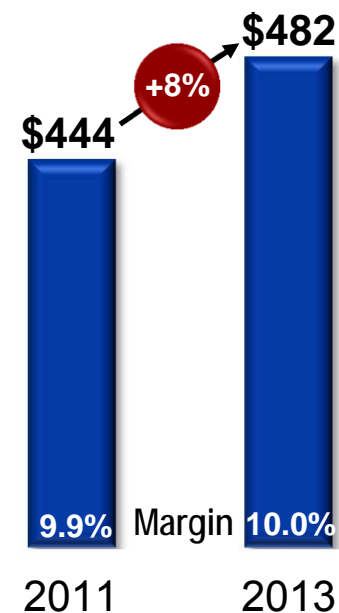
Monthly Per-Unit
Fleet Costs



Operating and SG&A Costs
per Rental Day



Adjusted EBITDA^(a)
(in millions)



Lower operating costs offset higher fleet costs

Agenda

- ▶ The business today

- ▶ Market dynamics

- ▶ Growth drivers



Positive Market Environment: Continued Growth and Improving Leisure Prices

Volume

- ▶ Volume outpacing economic growth



Pricing

- ▶ Strong leisure pricing while commercial pricing remains difficult, but improving



Fleet Costs

- ▶ Relatively stable used car values



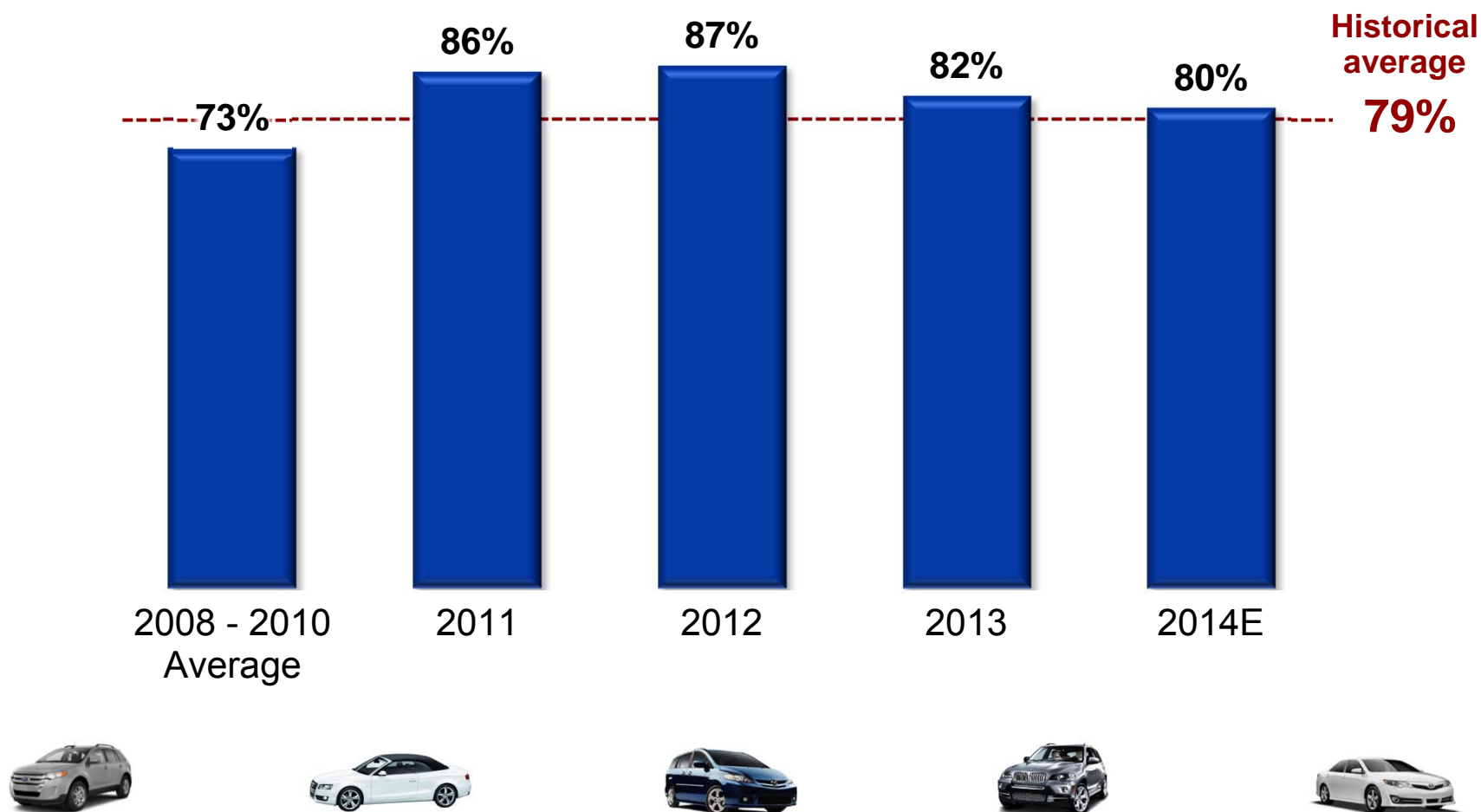
Zipcar

- ▶ Strong membership and revenue growth and incremental synergy benefits



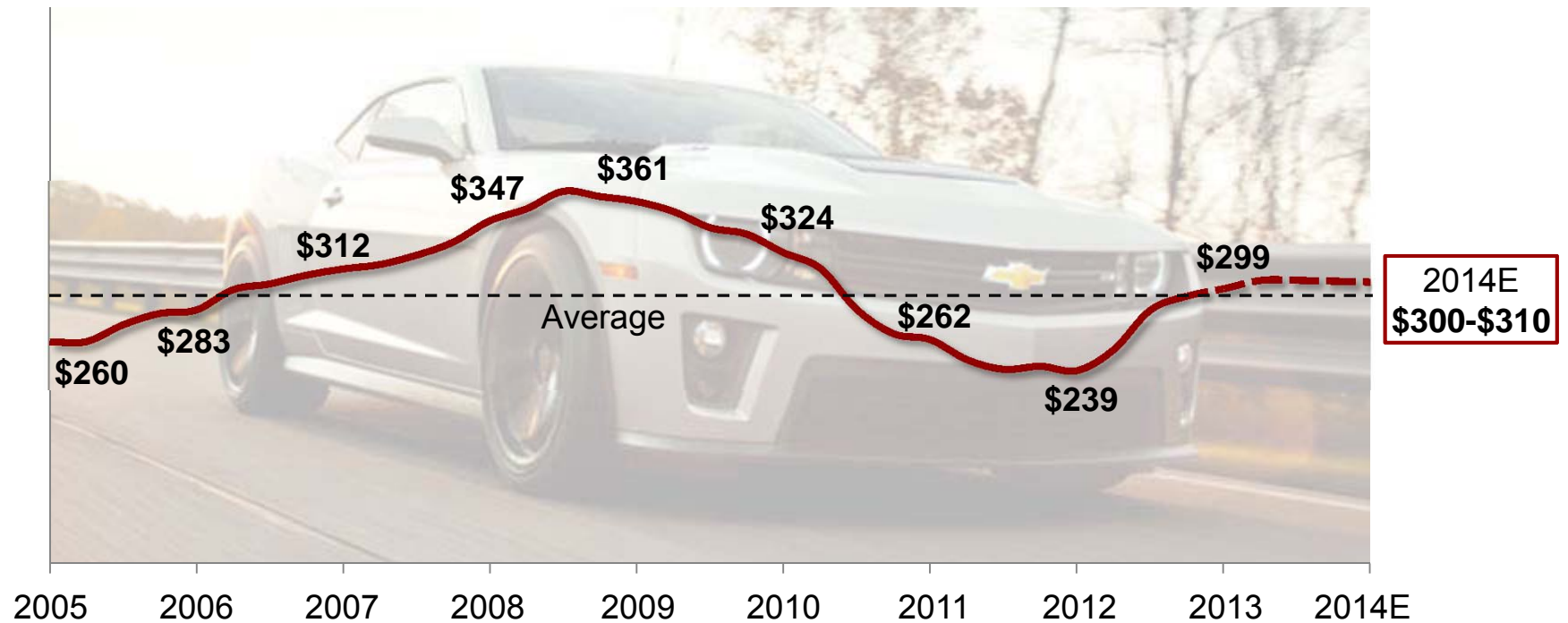
Residual Values Have Returned to Historical Norms . . .

Historical Residual Values



... And We Expect Fleet Costs Will Remain Stable

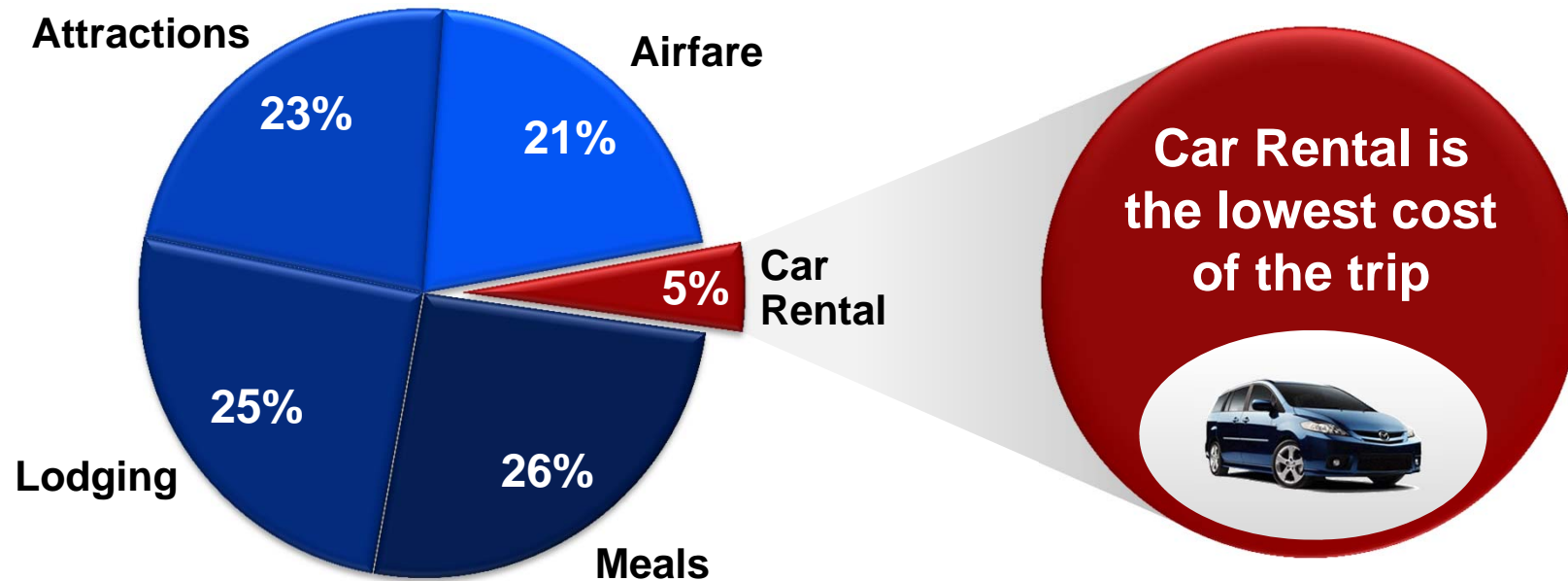
LTM Monthly Per-Unit Fleet Costs^(a)



2014 per-unit fleet costs are expected to be flat to up 3%

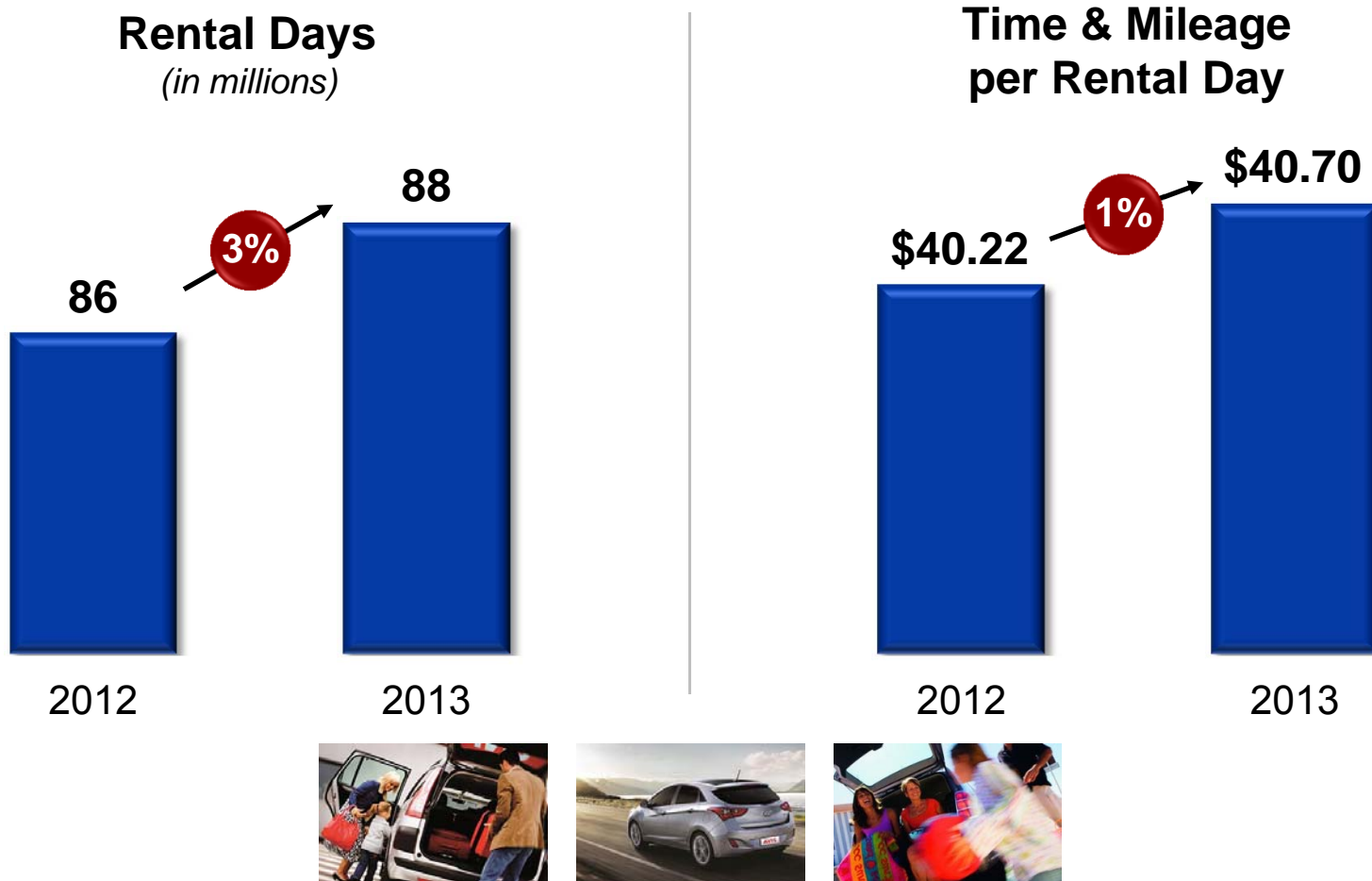
Upside Potential for Car Rental Pricing

A Typical Family Vacation



Nobody would alter their trip because the price of the car rental went up by \$1

Pricing and Volume Trends are Improving



Leisure pricing increased 3% in 2013

Agenda

▶ The business today

▶ Market dynamics

▶ Growth drivers



Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***



***Put the
Customer
First***



***Drive
Efficiency
Throughout
the
Organization***

Focused on Growing in Higher-Margin Segments



International Inbound^(a)

**Higher Revenue
Per Transaction**

+83%



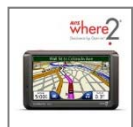
Small Business^(b)

+20%



Specialty & Premium Fleet^(c)

+52%



Ancillary Revenue^(d)

+75%

Note: Data are 2013 results for North America excluding Payless and Zipcar

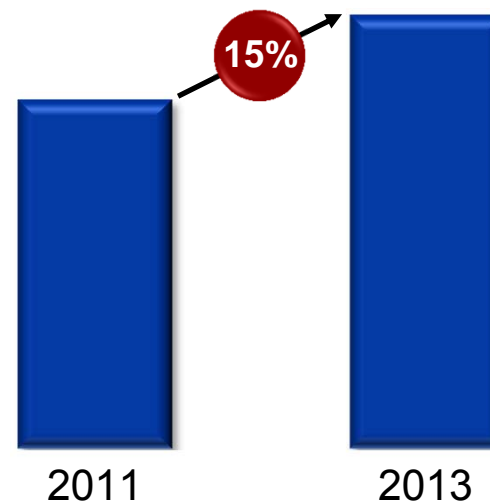
(a) Compared to all non-inbound transactions (b) Compared to contracted commercial transactions

(c) Compared to average transactions, excluding Specialty & Premium fleet (d) Compared to transactions without ancillary products

Aggressively Growing International Inbound Volume

- ▶ Higher average revenue per day
- ▶ Long length of rental
- ▶ Highest ancillary penetration of all segments

Inbound Rental Days

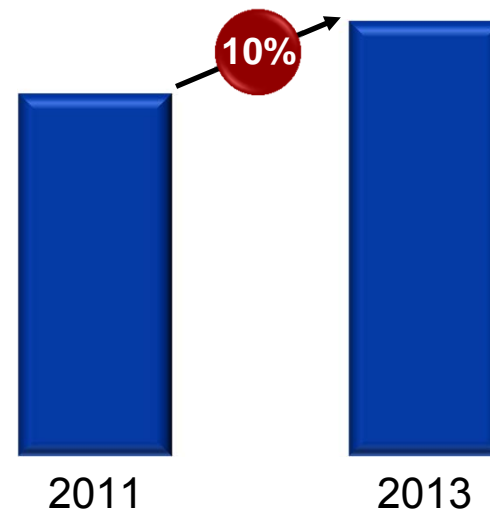


International inbound is our most profitable business

Small Business – The \$1 Billion Market Opportunity

- ▶ Large and fragmented market opportunity
- ▶ Pricing is **\$5** higher per day than our large commercial accounts
- ▶ Greater ancillary penetration
- ▶ Low-cost customer acquisition model

