avis budget group

Third Quarter 2013 Earnings Call

October 31, 2013

Webcast: ir.avisbudgetgroup.com
Dial-in: (630) 395-0021
Replay: (203) 369-1660
Passcode: Avis Budget

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 10-Q.

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.

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Ron Nelson

Chairman and Chief Executive Officer

THIRD QUARTER
2013 HIGHLIGHTS

Strong Summer Season Drives Record Results

- **North America volume and pricing increased year-over-year**[a]
- **EMEA had the strongest quarterly results in recent history**
- **Further progress made toward delivering Zipcar synergies**
- **Repurchased 860,000 shares for approximately $25 million**

(a) Excluding acquisitions

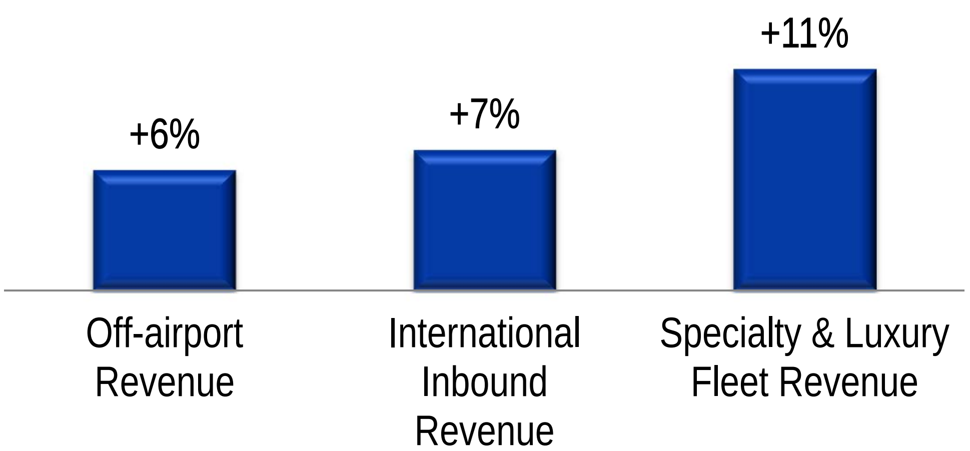
NORTH AMERICA

Revenue and volume increased 4% year-over-year, excluding acquisitions

Strategic Initiatives Driving Growth

- **Revenue increased 11% in the third quarter**
- **Volume increased 5%**[a]
- **Third consecutive quarter of increased pricing**[b]
  - **Pricing increased 1%**

Year-over-Year Growth



(a) Excluding Zipcar
(b) Excluding acquisitions and currency effects

INTERNATIONAL

In Europe, Avis' volume increased for the third consecutive quarter; Budget's rental days were again up more than 30%

Record International Results

- **Revenue increased 10% in the third quarter**
- **EMEA volume increased 7%**
  - **Total revenue per rental day increased 3%**[(a)]
  - **Utilization increased 4 points**
- **Latin America / Asia-Pacific volume increased 10% primarily due to Apex**
  - **Pricing declined amid high industry fleet levels**
- **Acquired 50% of our Brazilian licensee**

(a) Excluding currency effects

ZIPCAR

Zipcar membership totalled 852,000 at quarter-end, up 11% year-over-year

Maintaining Zipcar's Leadership Position

- **Added over 1,000 vehicles to Zipcar's summer fleet to meet member rental demand**
- **Zipcar now available at 22 airport locations**
- **Replenished 20% of Zipcar's fleet with new vehicles at a lower cost**
- **Expect to achive $50 to $70 million of annual synergies by end of 2015**

