avis budget group

Second Quarter 2015 Earnings Call

August 4, 2015

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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 6, 2015 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

SECOND QUARTER 2015 HIGHLIGHTS

As expected, pricing comparisons improved month by month

Strong Adjusted EBITDA and EPS Growth

- Americas pricing declined 1% year-over-year[(a)]
- Per-unit fleet costs declined 2%
- International Adjusted EBITDA grew 42%[(a)] and margins expanded
- Increased our share repurchase program by $250 million

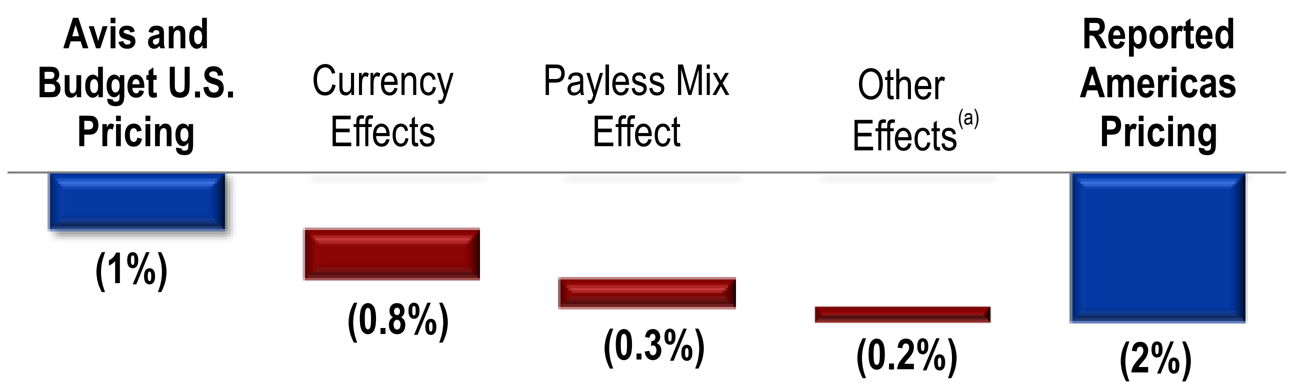
AVIS Budget Payless CAR RENTAL apex car rentals zipcar

