avis budget group

First Quarter 2015 Earnings Call

May 5, 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 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.

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Ron Nelson

Chairman and Chief Executive Officer

FIRST QUARTER 2015 HIGHLIGHTS

Solid Start to the Year

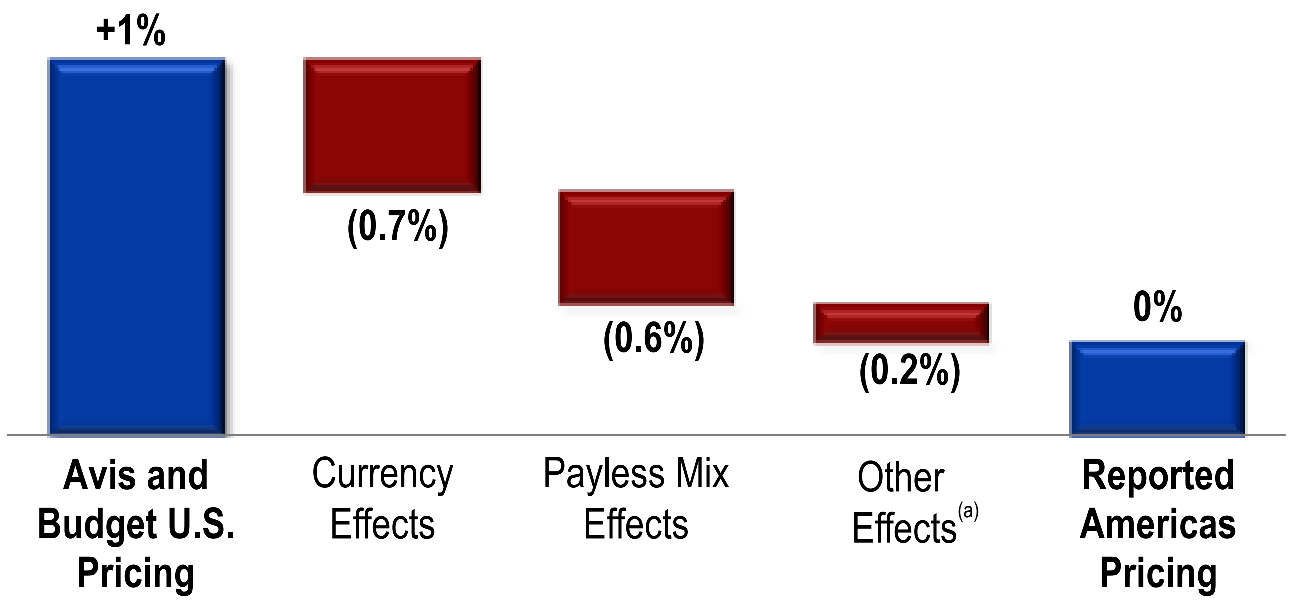
- Revenue grew 4% in constant currency
- Avis and Budget pricing increased in the United States
- Capitalized on a strong used car market
- Expanded our global footprint organically and through acquisitions

AVIS Budget Payless CAR RENTAL apex car rentals zipcar

AMERICAS – PRICING

- Approximately 75% of our corporate contract renewals were at flat or higher rates
- Ancillary revenue increased 7%
- Weather dampened our pricing growth

