avis budget group

First Quarter 2016 Earnings Call

May 4, 2016

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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 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

FIRST QUARTER 2016 HIGHLIGHTS

Record Revenues, but Reduced Earnings

- Unusually challenging pricing environment
- Soft commercial and international-inbound demand in the Americas
- Increased fleet utilization
- Made significant progress in our shuttling, manpower and self-service initiatives
- Repurchased $80 million of stock

AMERICAS – PRICING TRENDS

Full-year Americas pricing now expected to decline approximately 1% in constant currency

Pricing Trends Are Already Improving

- Soft demand led to industry over-fleeting
  - Inbound travel to Florida and Arizona was weak
  - Lack of major winter storms
  - We were able to use program vehicles to de-fleet
- First quarter pricing was an anomaly
  - Year-over-year pricing began to improve in March
  - Industry fleet levels appear to be tightening

Expect pricing to be roughly flat year-over-year over the remainder of 2016

AMERICAS ACHIEVEMENTS

Mitigating Pricing Pressures and Positioning the Business for Future Success

- Signed several new corporate accounts
- Leisure volume in the Americas grew 7%
  - Prepaid volumes grew 28% in the quarter and now represent more than a quarter of our dot-com reservations
- Fleet utilization improved 100 basis points
- Higher customer satisfaction scores
- Progress on major technology initiatives

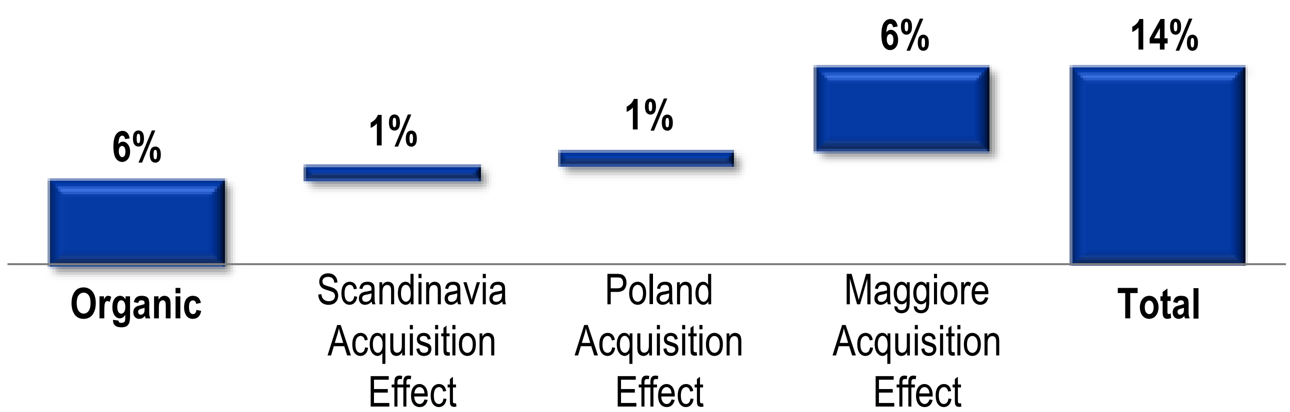
INTERNATIONAL ACHIEVEMENTS

Adjusted EBITDA increased $14 million in constant currency

Strong Adjusted EBITDA Growth in Constant Currency

- Double-digit growth in intra-European inbound volume
  - Strong inbound growth from outside Europe
- Realizing synergies from Maggiore integration
- Customer satisfaction scores in Europe improved significantly

First Quarter Revenue Growth[(a)]



(a) In constant currency

Reiterate Our Full-Year 2016 Adjusted EBITDA Projection

- **Americas**
  - Pricing expected to firm as the year progress
  - Volume growth driven by robust leisure demand
  - Some pressure on fleet residual values
- **International**
  - Strong organic volume growth
  - Inbound travel, especially within the Eurozone, expect to benefit from currency movements
  - Challenging competitive pricing environment
- **Continued focus on efficiency initiatives to overcome first quarter challenges**

INVESTING IN OUR BUSINESS

Continue to anticipate $50 million of incremental expenses in 2016 compared to 2015

Ongoing capital expenditures for information technology as well

Investing to Drive Long-Term Margins

- ***Manpower Initiative* – leverage technology to optimize our staffing levels**
- ***Shuttling Initiative* – reduce shuttling costs per rental transaction**
- ***Brand Marketing* – new Budget direct-response TV campaign**
- ***Self-Service Initiative* – piloting with 20,000 customers at 50 U.S. airports**