(a) In constant currency

AMERICAS – PRICING

Payless pricing increased 5% in the second quarter

Year-over-Year Pricing Trends Improved as the Second Quarter Progressed



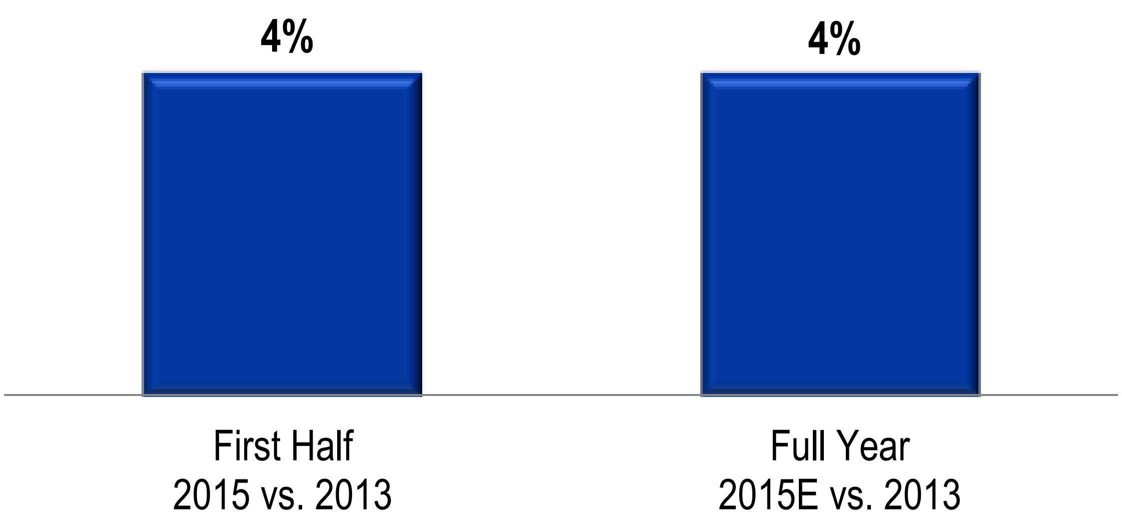
(a) Primarily Canada and Latin America

AMERICAS – PRICING

Year-over-year pricing comparisons are easier in the second half

Proven Ability to Achieve Pricing Growth

Two-Year Change in U.S. Pricing



Pricing Gains Are Unlikely to Be Linear

AMERICAS – VOLUME

Shifted more than 150 basis points of volume to our proprietary channels

Launched new Avis loyalty program

Second Quarter Volume Driven by Strong Leisure Demand

- **Rental days increased 3% in the second quarter**
  - **Reflects organic growth and acquisition of Budget Southern California**
- **International-inbound volume increased 7%**
- **High-margin ancillary revenue increased 6%**
- **Revenues from "Signature" vehicles grew 14%**

INTERNATIONAL

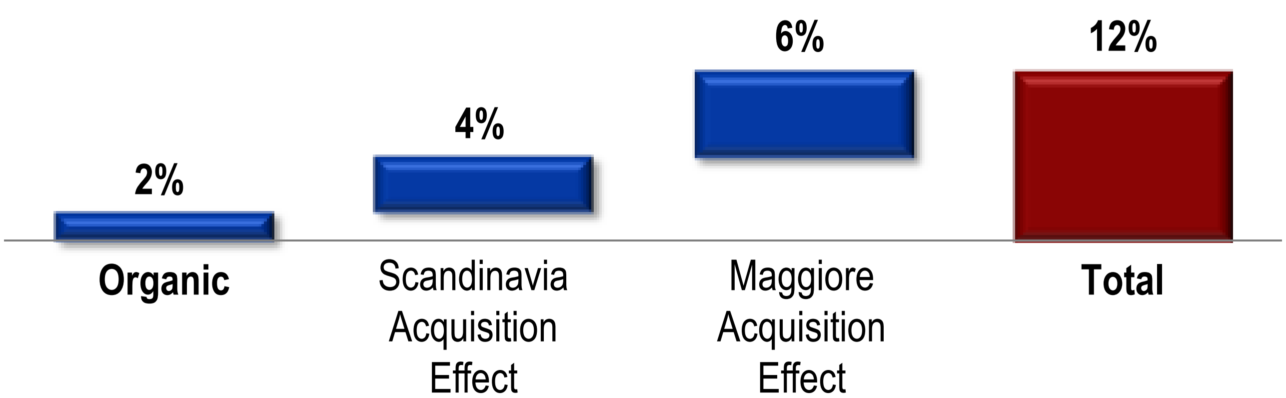
Integrations of Scandinavia licensee and Maggiore are going as planned

Volume grew 4% organically in the quarter

12% Constant-Currency Revenue Growth

- **Modest demand growth across Europe**
- **Pricing was challenged due to competitive pressures**
- **Ancillary revenue per day increased 6%[(a)]**
- **Per-unit fleet costs declined 12%[(b)]**

Revenue Growth[(b)]



(a) Excluding gas, customer recoveries, currency effects and Maggiore acquisition
(b) Excluding Zipcar, In constant currency

ZIPCAR

Zipcar continues to reduce car ownership in urban centers

Zipcar is Well-Positioned for Future Growth

- Continuing to expand to new cities and additional universities
- ONE>WAY pilot has been well recieved
- Introduced “Instant Join” technology
- Increased member satisfaction

CAPITAL ALLOCATION

Acquired full ownership of our Avis and Budget licensee in Brazil in April for roughly $55 million

Acquired Maggiore, the fourth-largest car rental company in Italy, in April for roughly $160 million

Use of Free Cash Flow Has Now Shifted Toward Share Repurchases

- **Our priorities for free cash flow continue to be share repurchases and tuck-in acquisitions**
- **Repurchased $115 million of stock in the first half of 2015**
  - **Plus $45 million in month of July**
- **Increased authorization by $250 million**
  - **$375 million available as of August 1**
- **Expect to spend at least $300 million on share repurchases in 2015**

2015 OUTLOOK

Narrowed Full-Year 2015 Adjusted EBITDA Projections

Americas

- Full-year pricing projected to be largely unchanged in constant currency
- Volume expected to grow 4% to 5%
- Per-unit fleet costs expected to decline by up to 3%
- Increasing fleet utilization

International

- Volume expected to grow more than 15%, reflecting acquisitions and organic growth
- Effects of exchange rates on earnings are significant