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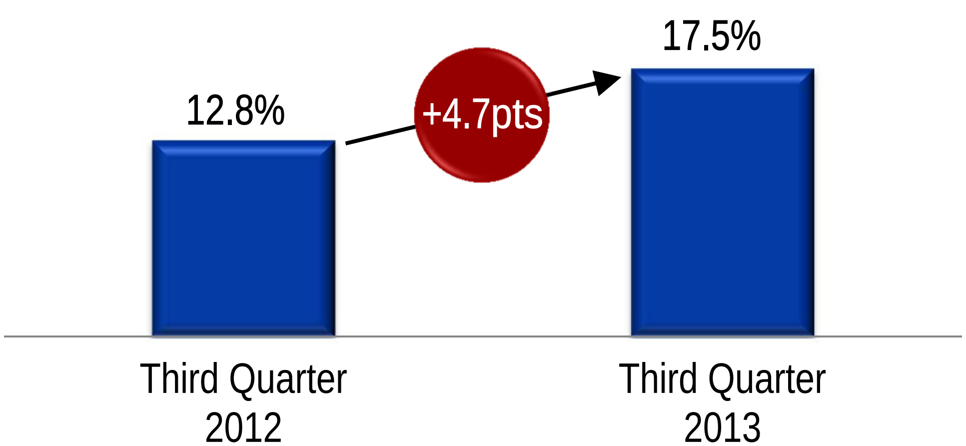
TRUCK RENTAL

Repositioning for Higher Profitability

- **Reduced average fleet by more than 4,000 trucks**
- **Closed approximately 400 marginal locations**
- **Eliminated certain low-profitability accounts**
- **Re-allocated trucks to areas where we generate higher profit**

Adjusted EBITDA Margin[a]



(a) Excluding certain items

2013 OUTLOOK

Year-to-date, 2013 has been North America's second-most profitable year ever

North America

- Expect fourth quarter volume growth to be in the 1-3% range
- Continue to target fastest-growing and more profitable segments
- Instituted four rate increases for rentals occurring in the fourth quarter
  - October pricing increased approximately 1%
- Per-unit fleet cost comparisons ease in the fourth quarter

International

- Overall European economy has stabilized
  - Our rental volumes should benefit from strong Budget growth and new commercial business
  - Integration synergies also providing benefits
- Latin America / Asia-Pacific region expected to remain under pressure, primarily due to Australia
- Expect EMEA's growth to offset challenges in Australia in the fourth quarter

Differentiated Brand Portfolio to Meet Customer Needs

	North America	EMEA	Latin America/ Asia-Pacific
Traditional Car Rental	AVIS Budget	AVIS Budget	AVIS Budget
Deep Value Car Rental	PAYLESS		apex
Car Sharing	zipcar	zipcar	

David Wyshner

Senior Executive Vice President

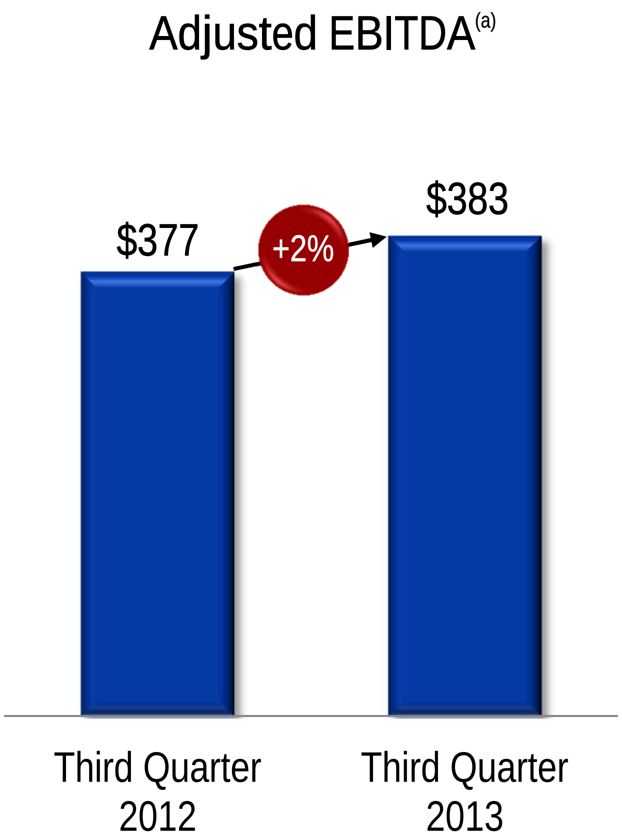
and Chief Financial Officer

THIRD QUARTER 2013 RESULTS

Adjusted EBITDA increased due to record EMEA results and Zipcar acquisition

Record Results

($ in millions)