Full-Year Expectations Intact

- Expect to overcome difficult first quarter
  - Pricing trends are already improving
  - Strong leisure demand
  - New marketing partnerships delivering incremental volume
- International segment's strong first quarter is encouraging indicator for full-year results
- Continuing focus on building efficiencies throughout the organization to drive long-term margins

David Wyshner

President and Chief Financial Officer

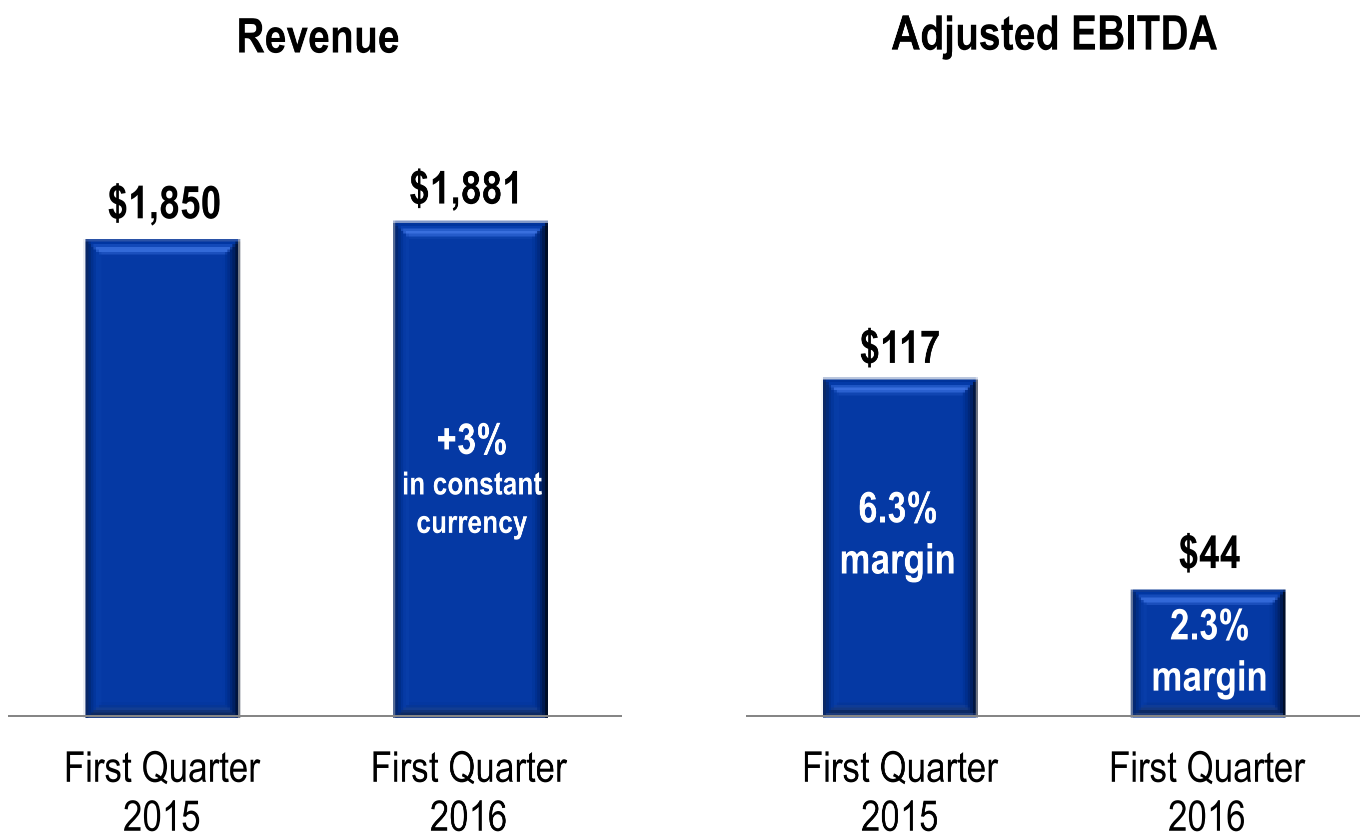
FIRST QUARTER 2016 RESULTS

Currency movements negatively impacted Adjusted EBITDA by $33 million

Lower Americas pricing negatively impacted Adjusted EBITDA by $46 million

Record Revenue Despite Pricing Pressures

($ in millions)