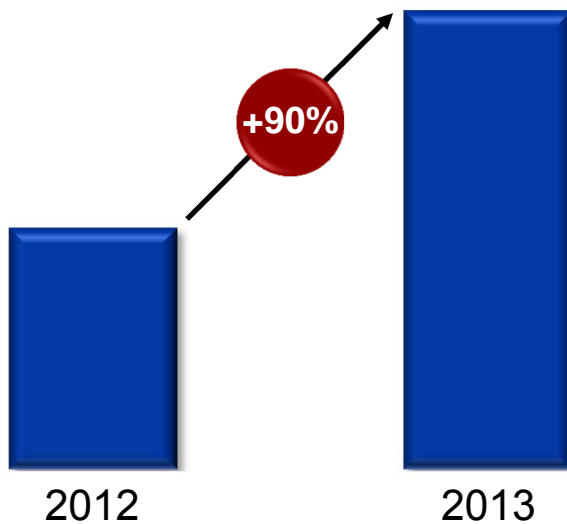
Small Business Revenue



Small Business represents 20% of commercial revenue

Increasing our Luxury Fleet to Drive Profits

Signature Fleet Revenue



Signature Vehicle Economics

(Per-unit per month)

	Average	Signature
Total Revenue	\$1,000	\$2,000
Fleet Cost	\$300	\$500
Utilization	73%	66%
Interest Expense	\$50	\$75
Gross Margin	\$650	\$1,425

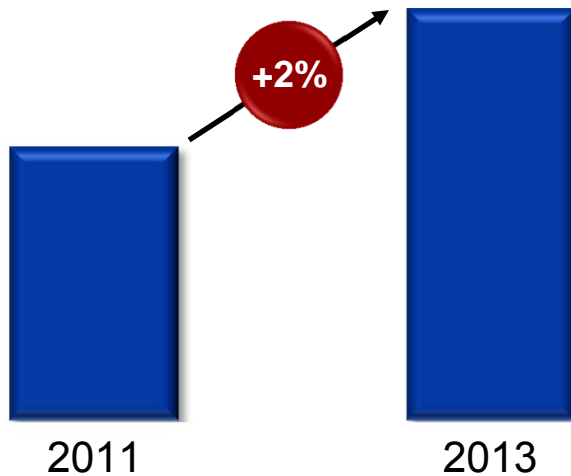
For illustrative purposes



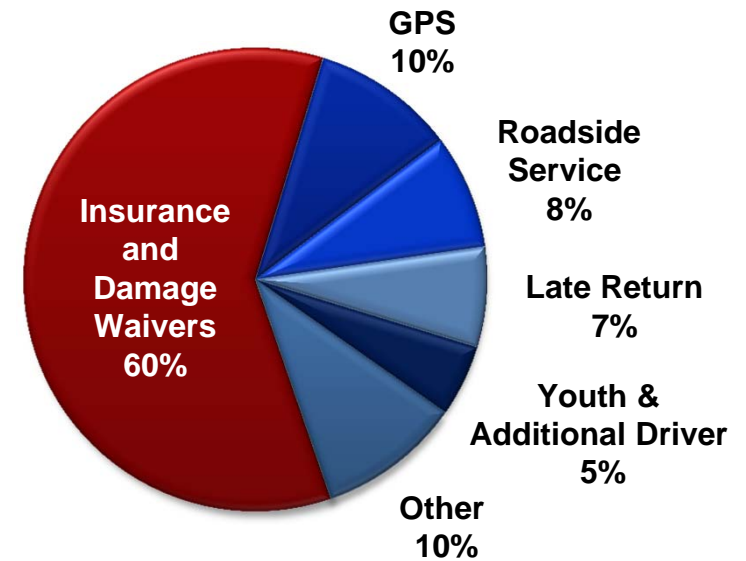
The Gross Margin on signature car rentals is double that of an average rental

Ancillary Revenue Drives Increased Profitability

Ancillary Revenue per Rental Day

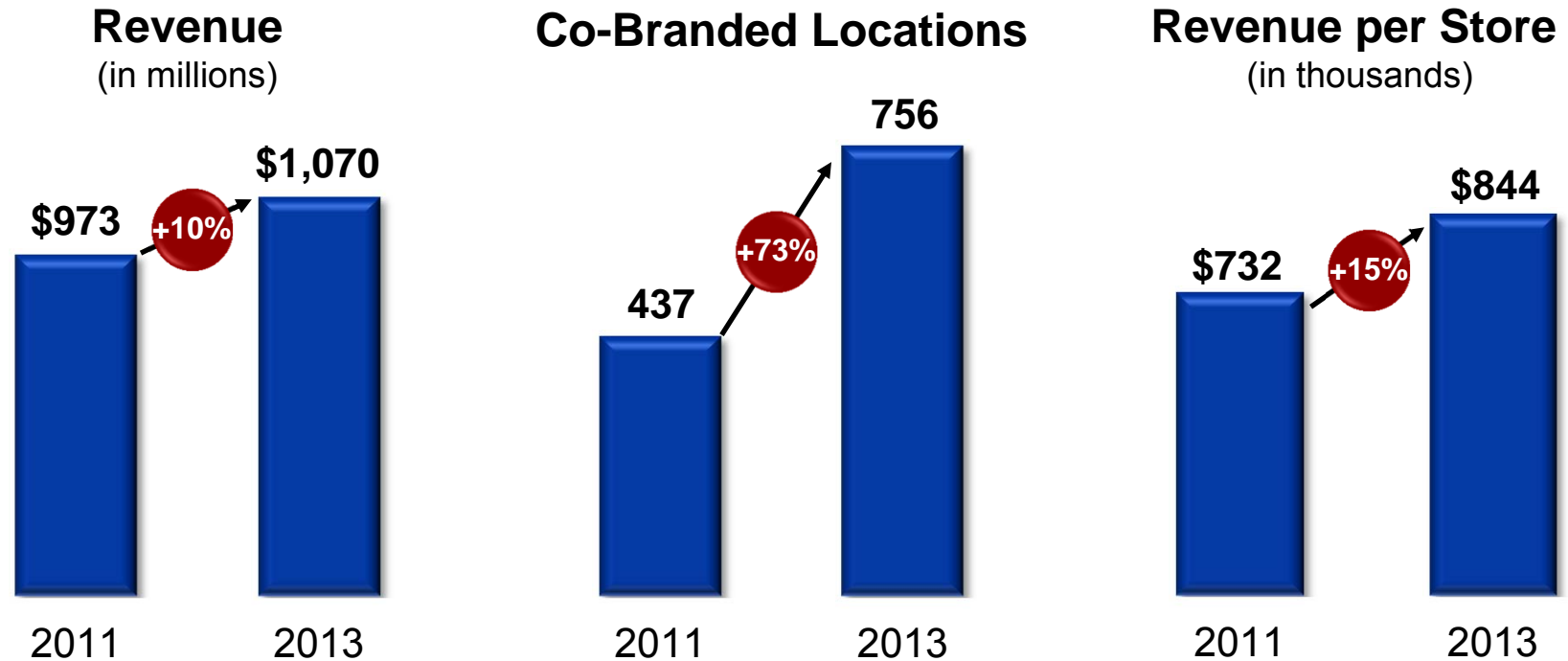


Ancillary Revenue Mix



Generate more than \$6 per rental day in ancillary revenue with margins of approximately 75%

Driving Profitable Local Market Growth



Expect to add 20 - 40 new stores annually

Payless Provides Us a Presence in Deep-Value Segment

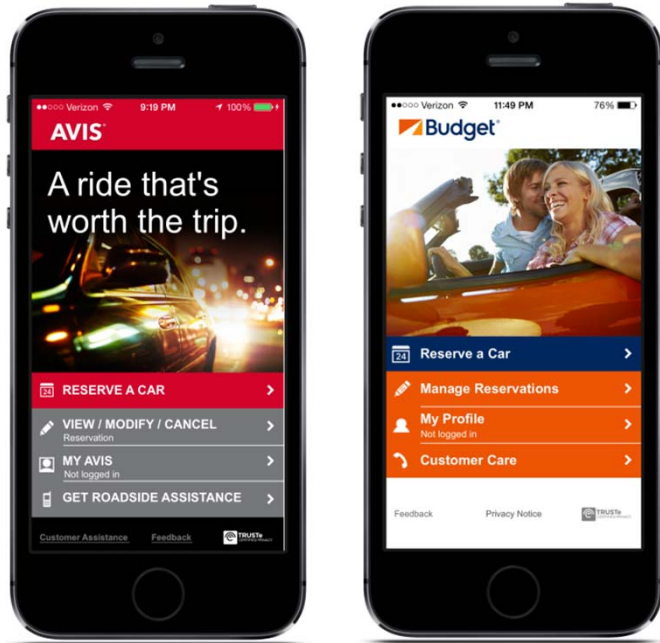
- ▶ **Fastest-growing segment in the car rental industry**
- ▶ **Leverage Avis Budget's relationships to accelerate growth**
- ▶ **Cascading cars to Payless allows Avis Budget Group to better manage its overall fleet**



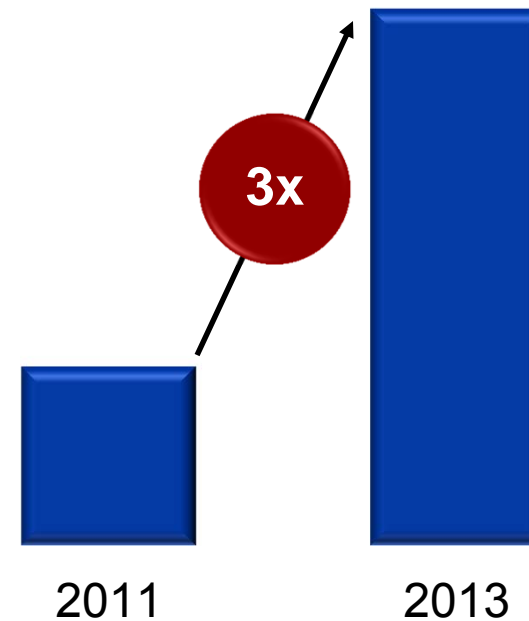
**Expect 100% of fleet to be comprised of cascaded
Avis and Budget cars by end of 2014**

CUSTOMER FIRST

Mobile Applications Enhance the Customer Experience



Growing Mobile Rentals



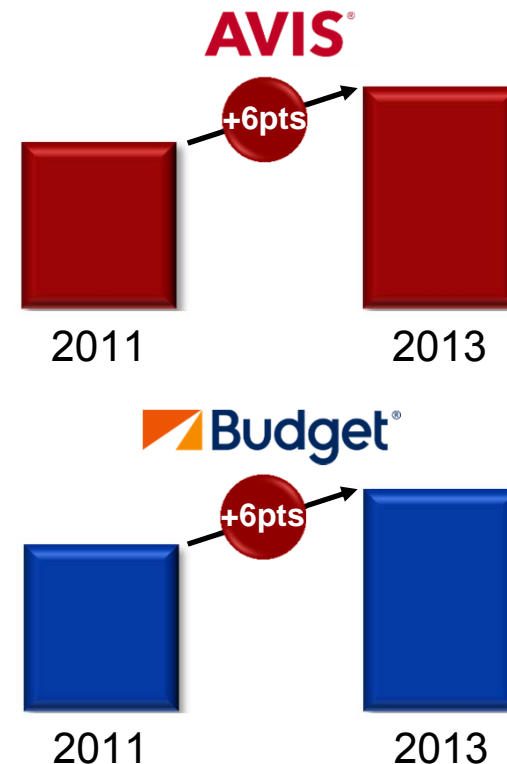
Generates higher than average revenue per day

Improving Customer Interactions to Drive Loyalty

- ▶ **“Select & Go” provides customers choice of vehicle**
- ▶ **Customer Relationship Management to drive customer satisfaction**
- ▶ **New loyalty program to be launched in late 2014**

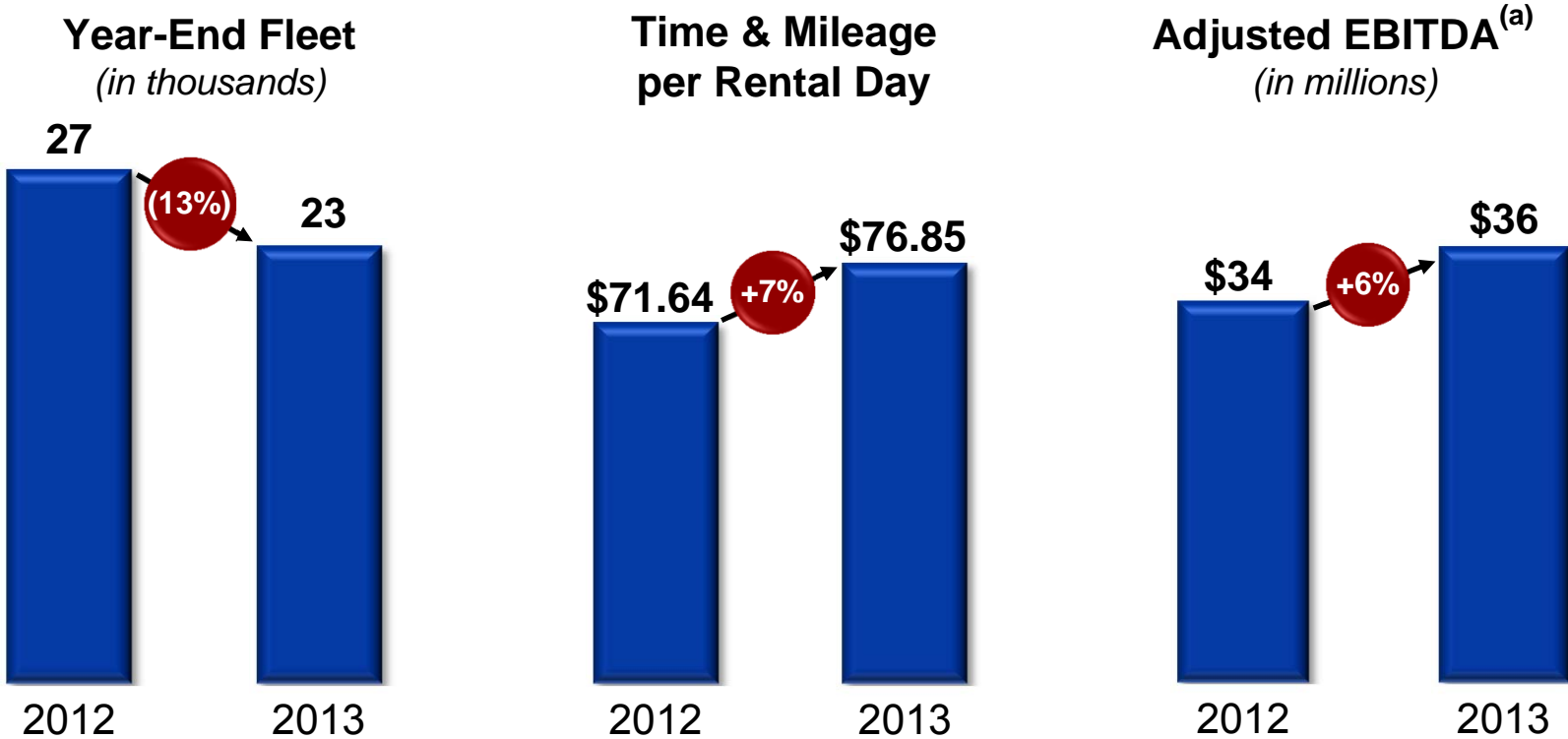


Customer Satisfaction^(a)



Three out of four customers have spent more with a company because of a positive experience^(b)

Successfully Restructured Truck Segment for Profitability



Positions us to consistently deliver double-digit margins

Integrated Yield Management System Expected to Generate Incremental Profits

Demand



Fleet



Pricing



- ✓ Optimized pricing & fleet levels
- ✓ \$50 million incremental profits

System expected to be fully implemented by 2015

Utilizing Technology to Reduce Fleet Costs

Minimizing Fleet Lifecycle Costs

Acquisition



- ▶ Program vs. risk
- ▶ OEM mix
- ▶ Seasonal needs
- ▶ Car class mix
- ▶ Customer preferences

Deployment



- ▶ Geographic allocation
- ▶ Mileage and usage
- ▶ On- vs. off-airport
- ▶ “Cascading”

Disposition



- ▶ Timing / seasonality
- ▶ Program vs. risk
- ▶ Minimizing disposal costs
- ▶ Maximizing residuals

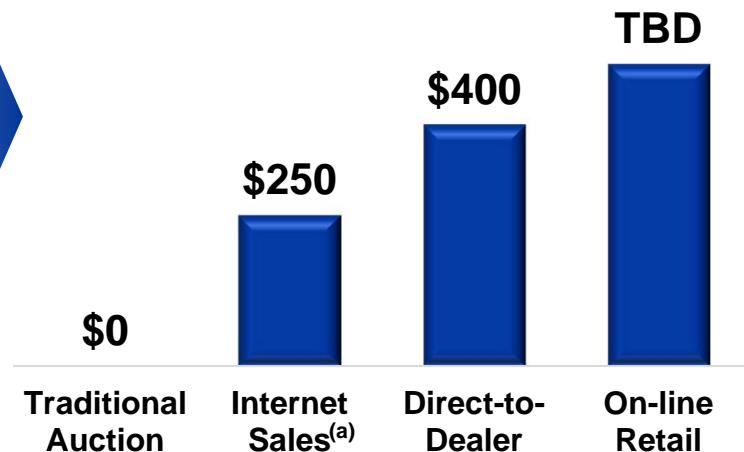
Generated \$10 million of savings in 2013

Expanding Alternative Disposal Channels to Reduce Fleet Costs

- ▶ Expanding dealer-direct sales
- ▶ AutoNation partnership drives direct-to-consumer sales



Alternative Disposal Channel Benefits



Our combined direct-to-dealer and direct-to-consumer car sales have doubled since 2011

2014 Outlook

- ▶ **Revenue growth of 4-6%**
 - Volume to grow 3-5%
 - Pricing expected to increase approximately 1%
- ▶ **Per-unit fleet costs expected to be flat to up 3%**
- ▶ **Continued operational efficiencies to deliver incremental savings**



Key Messages

Leading Brands

Industry leader with a multi-brand strategy

Profitable

Aggressively targeting price increases

Focused

Focused on maintaining double-digit margins

Growing

Strategic initiatives drive sustainable long-term growth

AVIS[®]

 **Budget**[®]

 **PAYLESS**[®]

 zipcar.