(a) Excluding certain items

THIRD QUARTER 2013 RESULTS – NORTH AMERICA

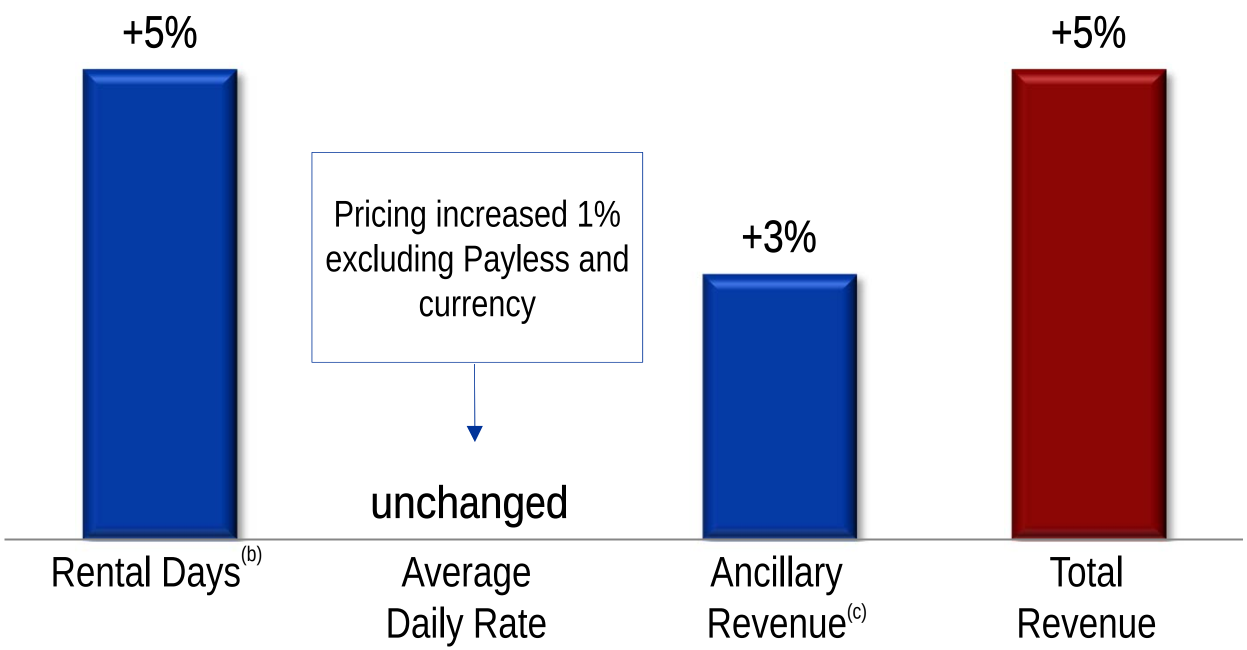
Per-unit fleet costs increased 15% ($43 million impact)

Adjusted EBITDA declined to $225 million[d]

Acquisitions contributed $105 million of revenue and $9 million of Adjusted EBITDA[d]

Volume and Pricing Increased

(year-over-year change)[a]

