avis budget group

First Quarter 2017 Earnings Call

May 4, 2017

Webcast: ir.avisbudgetgroup.com
Dial-in: (630) 395-0021
Replay: (402) 998-0968
Passcode: 2995545

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

Larry De Shon

Chief Executive Officer

Challenges Continued into First Quarter 2017

- **Elevated industry fleet levels continued to put pressure on pricing**
- **Volume increased in the Americas and internationally**
- **Delayed seasonal upswing in used car values caused per-unit fleet costs to increase**
- **Took cost-reduction actions that are expected to produce more than $50 million in savings this year**

LONG-TERM MARGIN GROWTH

Longer-term opportunities remain consistent with our November 2016 Investor Day presentation

Significant Opportunity for Margin Improvement

Profitable Revenue Growth

- Demand-Fleet-Pricing yield management system progressing

Operational Efficiencies

- Manpower planning and shuttling initiatives delivering benefits

Fleet Optimization

- Alternative disposition channels expected to help offset residual-value declines

Mobility

- Expanding our Avis Now and Connected Car initiatives to better serve customers and deliver operational benefits

Expect to increase Adjusted EBITDA margins by 300 to 500 basis points within five years

OUTLOOK

Expect First Quarter Challenges to Abate over the Year

- **Industry fleet levels tightened in key leisure markets around Easter**
- **Leisure demand remains solid**
- **Airline capacity is increasing**
- **We have a strong team in place focused on expanding margins**