Investor Day 2014



avis budget group

Investor Day Presentation

Kaye Ceille
President, Zipcar

February 2014

Agenda

- **The Zipcar way**
- **Synergies**
- **Growth opportunities**



Clear and Simple Value Proposition

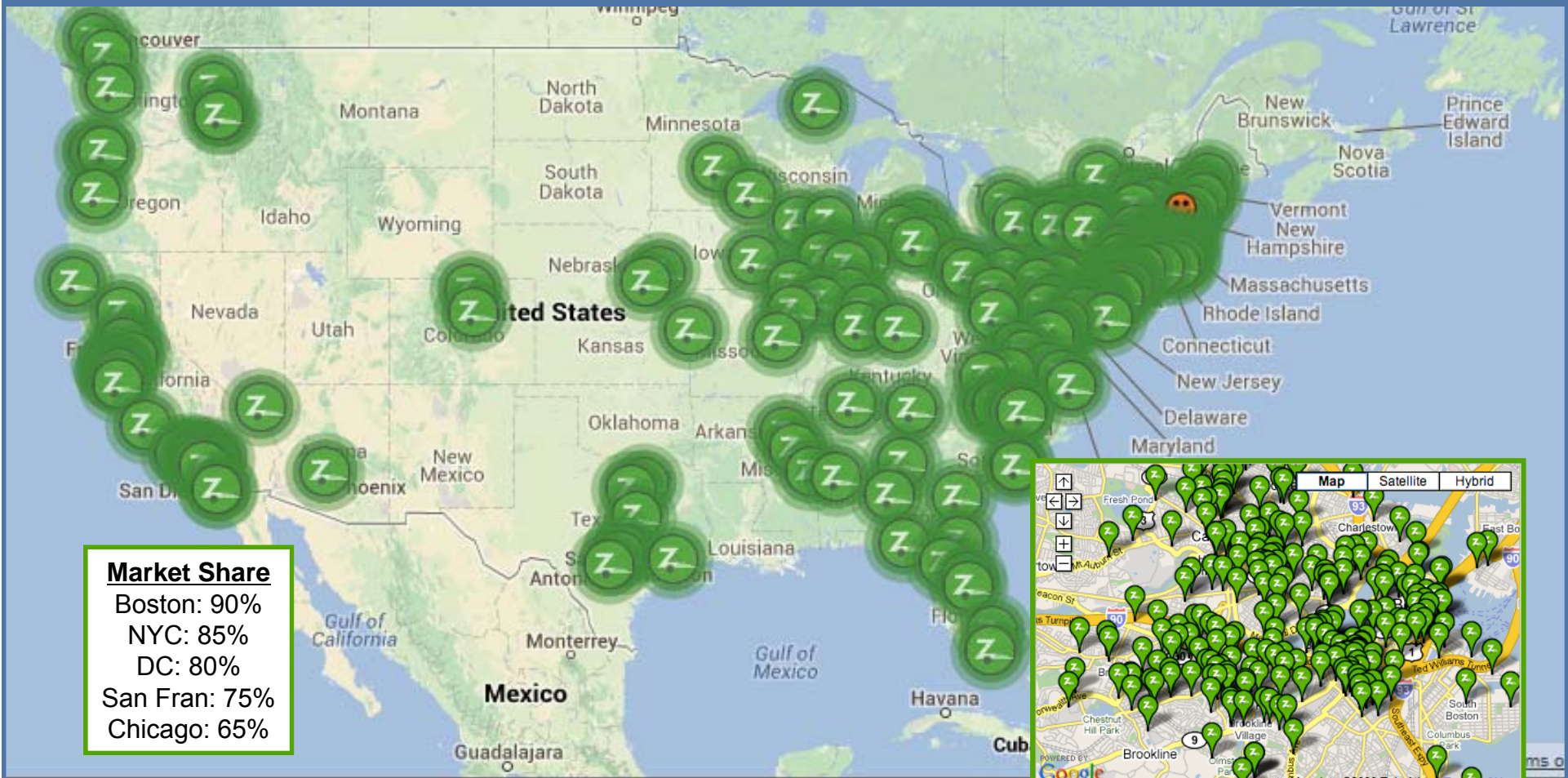


**cars by the
hour or day.
gas and
insurance
included.**

Award Winning Technology



Best Network – Wheels When and Where They are Needed



Find Zipcars near you.

Boston, MA 02119, USA



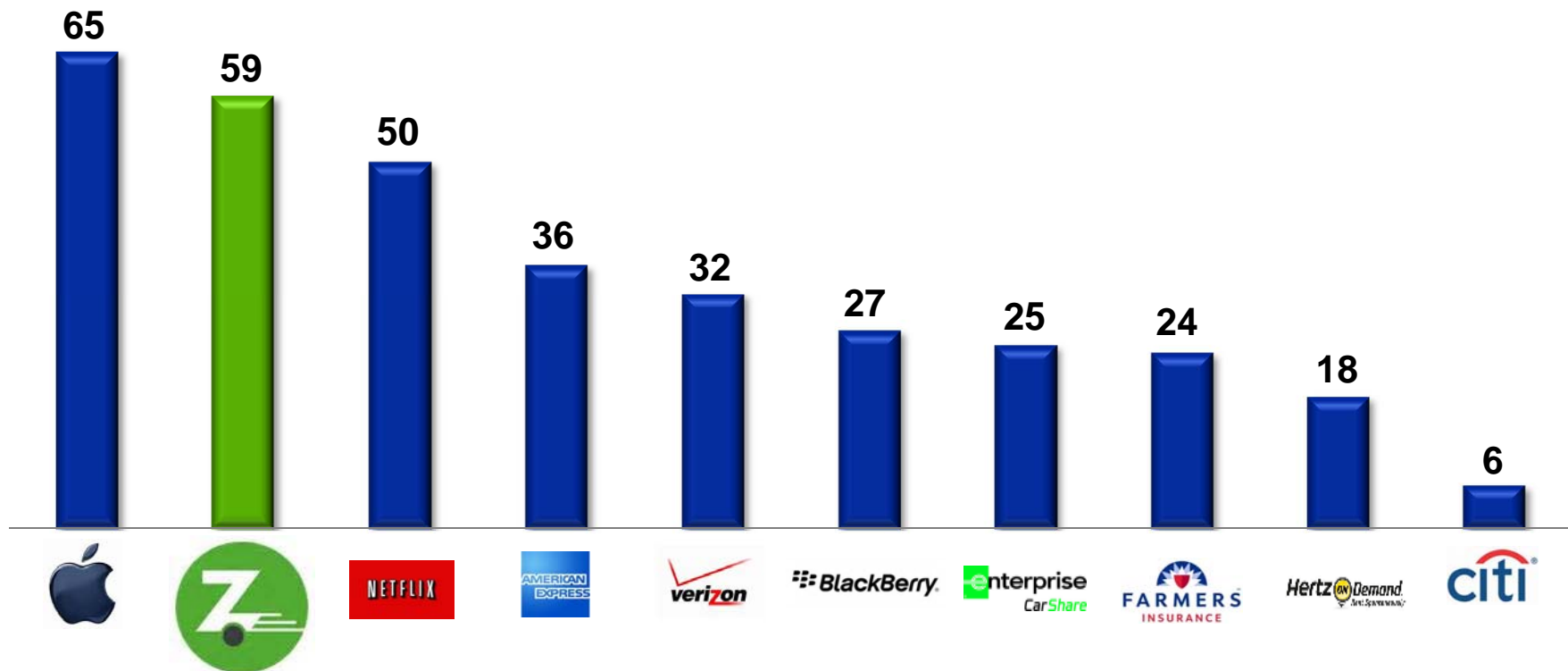
Nearly 1,000 cars in Boston

Trusted Brand



World Class Customer Loyalty

2013 Net Promoter Scores



Two-thirds of Zipsters would recommend Zipcar to their friends

Diverse and Growing Membership Base



Millennial View of Car Ownership is a Tailwind

- **22%** of licensed drivers are twenty-something or teenagers^(a)
- **53%** claim that high costs of ownership make it hard to own a car^(b)
- **50%** say they would drive less if options were available^(b)
- **35%** report that they are actively seeking alternatives^(b)



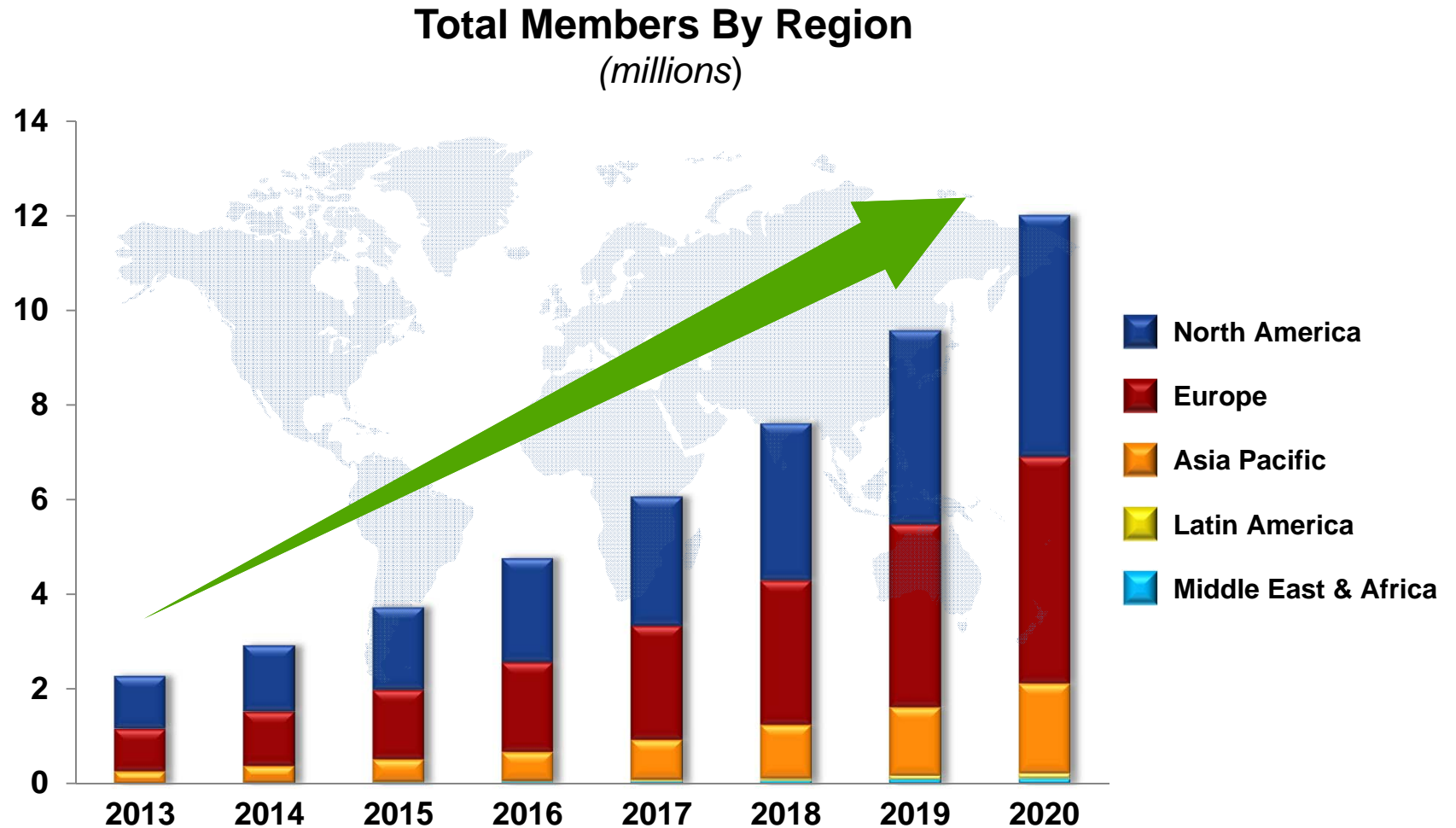
Substantial Market Potential

Key Criteria for Market Expansion

- High population density
- High costs of car ownership
- Strong public transportation systems
- Solid, developing middle-class



Category Expected to Add 10 Million Members by 2020



Agenda

- The Zipcar way
- Synergies
- Growth opportunities



Numerous Sources of Significant Synergies

Cost

- ✓ Lower fleet acquisition costs
- ✓ Lower vehicle operating costs
- ✓ Lower vehicle financing costs
- ✓ Lower insurance costs
- ✓ Lower general and administrative costs
- ✓ Elimination of public company costs



\$20 to \$25 million

Revenue

- ✓ Expand Zipcar product offerings and downtown locations
- ✓ Offer Zipcar at airports
- ✓ Increase locations both in existing and new geographies
- Introduce one-way trips
- Leverage Avis Budget's partnerships and commercial accounts

\$10 to \$20+ million

Fleet Utilization

- Meet Zipcar's demand with smaller fleet by utilizing available Avis Budget cars
- Increase Zipcar's opportunities on the weekends by using available Avis Budget cars



\$20 to \$25 million

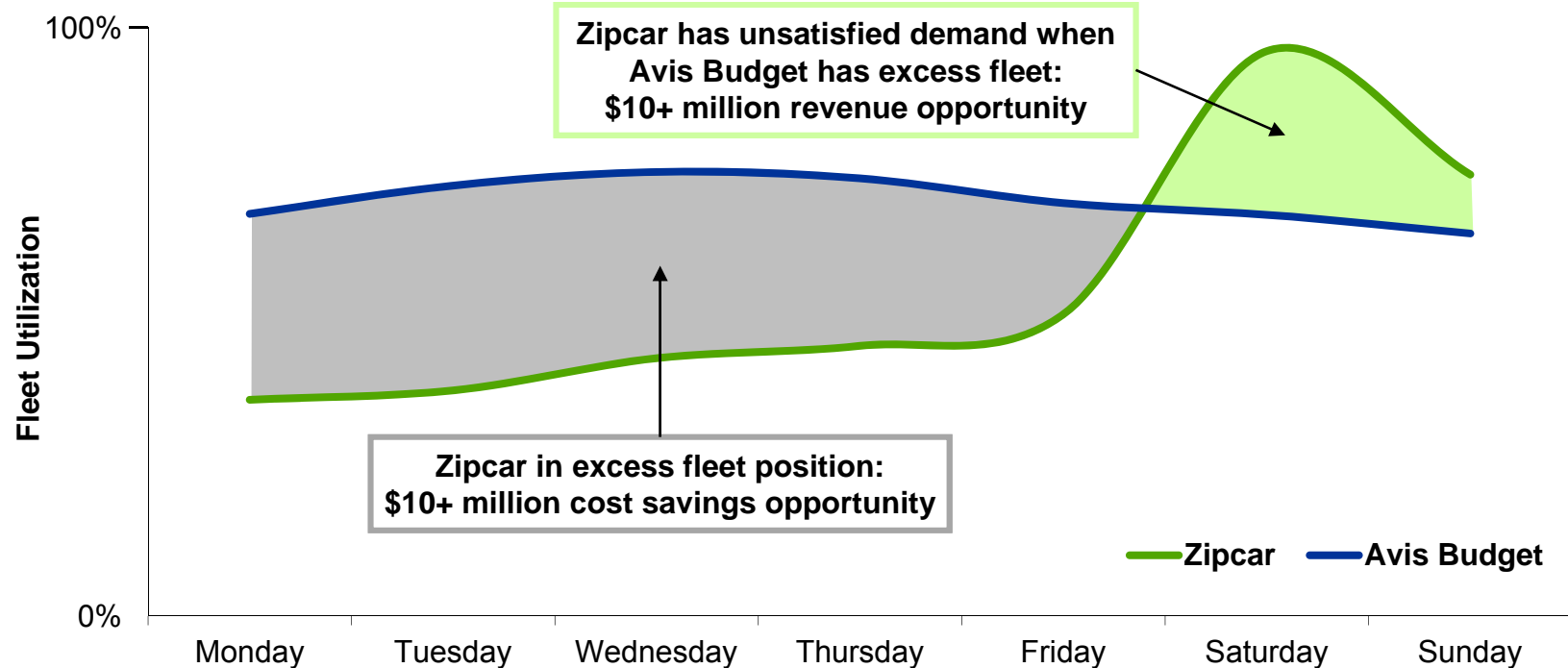
\$50 to \$70 Million in annual synergies



✓ = Completed Synergy

Fleet Utilization Will Generate Substantial Benefits

\$20+ Million Opportunity



Expect to be sharing 1,500 cars by mid-2014

Substantial Progress Made Toward Achieving Synergies

Expand Availability

- Launched Zipcar in six metropolitan markets and 28 airports



Lower Fleet Costs

- Leveraging Avis Budget's purchasing power lowers Zipcar's per-unit fleet cost by 25%