Positive U.S. Pricing for Avis and Budget Brands



Avis and Budget U.S. Pricing Increased Both On- and Off- Airport

(a) Primarily Canada and Latin America

AMERICAS – VOLUME

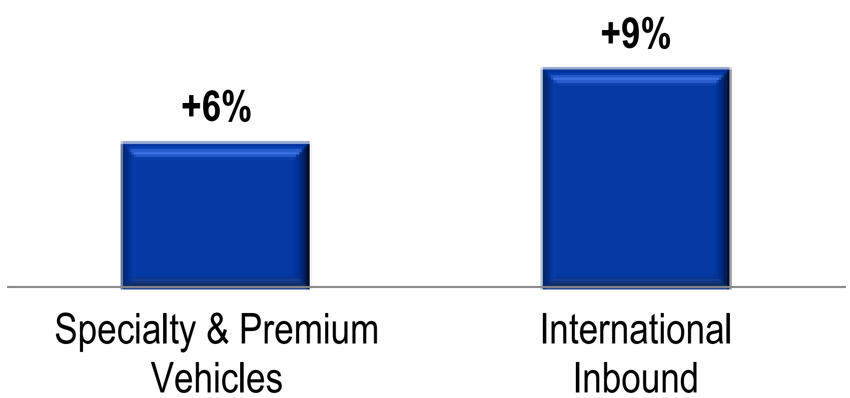
Shifted almost 150 basis points of volume to our proprietary channels

Continuing to leverage strong marketing partnerships

Healthy Demand Environment

- Rental days increased 5% in the first quarter
  - Reflects organic growth and acquisition of Budget Southern California
- Leisure volume increased 8%
- Commercial volume grew 1%

Strategic Initiatives Driving Growth[a]



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

ZIPCAR

Generating incremental benefits from fleet sharing and infrastructure savings

Continued Zipcar Expansion

- Record first quarter members added
- Expanded to new cities and additional universities
- Launched in Istanbul, Zipcar's sixth European market
- Continuing to pilot ONE>WAY transactions

INTERNATIONAL

Acquired our Avis and Budget licensee for Norway, Sweden and Denmark

Agreed to acquire Maggiore, the fourth-largest car rental company in Italy

Increased Constant-Currency Revenue

- Demand trends remain uneven
- Key operational accomplishments:
  - Budget volumes in Europe grew 25%
  - Ancillary revenue per day increased 12%[a]
  - Utilization improved by 40 basis points

(a) Excluding gas, customer recoveries and currency effects

Reiterate Our Full-Year 2015 Adjusted EBIDTA Projections

- **Americas**
  - **Full-year pricing projected to increase 1% to 2% in constant currency**
  - **Volume expected to grow 5-7%**
  - **Per-unit fleet costs expected to be flat to up 3%**
- **International volume expected to grow more than 15%**
  - **Reflects acquisitions and organic growth**
  - **European inbound travel expected to grow this summer**

Substantial Achievements

- Four significant tuck-in acquisitions since October
  - Budget licensee for Southern California
  - Avis and Budget licensee for Scandinavia
  - Maggiore
  - Avis and Budget licensee in Brazil[a]
- Continued focus on using free cash flow for acquisitions and share repurchases
- Overcoming uneven macroeconomic environment

(a) Previously a 50%-owned joint venture

David Wyshner

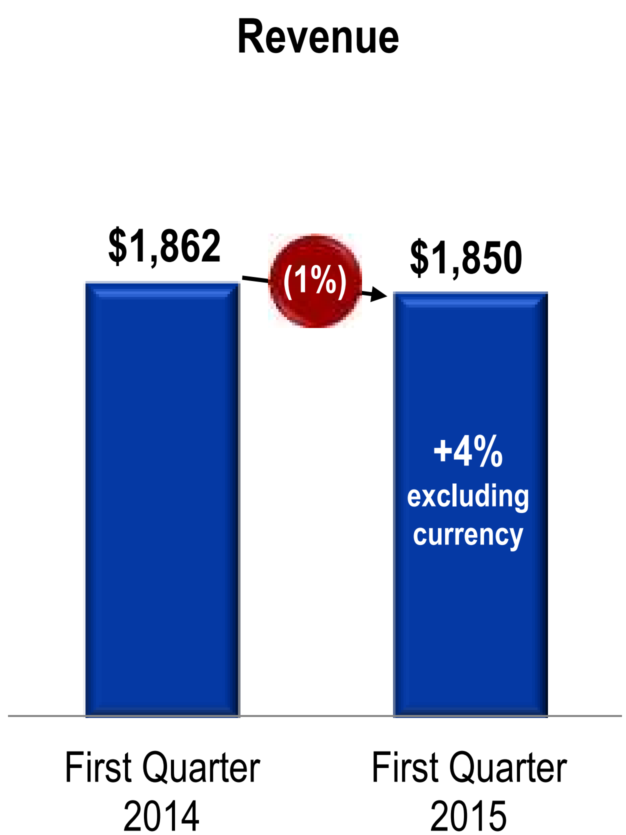
Senior Executive Vice President
and Chief Financial Officer

