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CAR.OQ - Q1 2026 Avis Budget Group Inc Earnings Call

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OVERVIEW:

Company Summary

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John Healy *Northcoast Research - Analyst*

Ryan Brinkman *JPMorgan Chase & Co - Analyst*

Stephanie Moore *Jefferies LLC - Analyst*

PRESENTATION

Operator

Greetings. Welcome to the Avis Budget Group Q1 2026 earnings call.

(Operator Instructions) Please note that this conference is being recorded.

I will now turn the conference over to David Calabria, Treasurer and Senior Vice President, Corporate Finance. Thank you, David. You may begin.

David Calabria - *Avis Budget Group Inc - Senior Vice President Corporate Finance and Treasurer*

Good morning, everyone, and thank you for joining us. On the call with me are Brian Choi, our Chief Executive Officer; and Daniel Cunha, our Chief Financial Officer.

Before we begin, I would like to remind everyone that we will be discussing forward-looking information, including potential future financial performance which is subject to risks, uncertainties and assumptions that could cause actual results to differ materially from such forward-looking statements and information. Such risks and assumptions, uncertainties and other factors are identified in our earnings release and other periodic filings with the SEC as well as the Investor Relations section of our website.

Accordingly, forward-looking statements should not be relied upon as a prediction of actual results and any or all of our forward-looking statements may prove to be inaccurate and we can make no guarantees about our future performance. We undertake no obligation to update or revise our forward-looking statements.

On this call, we will discuss certain non-GAAP financial measures. Please refer to our earnings press release, which is available on our website for how we define these measures and reconciliations to the closest comparable GAAP measures.

With that, I'd like to turn the call over to Brian.

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Thanks, David and thank you to everyone joining us today for our first-quarter earnings call. There's a lot to cover this morning, and as you've seen in our earnings release and financial supplement, we've begun executing on the changes we outlined last quarter. In particular, the actions we've taken around fleet reduction and supply discipline are starting to show up in both our operational performance and our financial results. We believe these changes do much to strengthen Avis.

Daniel and I will walk you through the details of the business, but before we do that, I want to address what I know is top of mind for many of you, the recent volatility we've seen in our stock price. We've received a number of questions, so I think it's worth taking a moment to walk through the facts as we understand them based on disclosure from public filings.

Let's start with what's well understood. Our second largest shareholder, Pentwater Capital, who filed as a 9% owner of our company as of December 31, 2025, crossed the 10% ownership threshold on February 20 and became a Section 16 insider. On that day, Pentwater disclosed they held an economic interest of 39% of our company through stock and cash settled swaps. By March, they disclosed that economic interest increased to 51%. So in the span of a month, Pentwater's public filings showed their economic interest increased substantially.

We believe that this significant increase in ownership, combined with the high short interest in our name resulted in a short squeeze. That much is well understood. Here's what we're absorbing just now. After market closed yesterday, Pentwater disclosed the sale of 4.3 million shares for gross proceeds of $1.75 billion on April 22 and April 23. Given the quantum of shares sold in such a short span of time, our stock price experienced a significant decline.

It is important to note that Avis has not bought or sold a share since 2024. Our largest shareholder, SRS, has not bought or sold a share since 2023. So it seems the only insider active during this period of excess volatility was Pentwater Capital. Pentwater has acknowledged that its sale of Avis stock, at least in part, was violative of the SEC Section 16 short swing profit rules. Avis has requested Pentwater furnish it all relevant information concerning the trades and Avis will aggressively pursue all rights on behalf of our stockholders.

From the company's perspective, nothing about how we operate the business has changed, and our focus remains squarely on execution and long-term value creation. With that context, let's turn back to the fundamentals of the business.

On our last earnings call, we laid out the difficult but necessary decisions required to put this business on a stronger footing. We executed on that plan in the first-quarter and the early results reflect that progress. Overall, we're pleased with our first-quarter performance, which delivered adjusted EBITDA above plan. Before I turn it over to Daniel to walk through the details, I want to highlight a few proof points that demonstrate how the business is responding.