Fleet Sharing

- Sharing fleet in 14 metropolitan markets



Reduced SG&A

- Consolidated non-customer facing efforts reducing SG&A by 13%



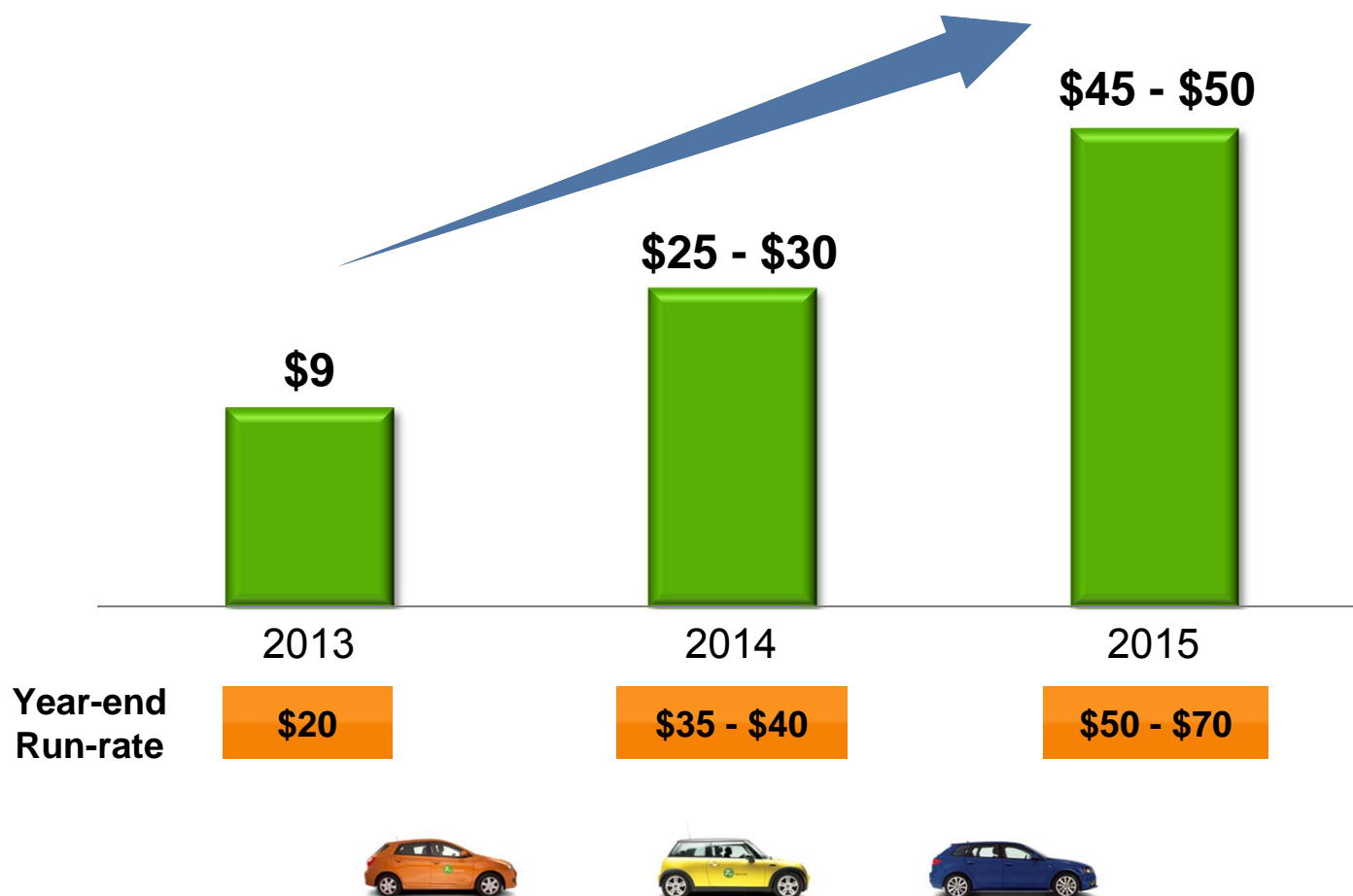
New Revenue Sources

- Leveraging Avis Budget partnerships and corporate accounts



Anticipated Synergy Timetable

Realized / Expected Synergies (*\$ in millions*)



Agenda

- The Zipcar way
- Synergies
- Growth opportunities



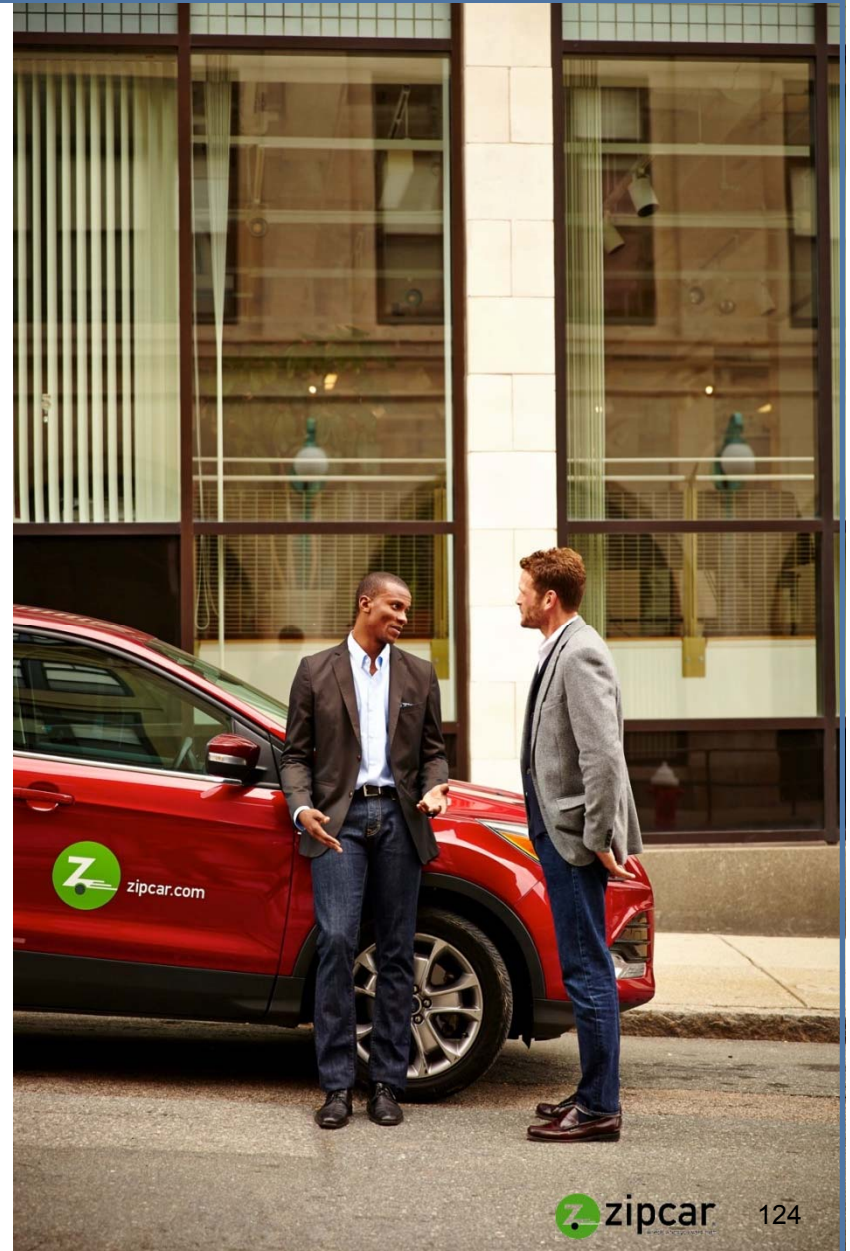
Substantial Growth Opportunities

- 1 Expand within current markets
- 2 Broaden product service offerings
- 3 Add new geographic markets
- 4 Extend leading edge technology



1. Expand Within Current Markets

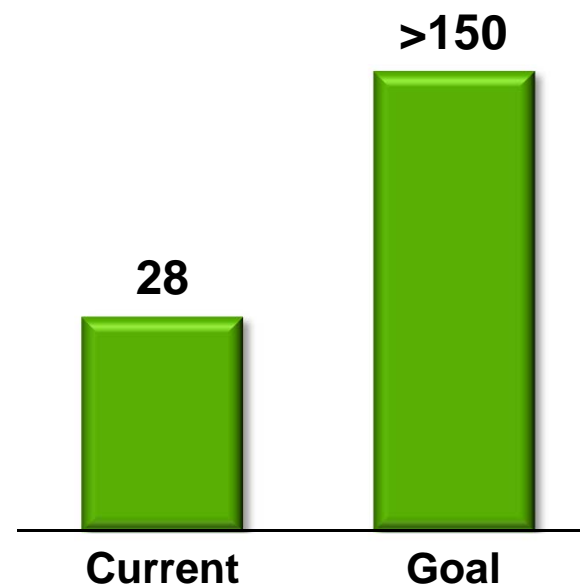
- ▶ **Grow membership to 1 million Zipsters by 2015**
- ▶ **Increase usage per member by introducing new use cases**
- ▶ **Improve availability by 25% by sharing cars**
- ▶ **Leverage Avis Budget Group's existing partnerships**
- ▶ **Expand FastFleet by Zipcar**



2. Broaden Product and Service Offerings

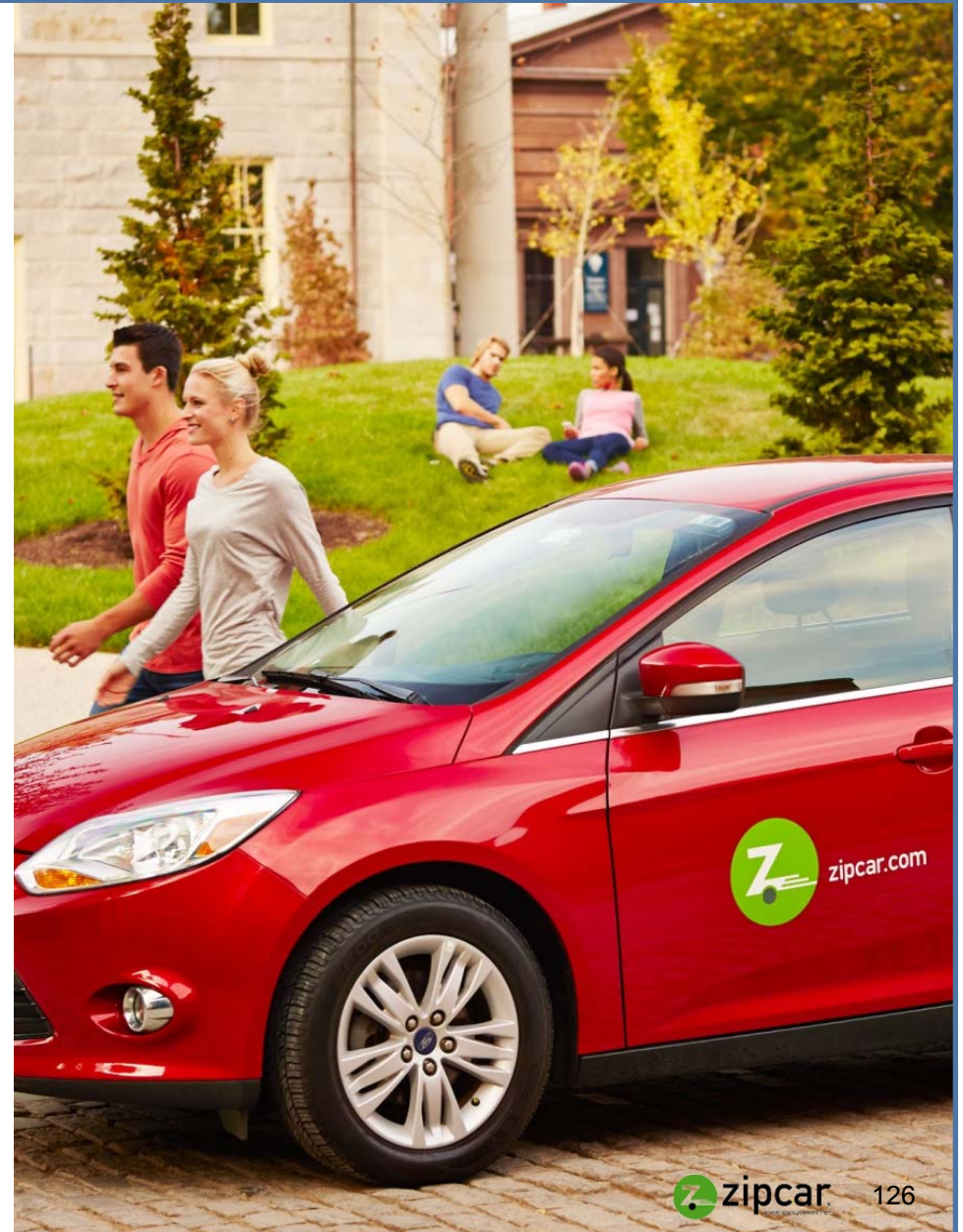
- ▶ Offer one-way trips
- ▶ Flexible memberships for light users
- ▶ Increase daily and weekend vehicle availability
- ▶ More than double premium vehicles

Airport Presence



3. Add New Geographic Markets

- **Expand Zipcar to Las Vegas, Houston, Montreal and other cities**
- **Add 30 to 40 college campuses annually**
- **Selectively license to accelerate Zipcar expansion**
- **Expand internationally**



4. Extend Leading Edge Technology

- “Join and Drive” mobile membership application
- “Smart Parking” for one-way rentals
- Next generation technology enables better fleet management and delivers new value to members



2014 Outlook

- Obsess about the member experience
- Double-digit member and revenue growth
- Expand Zipcar's presence and availability
- Deliver on synergy targets



Key Messages



Multiple avenues for growth

Achieving significant synergies

Zipcar is the brand leader in the industry

Car sharing represents a large, global growth opportunity



Investor Day 2014



avis budget group

Investor Day Presentation

David Wyshner
Sr. Executive Vice President and Chief Financial Officer

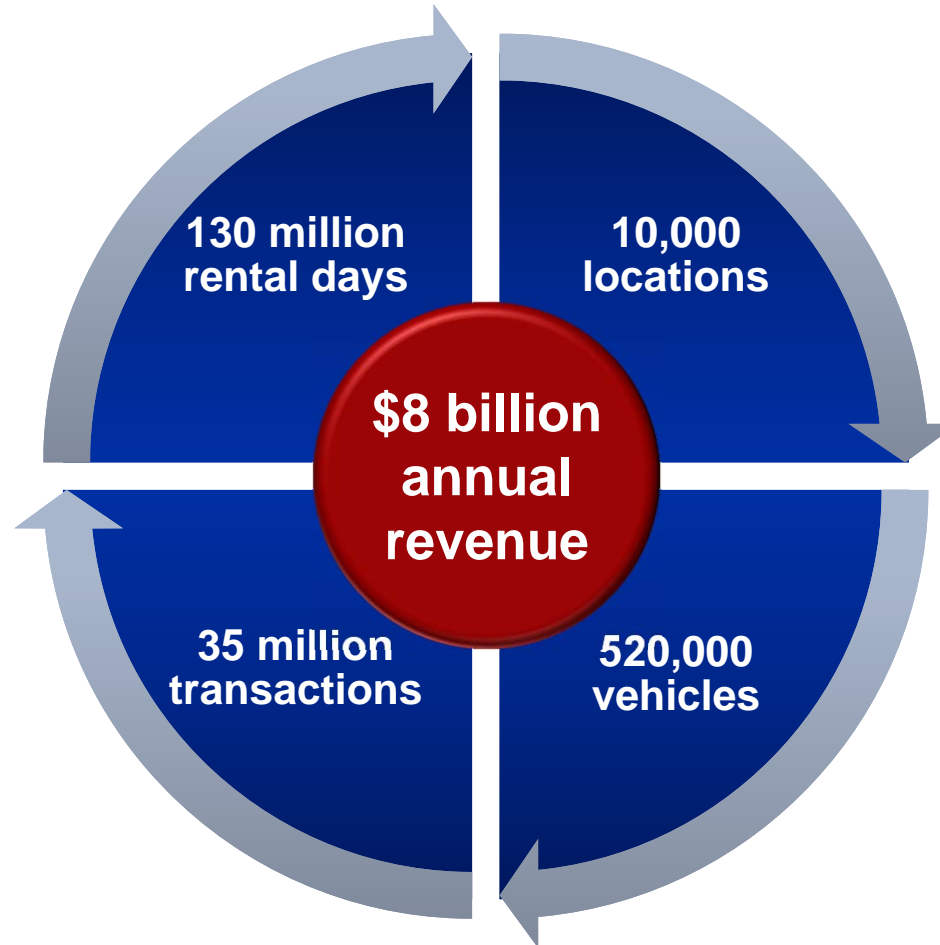
February 2014

Agenda

- ▶ **The business today**
- ▶ **Global performance drivers**
- ▶ **Projected earnings growth**
- ▶ **Generating and deploying Free Cash Flow**