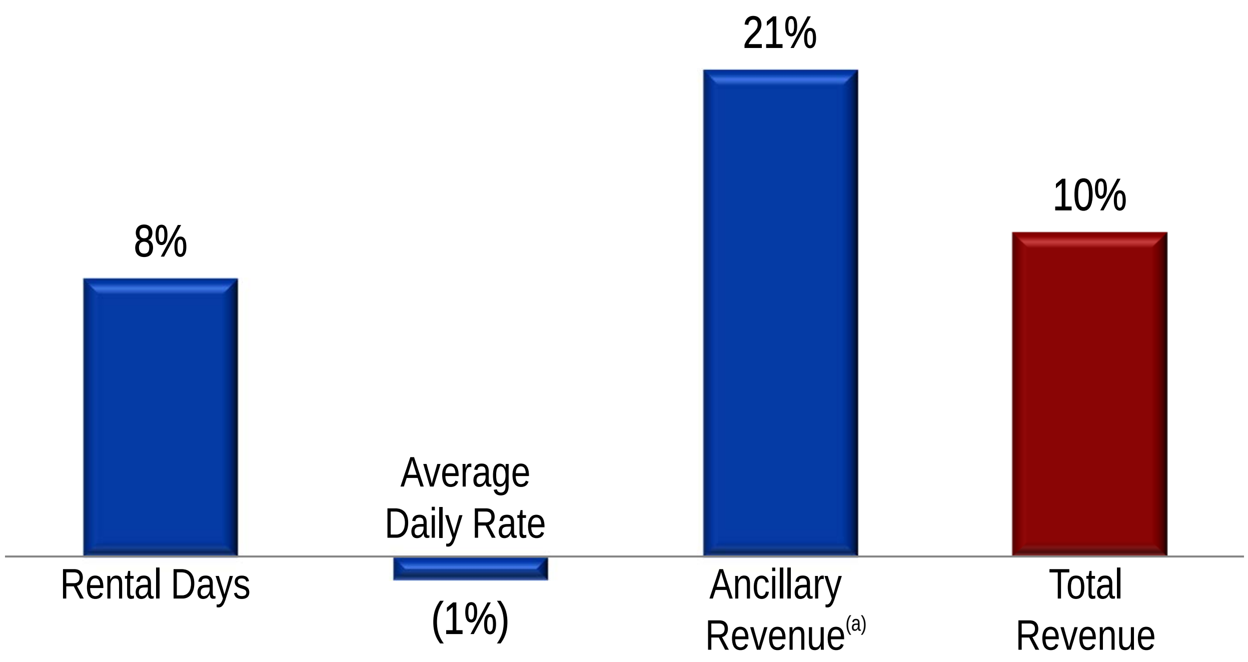


(a) Excluding Zipcar
(b) Increased 4% excluding Payless
(c) Excluding gas and customer recoveries
(d) Excluding certain items

THIRD QUARTER 2013 RESULTS – INTERNATIONAL

Revenue Increased due to Higher Volumes and Ancillary Revenue

(year-over-year change)



Adjusted EBITDA grew 10%, to $150 million(b)

(a) Excluding gas and customer recoveries
(b) Excluding certain items

ZIPCAR INTEGRATION

Expect $50 to $70 Million of Annual Synergies by End of 2015

- **Almost all necessary actions taken to capture cost synergies of $20 to $25 million**
- **Lowering Zipcar's costs enables us to enter new geographies sooner and more economically**
  - **Zipcar has entered five new cities since March**
- **Managing synergy ramp-up to ensure outstanding member experience**