David Wyshner

President and Chief Financial Officer

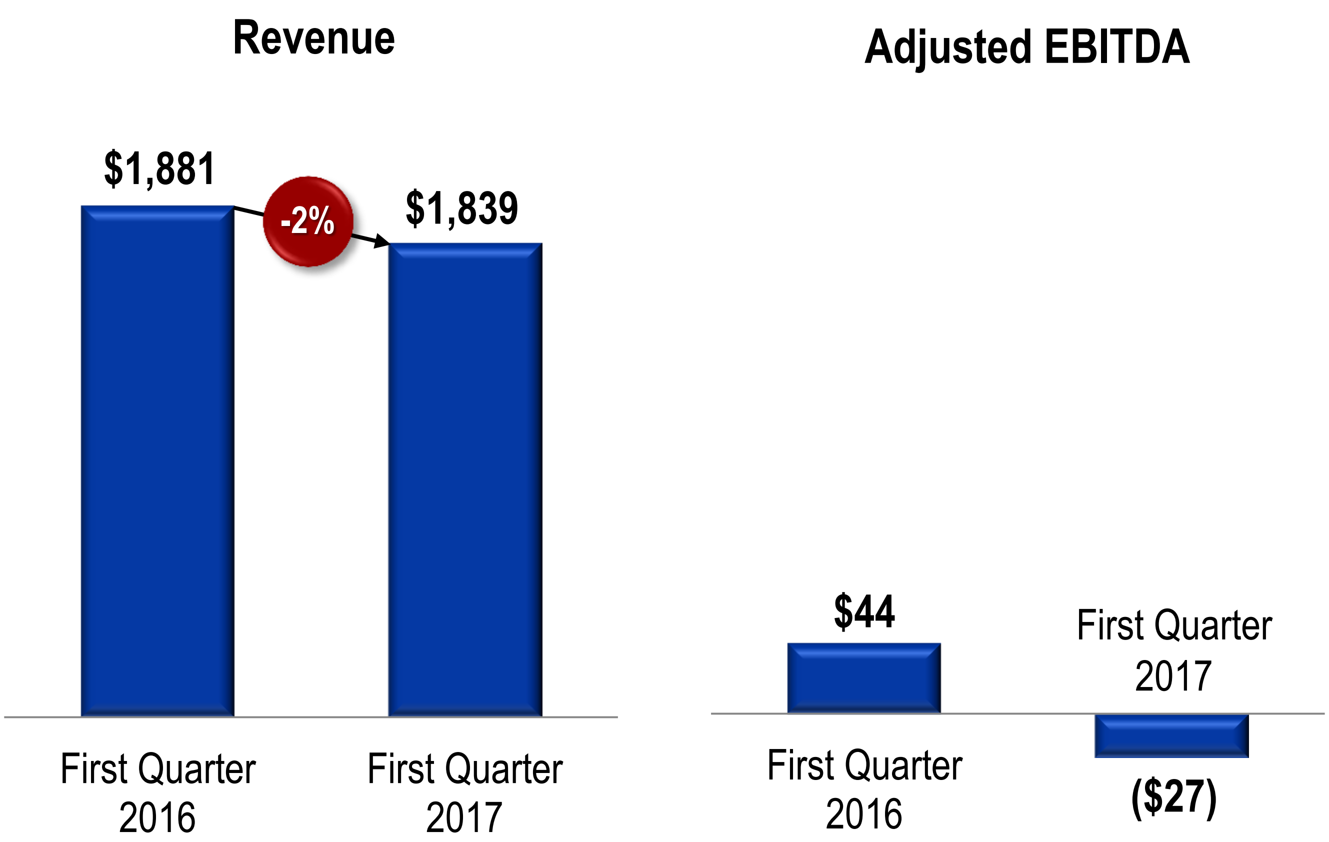
FIRST QUARTER 2017 RESULTS

We faced pricing headwinds in both our Americas and International segments

Residual-value pressures had a significant impact on Americas per-unit fleet costs

Results Negatively Impacted by Challenging Pricing Environment and Higher Fleet Costs

($ in millions)