Starting with revenue. This was the first-quarter in 10 where we delivered growth in the Americas, driven by strong RPD performance. That was a direct result of our decision to better align supply with demand, allowing us to be more selective in the business we accepted and improve pricing discipline. International continued to execute well on its mix strategy, also delivering strong RPD growth.

On the fleet side, we were able to take advantage of a stronger-than-expected first-quarter used car demand. The Manheim Index tracked above prior years at this point in the seasonal curve and our teams moved quickly disposing a record number of vehicles in the Americas where we did not expect residual values to hold.

Operationally, utilization was the highest we've seen in over 15 years for the first-quarter in the Americas despite continued recall-related constraints. We effectively managed our assets through a volatile environment, including weather disruptions early in the quarter, TSA-related impacts, and broader geopolitical uncertainty. Beyond day-to-day execution, we continue to invest in key areas of our longer-term strategy. Avis First is now in 36 locations, including 9 international airports, and we continue to see strong customer satisfaction metrics. While still early, we're seeing encouraging adoption and believe the product has significant long-term potential.

On the Waymo front, we remain on track for our Dallas launch in the third-quarter and are nearing public rider availability. As we've said previously, we expect to expand into additional cities over time and remain in active discussions with our partner.

With that, I'll turn it over to Daniel to walk through the quarter in more detail.

Daniel Cunha - *Avis Budget Group Inc - Chief Financial Officer*

Let me start with the Americas segment, where we saw several clear signs of progress this quarter. Revenue grew 2.9% year-over-year, the first of such increase in Americas in 10 quarters. Just as important as the growth itself is how it was constructed. Rental days were essentially flat, while RPD increased 2.8%. This marks the first-quarter of positive pricing in the Americas since the fourth-quarter of 2022, and we view that as a meaningful inflection point.

RPD was modestly positive in January and exited the quarter up nearly 4% year-over-year. We also saw improved ancillary performance, which grew 1.9% year-over-year and continued to support a shift towards higher quality revenue. Leisure share of revenue increased by 1.1 point in the quarter. A key driver of this performance was the shift in fleet strategy we outlined last quarter. TSA volumes grew 1.6% in the quarter, while we reduced fleet by 0.6%, a deliberate decision to better align supply with demand.

Despite a smaller fleet and continued recall-related constraints, we maintained rental days to improve operational execution and higher utilization. We also took advantage of first-quarter strength in the used car market to further right-size the fleet. In doing so, we prioritized speed over yield, which helped accelerate normalization of depreciation.

Monthly depreciation in the Americas averaged approximately $380 for the quarter starting above $500 in January and improving into the mid-$300 by March. As noted in our supplemental financials, we expect depreciation to decline meaningfully in the second-quarter. We exited the quarter with the healthiest fleet position we've had since the pandemic and a fleet that is approximately 20% younger, positioning us well for the balance of the year.

Our International segment continues to execute on its strategy of shifting revenue mix towards higher return segments. As a result, rental days were down 3.8% year-over-year, while RPD increased 3% on a constant currency basis. This transition began the second-quarter of last year, and we're in the process of aligning our staffing, real estate footprint, and go-to-market to support the new mix. That has created some temporary cost inefficiencies, but we view those as transitional while the improved revenue mix is structural.

From a demand standpoint, the International environment remains uneven and difficult to predict. We are seeing variability across regions influenced by geopolitical developments and higher travel costs. That said, we are positioned to benefit from shifts in travel behaviour, particularly toward intra-regional travel within Europe, where rental can be a more attractive alternative.

With that, I'll turn to our leverage, liquidity, and outlook. As of March 31, we had over $900 million of available liquidity, along with approximately $2.9 billion of additional capacity across our ABS facilities. Our net corporate leverage ratio was 7.6 times, and we expect to reduce that to below 6 by year-end through earnings growth and continued debt repayment. We remain focused on returning to more normalized leverage levels. And importantly, we have no corporate debt maturities until 2027.

During the first-quarter, we executed a number of refinancing transactions that reinforce our access to capital. In February, we renewed our European securitization facility for approximately EUR2.4 billion, extending its maturity by two years. In March, we issued $668 million of AESOP term debt across three and five-year tenors to refinance maturing obligations. The transaction was well received, oversubscribed, and priced on favourable terms, reflecting continued demand for credit.