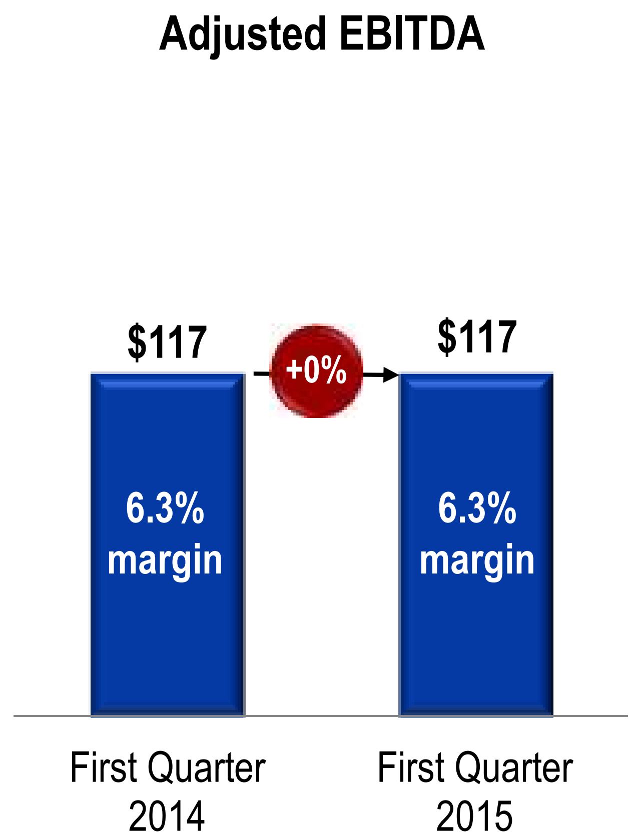
FIRST QUARTER 2015 RESULTS

First quarter earnings per share increased 6% to $0.17, excluding certain items

Solid Beginning to 2015

($ in millions)

