avis budget group

Third Quarter 2014 Earnings Call

October 30, 2014

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FORWARD-LOOKING STATEMENTS

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

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

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are specified in the Company's most recently filed Form 10-K, its current report on Form 8-K filed May 12, 2014 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.

Ron Nelson

Chairman and Chief Executive Officer

THIRD QUARTER 2014 HIGHLIGHTS

Record Third Quarter Results

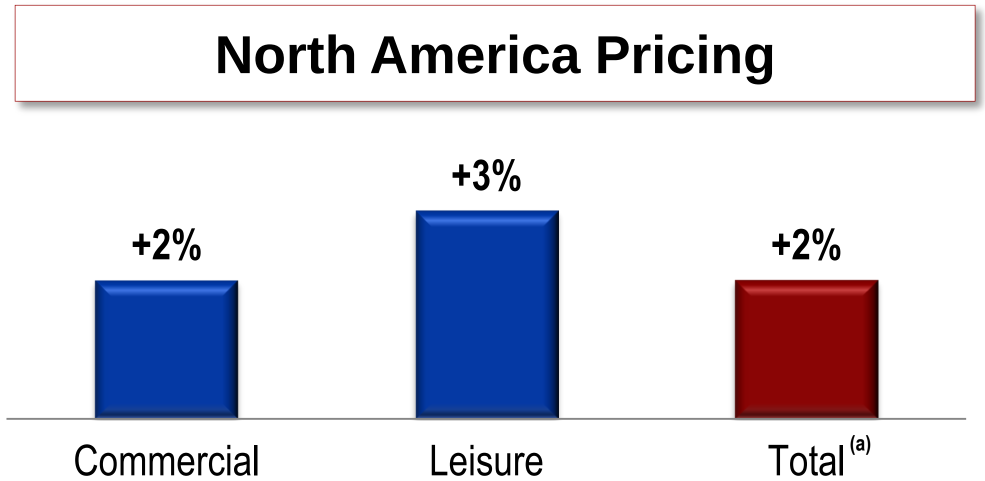
- **Revenue grew 6% and earnings per share grew 29%[(a)]**
  - **Strong demand and pricing trends in North America**
  - **Continued growth of Budget in Europe**
  - **Incremental acquisition synergies**
- **Increased share repurchase authorization by $200 million**
  - **Repurchased $60 million of shares in third quarter and another $70 million in October**

(a) Excluding certain items

NORTH AMERICA – PRICING

First phase of integrated Demand–Fleet–Pricing system now deployed in more than 100 markets, increasing our agility

Strong Pricing Trends



- **Pricing growth aided by our strategic efforts to accelerate growth**
- **Positive pricing both on- and off- airport and in each brand**
- **First quarter of higher pricing on large commercial rentals since 2009**

(a) Excluding currency effects, pricing increased 3%

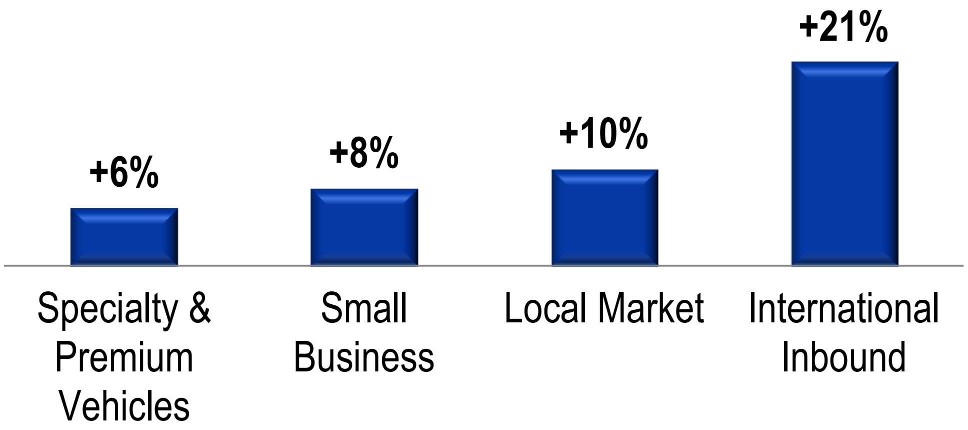
NORTH AMERICA – VOLUME

Shifted volume toward higher-margin proprietary websites and mobile apps

Robust Demand Environment

- Rental days increased 6%
- Ancillary revenue per day increased 7%
- Local market growth driven by general-use leisure and commercial rentals