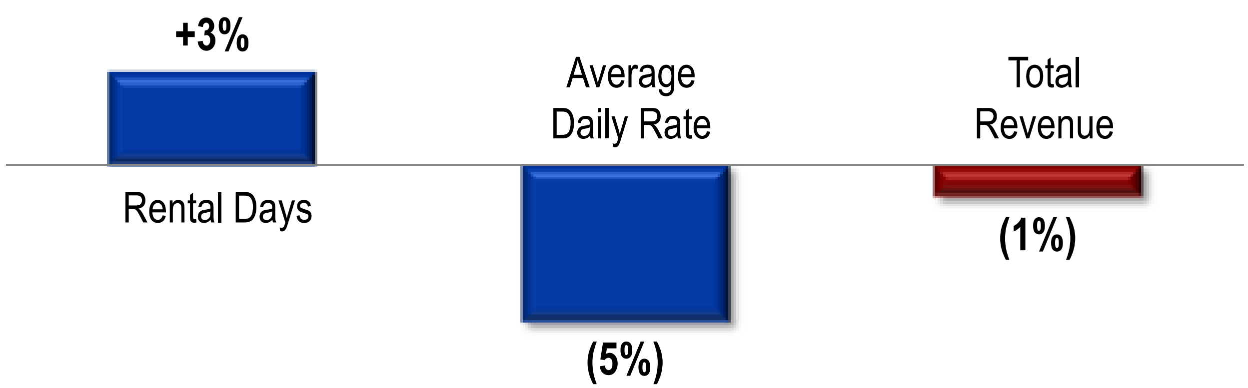


AMERICAS

First Quarter Volume Growth Driven by Strong Leisure Demand

- Rental days grew 3% in the first quarter
  - Leisure volumes increased 7%
- Commercial volume mix and Brazil negatively impacted pricing by approximately one point
- Strong U.S. dollar reduced inbound travel

Americas Revenue Drivers[a]



(a) Year-over-year growth, rental days and average daily rate exclude Zipcar and Truck

INTERNATIONAL

Currency movements had a $25 million negative impact on revenue and a $29 million negative impact on Adjusted EBITDA in the quarter

International per-unit fleet costs declined 5% in constant currency (4% excluding Maggiore)

Revenue Grew 14% in Constant Currency in the First Quarter

International Revenue Drivers[a]

	Total	Excluding Maggiore
Total revenue	+14%	+8%
Rental days[b]	+21%	+12%
Pricing	(5%)	(3%)
Ancillary revenue per day	(2%)	0%
Total revenue per day	(5%)	(3%)

(a) Year-over-year change in constant currency; operating metrics exclude Zipcar
(b) Rental days include three points of growth from Scandinavia and Poland acquisitions