HIGHLIGHTS

Second Quarter Earnings Growth Projected to Lead to Record Year

- Encouraging summer trends
  - Growing U.S. demand
  - Firm vehicle residual values
  - Strong European volumes
  - Rigorous cost control globally
- Deploying more free cash flow to share repurchases
- Expect to achieve record earnings in 2015

David Wyshner

Senior Executive Vice President

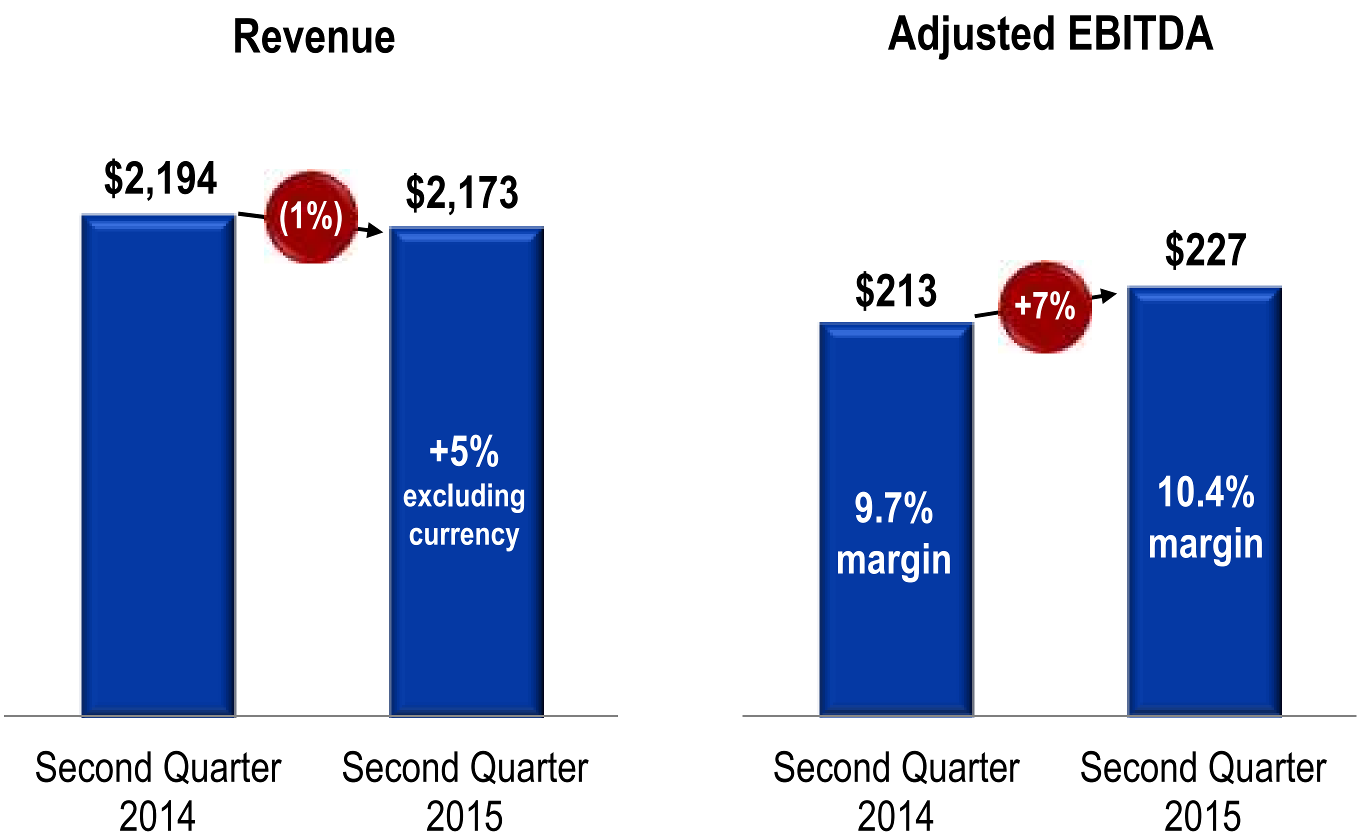
and Chief Financial Officer

SECOND QUARTER 2015 RESULTS

Second quarter earnings per share increased 24% to $0.84, excluding certain items

Expanded Margins in Second Quarter

($ in millions)