Strategic Initiatives Driving Growth[(a)]



(a) Year-over-year revenue growth, excluding Payless

INTERNATIONAL

Invested incremental $5 million in European brand marketing

Record Results Despite Soft Macroeconomic Conditions

- Strongest quarterly revenue ever
- Adjusted EBITDA increased 7% to a record $160 million
  - Margins expanded by 70 basis points year-over-year
- EMEA revenue increased 2%[a]
  - Total revenue per day increased 3%[a][b]
  - Budget revenue grew nearly 17%[a]
  - Ancillary revenue per day increased 11%[a]
- Latin America / Asia-Pacific revenue increased 4%[a]
  - Results benefited from strong cost controls and efficiency gains

(a) In constant currency
(b) Excluding licensee revenues

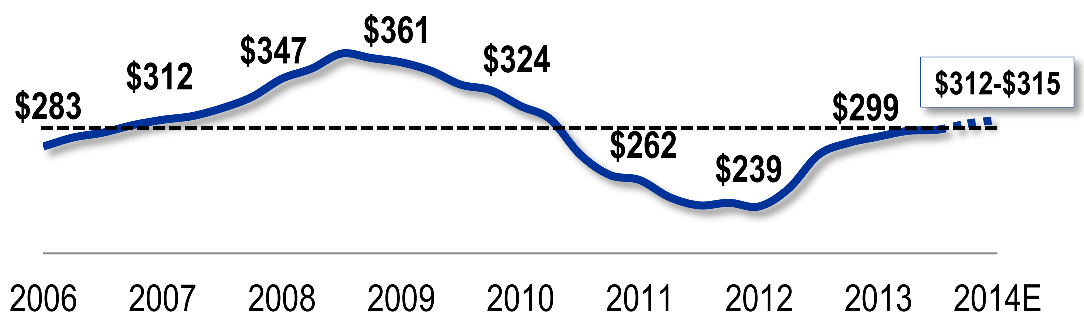
NORTH AMERICA – FLEET COSTS

Over 140,000 recalls so far in 2014, compared to roughly 70,000 in all of 2013

Recalls Driving Modestly Higher Than Expected Fleet Costs

- **Recalls impacted utilization and residual values in the third quarter**
  - **Utilization down 160 basis points in the quarter**
- **Strong August SAAR reduced dealer demand for used cars**

Fleet Costs[a]



(a) Trailing twelve months, per-unit per-month, excluding Zipcar

ZIPCAR

Launched Zipcar in four cities and at 21 universities in North America

Record Quarterly Revenue

- Began pooling of cars at over 80 locations
- Signed partnership with Southwest Airlines
- Full-scale launch of one-ways in Boston
- Leveraged existing Avis Budget partnerships by signing additional corporate accounts
- Expanded Zipcar to Paris and Madrid

zipcar®
wheels when you want them

Uses of Free Cash Flow

- Acquisitions
  - Announced agreement to acquire largest Budget licensee in North America
  - Expected to add $100 million of revenue and more than $25 million of Adjusted EBITDA
- Share repurchases
  - Repurchased $210 million of stock through first three quarters and another $70 million in October
  - Increased repurchase authorization by $200 million
  - Expect to repurchase $300 to $330 million of stock this year

Expect to Deliver Record Results for 2014

- North America
  - Full-year pricing projected to increase 2-3% in constant currency
  - Pricing in October increased 3%
- International
  - Macroeconomic conditions remain a headwind
- Driving efficiencies, managing costs, focusing on more profitable rentals and generating free cash flow