zipcar® wheels when you want them

FLEET COSTS

More than 85% of our fleet has fewer than 25,000 miles

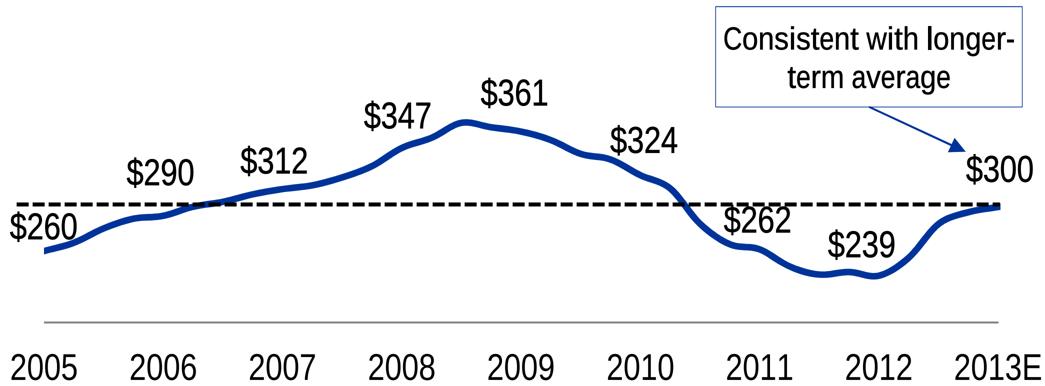
Average fleet age is seven months, unchanged from third quarter 2012

Total Company per-unit fleet costs expected to be $285-$295 per month

Fleet Costs Have Normalized

- **Sold 40,000 risk vehicles in the third quarter at prices in line with our expectations**
  - **Completed 95% of planned 2013 risk-car disposals**
- **Continue to expect North America per-unit fleet costs to be around $300 per month in 2013**

North America Per-Unit Fleet Costs[a]



(a) LTM fleet costs on a per-unit, per-month basis

FLEET COSTS – 2014 OUTLOOK

Alternative distribution channels accounted for nearly 50% of our third quarter risk car disposals

Trends Impacting 2014 North America Fleet Costs

- **Inflationary increases in model year ’14 risk-car purchase prices**
  - **Program-car holding costs expected to decline**
- **Expect risk cars to again comprise approximately two-thirds of our fleet**
- **Plan to add more luxury and specialty vehicles to drive profitability**
- **We expect to mitigate the impact of higher off-lease vehicle supply through fleet optimization, cascading cars to Payless and using alternative distribution channels**

Cash balance of $589 million

Strong Liquidity Position

- $3.7 billion of available liquidity at quarter-end
- Net corporate leverage of 3.8x[(a)]
- Corporate debt maturities average less than $100 million annually over next three years
- Debt refinancing remains a cost-saving opportunity
  - Still $950 million of corporate debt at rates above 8%

(a) Net corporate debt to Adjusted EBITDA excluding certain items

2013 OUTLOOK

Expect cash taxes of approximately $60 million

Expect capital expenditures of approximately $135 million

Diluted share count of 116-117 million

2013 Estimates

($ in millions, except EPS)	Projection[a]
Revenue	$7,900 – $7,950
Adjusted EBITDA	760 – 780
Non-vehicle D&A	130 – 135
Interest expense	230
Pretax income	395 – 420
Net income	$245 – $265
Diluted EPS	$2.10 – $2.25

Expect Free Cash Flow of Approximately $300 Million[b]

(a) Excluding certain items
(b) Excluding any significant timing differences

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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.

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 EBTIDA 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 income before income taxes (in millions):

	Three Months Ended September 30,	
	2013	2012
Adjusted EBITDA excluding certain items	$ 383	$ 377
Less: Non-vehicle related depreciation and amortization	33	26
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	57	67
Income before income taxes, excluding certain items	$ 293	$ 284
Less certain items:		
Early extinguishment of debt	-	2
Restructuring expense	14	7
Transaction-related costs	10	11
Acquisition-relation amortization expense	6	4
Impairment	33	-
Avis Budget Group, Inc. income (loss) before income taxes	$ 230	$ 260

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	Quarter Ended September 30, 2013
Corporate debt	$ 3,384
Less: Cash and cash equivalents	589
Net corporate debt	$ 2,795

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

	LTM Ended September 30, 2013
Adjusted EBITDA excluding certain items	$ 732
Less: Non-vehicle related depreciation and amortization	121
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	230
Income before income taxes, excluding certain items	$ 381
Less certain items:	
Early extinguishment of debt	154
Restructuring expense	46
Transaction-related costs	53
Acquisition-relation amortization expense	24
Impairment	33
Income before income taxes	$ 71

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.