We also expect to renew our $2.4 billion AESOP VFN facility at the end of the month along with an additional $480 million of seasonal capacity through October 2026. Overall, the first-quarter represents a strong start to the year. We exceeded our adjusted EBITDA plan by approximately $50 million supported by improved pricing and disciplined fleet execution. As a result, we are raising our full year guidance to a range of $850 million to $1 billion in adjusted EBITDA.

With that, I will turn it back to Brian.

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Thanks, Daniel. As we look ahead, there are a few key areas that we are monitoring closely. First, the geopolitical environment, particularly in the Middle East, has already begun to impact energy prices and remains an important variable for the balance of the year. Higher fuel costs can influence consumer behaviour, including vehicle preference and overall demand. We are beginning to see early signs of a mix shift and are actively managing our fleet composition and disposition strategy in response.

From a demand perspective, we are seeing a healthy buildup into the summer season. Rental days in the Americas are trending mid-single-digit growth with RPD Holding. The Easter shift will impact second-quarter comparisons, but underlying demand remains constructive. We are also seeing strong demand in key markets, including World Cup host cities where both rental days and pricing are performing well.

For our Avis team listening today, our priorities remain clear and unchanged, we will continue to manage fleet with discipline, drive utilization across the network and execute consistently. These are the fundamentals of how we run the business, and they position us to serve customers well, protect profitability and create long-term value.

With that, operator, we'd be happy to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Dan Levy, Barclays.

Dan Levy - *Barclays Capital, Inc. - Analyst*

Can you please just address the pricing trends? And also, this is the first positive quarter of pricing in Americas in several years now. What slipped in the quarter? And I know you gave some commentary on how things are looking into the second-quarter so far. What's the confidence that this can hold for the balance of the year? Maybe you could just give a sense of how the trends have changed and why this has slipped?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Yes. Sure. Dan, I'll start, and then Daniel can add. But you're right, this is the single biggest fundamental change that we've seen in years in our business. And I think the biggest shift that we've seen at least is, like I said on our fourth-quarter earnings call, is us taking a pretty different philosophical approach with how we view supply and demand in the industry.

We're not there to take every last rental, and we're fleeting to account for that. I think the lower supply, and this was shown by kind of the number of cars that we disposed of in the quarter, did a lot to help this. So pricing was constructive in the first-quarter, like we said in our prepared remarks, it got better in February. March benefited from a little bit of an Easter shift mix. But as we look out, we do believe that things have normalized.

Like as we're looking at April, again, that benefit that we saw from the Easter mix is impacting a little bit. But looking further towards May and June, we see things stabilizing. So we're pretty constructive on where we see pricing today.

Daniel Cunha - *Avis Budget Group Inc - Chief Financial Officer*

I'll just add, Brian, that this is first positive pricing in the fourth-quarter of 2022, right? And since then, we have experienced, especially in the Americas quite a bit of inflation, labour, vehicle costs, and we believe those are pressures that the entire industry experienced. So at some point, to sustain the economics of an asset-heavy business, pricing has to sustain and stop declining. So we do think that we -- there's a bit of an inflection point. And as far as we can influence it by maintaining supply and demand aligned, we'll be contributing.

Dan Levy - *Barclays Capital, Inc. - Analyst*

Great. The second question is on the balance sheet. And I know now you're in the sort of mid-seven times net debt-to-EBITDA range. Pre-COVID, you were in the sort of three to four range. What's the right leverage ratio for you? And what steps can you take? I know free cash flow generation, obviously, but what steps can you take to reduce the leverage ratio if that's something that you want to pursue?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

No, I think, Dan, we've been pretty consistent in our messaging, saying that the focus in terms of capital allocation is going to be shifting towards debt repayment. We still generate free cash flow in this business. So proceeds of that will go down paying debt. But the real thing that has to happen is we need to start growing our EBITDA.

And we're coming off right now two years where we've had issues with our fleet, and that's reflected kind of in the income statement. We think that as we get out of this first-quarter and as we normalize going forward, you will see EBITDA growth that justifies kind of meaningful deleveraging. So we said that a combination of EBITDA growth and debt paydown will already get us down to below six -- or sorry, in the six times range, this by the end of this year. And we're going to continue that EBITDA growth and debt repayment strategy until we get to our target leverage ratios of two to four times.