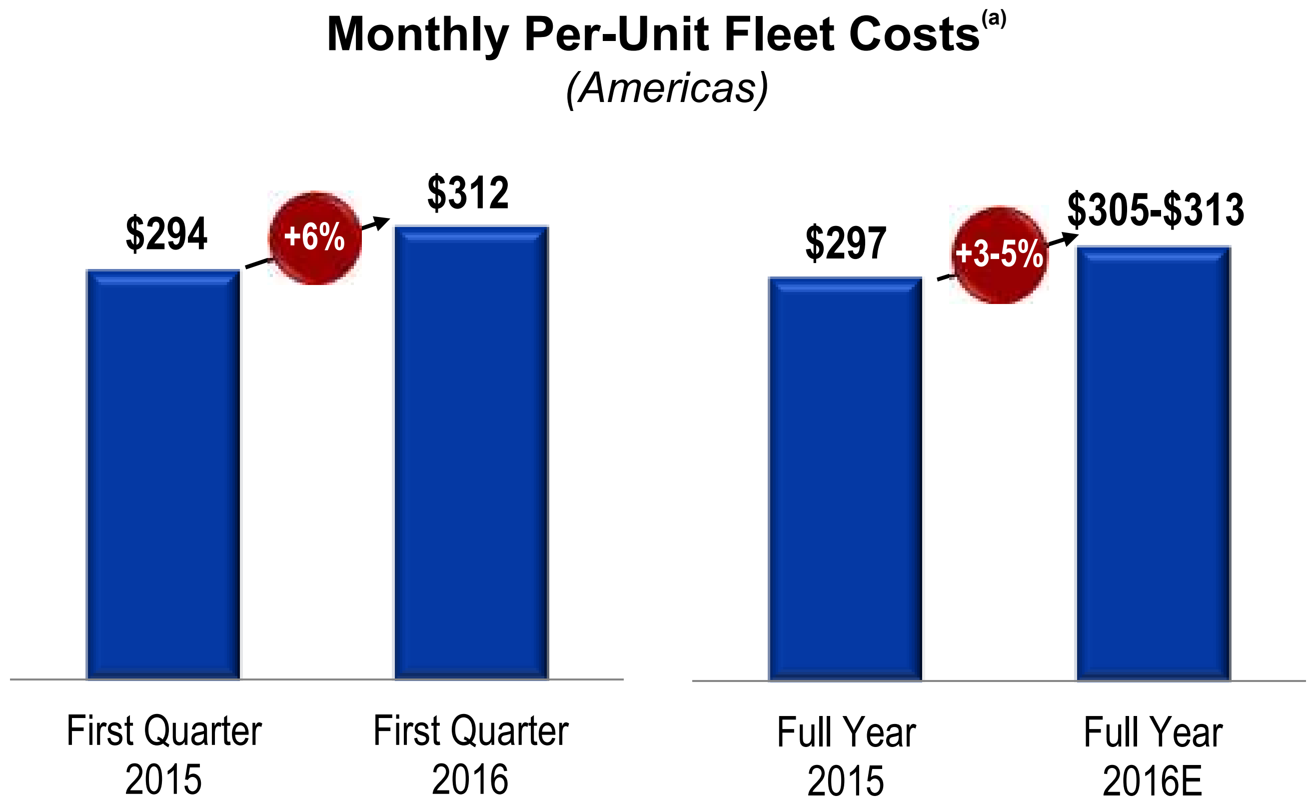
FLEET COSTS

Americas fleet now expected to be 65% risk in 2016

Residual values in the United States have been somewhat softer than we had initially anticipated

International 2016 per-unit fleet costs are better than expected – now estimated to be (1%) to +3% in constant currency

Fleet Costs Remain Within Expectations



(a) Including Zipcar, excluding Truck

ZIPCAR

Zipcar's fleet totaled more than 12,000 cars in the first quarter

Zipcar Continues to be the World's Leading Car Sharing Network

- Completed test of "Instant Drive"
  - Enabling new customers to initiate their first transaction in minutes
- Launched ONE>WAY offering in Los Angeles
  - Expect to expand to additional markets this year
- Approaching the one-million-member milestone

DRIVING EFFICIENCIES

Performance Excellence initiative also continues to provide efficiency improvements throughout the organization

Process Improvement and Cost Controls

- Transformation 2015 initiative providing incremental benefits to lower costs <u>and</u> improve quality
- Re-engineering human resources processes globally to leverage a common system and providers
- Reduced third-party legal expenses while insourcing where cost-effective
- Restructured claims processing in order to take advantage of third-party systems and expertise

BALANCE SHEET

Quarter-end cash balance of $876 million includes $300 million earmarked to repay debt called for redemption

Issued $450 million of five-year vehicle-backed debt with average rate of 3.25%

Strong Liquidity Position

- Nearly $5 billion of available liquidity worldwide
- Net corporate leverage of 3.6x[a]
  - Corporate leverage target remains 3-4x
- No corporate debt maturities until fourth quarter 2017
- Vehicle-backed debt is well-laddered and low cost

CAPITAL ALLOCATION

No significant acquisitions thus far in 2016

Have reduced our shares outstanding by 9% over the last twelve months

Consistent Use of Free Cash Flow

- **Our priorities for free cash flow continue to be share repurchases and tuck-in acquisitions**
  - **With a 20% free cash flow yield, our use of cash will tilt toward share repurchases**
- **Repurchased $80 million of stock – 3% of our shares outstanding – in the first quarter**
- **Continue to expect to generate $450 to $500 million of free cash flow in 2016[(a)]**