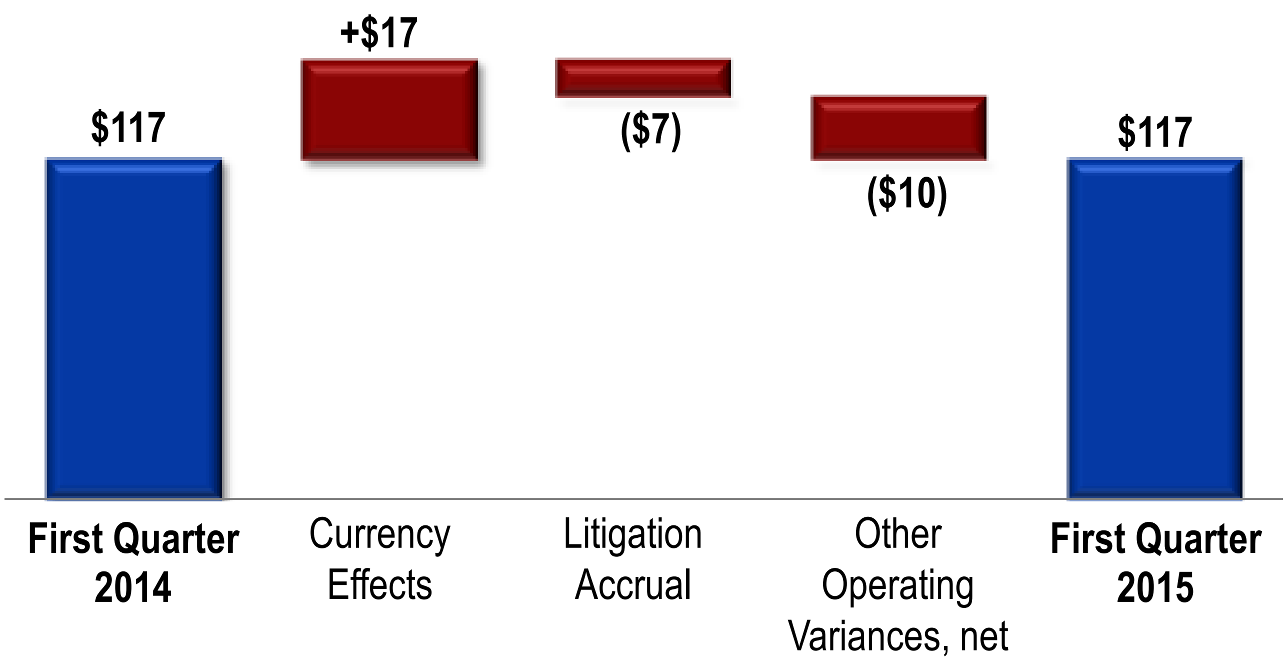




FIRST
QUARTER
OVERVIEW

Consistent First Quarter Adjusted EBITDA

Adjusted EBITDA "Walk-down"
(in millions)



Adjusted EBITDA Remained Unchanged Despite Several Headwinds

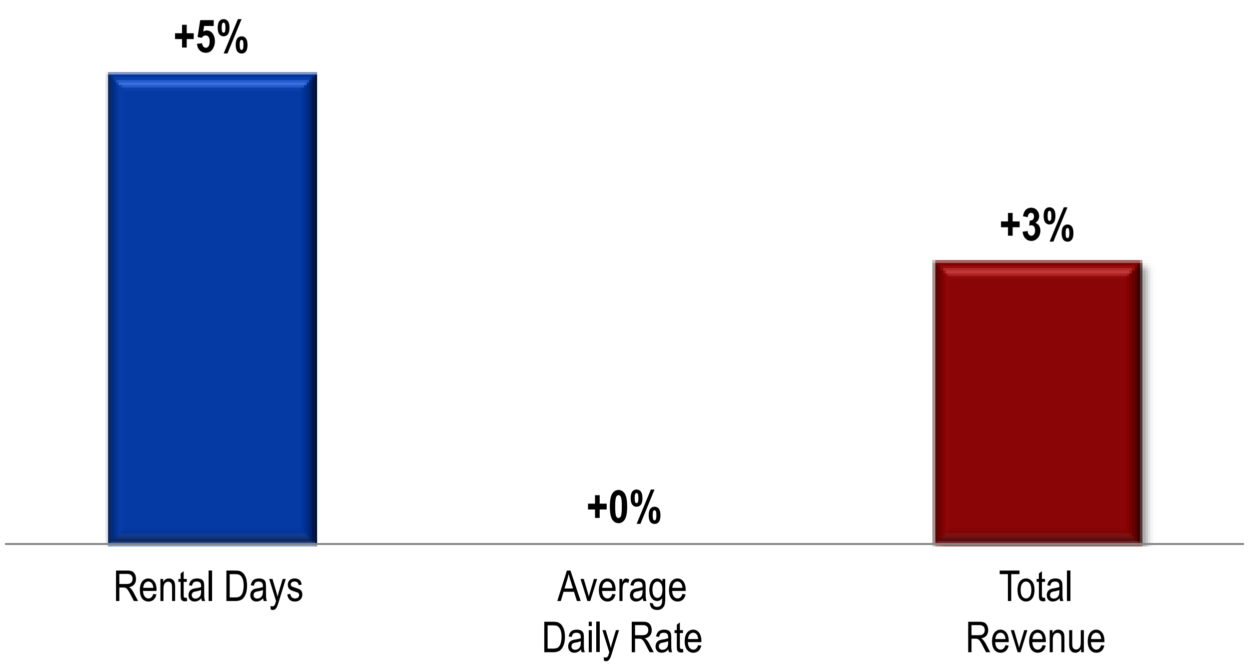
FIRST QUARTER 2015 RESULTS – AMERICAS

Ancillary revenue per day increased 4%[b]