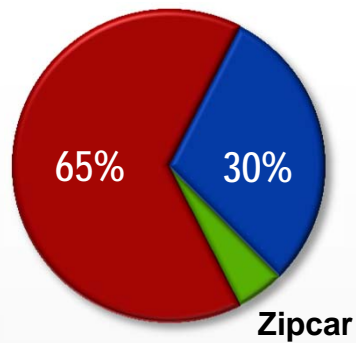


A Global Leader in the Car Rental Industry

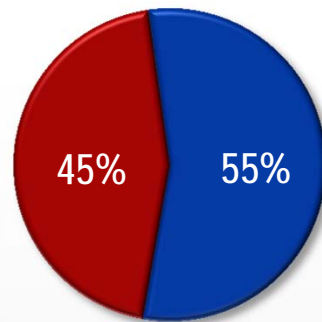


Diversified Revenue Sources

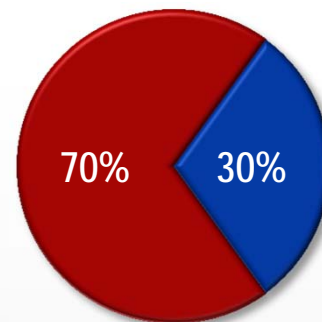
Avis vs. Budget



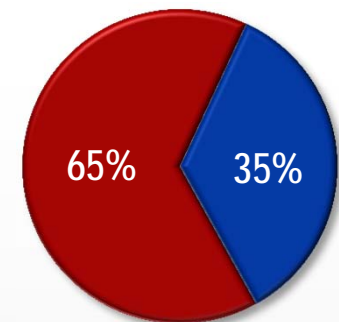
Commercial vs. Leisure



On-Airport vs. Off-Airport

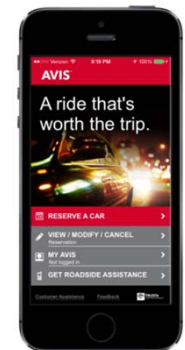
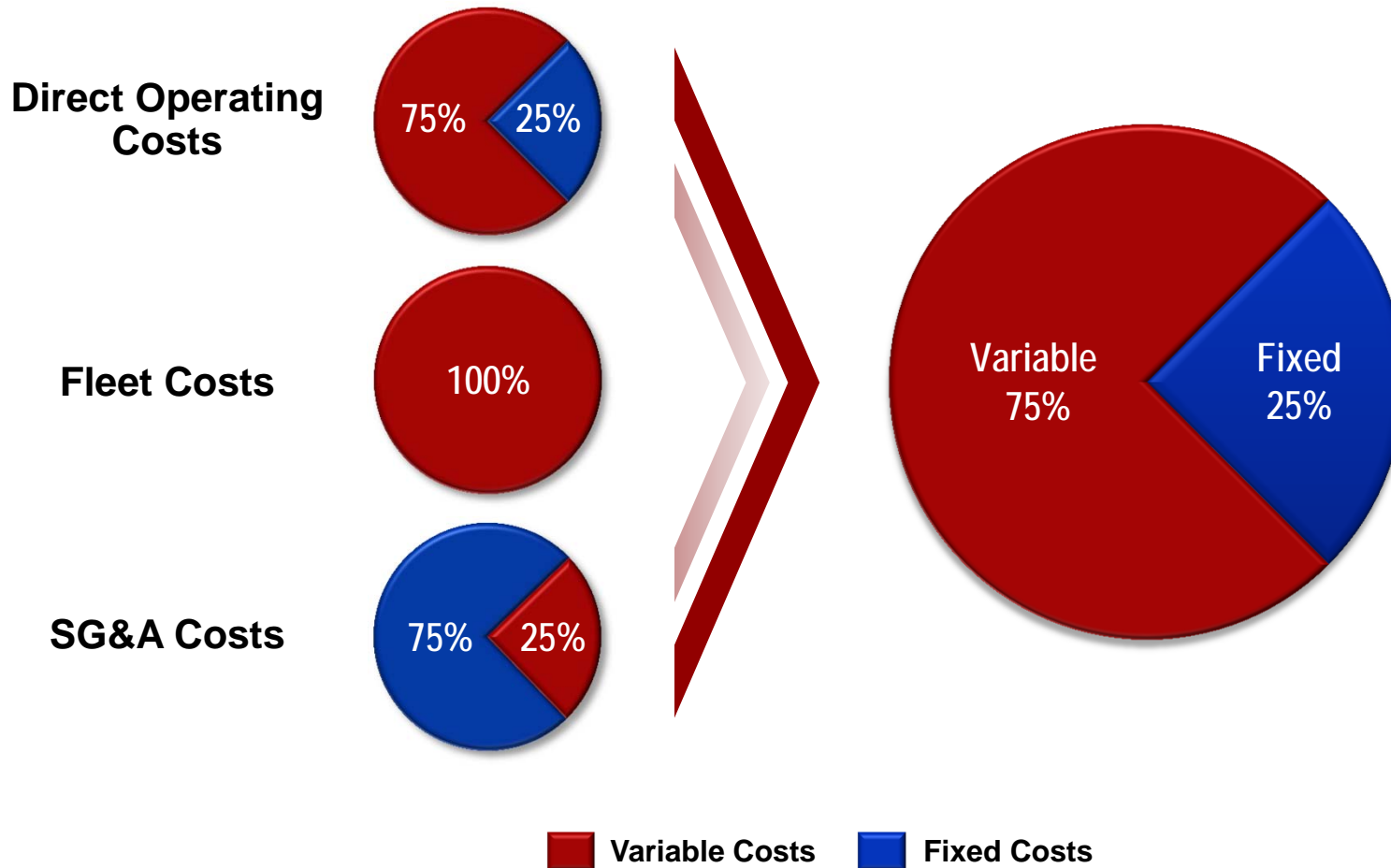


North America vs. International



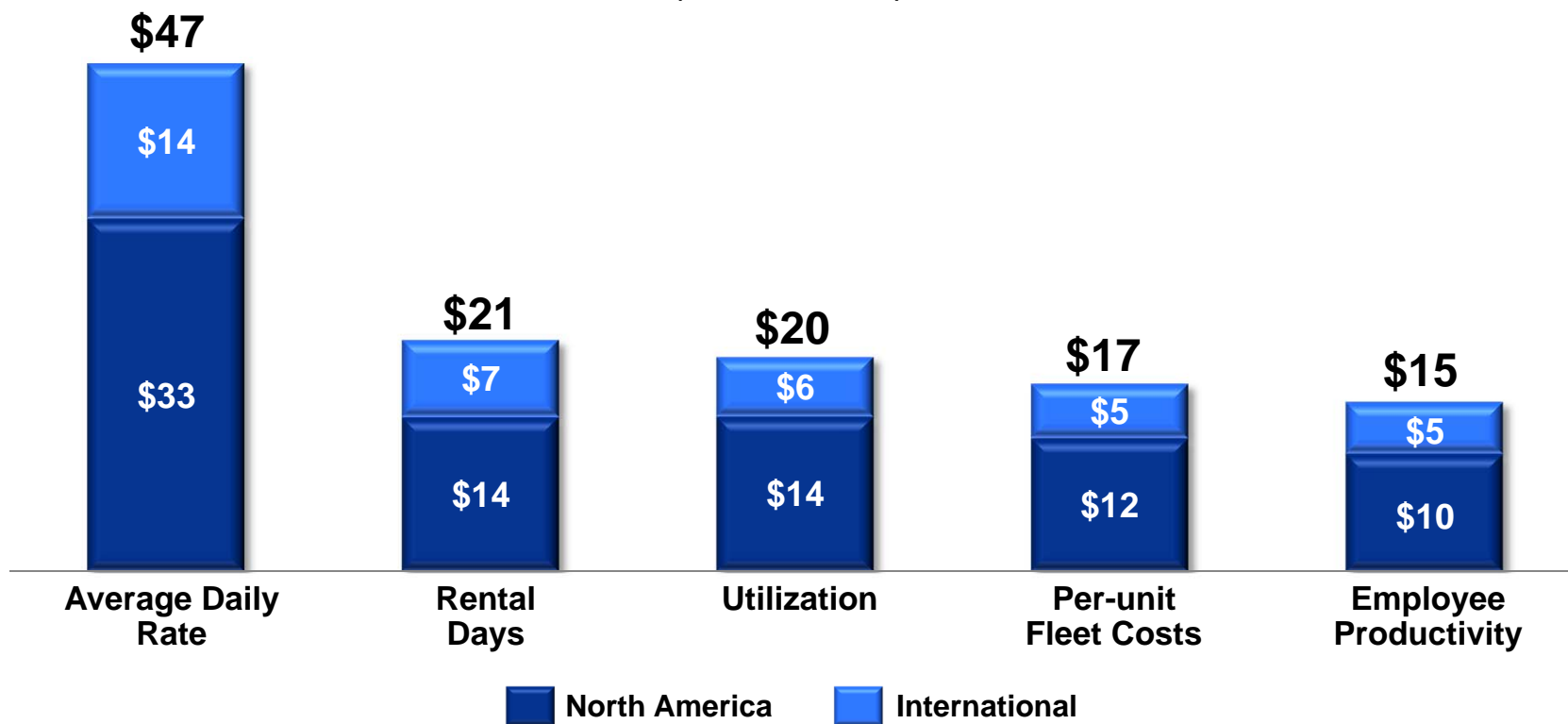
Locations in more than 175 countries and a leading position in most major markets

We Have a Highly Variable Cost Structure . . .

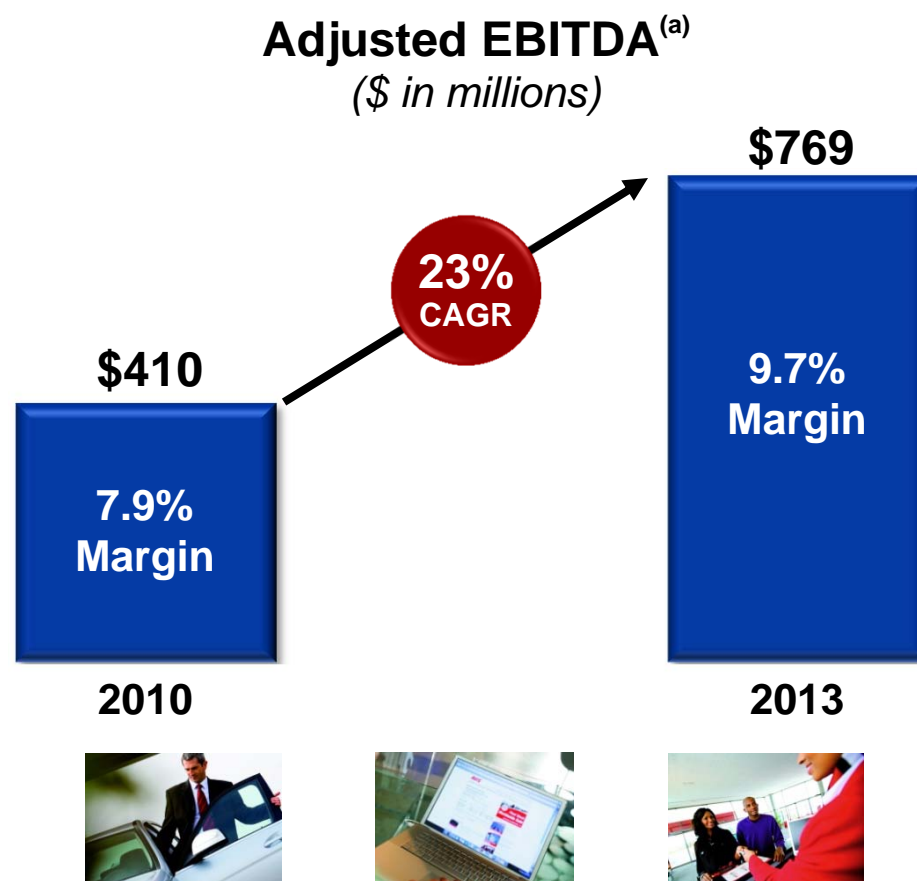


... So Pricing Has the Largest Impact on Margins

Adjusted EBITDA Impact of a 1% Change in Driver
(*\$ in millions*)



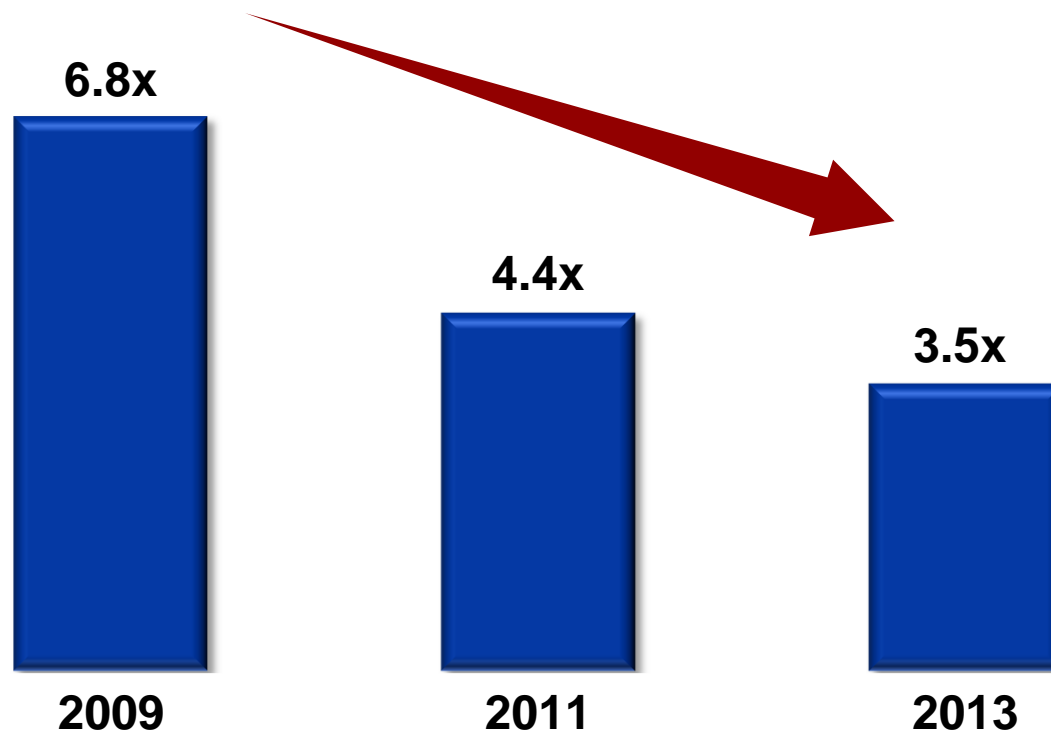
Significant Profit Margin Expansion



180 basis points of margin improvement

Strong Earnings Growth Drives a Reduction in Leverage

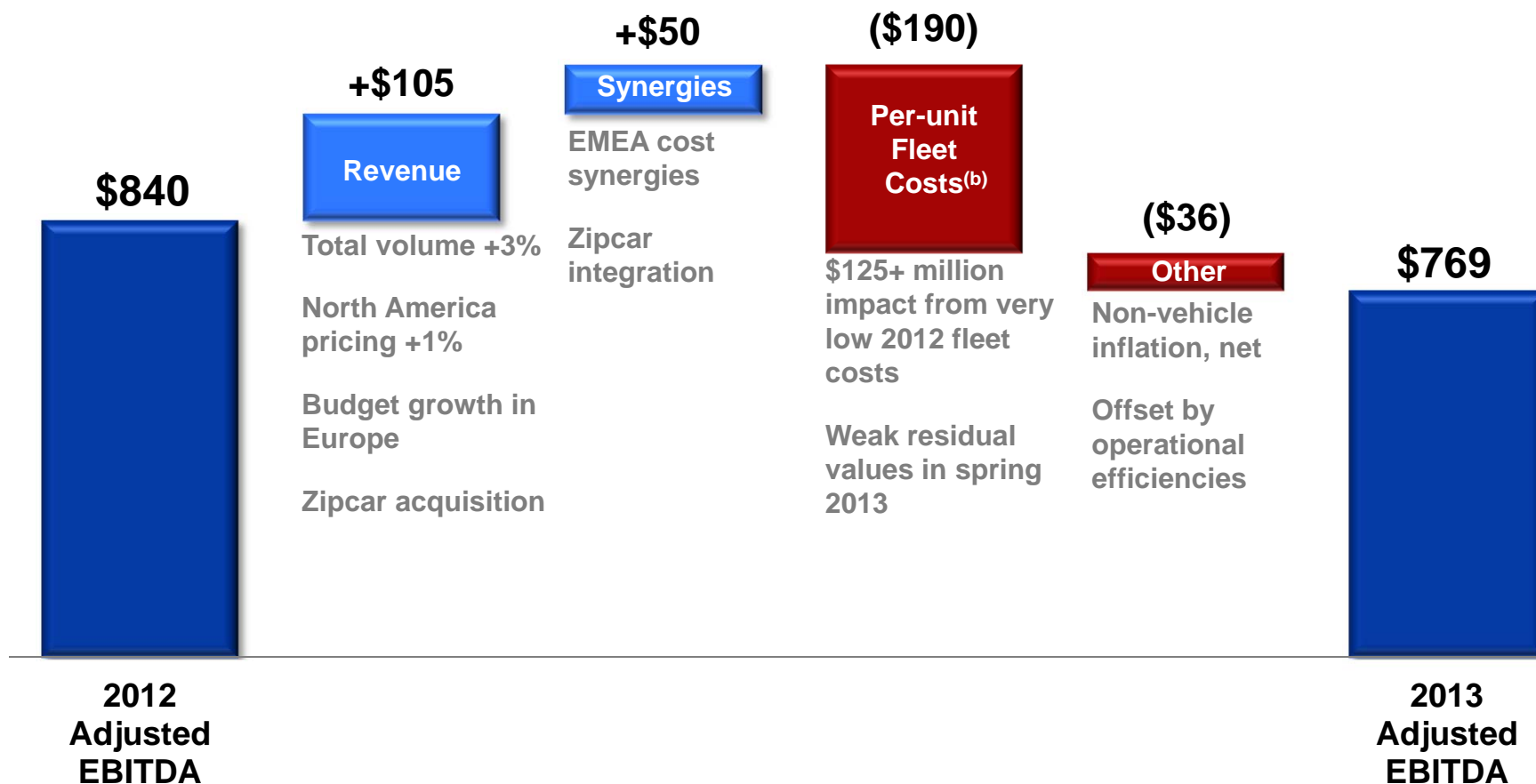
Adjusted EBITDA Leverage^(a)