Continue to Target $1 Billion of Adjusted EBITDA in 2015

David Wyshner

Senior Executive Vice President

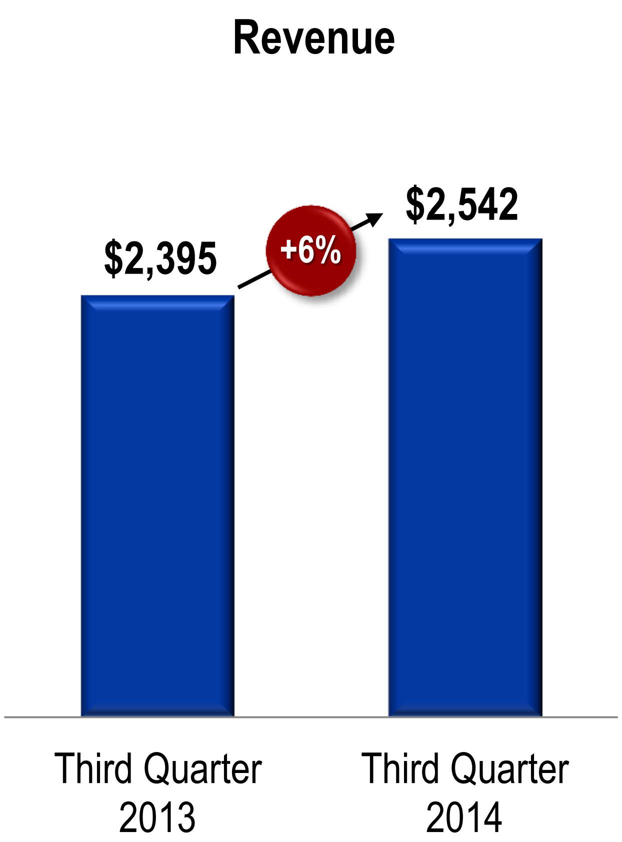
and Chief Financial Officer

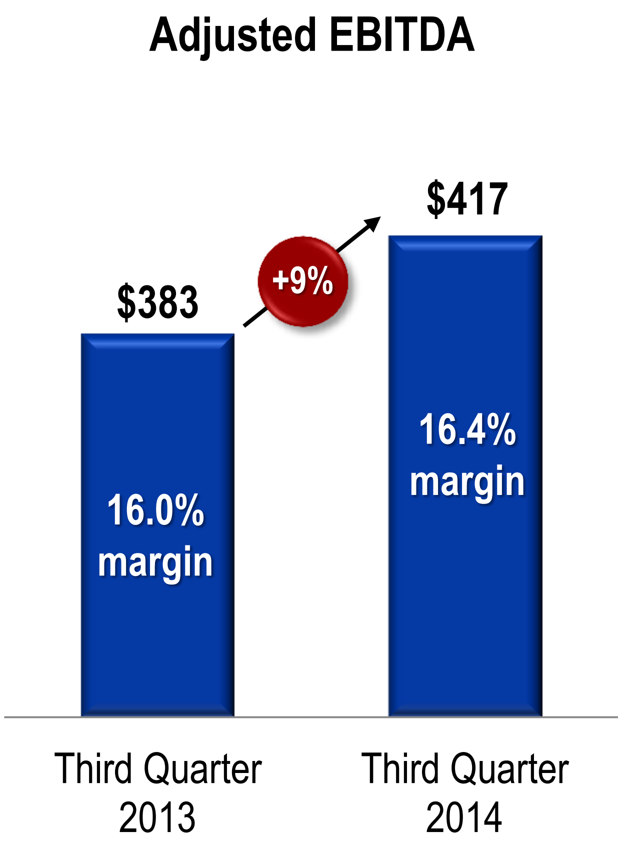
THIRD QUARTER 2014 RESULTS

- Highest quarterly Adjusted EBITDA in our history
- Earnings per share increased 29% to $1.91, excluding certain items

Increased Adjusted EBITDA Margin

($ in millions)