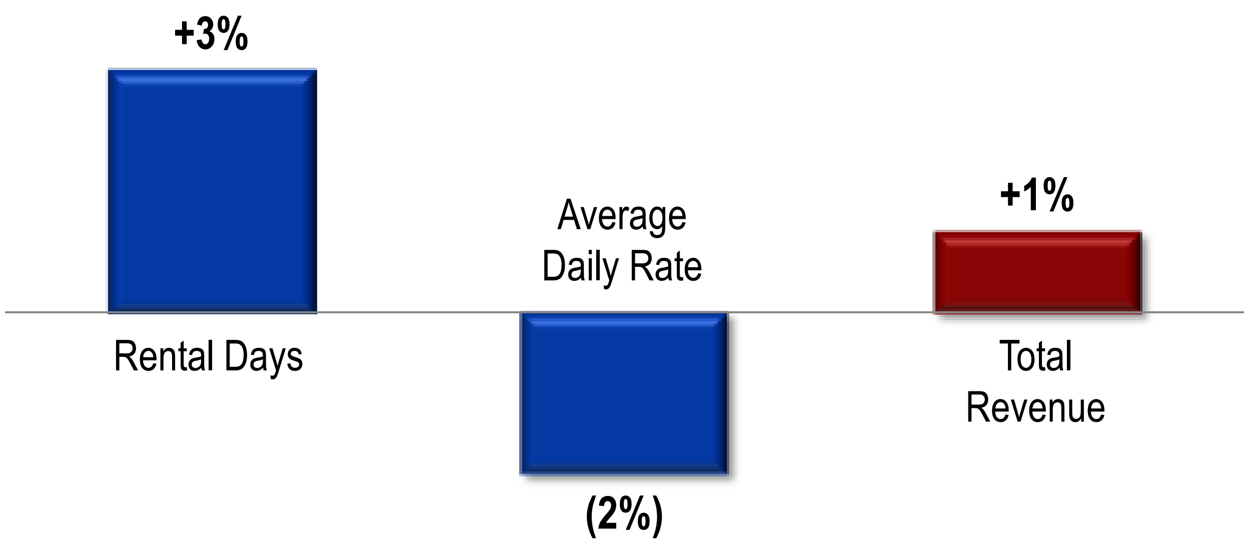
SECOND QUARTER 2015 RESULTS – AMERICAS

Ancillary revenue per day increased 4%[b]

Adjusted EBITDA increased 3% due to higher rental volumes and increased fleet utilization

Record Quarterly Revenue

Americas Revenue Drivers[a]



(a) Year-over-year growth, excluding Zipcar
(b) Excluding Zipcar, gas and customer recoveries, in constant currency

SECOND QUARTER 2015 RESULTS – INTERNATIONAL

Currency movements had a $110 million negative impact on revenue and $17 million negative impact on Adjusted EBITDA

Increased Margins Despite Pricing Pressures

International Revenue Drivers[(a)]

	Reported	Excluding Maggiore
Total revenue	+12%	+6%
Pricing	- 5%	- 4%
Ancillary revenue per day	+3%	+6%
Total revenue per day	- 4%	- 2%
Rental days[(b)]	+18%	+9%

Adjusted EBITDA Increased 11% on a Reported Basis and 42% in Constant Currency

(a) Year-over-year change, excluding Zipcar, in constant currency
(b) Rental days include five points of growth from Scandinavia acquisition

DEMAND – FLEET – PRICING

State-of-the-art yield-management initiative began in 2013

Roll-Out Proceeding Well

Americas

- **Pricing robotic deployed in more than 130 U.S. and Canadian markets**
- **Demand forecaster being piloted throughout 2015**
- **Full system expected to begin piloting around year-end**

International

- **Launched pricing robotic in Australia and New Zealand in the second quarter**
- **Expect to pilot pricing robotic in Europe in early 2016**