Adjusted EBITDA unchanged due to $7 million litigation accrual

Record Quarterly Revenue

Americas Revenue Drivers[a]



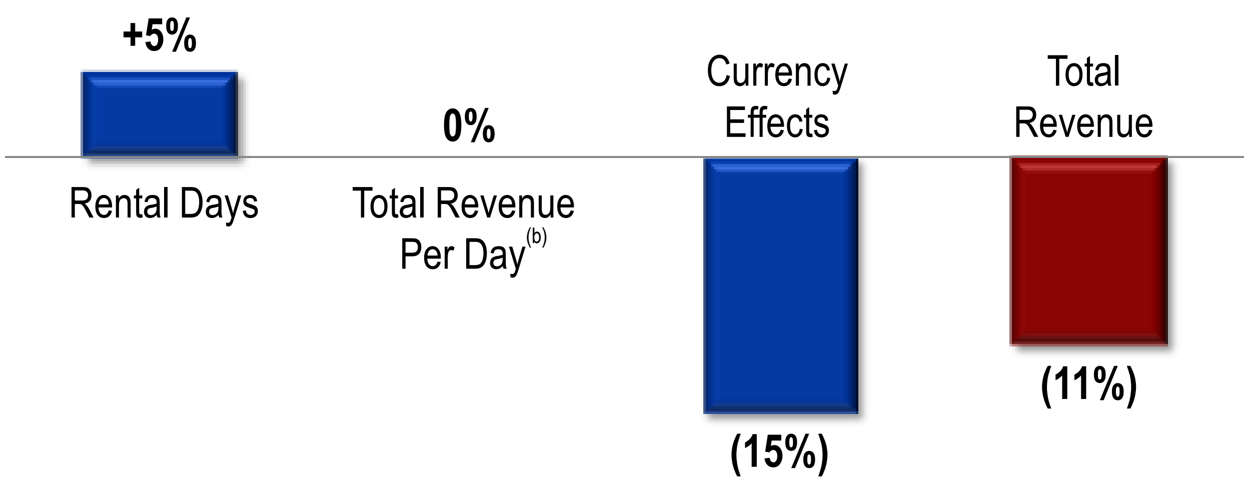
(a) Year-over-year growth, excluding Zipcar
(b) Excluding Zipcar, gas and customer recoveries, in constant currency

FIRST QUARTER 2015 RESULTS – INTERNATIONAL

Currency movements had a $76 million negative impact on revenue

Challenging Operating Environment in Europe and Australia

International Revenue Drivers[a]



Adjusted EBITDA Increased Principally due to Currency-Hedging Gains

(a) Year-over-year change, excluding Zipcar
(b) In constant currency

DEMAND –
FLEET –
PRICING

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

Roll-Out Proceeding Well

Americas

- Pricing robotic deployed in more than 125 U.S. and Canadian markets
- Demand forecaster currently being rolled out
- Fleet-optimization module expected to launch later this year

International

- Expect to launch pricing robotic in Australia and New Zealand this quarter
- Targeting year-end to pilot in Europe