Target net leverage of 3 to 4 times adjusted EBITDA

We Had a Successful 2013 Despite Higher Fleet Costs

Adjusted EBITDA Impact^(a)



Agenda

- ▶ The business today
- ▶ Global performance drivers
- ▶ Projected earnings growth
- ▶ Generating and deploying free cash flow



Key Performance Drivers

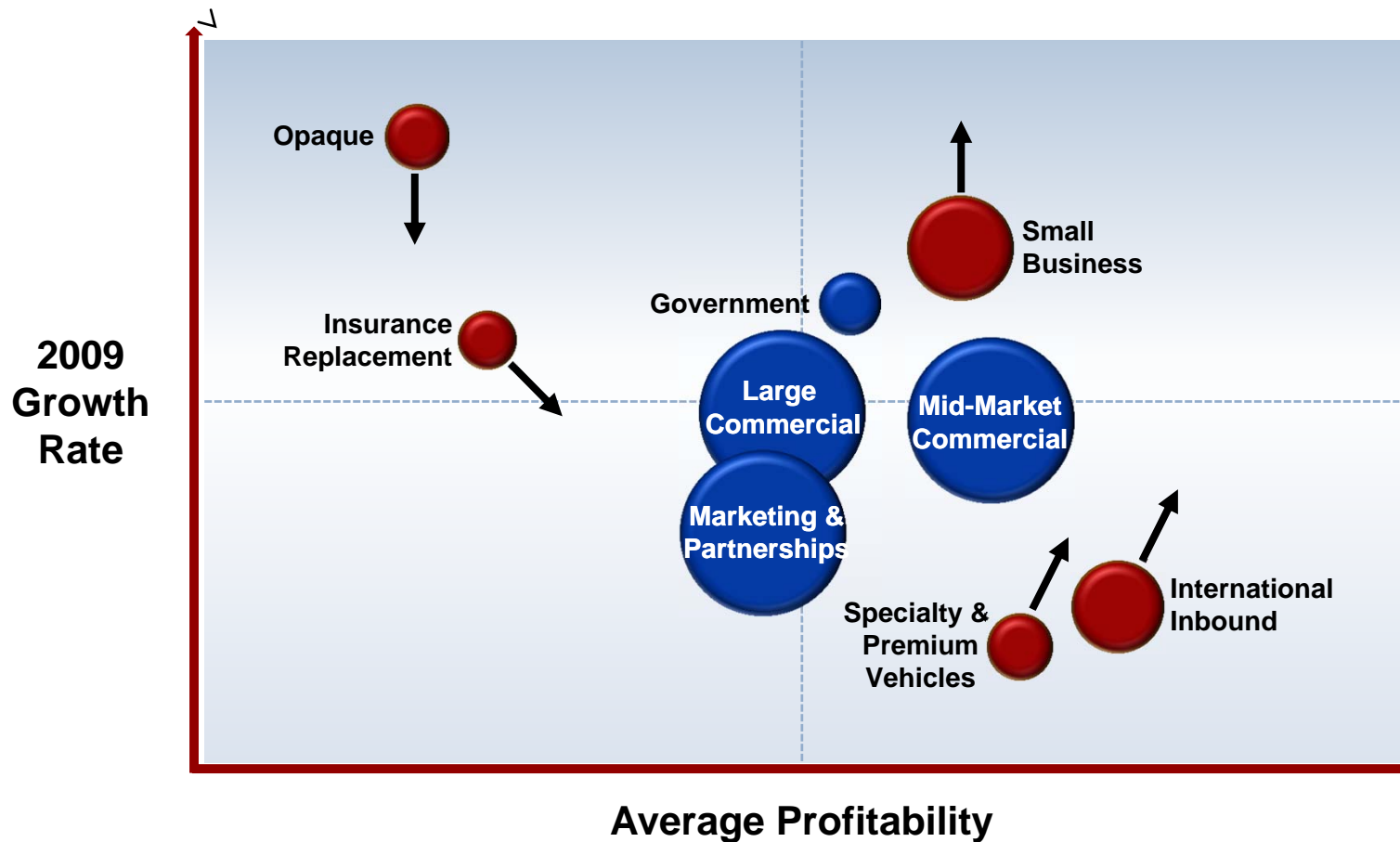


Performance Driver	Profitable revenue growth	✓	✓		
	Process improvement and cost control			✓	✓
	Investment in technology	✓	✓	✓	✓
	Acquisition synergies	✓	✓		✓
	Fleet and yield optimization	✓			✓

Global strategies, regional execution

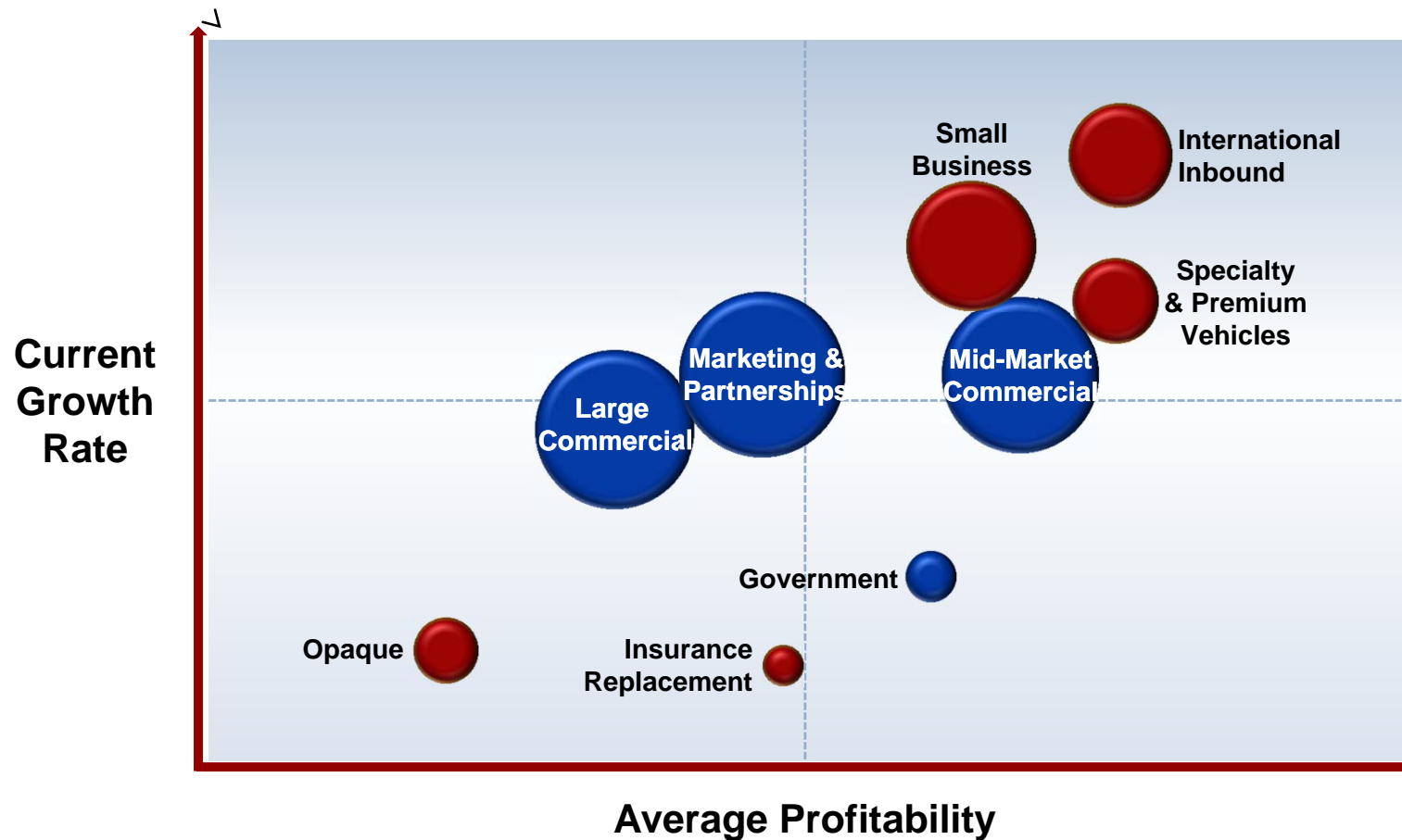
1. Focused on Growing in More Profitable Segments and Channels . . .

Segment Profitability Matrix



... Which Has Been a Key Driver of Our Profit Growth

Segment Profitability Matrix



2. Process Improvement and Cost Control

Transactions per employee since 2007^(a)

Up 9%

Performance Excellence contribution each year

\$50 million

Use of shared service centers

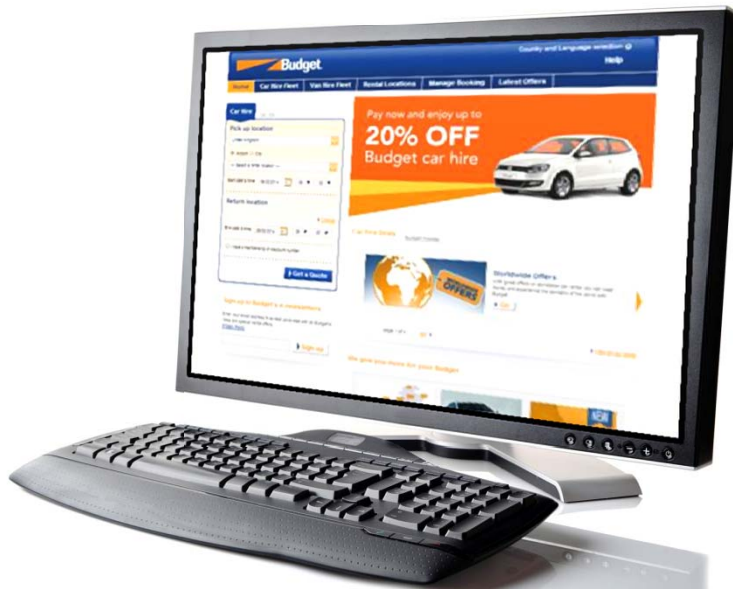
Increased

Focus on costs

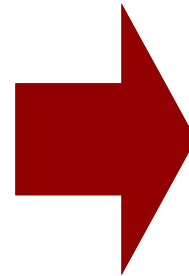
Relentless

3. Targeted Investment in Technology Drives Revenue and Profit Growth

2012



2014

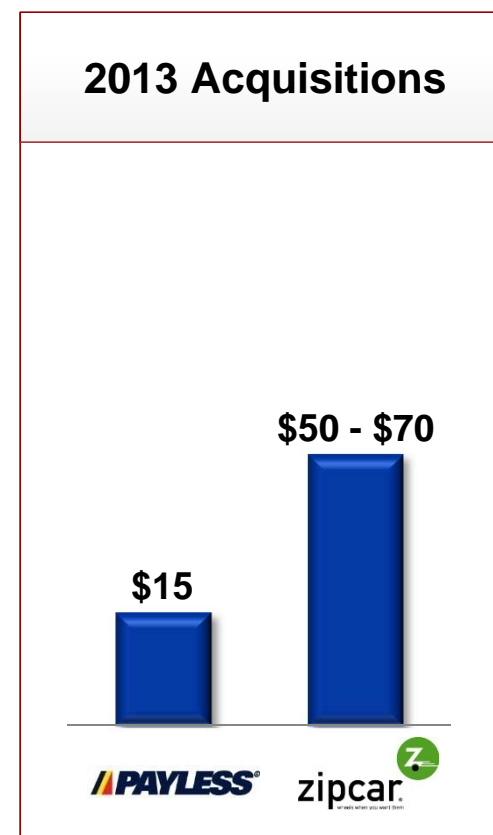
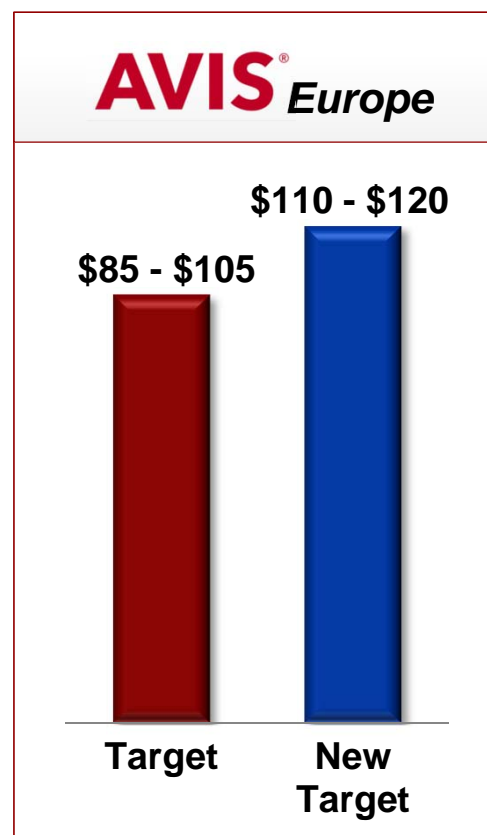
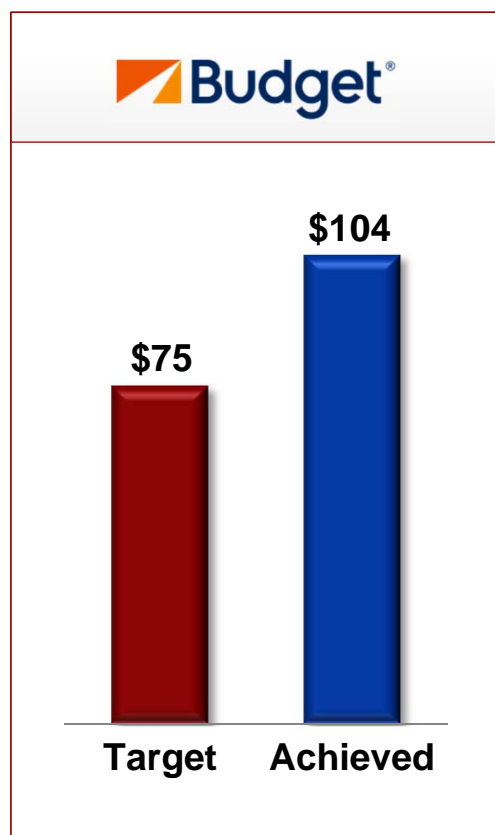


New website benefits

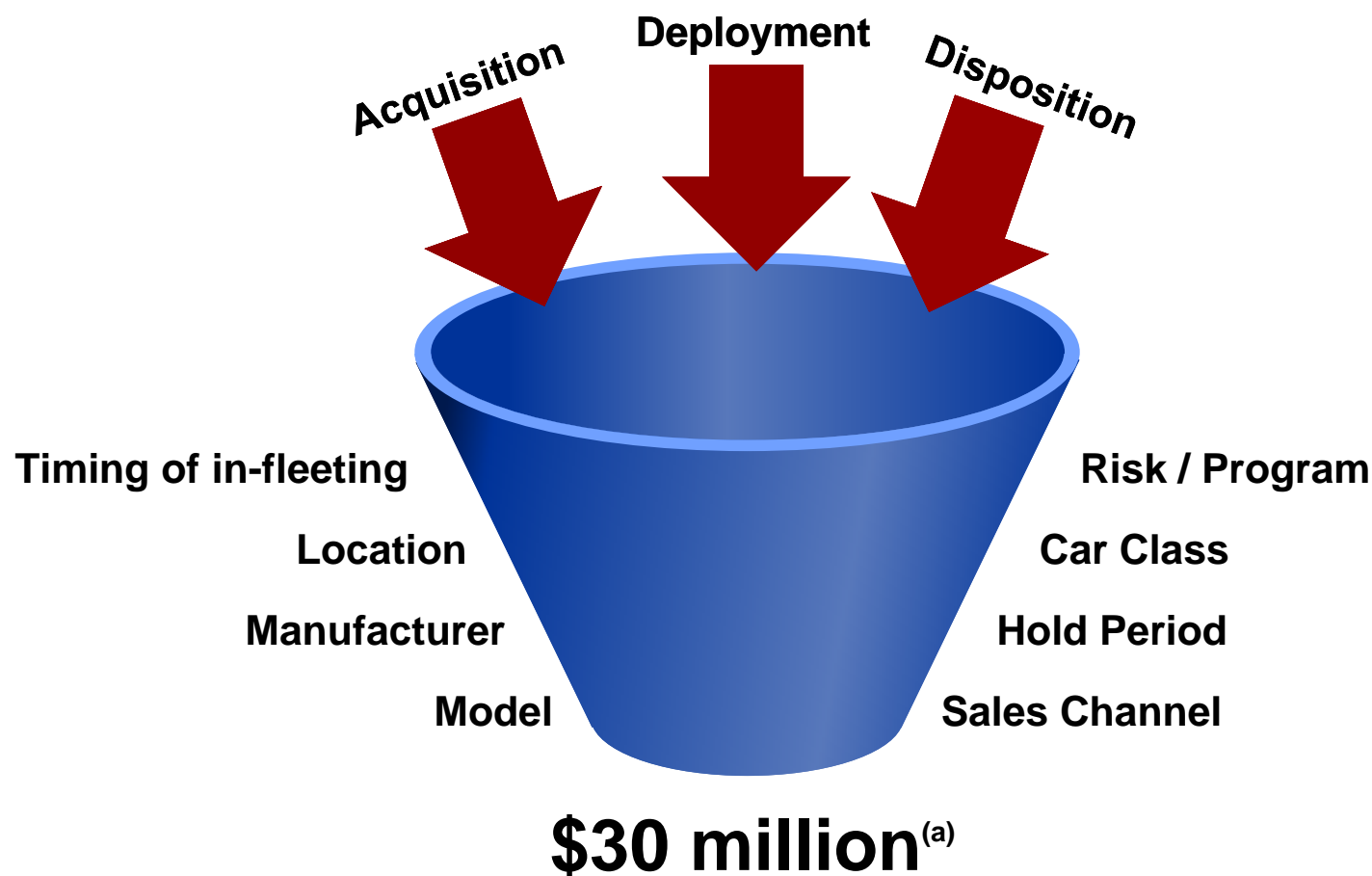
- ✓ Higher conversion rate
- ✓ Higher ancillary sales & average rate
- ✓ Lower third-party commissions
- ✓ Higher customer satisfaction