Operator

Chris Woronka, Deutsche Bank.

Chris Woronka - *Deutsche Bank AG - Research Analyst*

Congratulations on the better-than-expected quarter. I wanted to hope we could maybe talk a little bit about fleet size. You guys have always said you try to fleet a little bit under demand. You've done that in the last couple of quarters now with positive utilization in the Americas.

So as pricing has gotten nicely better here, do you think you will continue to try to fleet under demand? And do you -- are there any indications that the industry will follow that trend? I know that you guys sometimes have to react to what competitors are doing. But is your plan to continue fleeting under demand?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Yes. I'll start and Daniel, you can chime in. But as we've said consistently that we fleet under demand, which is true. But when we said that, I think what I was trying to say is like at the peak of any given quarter, like if it's a Memorial Day or something like that, you're trying to peak under that demand, but that leaves you pretty over fleeted during the shoulder periods.

I think what we're trying to do right now is say, hey, we needed to over the course of the quarter and over the course of seasons, understand what the minimum level of fleet that you can maintain to make sure that you aren't over fleeted during those shoulder periods and then really rely on operational efficiency and utilization to get those days during the peak demand.

I think that's the structural difference that we've taken. And I think that does have a positive increase on price. From our perspective, that's what we can control, and that's what we continue to do going forward.

Daniel Cunha - *Avis Budget Group Inc - Chief Financial Officer*

The only thing I would add, Brian, is that, Chris, like you pointed out, Chris, there is a portion of that we don't control, right? The portion that we do control is how we utilize our assets, right? We're asset managers. We need to drive return on assets, right, in each of our operations, and we can keep pushing the envelope there by reducing the asset base, right, which we do by increasing utilization. That's a key focus of ours, and you've seen progress over the last several quarters and increased EBITDA, which is the point, Brian has been pushing very strongly about growth, improving margins and so on.

So those are things that we do -- that we control that help, I think, both Avis and help maintain the industry in a more balanced supply and demand position.

Chris Woronka - *Deutsche Bank AG - Research Analyst*

Okay. And just as a follow-up. Brian, I think you mentioned last year that your Avis First initiative and your -- the initial Waymo contract would certainly not be like material to financials last year or even this year. But I'm curious as we look out to kind of an exit rate for '26. I know it's still kind of early in the year, but do you expect one or both of those to kind of be noticeable through the financials either by the end of this year or next?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Yes. Chris, I think we need to bifurcate that. I think Avis First towards the end of this year, we'll -- you'll see more of an impact on the financials. But at this time, because we're still really positioning our chest pieces and negotiating with airports in order to make sure that we can offer the service, it's still pretty early for us to give guidance around where that will be. In terms of Waymo, I think you'll see the benefits of that more so next year in 2027 as we really start to ramp our Dallas and what we're hoping are additional cities.

Operator

Lizzie Dove, Goldman Sachs.

Lizzie Dove - *Goldman Sachs Group Inc - Analyst*

I wanted to ask about your EBITDA guidance. I appreciate you kind of flowed through the 1Q beat there. But any way to think about, I guess, firstly, a reminder of just what's embedded there in terms of what gets you to the low end versus the high end of the range? And is that $850 million to $1 billion the right way to think about kind of, call it, normalized EBITDA longer term?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Lizzie. Yes, listen, like I think -- what we said in the prepared remarks that we outperformed our expectations in the first-quarter. What we would say is that like looking forward into Q2, 3 and 4, it's still too early to say kind of where things shake out because the bulk of our earnings come in the summer season.

It looks constructive, like Daniel said, but I think right now, that $850 million to $1 billion range is what we're comfortable with for this fiscal year. Going forward, though, I wouldn't say that that's a normalized level because you're still coming off a pretty tough one quarter of this year.

Yes, we outperformed our expectations, but this isn't what normalized should be. For us, we shouldn't be in a quarter where we're losing money. And the reason why this happened was we had -- with the write-down we took with us like we said, prioritizing kind of speed over capturing every last dollar in terms of vehicle dispositions. We had to right size the fleet that came at a cost, and you saw that in the EBITDA impact this quarter. I don't expect that to continue for '27. So I do think that structurally, EBITDA should be higher than this range that we're giving you right now.