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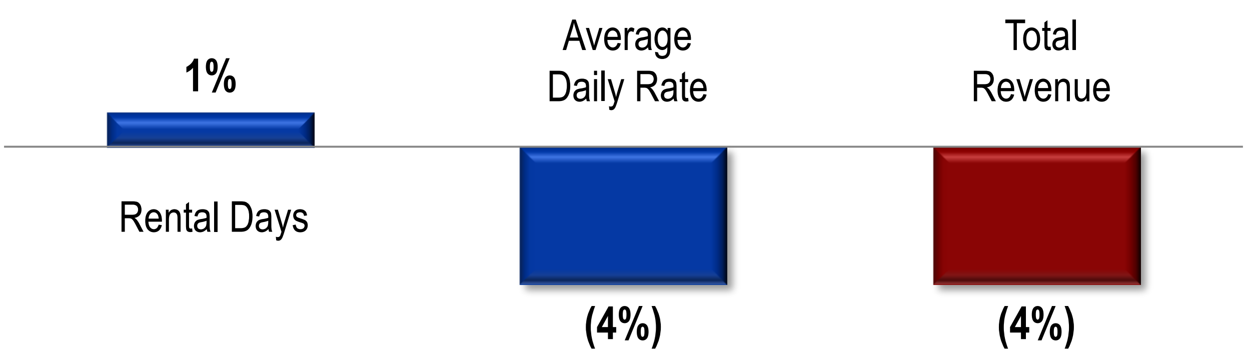
First Quarter Results

- Pricing declined 4% year-over-year
  - Both leisure and commercial pricing saw similar declines
- Leap-year change reduced volume 1%
- Per-unit fleet costs increased 7%
- Adjusted EBITDA declined to a $20 million loss

Americas Revenue Drivers[a]



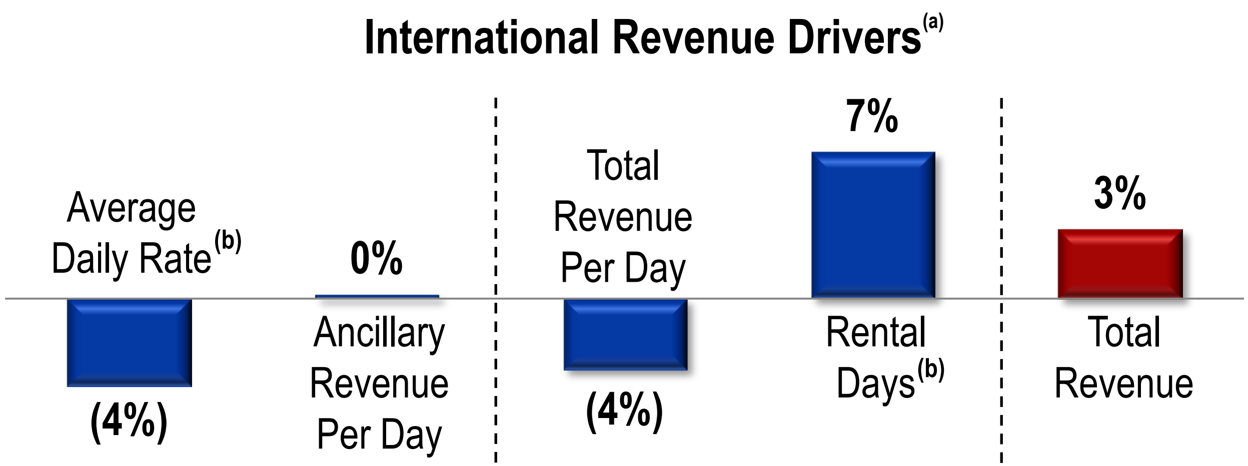
(a) Rental days and average daily rate exclude Zipcar and Truck

