



avis budget group

Presentation to Investors

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Sr. Executive Vice President
and Chief Financial Officer

September 30, 2014

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.

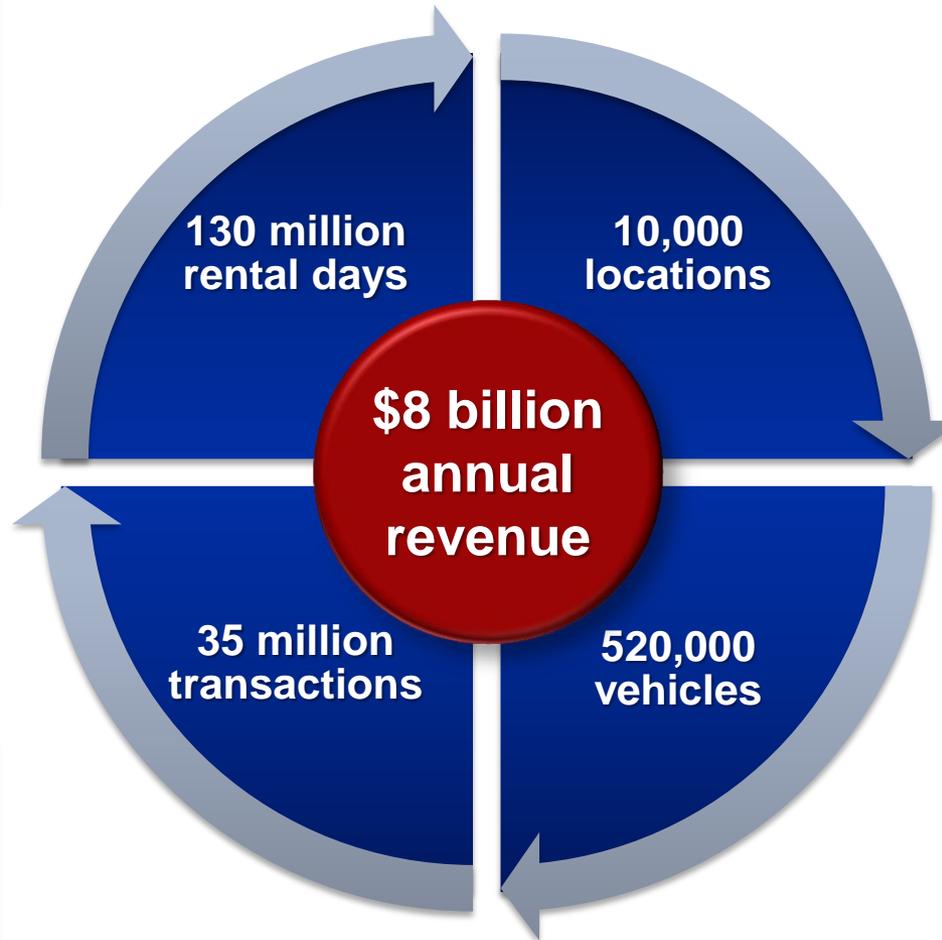
These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions 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, Form 10-Q 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.

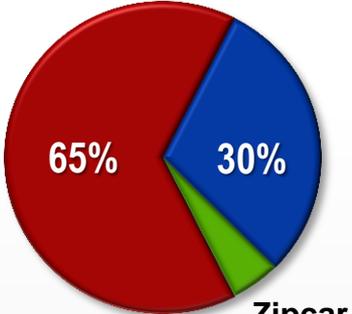
This presentation includes certain non-GAAP financial measures as defined under SEC rules. Important information regarding such measures is contained within this presentation, including in the Glossary section.