Lizzie Dove - *Goldman Sachs Group Inc - Analyst*

Got it. That's helpful. And then I guess just on the fleet cost side of things, I think what's embedded in your guidance for the second half is maybe 300 or so. I appreciate that to start that can be lumpy. There's always kind of different moving pieces, but it's only maybe 15% above where fleet costs were in 2019. So I guess just how do you assess longer term like comfortability with that kind of 300 or so range and how that can be maintained?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Yes. Listen, I think for us, given the significant increase in the overall cost of new cars, we've had to get better about how we manage these assets, how we dispose of them, how long we hold them. And I think a lot of the work that our teams are doing here on the fleet side have contributed to that.

So we think that longer term in the low 300s is possible to achieve. Now it comes with work and it comes with us being more nimble than we were before. We can't rely on a static, hey, we hold these cars for 18 months and dispose them at 35,000 miles. You are more playing money ball with these assets. The good news is we've been investing in that capability for a long time. We think that we're getting better at it. But a lot of this also has to do with just the overall kind of macro trends in the used car market.

So it's tough to say exactly where that will shake out, but we think in a general range in normalized times, that kind of low 300s seems to be a place that's achievable.

Operator

John Healy, Northcoast Research.

John Healy - *Northcoast Research - Analyst*

I wanted to continue on the theme of car costs. Brian, kind of look at the last few years, I think there's been disruption on supply both on new and used. And it seems like on the used side, we're kind of right on the cusp of seeing that shift with probably going from $2.5 million lease returns a year to maybe $4 million or so lease returns a year.

Can you just talk to how you think those cars impact your ability to hit that kind of low 300 number because just at a high level, it would seem like you guys are going to have a lot more competition in the lane for moving your cars. So I'm just trying to think about how that goes into your calculus. And then also, you guys clearly are doing a lot on the revenue optimization side. But what are you guys doing on the fleet disposition side?

Are you looking at any sort of kind of innovative partners? I know Hertz is doing this thing with Amazon. Are there things like that, that we might see you guys dip your toe into later this year or next year?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

John, let me start with the first part of that question. So yes, obviously, we monitor the supply of used vehicles coming in very closely as well. I think kind of to Lizzie's question before, this is why we have to be a lot more nimble about what cars we sell when. So you're right. If a 35,000 mile car would compete squarely with a three-year lease return vehicle, and that's not where we want to be.

Obviously, some of our vehicles will be in there, but we have to get comfortable kind of with certain vehicle classes selling well before that and in certain vehicles like selling after that. And like I said, that's the work that we've been investing into. And after testing these waters, we think that that actually benefits everyone. It benefits us in terms of the overall depreciation cost.

But it also skews generally to us recycling our fleet a little younger than we had historically, which means that it's a younger fleet for our cars, which has downstream effects also like in terms of vehicle maintenance and obviously and most importantly, the customer experience.

So I think by picking and choosing where we sell cars, we're able to kind of stick to that low 300s number. In terms of the dispositions, you're right, like we are looking at more innovative ways to quickly exit our vehicles. We've been doing a lot of work with our partners over at Cox. And we're also doing more kind of internally in terms of our direct-to-consumer sales.

So kind of on both fronts in terms of the mix of vehicle selling and the channels we're going through, like we're investing in all of it to make sure that we can offset the rising cost of new cars by being more efficient operators in terms of how and when we dispose of these vehicles.

Operator

Ryan Brinkman, JPMorgan.

Ryan Brinkman - *JPMorgan Chase & Co - Analyst*

With regard to your comment at the start of the call, it seems to me as if there was maybe a missed opportunity here for more of your shareholders to have benefited from the unusual capital markets activities, such as the issuance of very low-cost equity to retire higher cost debt? I know you're always kind of thinking about the relative cost of different parts of your capital structure even in normal times. Have you contemplated such an action?