INTERNATIONAL

Easter shift reduced Adjusted EBITDA by more than $10 million in the first quarter, primarily impacting International

First Quarter Results

- Revenue grew 2% in the first quarter, and 3% in constant currency
- Inbound demand to Europe was strong
- Highly competitive pricing environment in Europe
- Adjusted EBITDA includes $16 million favorable currency impact



(a) Year-over-year growth excluding currency effects; all figures other than total revenue exclude Zipcar
(b) Excluding our acquisition of France Cars, pricing declined 3% in constant currency and volume was unchanged

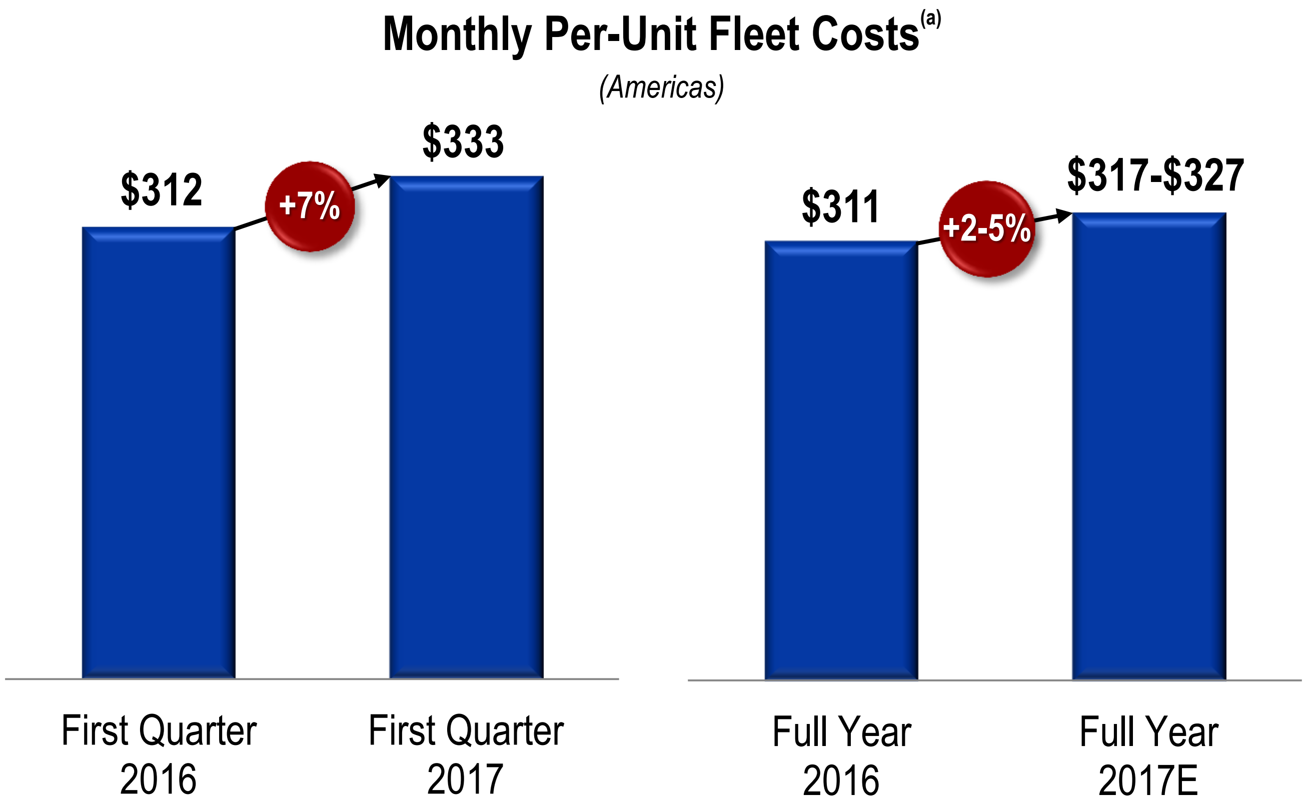
FLEET COSTS

Residual values are now expected to decline three to four points for the full year

Alternative disposition channels accounted for 45% of risk-car sales in the quarter compared to 30% in first quarter 2016

Selling prices improved noticeably during March and held steady in April

Americas Per-Unit Fleet Costs Expected to Increase 2% to 5% in 2017



(a) Including Zipcar, excluding Truck

BALANCE SHEET

We continue to target net corporate leverage of 3.0 - 4.0x[(a)]

Covenant leverage was 3.8x, nearly a full turn below our maximum leverage ratio of 4.75x

Strong Liquidity Position

- **$5 billion of available liquidity worldwide**
- **Net corporate leverage of 4.0x[(a)]**
- **Completed €250 million offering of Senior Notes due 2025 at an interest rate of 4.5% and amended our senior credit facility to provide $188 million in additional term loan borrowings**
  - **Proceeds used to repay higher-cost corporate debt**

No significant corporate debt maturities until 2022

(a) Net corporate debt divided by LTM Adjusted EBITDA

CAPITAL ALLOCATION

Since 2013, we've returned more than a billion dollars to shareholders, buying back more than 25% of outstanding shares

Consistent Use of Adjusted Free Cash Flow

- Our priorities for deploying adjusted free cash flow continue to be share repurchases and tuck-in acquisitions
- Repurchased 1.5 million shares at a cost of $50 million in the first quarter
- Expect to generate $450 to $500 million of adjusted free cash flow in 2017[a]

Expect to repurchase $300 million of stock or more in 2017

(a) Excluding any significant timing differences

2017 OUTLOOK

Diluted share count of approximately 84 to 86 million, a reduction of roughly 10% year-over-year

Non-GAAP effective tax rate expected to be approximately 38%

2017 Estimates

($ in millions, except EPS)	Projection[a]	Growth vs. 2016[b]
Revenue	$8,800 – 8,950	2%
Adjusted EBITDA	800 – 880	0%
Non-vehicle D&A[c]	205	
Interest expense	200	
Adjusted pretax income	$395 – 475	(1%)
Adjusted net income	$245 – 295	(1%)
Adjusted diluted EPS	$2.85 – 3.50	8%

(a) All figures are approximate
(b) Based on midpoint of projections
(c) Excluding acquisition-related amortization expense

ADJUSTED FREE CASH FLOW

2017 to Be Sixth Straight Year with Adjusted Free Cash Flow of more than $450 Million

($ in millions)	2017E	2016
Adjusted pretax income[(a)]	$395 – $475	$441
Plus: Non-vehicle D&A[(b)]	205	194
Less: Capital expenditures	(200) – (210)	(192)
Less: Cash taxes	(55) – (75)	(60)
Plus: Vehicle programs	30 – 50	95
Plus: Working capital and other[(c)]	75 – 55	5
Adjusted Free Cash Flow	$450 - $500	$483[(d)]

(a) Approximate and excluding certain items
(b) Approximate and excluding acquisition-related amortization expense
(c) Including restructuring expense
(d) Adjusted free cash flow reflects the adoption of ASU 2016-09 "Improvements to Employee Share-Based Payment Accounting"

CURRENCY EFFECTS

Exchange-Rate Impacts

Year-over-Year Effect of Currency Movements[a]

(in millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue	($5)	($33)	($33)	($1)	($72)
Adjusted EBITDA	$18[b]	($0)	($8)	$3	$13

Expect a $13 million positive year-over-year impact on Adjusted EBITDA

(a) Based on exchange rates in April 2017
(b) Primarily due to hedging losses in 2016