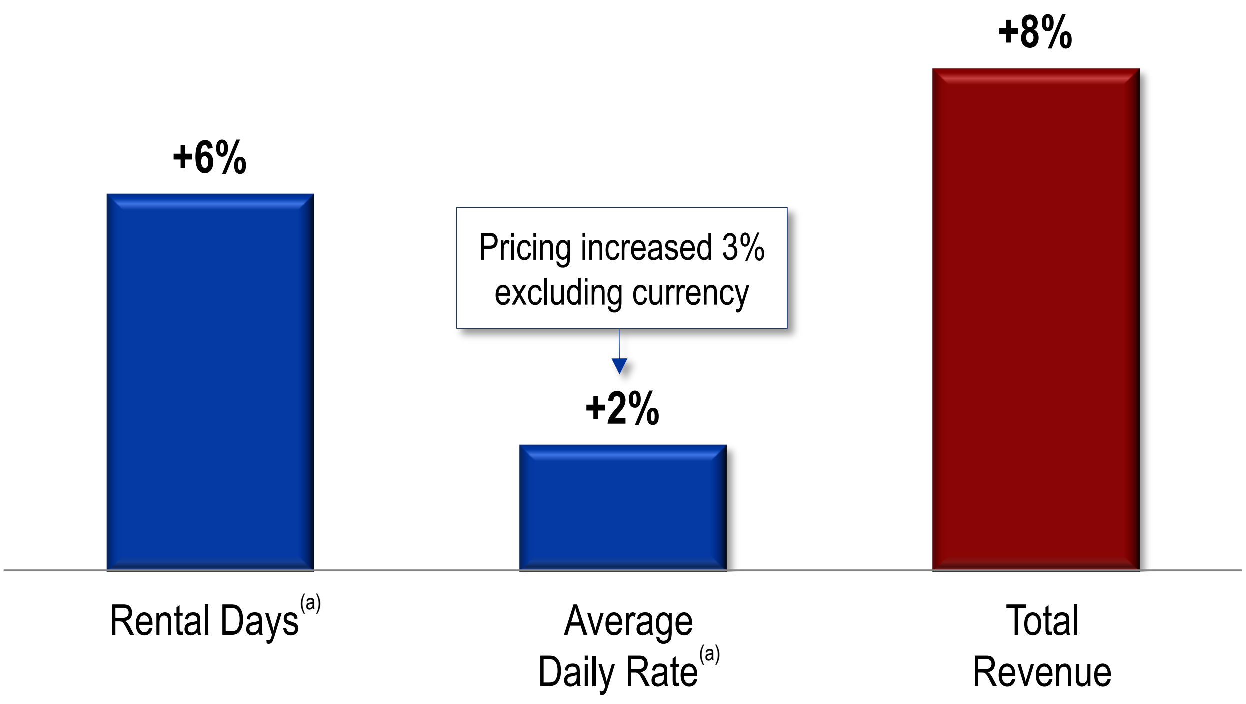


THIRD QUARTER 2014 RESULTS – NORTH AMERICA

Ancillary revenue per day increased 7%[b]

Record Quarterly Revenue

(year-over-year change)



(a) Excluding Zipcar
(b) Excluding Zipcar, gas and customer recoveries

THIRD QUARTER 2014 RESULTS – NORTH AMERICA

Per-unit fleet costs rose 7%

Volume and Pricing Increased

(year-over-year changes)	Third Quarter		Year-to-Date	
	Rental Days	Average Daily Rate	Rental Days	Average Daily Rate
Leisure	+6%	+3%	+8%	+3%
Commercial	+5%	+2%	+5%	+2%
Total	+6%	+2%[a]	+7%	+2%[a]

Adjusted EBITDA Grew 13% Despite Record Recalls and Higher Fleet Costs

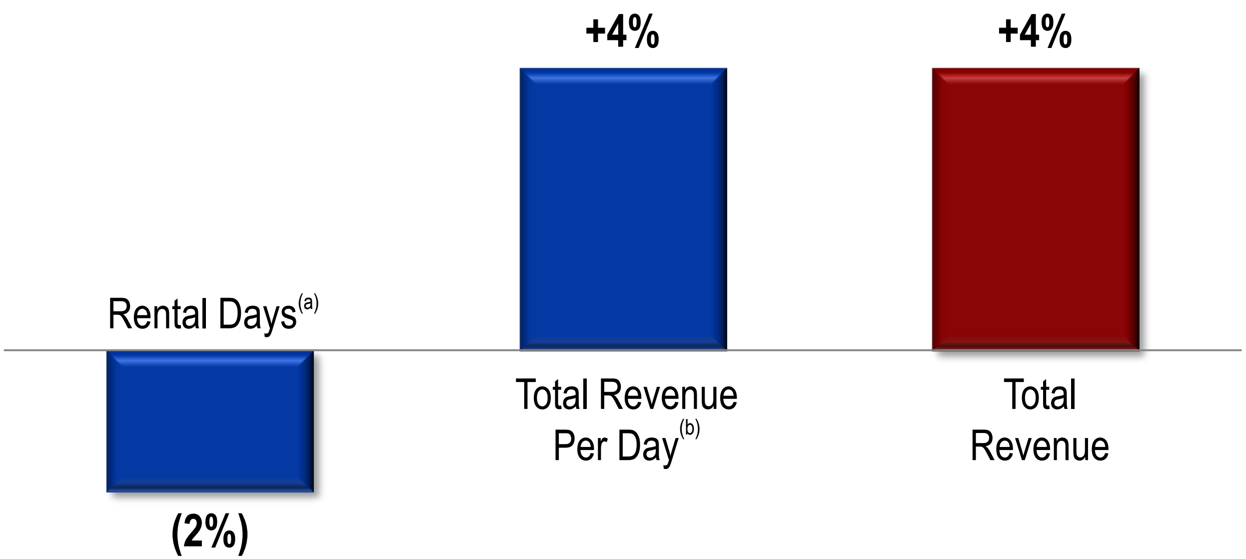
All figures exclude Zipcar and include currency effects
(a) Average daily rate increased 3% excluding currency effects