And can you maybe share like what factors might have prevented you from doing so, whether due to MNPI around earnings or maybe the equity distribution agreement with the seller agent banks? Did you explore trying to overcome some of these obstacles such as by pre-announcing earnings in order to, therefore, execute your at-the-market offering?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Ryan, like simply put, like we were in a quiet period at the time. But I can tell you this much. We have no intention of issuing shares anywhere near these levels. And more broadly speaking, Listen, I bought my first shares in Avis in 2010. So I've been involved with this company for 16 years now. Back then, and you've covered us for a while, but you know that the Avis had 129 million fully diluted shares outstanding.

And since then, in my capacity as a large shareholder, a Board member, a CFO, I've been very consistent in my belief that our shares are undervalued and have advocated for buying back stock. So our shares outstanding today are 35 million shares.

So we've retired 94 million or 73% of those original shares outstanding. I've not seen public companies reduce their share count by anything close to that order of magnitude. So we are true believers of this business. And on a fundamental basis, we were repurchasing our shares as high as $300 post-pandemic. So the thought of doing the opposite and issuing shares never entered my mind until this situation arose.

Now you're right, we put an ATM in place because it'd be irresponsible not to. We've done this in the past as well, and we haven't issued any shares. So I'm not here to trade Avis for value extraction. We're going to put in the hard work and create value by building a better business. It might not be as flashy as making a quick buck, but that's the journey we're on, and we take pride in that.

Ryan Brinkman - *JPMorgan Chase & Co - Analyst*

You've done a great job. I'm curious, as an insider, would Pentwater have known about any deliberations of the Board or management's part prior to your potential of engaging in any sort of primary share issuance? And could they possibly front-run that information, thereby accruing value for themselves, which had Avis issued those shares into the market would have therefore accrued more to like all the shareholders and included, albeit to a lesser degree, kind of more pro rata with the other holders?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Ryan, I can't get into the details of that right now. But as I said in the prepared remarks, I strongly believe we have a fiduciary duty to aggressively pursue every dollar our shareholders are entitled to. And honestly, Pentwater only disclosed their sales yesterday after market closed. So there's a lot of transactions to sit through and it's not exactly straightforward.

So the timing of that disclosure wasn't exactly convenient for us. That's unfortunate. But we have our securities lawyers here. They're coming through this as we speak. There's $1.75 billion of gross proceeds that Pentwater laid out in their Form 4's. You have my commitment that we will go after every last dollar that our shareholders are owed.

Ryan Brinkman - *JPMorgan Chase & Co - Analyst*

Very interesting. Last question, I'll promise I'll ask on revenue per day. I haven't gone through all the math extensively either. But it does look like this is an incredible trade. You may have made $1 billion of profit or something like that.

When I first learned of the short swing profit rule, including its remedies, it did seem a little extreme. And -- but this circumstance does sort of illustrate maybe what the regulators motivation may have been for that rule.

What is your understanding of the remedy relative to discording of profits or what amount of the profits might be subject to discord? And I understand maybe you need to go through it in detail. But also the legal precedent here, I think it's been challenged in some cases, maybe that's more for employees and investor, large institutional investors. But you said too -- I heard that they acknowledged having violated the rule to some degree. Does that maybe suggest conversations or the potential for some sort of amicable settlement of your claim?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Ryan, I think there were like seven questions in that third follow-up question. But generally speaking, I think here's what we can say like what I feel comfortable saying is what we've already laid out thus far. We're going through it in painstaking detail right now. We are in conversations with our internal counsel, Pentwater, their counsel, just like we said in our prepared remarks. But you make a good point.

Listen, Section 16 rules exist for a reason. They're there to protect shareholders, and I view it as my fiduciary duty to pursue this to its fullest in the interest of my stakeholders. So we'll get to the bottom of it. I have no doubt.

Ryan Brinkman - *JPMorgan Chase & Co - Analyst*

Okay, very interesting. And then just on RPD. Obviously, you leaned into this strategy of emphasizing the unit economics and very efficiently running the fleet even more. It seemed like than discussed at the time of 4Q earnings. Obviously, you don't -- can't operate your business in isolation and you've got the competitors out there and their mindset has changed a lot over the years, too.