Updated Projections Reflect Difficult First Quarter

- Do not expect the unusually soft market conditions to continue
- We will continue to manage our fleet efficiently and costs aggressively
- Strategic initiatives are generating benefits
- Delivering adjusted free cash flow and deploying it to enhance shareholder value

AVIS® Budget® zipcar

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GLOSSARY

This presentation includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. We have provided below reasons we present these non-GAAP financial measures, a description of what they represent and a reconciliation to the most comparable financial measure calculated and presented in accordance with GAAP. Because of the forward-looking nature of the Company's forecasted non-GAAP Adjusted EBITDA, adjusted free cash flow, adjusted pretax income and adjusted diluted earnings per share, 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

The accompanying press release presents Adjusted EBITDA, which represents income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs, charges for unprecedented personal-injury legal matters and income taxes. Charges for unprecedented personal-injury legal matters are recorded within operating expenses in our consolidated statement of operations. We believe that Adjusted EBITDA is useful as a supplemental measure in evaluating the aggregate performance of our operating businesses and in comparing our results from period to period. Adjusted EBITDA is the measure that is used by our management, including our chief operating decision maker, to perform such evaluation. Adjusted EBITDA is also a component in the determination of management's compensation. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Reconciliation of net loss to Adjusted EBITDA (in millions):	**Three Months Ended March 31,**	
	2017	**2016**
Net loss	**$ (107)**	**$ (51)**
Benefit from income taxes	(58)	(35)
Loss before income taxes	**$ (165)**	**$ (86)**
Add certain items:		
Acquisition-related amortization expense	14	15
Restructuring expense	7	15
Transaction-related costs, net	3	4
Early extinguishment of debt	3	-
Charges for legal matter	13	-
Adjusted pretax loss	**$ (125)**	**$ (52)**
Add:		
Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	49	46
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	49	50
Adjusted EBITDA	**$ (27)**	**$ 44**

GLOSSARY

Reconciliation of net corporate debt (in millions):

	March 31, 2017
Corporate debt	**$ 3,980**
Less: Cash and cash equivalents	923
Net corporate debt	**$ 3,057**

Reconciliation of net income (loss) to Adjusted EBITDA (in millions):

	Latest Twelve Months Ended March 31,	
	2017	2016
Net income	**$ 107**	**$ 271**
Provision for income taxes	93	41
Income before income taxes	**$ 200**	**$ 312**
Add certain items:		
Acquisition-related amortization expense	58	60
Restructuring expense	21	32
Transaction-related costs, net	20	41
Early extinguishment of debt	30	23
Charges for legal matter	39	-
Adjusted pretax income	**$ 368**	**$ 468**
Add:		
Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	197	170
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	202	192
Adjusted EBITDA	**$ 767**	**$ 830**

GLOSSARY

Reconciliation of net income (loss) to adjusted net income (loss) (in millions, except per-share amounts):

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Year Ended December 31, 2016	Year Ended December 31, 2015
Net income (loss)	$ (107)	$ (51)	$ 163	$ 313
Add certain items, net of tax:				
Acquisition-related amortization expense	9	10	40	36
Restructuring expense	5	11	22	13
Early extinguishment of debt	2	-	16	14
Transaction-related costs, net	2	3	16	55
Charges for legal matter	8	-	16	-
Resolution of a prior-year income tax matter	-	-	-	(98)
Adjusted net income (loss)	$ (81)	$ (27)	$ 273	$ 333
Adjusted diluted earnings (loss) per share	$ (1.25)	$ (0.53)	$ 2.93	$ 3.17
Earnings (loss) per share – Diluted	$ (0.94)	$ (0.28)	$ 1.75	$ 2.98
Shares used to calculate adjusted diluted earnings per share	85.7	96.3	93.3	105.0

Adjusted 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 Adjusted 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. Adjusted Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity, and our presentation of Adjusted Free Cash Flow may not be comparable to similarly-titled measures used by other companies. A reconciliation of Adjusted Free Cash Flow to the appropriate measure recognized under GAAP is provided on Table 4.

Constant Currency

We present constant-currency results to provide a method of assessing how our business performed excluding the effects of foreign currency rate fluctuations. Currency exchange rate impacts are calculated by translating the current-year results at the prior-period average exchange rate plus any related gains and losses on currency hedges.