THIRD QUARTER 2014 RESULTS – INTERNATIONAL

Ancillary revenue per day increased 10%[c]

Revenue Increased due to Higher Ancillary Revenue

(year-over-year change)



Highest International Quarterly Profit Ever

(a) Excludes Zipcar
(b) Total revenue per day increased 3% excluding currency effects
(c) Excluding Zipcar, gas, customer recoveries and currency effects

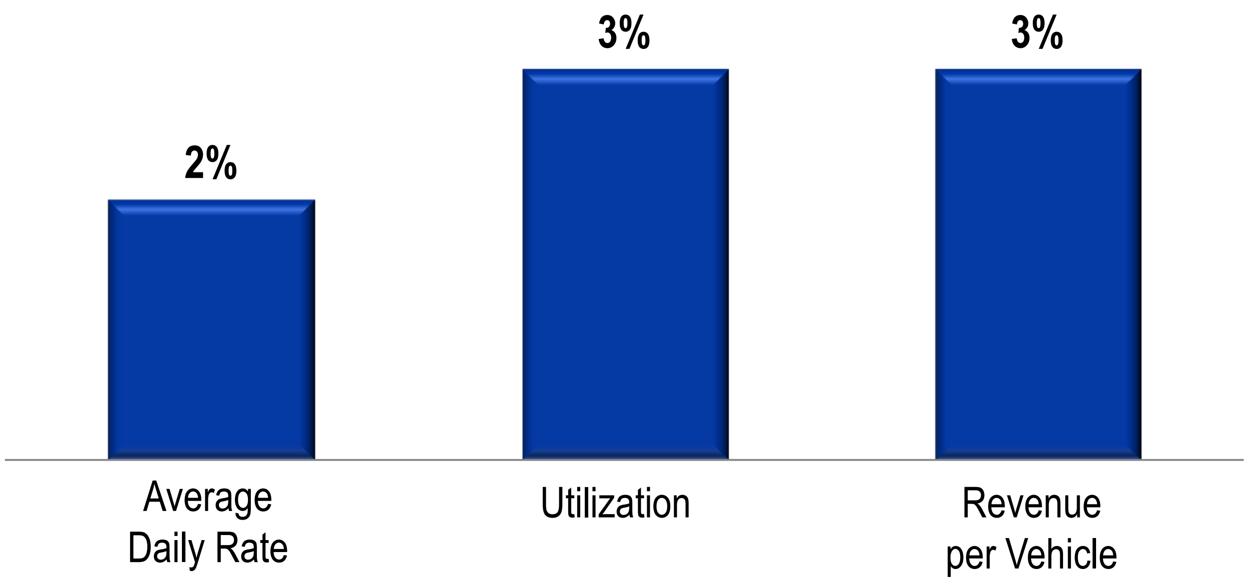
THIRD QUARTER 2014 RESULTS – TRUCK RENTAL

Average fleet is 8% smaller than a year ago

Revenue declined 5% due to lower average fleet

Reached Goal of Right-sizing Our Truck Fleet

(year-over-year change)