Expect to spend $300 to $400 million on stock repurchases in 2016

(a) Excluding any significant timing differences

2016 OUTLOOK

Currency movements reducing Adjusted EBITDA by $20 million year-over-year

Investing to Capture Growth and Margin Opportunities in Years Ahead

Americas

- Full-year pricing now projected to decline approximately 1%[a]
- Volume expected to grow 2% to 4%
- Per-unit fleet costs still expected to increase 3% to 5%

International

- Macroeconomic conditions have improved
- Expect revenue to increase 7% to 10%[a]
- Per-unit fleet costs projected to decrease 1% to increase 3%[a]

Earnings outlook reflects more than $50 million of incremental investments

(a) In constant currency

2016 OUTLOOK

Diluted share count of approximately 94 to 96 million, a reduction of roughly 10% year-over-year

Expect capital expenditures of approximately $210 million

Non-GAAP effective tax rate expected to be approximately 39%

2016 Estimates

($ in millions, except EPS)	Projection
Revenue	$8,750 – $8,900
Adjusted EBITDA	820 – 900
Non-vehicle D&A[a]	190
Interest expense	205
Adjusted pretax income	$425 – $505
Adjusted net income	$260 – $310
Adjusted diluted EPS	$2.70 – $3.30

(a) Excluding acquisition-related amortization expense

FREE CASH FLOW

Free cash flow has exceeded $450 million every year since 2012

Free Cash Flow

($ in millions)	2016E	2015
Adjusted pretax income[(a)]	$425 – $505	$546
Plus: Non-vehicle D&A[(b)]	190	163
Less: Capital expenditures	(210)	(201)
Less: Cash taxes	(40) – (60)	(29)
Plus: Vehicle programs	50	78
Plus: Working capital and other[(c)]	35 – 25	(32)
Free Cash Flow	$450 – $500	$525

Adjusted pretax income continues to be a proxy for free cash flow over time

(a) Excluding certain items
(b) Excluding acquisition-related amortization expense
(c) Including restructuring expense

FOREIGN CURRENCY

No Material Exchange-Rate Impact Currently Expected for Remainder of the Year

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

(in millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue	($32)	($6)	$13	$17	($8)
Adjusted EBITDA	($33)[b]	$4	$4	$5	($20)

Now estimating $20 million negative year-over-year impact on Adjusted EBITDA

(a) Based on exchange rates as of April 1, 2016 and assuming no further changes to exchange rates
(b) Primarily due to hedging gains in 2015 and hedging losses in 2016

SUMMARY

Challenging First Quarter, Expectations Unchanged

- Pricing trends are already improving in the Americas
- Strong International volume growth
- Continued focus on managing costs, driving efficiency and leveraging technology
- Generating significant free cash flow and returning cash to stockholders via share repurchases

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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, 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

Adjusted EBITDA 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 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. 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 loss before income taxes (in millions):

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Adjusted EBITDA	**$ 44**	**$ 117**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	46	39
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	50	52
Adjusted pretax income (loss)	**$ (52)**	**$ 26**
Less certain items:		
Restructuring expense	15	1
Acquisition-related amortization expense	15	10
Transaction-related costs, net	4	31
Loss before income taxes	**$ (86)**	**$ (16)**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	March 31, 2016	March 31, 2015
Corporate debt	**$ 3,838**	**$ 3,656**
Less: Cash and cash equivalents	876	854
Net corporate debt	**$ 2,962**	**$ 2,802**

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

	LTM Ended March 31, 2016	LTM Ended March 31, 2015
Adjusted EBITDA	**$ 830**	**$ 876**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	170	151
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	192	205
Adjusted pretax income	**$ 468**	**$ 520**
Less certain items:		
Early extinguishment of debt	23	56
Transaction-related costs, net	41	36
Acquisition-relation amortization expense	60	37
Restructuring expense	32	20
Income before income taxes	**$ 312**	**$ 371**

GLOSSARY

Reconciliation of adjusted net income (loss) to net loss:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Adjusted net income (loss)	**$ (27)**	**$ 19**
Less certain items, net of tax:		
Restructuring expense	11	-
Acquisition-related amortization expense	10	7
Transaction-related costs, net	3	21
Net loss	**$ (51)**	**$ (9)**
Adjusted diluted earnings (loss) per share	**$ (0.28)**	**$ 0.17**
Loss per share – Diluted	**$ (0.53)**	**$ (0.09)**
Shares used to calculate adjusted diluted earnings (loss) per share	**96.3**	**107.6**

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.