FLEET COSTS

Fleet Costs Better than Our Expectations

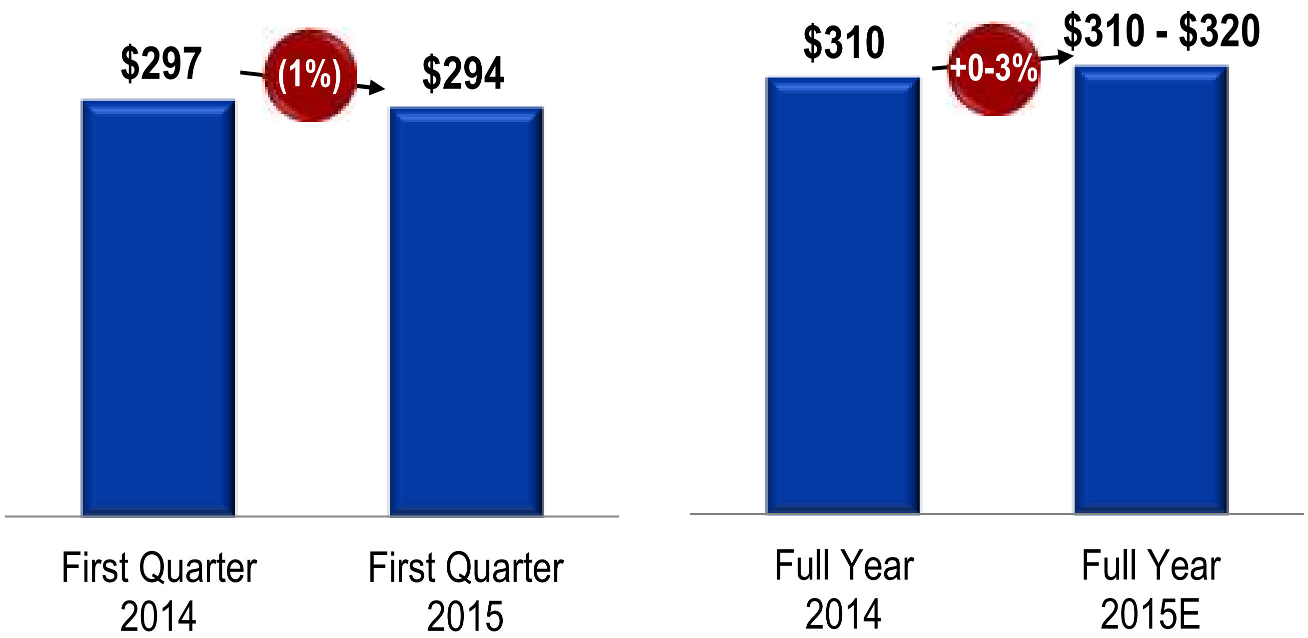
Americas fleet expected to be approximately 50% risk in 2015

Selling more than 30% of our risk vehicles through alternative disposition channels

Sold 82% more cars through alternative channels compared to first quarter 2014

Monthly Per-Unit Fleet Costs

(Americas)



Note: Including Zipcar, excluding Truck fleet

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)	($145)	($165)	($75)	($470)
Adjusted EBITDA	$17[b]	($15)	($37)	($5)	($40)