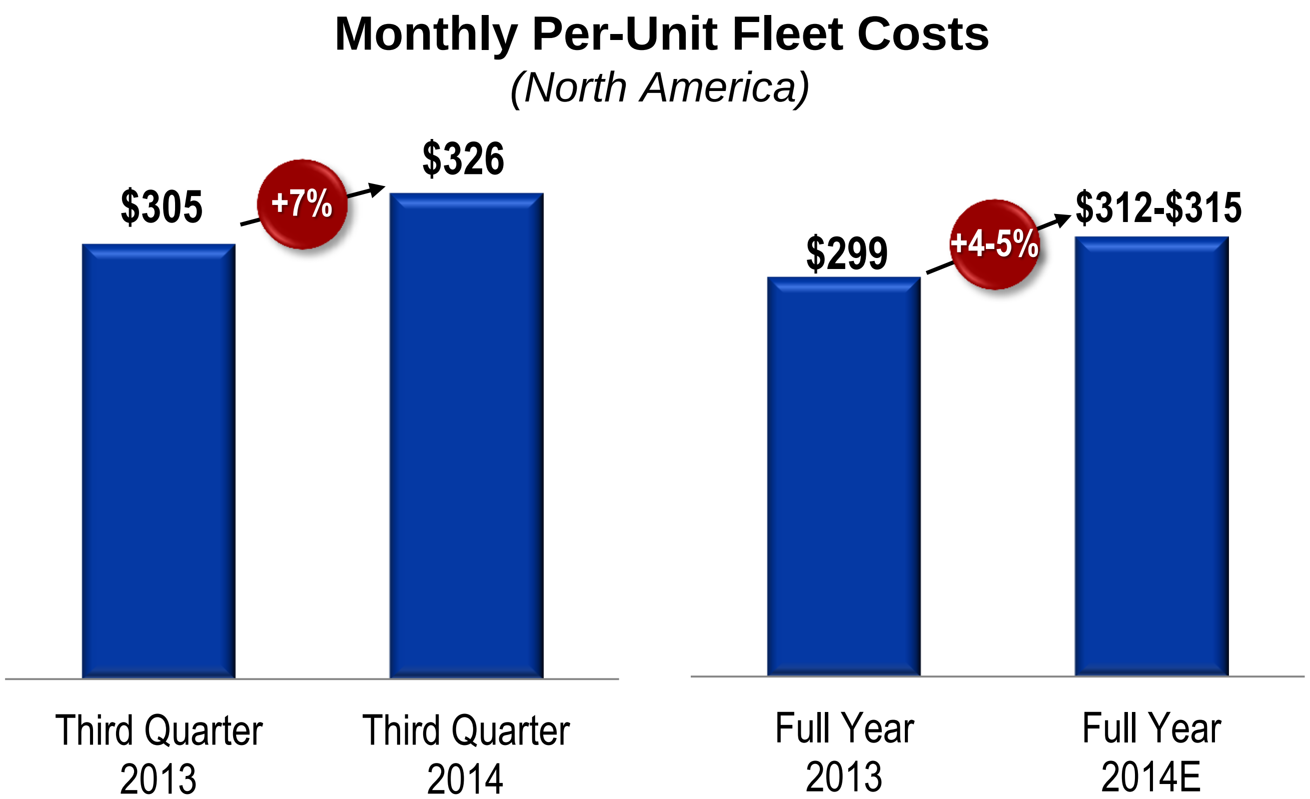


FLEET COSTS

Sold close to 30% of our risk vehicles through alternative disposition channels in the third quarter

Completed approximately 95% of planned 2014 risk-car disposals

Fleet Costs Have Normalized



Note: Excluding Zipcar

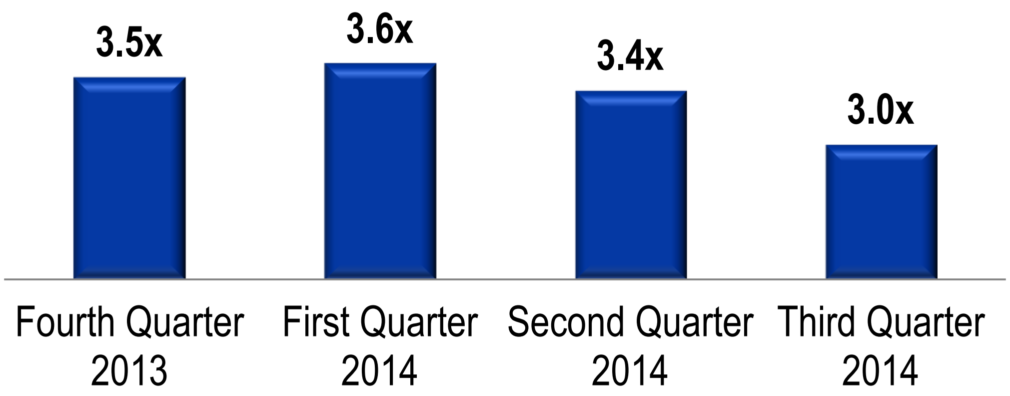
BALANCE SHEET

Quarter-end cash balance of $713 million

Strong Liquidity Position

- $4.3 billion of available liquidity at quarter-end
- Net corporate leverage of 3.0x[(a)]
- Expanded our revolving credit facility in October by $150 million and extended its maturity