4. Transaction Integration Is a Core Competency

Synergy Benefits^(a) (\$ in millions)

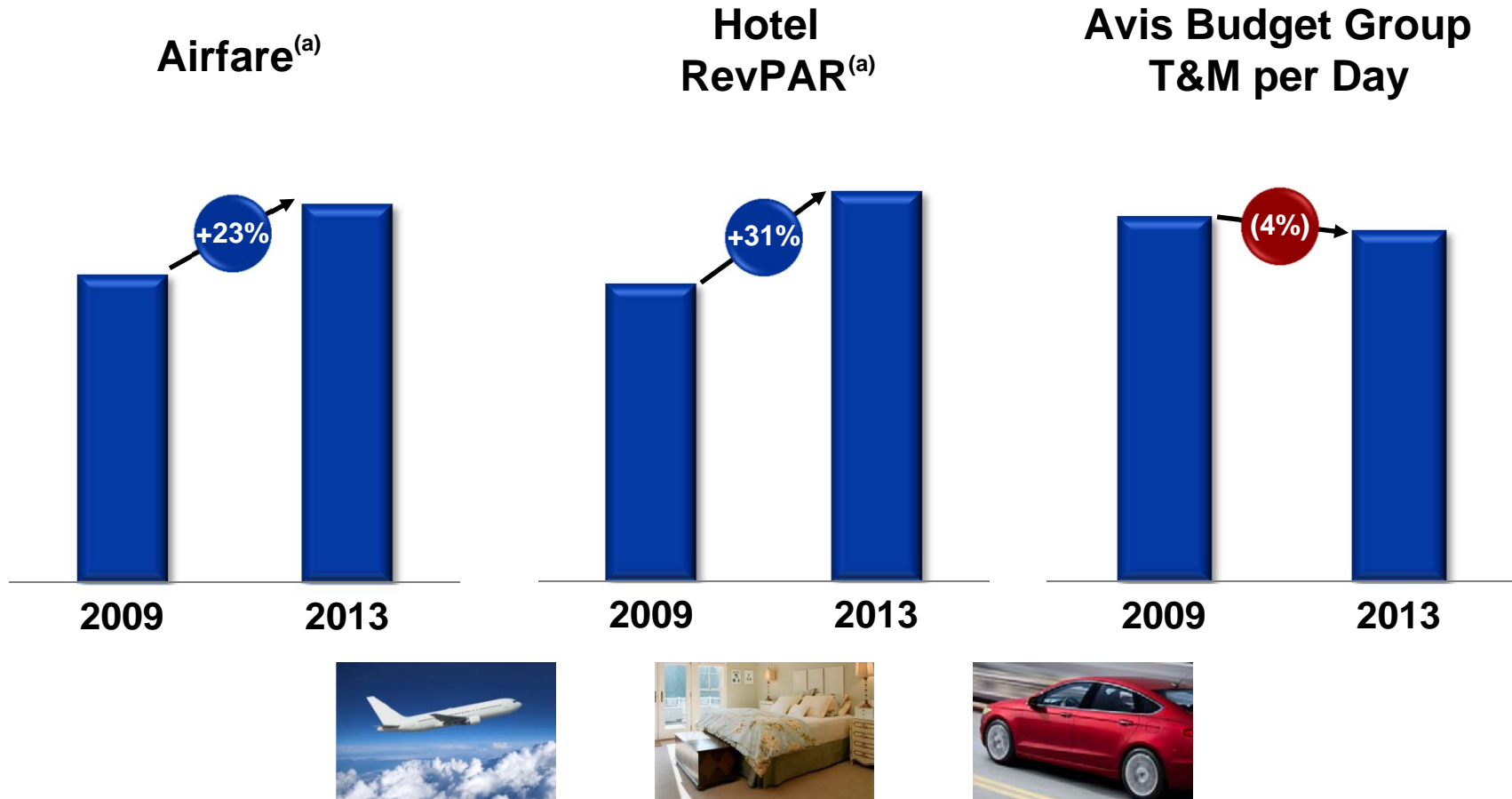


5. Fleet Optimization Already Delivering Benefits



**Numerous decision points for 520,000 vehicles =
opportunity for optimization to add value**

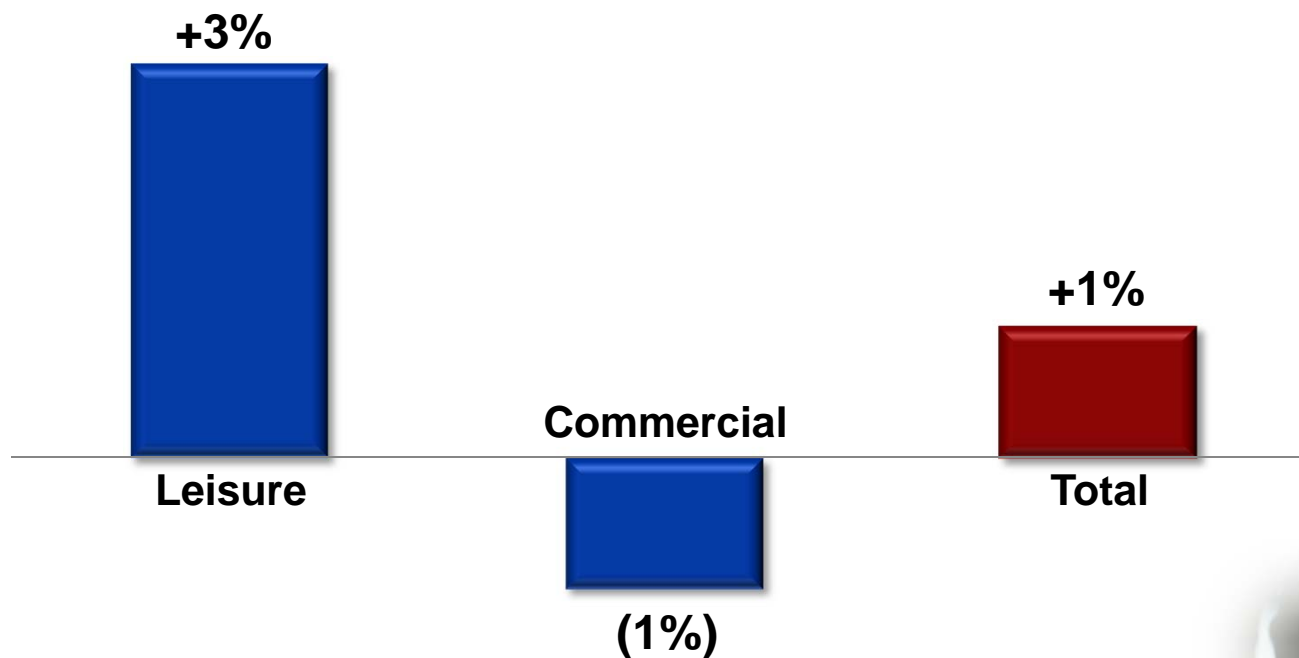
Rental Car Pricing Has Lagged the Travel Industry



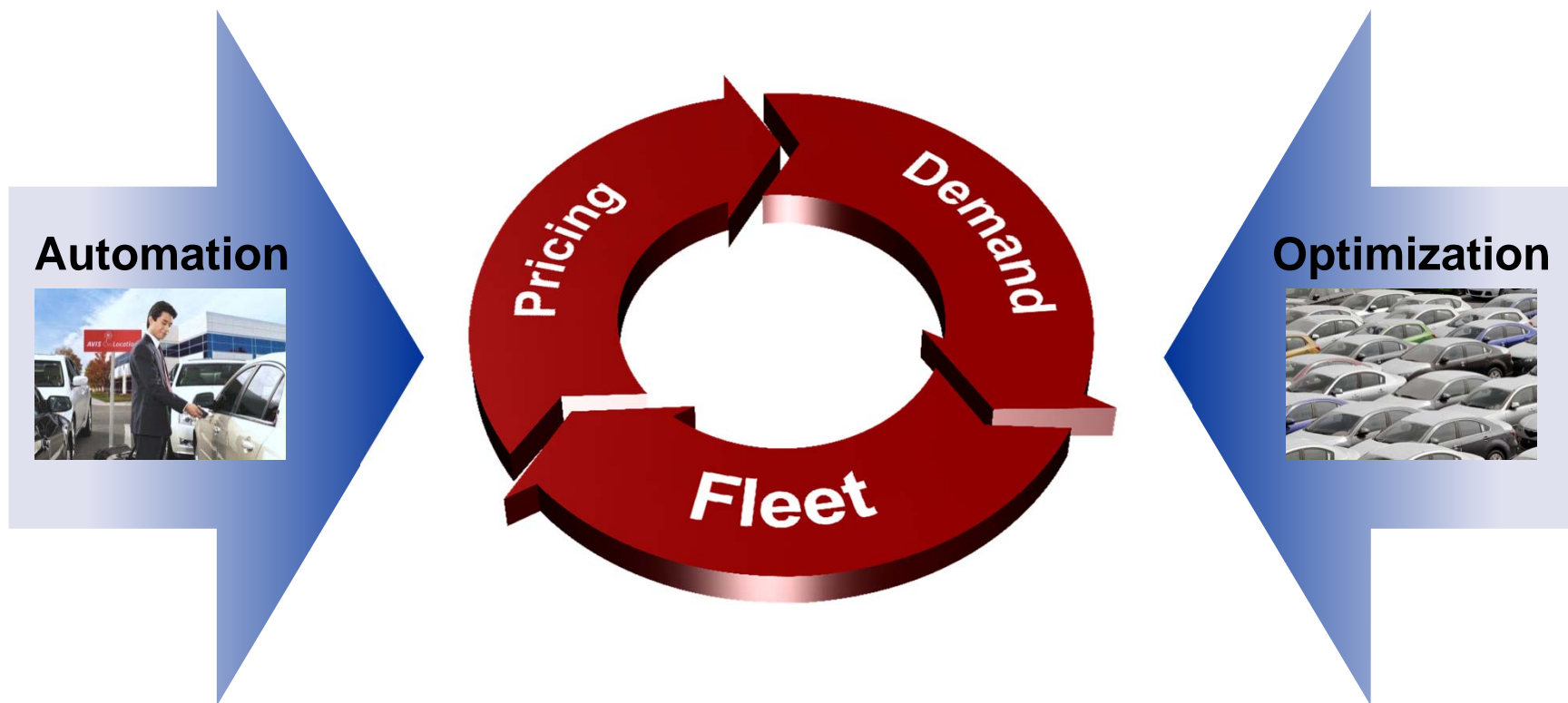
Significant opportunity for pricing improvement

While Our Pricing Improved in 2013 . . .

2013 Time & Mileage per Rental Day (North America)



... Yield Optimization is Still in the Early Stages



Agenda

- ▶ The business today
- ▶ Global performance drivers
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- ▶ Generating and deploying free cash flow



Key Initiatives Generating Significant Benefits

Avis Europe Synergies

(Phase II)

- ▶ Performance Excellence
- ▶ Budget expansion
- ▶ Cost savings

**\$55 to \$75
million**

Zipcar Synergies

- ▶ Cost savings
- ▶ Fleet utilization
- ▶ Revenue opportunities

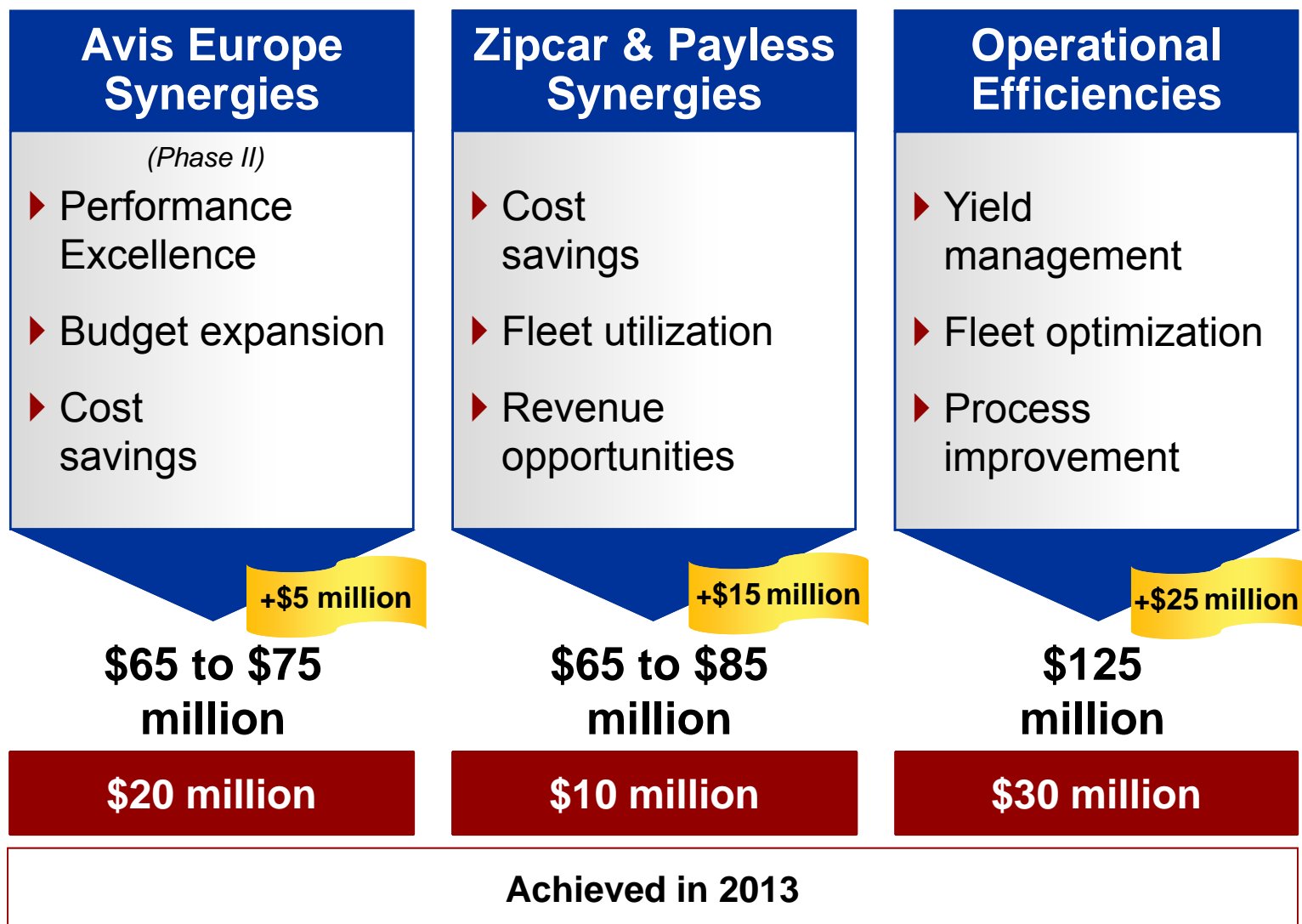
**\$50 to \$70
million**

Operational Efficiencies

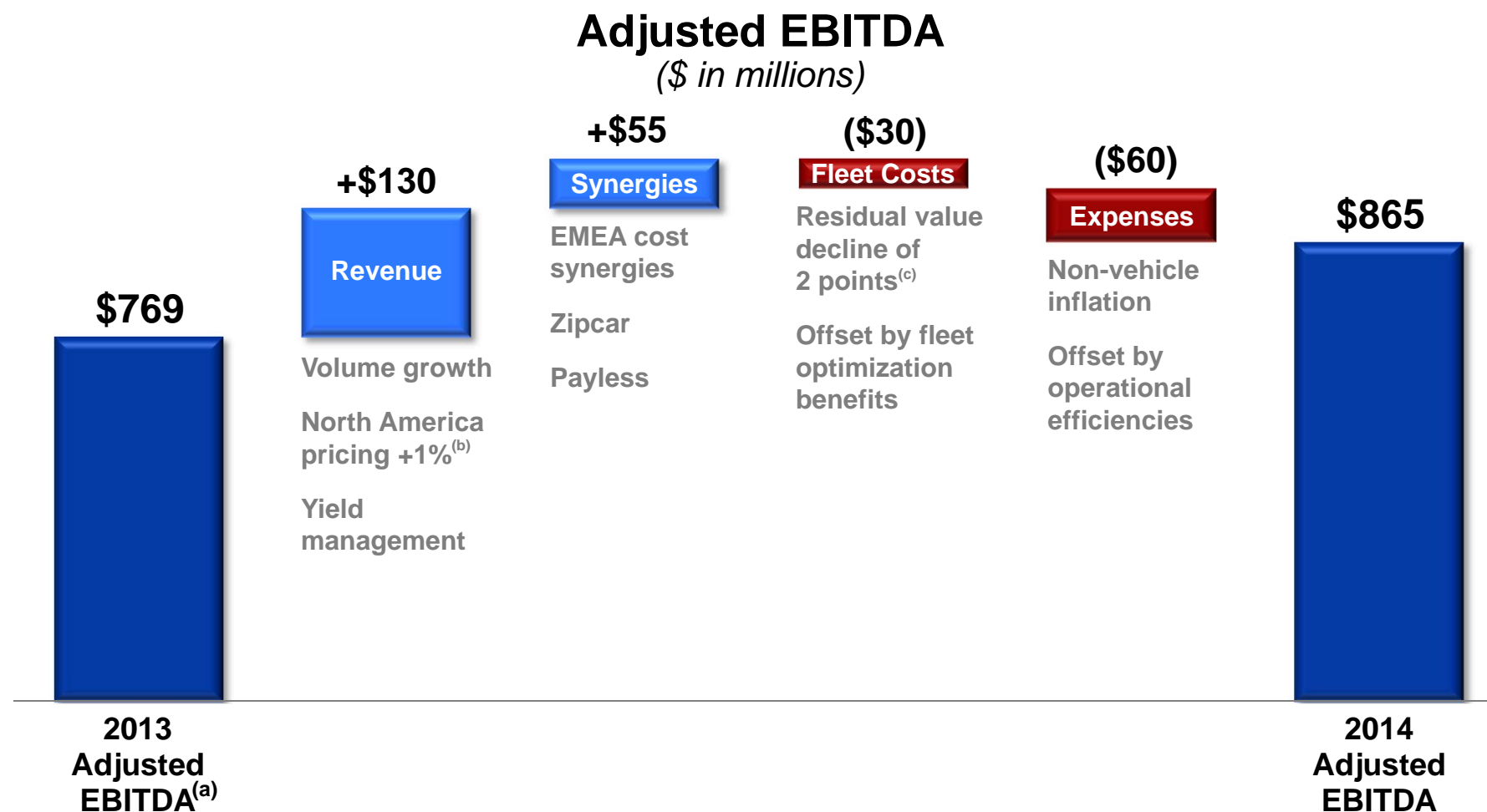
- ▶ Yield management
- ▶ Fleet optimization
- ▶ Process improvement