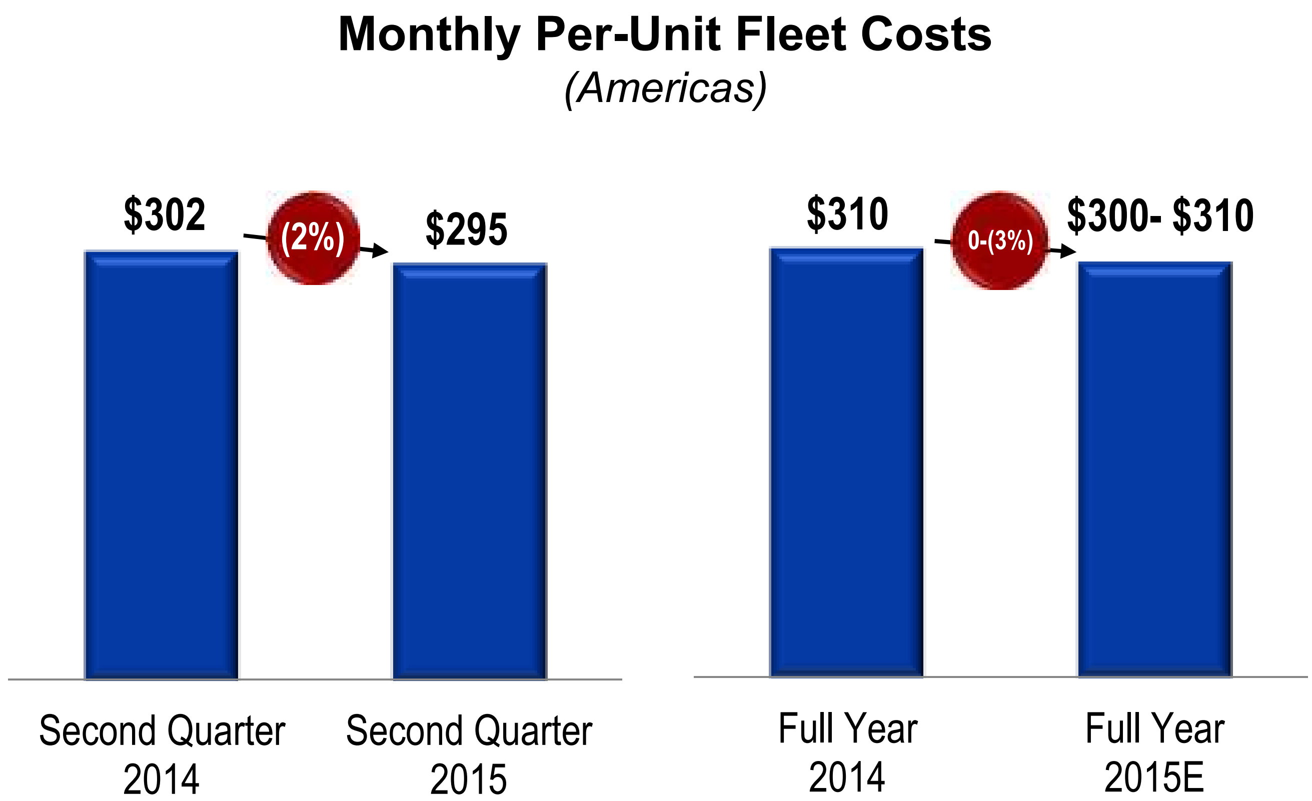
FLEET COSTS

Fleet Costs Have Been Better than Anticipated

Americas fleet expected to be approximately 50% risk in 2015

Selling more than 35% of our risk vehicles through alternative disposition channels