LTM Net Corporate Leverage



(a) Net corporate debt to Adjusted EBITDA

2014 OUTLOOK

Expect cash taxes of $60 to $70 million

Expect capital expenditures of approximately $190 million

Tax rate expected to be approximately 37%

Diluted share count of 110 to 111 million

Revised 2014 Estimates

($ in millions, except EPS)	Projection[a]	Growth vs. 2013[b]
Revenue	$8,500	7%
Adjusted EBITDA	860 – 885	13%
Non-vehicle D&A	150	
Interest expense	210	
Pretax income	500 – 525	24%
Net income	$315 – $330	26%
Diluted EPS	$2.82 – $3.00	32%

Expect Free Cash Flow of Approximately $415 Million[c]

(a) Excluding certain items
(b) Based on midpoint of projections
(c) Excluding any significant timing differences

SUMMARY

Positioned for Earnings and Margin Growth

- Highest quarterly profit ever in North America
  - Positive pricing growth continuing into Q4
- Record International results despite economic challenges
- Repurchased $280 million of stock year-to-date
  - Expect to repurchase a total of $300 to $330 million of common stock this year

Continue to Target $1 Billion of Adjusted EBITDA in 2015

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GLOSSARY

This presentation includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. We have provided below reasons we present these non-GAAP financial measures, a description of what they represent and a reconciliation to the most comparable financial measure calculated and presented in accordance with GAAP. Because of the forward-looking nature of the Company's forecasted non-GAAP Adjusted EBITDA, free cash flow, pretax income and diluted earnings per share, excluding certain items, specific quantifications of the amounts that would be required to reconcile forecasted net income, net cash provided by operating activities, pretax income and diluted earnings per share are not available. The Company believes that there is a degree of volatility with respect to certain of the Company's GAAP measures which preclude the Company from providing accurate forecasted GAAP to non-GAAP reconciliations. Based on the above, the Company believes that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

Adjusted EBITDA

Adjusted EBITDA represents income before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, transaction-related costs, non-vehicle related interest and income taxes. We believe that Adjusted EBITDA is useful as a supplemental measure in evaluating the aggregate performance of our operating businesses. Adjusted EBITDA is the measure that is used by our management, including our chief operating decision maker, to perform such evaluation. It is also a component of our financial covenant calculations under our credit facilities, subject to certain adjustments. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Reconciliation of Adjusted EBITDA to income before income taxes (in millions):

	Three Months Ended September 30,	
	2014	**2013**
Adjusted EBITDA	**$ 417**	**$ 383**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	38	33
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	50	57
Income before income taxes, excluding certain items	**$ 329**	**$ 293**
Less certain items:		
Transaction-related costs	7	10
Restructuring expense	8	14
Acquisition-related amortization expense	8	6
Impairment	-	33
Income before income taxes	**$ 306**	**$ 230**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014
Corporate debt	$ 3,394	$ 3,696	$ 3,388	$ 3,335
Less: Cash and cash equivalents	693	841	537	713
Net corporate debt	$ 2,701	$ 2,855	$ 2,851	$ 2,622

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

	LTM Ended December 31, 2013	LTM Ended March 31, 2014	LTM Ended June 30, 2014	LTM Ended September 30, 2014
Adjusted EBITDA	$ 769	$ 793	$ 827	$ 862
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	128	133	139	145
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	228	226	225	219
Income before income taxes, excluding certain items	$ 413	$ 434	$ 463	$ 498
Less certain items:				
Early extinguishment of debt	147	107	72	72
Restructuring expense	61	58	44	38
Transaction-related costs	51	51	41	37
Acquisition-relation amortization expense	24	26	28	30
Impairment	33	33	33	
Income before income taxes	$ 97	$ 159	$ 245	$ 321

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.