But had such a good RPD result. I imagine that you're the first report here, but that the others are headed in a similar direction. What do you sense in terms of like the kind of industry discipline and whether the RPD gains that you've just reported here are sustainable within the context of like competitor activity?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Ryan, I can't really comment to what I think our competitors are going to report. But from our perspective, given the kind of actions that we've taken to better align our vehicle supply to demand. It seems like the industry is appropriately fleeted right now. This is like -- this is going to be a big summer ahead of us. We have World Cup America 250.

I think that travel is going to be robust. And I think from our perspective, like we can control only what we control, but we're going to remain disciplined in terms of supply and make sure that we gain our share of days through utilization efficiencies.

Operator

Stephanie Moore, Jefferies.

Stephanie Moore - *Jefferies LLC - Analyst*

I was hoping to maybe touch on the underlying demand environment. Maybe you could speak how demand trended as the quarter progressed, specifically as we started to see heightened maybe geopolitical uncertainty and if we saw any pullback on demand activity, same thing as those events started to unfold if you started to see any changes in forward booking? Just trying to get a sense of your demand.

And at the same time, Obviously, a very large sporting event in the US this year with the World Cup in a lot of cities. So thinking about how that could be an impact to overall travel demand as well as pricing in those cities.

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Stephanie, I'll start and then Daniel, feel free to add. But you're right. I think travel demand was kind of mixed in the first-quarter. It feels like forever ago, but remember, in January, there were a lot of like kind of weather disruptions to start off with. And then yes, the TSA shutdown that impacted a lot of our commercial travel.

So it was kind of choppy. I think we said in our prepared remarks that TSA kind of volumes for the first-quarter were up 1.5%, something like that. That's on the lower side of what we've seen historically. I do think as we look later out, things are strengthening and normalizing. We mentioned that these World Cup cities are booking like very strong in terms of early bookings, and so we're managing that.

We think overall, the demand is going to be just fine for the peak travel season. That's what we're seeing in kind of our booking trends. So it seems like a normal year in terms of that, potentially a little benefit to the upside given the World Cup and the -- that we have in certain cities in the Americas. Daniel, anything?

Daniel Cunha - *Avis Budget Group Inc - Chief Financial Officer*

Yes, just a couple of data points, right? I think we're pretty pleased by Easter, which this year was a little earlier, right? So we're going to be lapping that in Q2, to put a little bit of pressure on year-over-year comparison on RPD. But as we get out of that season, especially as we get into June, July, August, we're pretty encouraged by how the days are building.

Stephanie Moore - *Jefferies LLC - Analyst*

Great. And then just as a follow-up, I think in the past, Brian, you've talked about several initiatives on the cost and investment side that you're focused on to generally improve overall OpEx. So maybe you could talk a little bit about how we should think about just some of those cost initiatives coming through in 2026?

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

Yes, sure. I think in terms of cost discipline, like we laid that out -- laid out our plan on that in the fourth-quarter. And it's something that's foundational to our business. Like just given the operating leverage that we have and given some of the uncertainties, there are around the macro side of our business, that which we can control, we absolutely have to control.

So we're doing a lot of work internally here to make sure that we are staying lean where we can so that we can take those proceeds and invest it into areas that we really do need. And for us, those areas are coming into operational efficiencies by utilizing technology by really -- like the big thing that I want to get into in a little more depth on a future call is how we're redoing our entire operating system for the company and relying on a brand-new platform for that.

So we can get that into that into a little bit more detail in the future. But what we're trying to do is instead of squeezing every last dollar to show on the OpEx or SG&A line, we're being lean where we can so that we can reinvest it into proceeds that are going to generate returns and revenue growth in the future.

Operator

Thank you. We have reached the end of our question-and-answer session. I would now like to turn the floor back over to Chief Executive Officer, Brian Choi, for closing remarks.

Brian Choi - *Avis Budget Group Inc - Chief Executive Officer*

All right. Well, thank you to everyone joining us today. We believe the results this quarter reflect the progress we've made executing on the changes we outlined last quarter, and we're starting to see the business respond. Our focus now is to build on that momentum and deliver consistent results through disciplined execution. We look forward to updating you on that progress next quarter.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. Please disconnect your lines at this time and enjoy the rest of your day.