Currently Expect Approximately $40 Million Negative Impact on Adjusted EBITDA

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

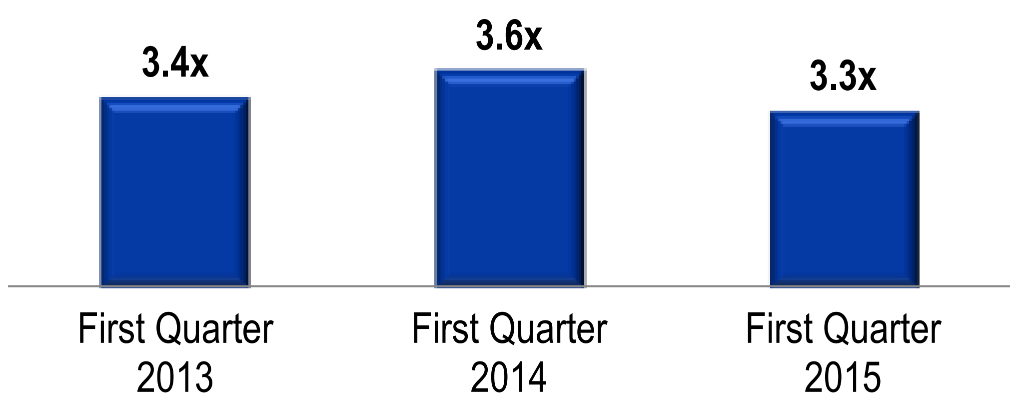
BALANCE SHEET

Quarter-end cash balance of $854 million (before use of $400 million in April to redeem 9.75% notes and fund Maggiore acquisition)

Strong Liquidity Position

- **$5 billion of available liquidity at year-end**
- **Net corporate leverage of 3.3x[a]**
- **Issued five-year fleet debt at an average rate of 2.7%**
- **Issued $375 million of ten-year senior notes at a rate of 5.25%**

LTM Net Corporate Leverage[a]



(a) Net corporate debt to Adjusted EBITDA

2015 OUTLOOK

- Expect cash taxes of $50 to $75 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	$8,800	4%
Adjusted EBITDA	900 – 1,000	8%
Non-vehicle D&A	165	
Interest expense	200	
Pretax income	535 – 635	13%
Net income	$335 – $400	12%
Diluted EPS	$3.15 – $3.75	17%

Expect Free Cash Flow of Approximately $450 to $525 Million[c]

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

CAPITAL ALLOCATION

Purchased our Avis and Budget licensee for Scandinavia in January for roughly $50 million

Acquired Maggiore in April for roughly $160 million

Acquired full ownership of our Avis and Budget licensee in Brazil in April for roughly $40 million

Uses of Free Cash Flow

- Our priorities for free cash flow continue to be tuck-in acquisitions and share repurchases
- Tuck-in acquisition targets remain:
  - Avis Budget Group licensees in or near where we operate directly
  - Independent operators outside the United States
- Expect to utilize remaining $254 million of share repurchase authorization in 2015

Well-Positioned for a Record 2015

- **Organic growth coupled with tuck-in acquisitions**
- **Focused on achieving higher prices and greater levels of profitability**
- **Benefiting from healthy used car market and greater use of alternative disposition channels**
- **Continued roll-out of integrated Demand–Fleet–Pricing yield-management system in 2015**
- **Focused execution, even in a choppy environment**

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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 (loss) before income taxes (in millions):

	Three Months Ended March 31,	
	2015	**2014**
Adjusted EBITDA	**$ 117**	**$ 117**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	39	35
Interest expense related to corporate debt, net	52	56
Income before income taxes, excluding certain items	**$ 26**	**$ 26**
Less certain items:		
Transaction-related costs	31	8
Acquisition-related amortization expense	10	6
Restructuring expense	1	7
Income (loss) before income taxes	**$ (16)**	**$ 5**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Corporate debt	**$ 3,388**	**$ 3,335**	**$ 3,420**	**$ 3,725**
Less: Cash and cash equivalents	537	713	624	854
Net corporate debt	**$ 2,851**	**$ 2,622**	**$ 2,796**	**$ 2,871**

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

	LTM Ended June 30, 2014	LTM Ended September 30, 2014	LTM Ended December 31, 2014	LTM Ended March 31, 2015
Adjusted EBITDA	**$ 827**	**$ 862**	**$ 876**	**$ 876**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	139	145	147	151
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	225	219	209	205
Income before income taxes, excluding certain items	**$ 463**	**$ 498**	**$ 520**	**$ 520**
Less certain items:				
Early extinguishment of debt	72	72	56	56
Restructuring expense	44	38	26	20
Transaction-related costs, net	41	37	13	36
Acquisition-relation amortization expense	28	30	33	37
Impairment	33	-	-	-
Income before income taxes	**$ 245**	**$ 321**	**$ 392**	**$ 371**

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.