Model-year 2016 negotiations are going as planned



Note: Including Zipcar, excluding Truck fleet

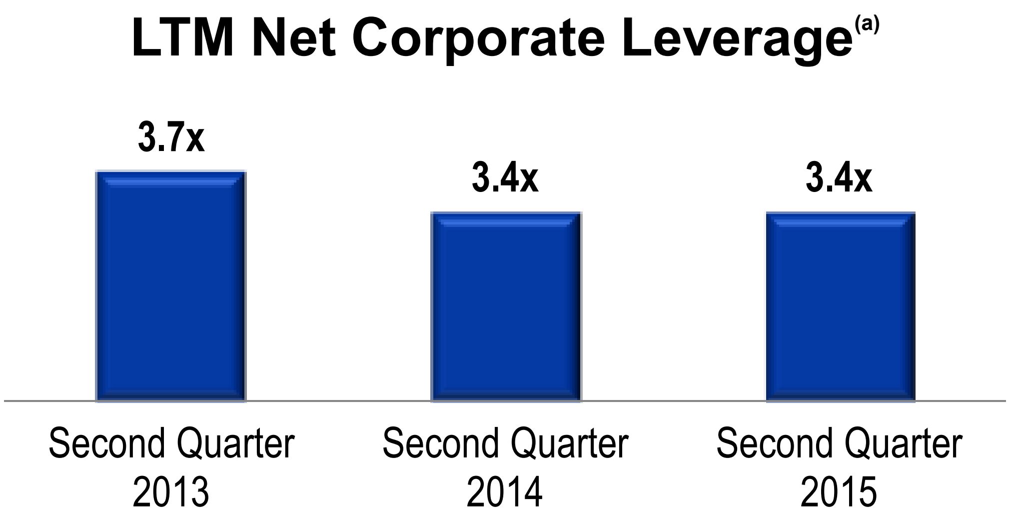
BALANCE SHEET

Quarter-end cash balance of $529 million

First-half free cash flow of $211 million

Strong Liquidity Position

- **More than $3 billion of available liquidity worldwide**
- **Net corporate leverage of 3.4x[a]**
- **Issued $550 million of five-year asset backed notes at a rate of 2.8%**



(a) Net corporate debt to Adjusted EBITDA

SHARE REPURCHASES

Expect to purchase at least $300 million of stock this year

Increased Focus on Share Repurchases

- Purchased $85 million of stock in second quarter and $45 million in July
  - Repurchases nearly tripled from the first quarter to the second
- Recent share repurchases were under 10b5-1 trading plan
- Company would have repurchased more stock in July if it had had trading-window flexibility

2015 OUTLOOK

Expect cash taxes of $25 to $50 million

Expect capital expenditures of approximately $200 million

Tax rate expected to be 37% to 38%

Diluted share count of approximately 106 million

2015 Estimates

($ in millions, except EPS)	Projection[(a)]	Growth vs. 2014[(b)]
Revenue	$8,600 – $8,700	2%
Adjusted EBITDA	900 – 950	5%
Non-vehicle D&A	165	
Interest expense	200	
Pretax income	535 – 585	8%
Net income	$330 – $370	7%
Diluted EPS	$3.15 – $3.45	11%

Expect Free Cash Flow of Approximately $475 to $525 Million[(c)]

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

FOREIGN CURRENCY

Significant Impacts from Exchange-Rate Movements

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

(in millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue	($85)	($122)	($143)	($60)	($410)
Adjusted EBITDA	$17[b]	($19)	($36)	($5)	($43)

Currently Expect Approximately $40 Million Negative Impact on Adjusted EBITDA

(a) Based on exchange rates as of June 30, 2015 and assuming no further changes to exchange rates
(b) Primarily due to hedging gains

SUMMARY

On Track for a Record 2015

- Better-than-expected fleet costs and residual values
- Solid summer demand across Europe
- Continued roll-out of integrated Demand–Fleet–Pricing yield-management system in 2015
- Generating synergies from recent acquisitions of Budget Southern California licensee and Maggiore
- Increased share repurchase authorization by $250 million

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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, non-vehicle related interest, transaction-related costs 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 June 30,	
	2015	**2014**
Adjusted EBITDA	**$ 227**	**$ 213**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	40	36
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	45	55
Income before income taxes, excluding certain items	**$ 142**	**$ 122**
Less certain items:		
Early extinguishment of debt	23	56
Transaction-related costs	18	8
Acquisition-related amortization expense	16	9
Restructuring expense	3	1
Income before income taxes	**$ 82**	**$ 48**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	June 30, 2013	June 30, 2014	June 30, 2015
Corporate debt	**$ 3,416**	**$ 3,388**	**$ 3,552**
Less: Cash and cash equivalents	503	537	529
Net corporate debt	**$ 2,913**	**$ 2,851**	**$ 3,023**

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

	LTM Ended June 30, 2013	LTM Ended June 30, 2014	LTM Ended June 30, 2015
Adjusted EBITDA	**$ 727**	**$ 827**	**$ 890**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	116	139	155
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	239	225	195
Income before income taxes, excluding certain items	**$ 372**	**$ 463**	**$ 540**
Less certain items:			
Early extinguishment of debt	156	72	23
Transaction-related costs, net	50	41	46
Acquisition-relation amortization expense	18	28	44
Restructuring expense	44	44	22
Impairment	-	33	-
Income before income taxes	**$ 104**	**$ 245**	**$ 405**

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.