**\$100
million**

Key Initiatives Generating Significant Benefits



Key Drivers of 2014 Growth



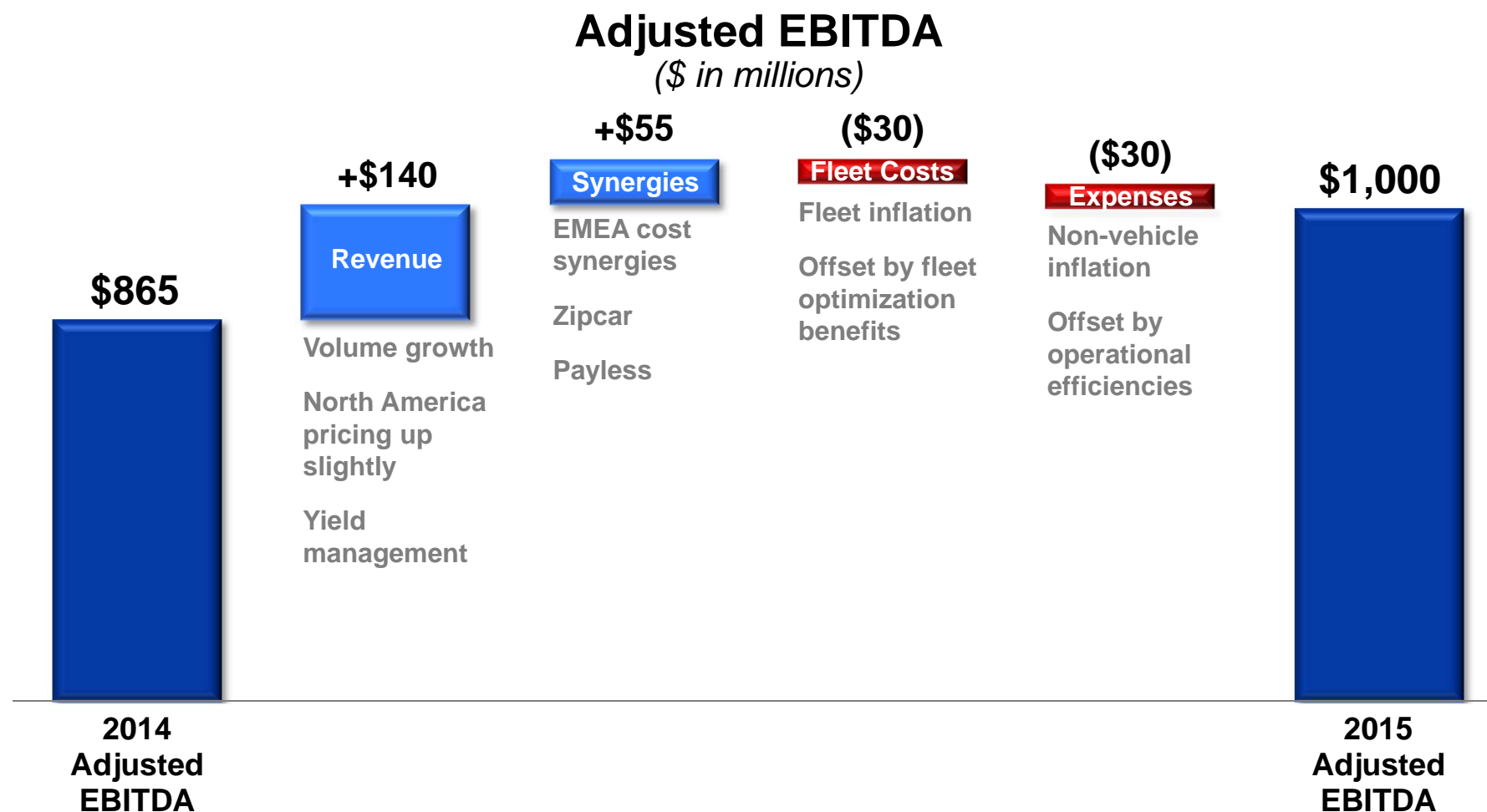
(a) Excluding certain items

(b) Excludes Payless

(c) North America

Note: Based on the midpoint of our 2014 estimates

The Path to \$1 Billion of Adjusted EBITDA by 2015



Agenda

- ▶ The business today
- ▶ Global performance drivers
- ▶ Projected earnings growth
- ▶ Generating and deploying Free Cash Flow



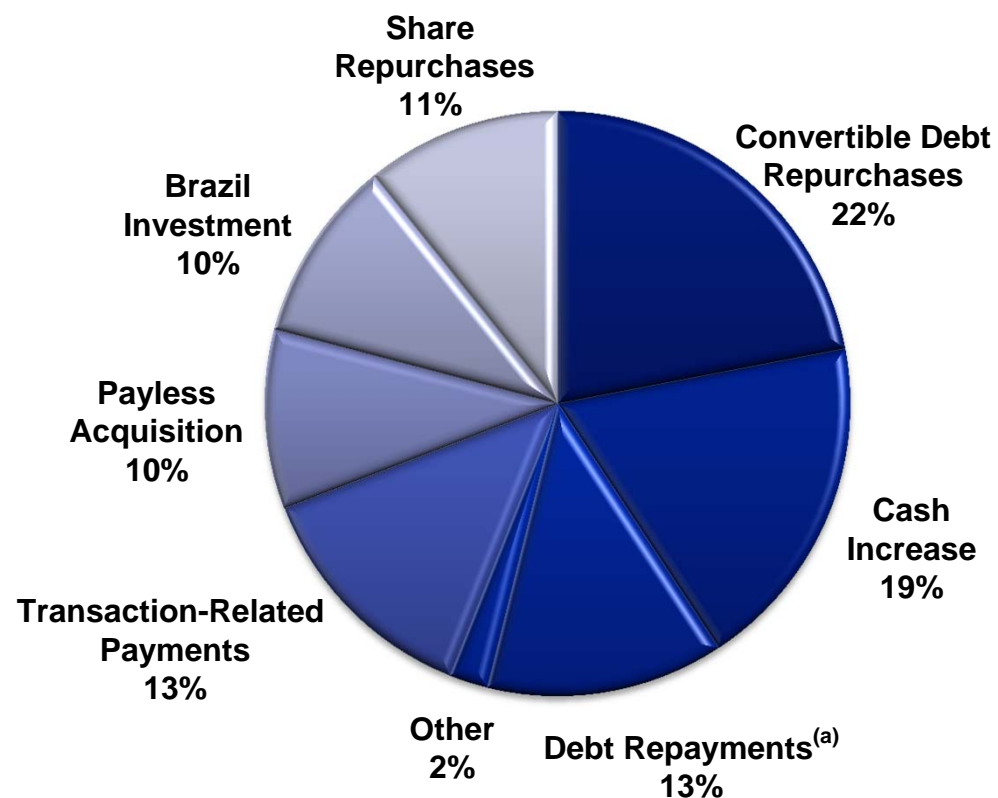
Strong Cash Flow Generation in 2013

<i>(\$ in millions)</i>	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

Deployment of Free Cash Flow

\$460 Million Free Cash Flow Use



Repurchased over five million diluted shares in 2013^(b)

Roughly \$1 Billion of Free Cash Flow by 2015

<i>(\$ in millions)</i>	2014E	2015E
Adjusted EBITDA	\$865	\$1,000
Corporate interest	(220)	(220)
Capital expenditures	(190)	(200)
Cash taxes	(70)	(80)
Working capital, vehicle programs and other	25	40
Free Cash Flow	\$410	\$540

Will generate over \$8 of free cash flow per share

Planned Uses of Free Cash Flow in 2014 and 2015

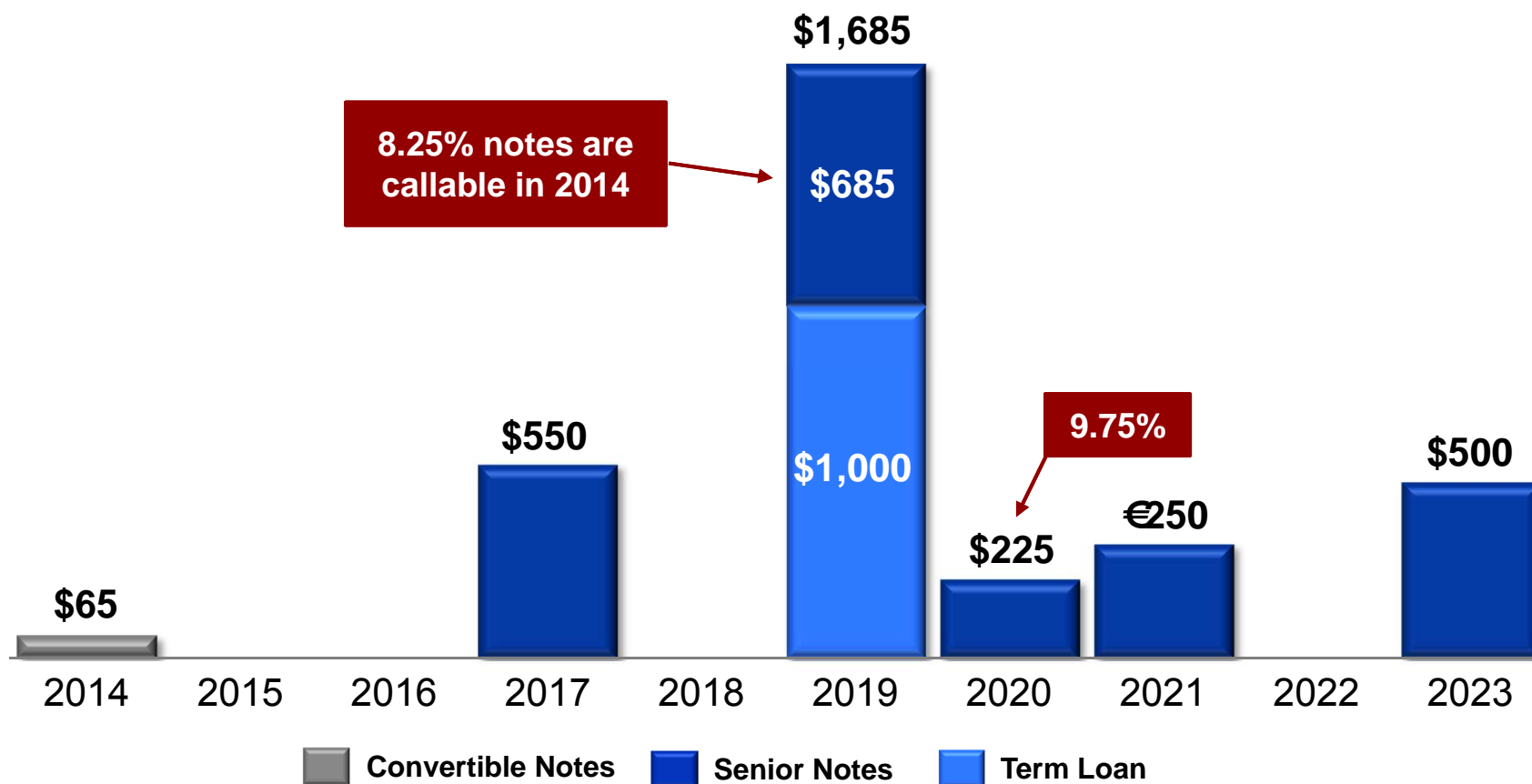
- ▶ **Share repurchases**
- ▶ **Tuck-in acquisitions**
 - **includes licensees**



Mix will depend on available opportunities

Debt Refinancing Remains a Substantial Opportunity

Corporate Debt Maturities (in millions)



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



AVIS®

 **Budget**®

 **apex** car rentals

 **PAYLESS**®

 **zipcar**



Investor Day 2014

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, transaction-related costs, non-vehicle related interest and income taxes. Adjusted EBITDA excluding certain items represents Adjusted EBITDA 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. We believe that the measures referred to above are useful as supplemental measures in evaluating the aggregate performance of the Company.

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

	Year Ended December 31,						
	2007	2008	2009	2010	2011	2012	2013
Total Revenue	\$ 5,986	\$ 5,984	\$ 5,131	\$ 5,185	\$ 5,900	\$ 7,357	\$ 7,937
Adjusted EBITDA excluding certain items	\$ 409	\$ 169	\$ 243	\$ 410	\$ 610	\$ 840	\$ 769
Less: Non-vehicle related depreciation and amortization	84	88	96	90	91	109	128
Interest expense related to corporate debt, net (excluding pre-closing interest related to acquisition financing)	127	129	153	162	195	268	228
Income (loss) before income taxes, excluding certain items	\$ 198	\$ (48)	\$ (6)	\$ 158	\$ 324	\$ 463	\$ 413
Less certain items:							
Transaction-related costs	-	-	-	14	255	34	51
Acquisition-related interest	-	-	-	8	24	-	-
Restructuring charges	-	28	20	11	5	38	61
Acquisition-related amortization expense	-	-	-	-	4	16	24
Early extinguishment of debt	-	-	-	52	-	75	147
Litigation costs	-	5	18	1	-	-	-
Impairment	1,195	1,262	33	-	-	-	33
Separation-related costs, net	(5)	-	-	-	-	-	-
Income (loss) before income taxes	\$ (992)	\$ (1,343)	\$ (77)	\$ 72	\$ 36	\$ 300	\$ 97

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

Net corporate debt
Plus: Cash and cash equivalents
Corporate debt

Year Ended December 31				
2009	2010	2011	2012	2013
\$ 1,649	\$ 1,591	\$ 2,671	\$ 2,299	\$ 2,701
482	911	534	606	693
<u>\$ 2,131</u>	<u>\$ 2,502</u>	<u>\$ 3,205</u>	<u>\$ 2,905</u>	<u>\$ 3,394</u>

Reconciliation of net income, excluding certain items to net income (loss):

Earnings per share, excluding certain items (diluted)
Shares used to calculate Earnings per share, excluding certain items (diluted)

Net income (loss), excluding certain items

Less certain items, net of tax:

Transaction-related expenses
Acquisition-related interest
Restructuring charges
Acquisition-related amortization expense
Early extinguishment of debt
Litigation costs
Non-cash income tax benefit for pre-2007 taxes
Net income (loss)

Year Ended December 31,			
2010	2011	2012	2013
\$ 0.90	\$ 1.65	\$ 2.43	\$ 2.20
126.7	128.9	121.6	116.6
<u>\$ 107</u>	<u>\$ 206</u>	<u>\$ 291</u>	<u>\$ 256</u>
8	215	30	41
5	14	-	-
7	3	27	40
-	3	11	16
32	-	61	110
1	-	-	-
		(128)	-
<u>\$ 54</u>	<u>\$ (29)</u>	<u>\$ 290</u>	<u>\$ 16</u>

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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, 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

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Avis Budget Group Attendees

John Barrows Vice President, Corporate Communications	Bryon Koepke Senior Vice President and Chief Securities Counsel
David Calabria Vice President and Assistant Treasurer	Ned Linnen Chief Human Resources Officer
Kaye Ceille President, Zipcar	Kristen Maloney Vice President, Strategic Customer Leadership
David Crowther Senior Vice President, Finance, North America	Izzy Martins Senior Vice President & Acting Chief Accounting Officer
Larry De Shon President, Europe, Middle East and Africa	Gerard Monusky Senior Vice President, Finance, Latin America / Asia-Pacific
Scott Deaver Executive Vice President of Strategy	Ronald Nelson Chairman & Chief Executive Officer
Joseph Ferraro Senior Vice President, Operations, North America	Michael Schmidt Senior Vice President, Fleet Services
Matthew Flaherty Senior Manager, Investor Relations	Mark Servodidio Managing Director, UK
Paul Ford Vice President & Controller, Financial Planning & Analysis	Patric Siniscalchi President, Latin America / Asia-Pacific
Jeff Fox Board Member	Perryn Stewart Director, Financial Planning & Analysis
Thomas Gartland President, North America	Rochelle Tarlowe Vice President & Treasurer
Neal Goldner Vice President, Investor Relations	Michael Tucker Executive Vice President & General Counsel
Jack Hardy Board Member	Stephen Wright Senior Vice President, Sales & Marketing, Latin America/Asia-Pacific
Gerard Insall Senior Vice President & Chief Information Officer	David Wyshner Senior Executive Vice President & Chief Financial Officer