A Global Leader in the Car Rental Industry



Diversified Revenue Sources

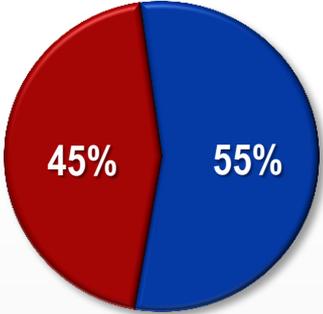
Avis vs. Budget



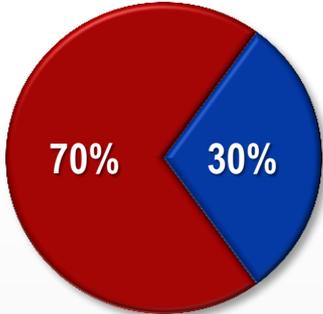
Zipcar



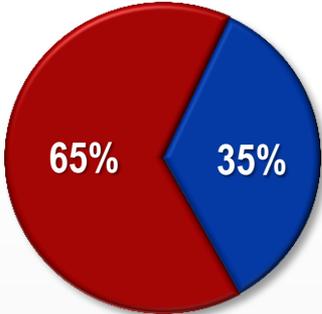
Commercial vs. Leisure



On-Airport vs. Off-Airport

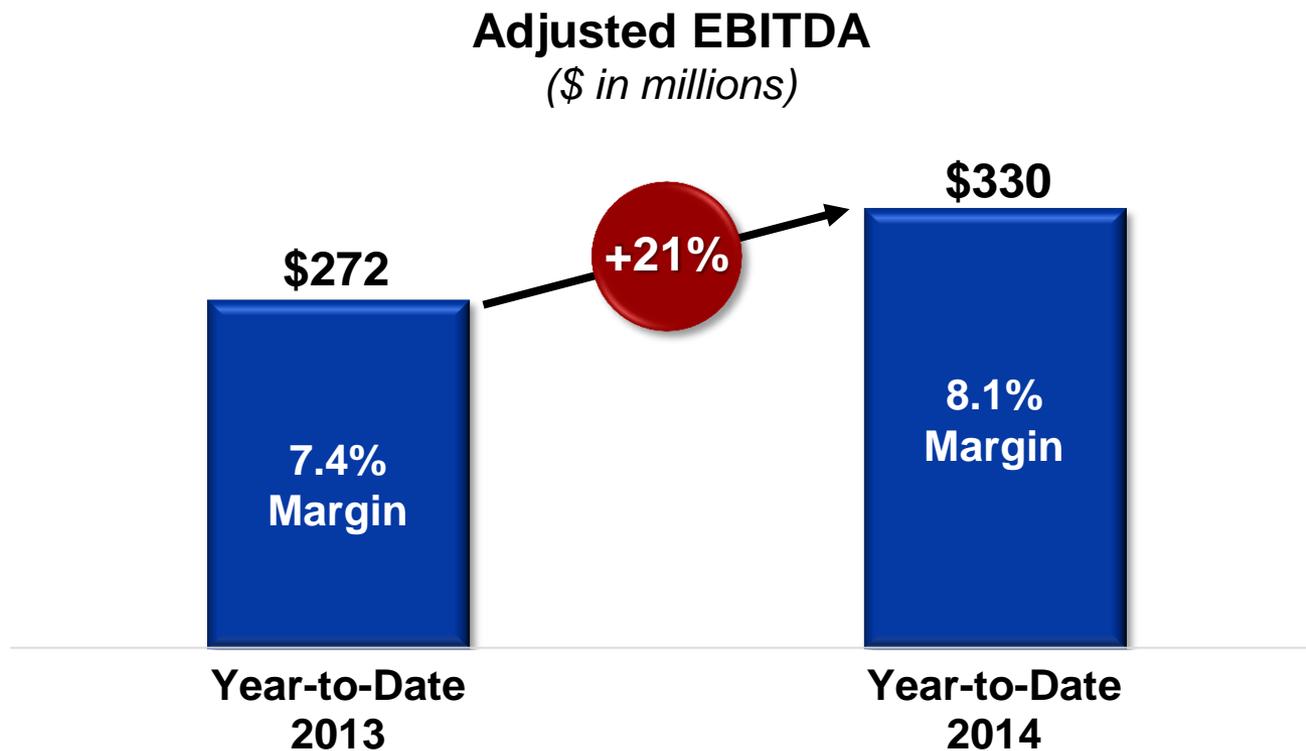


North America vs. International



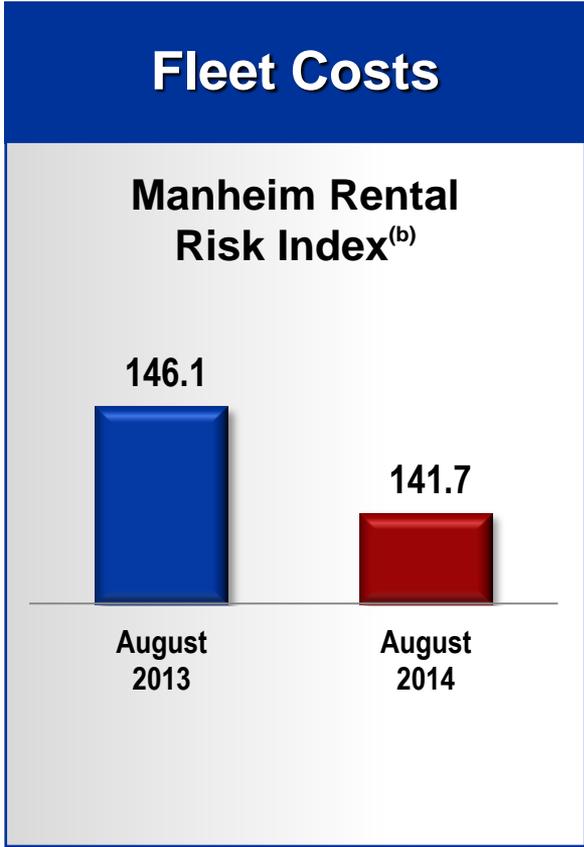
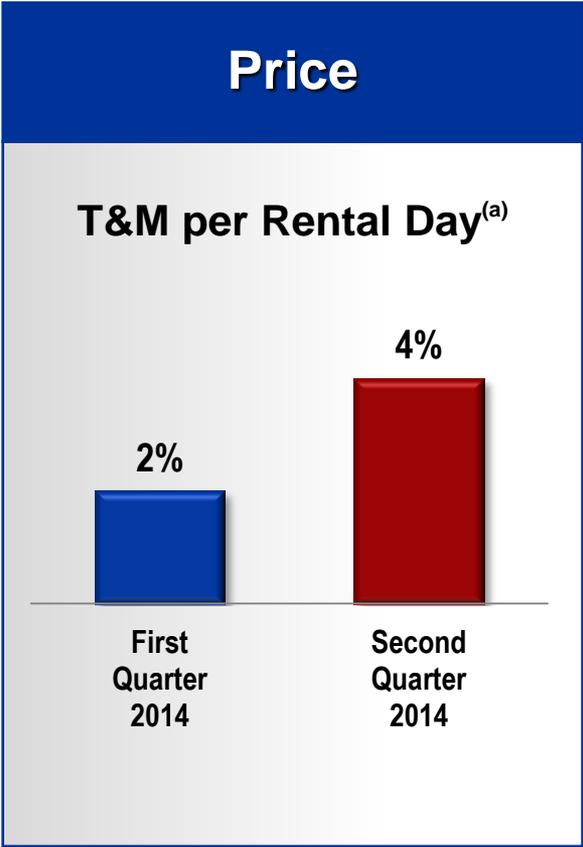
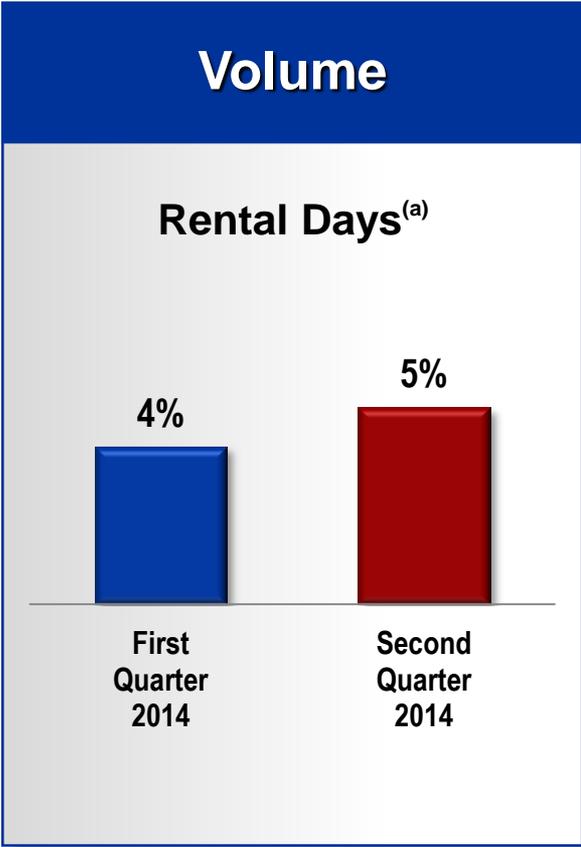
Locations in more than 175 countries and a leading position in most major markets

Strong Year-to-Date Results

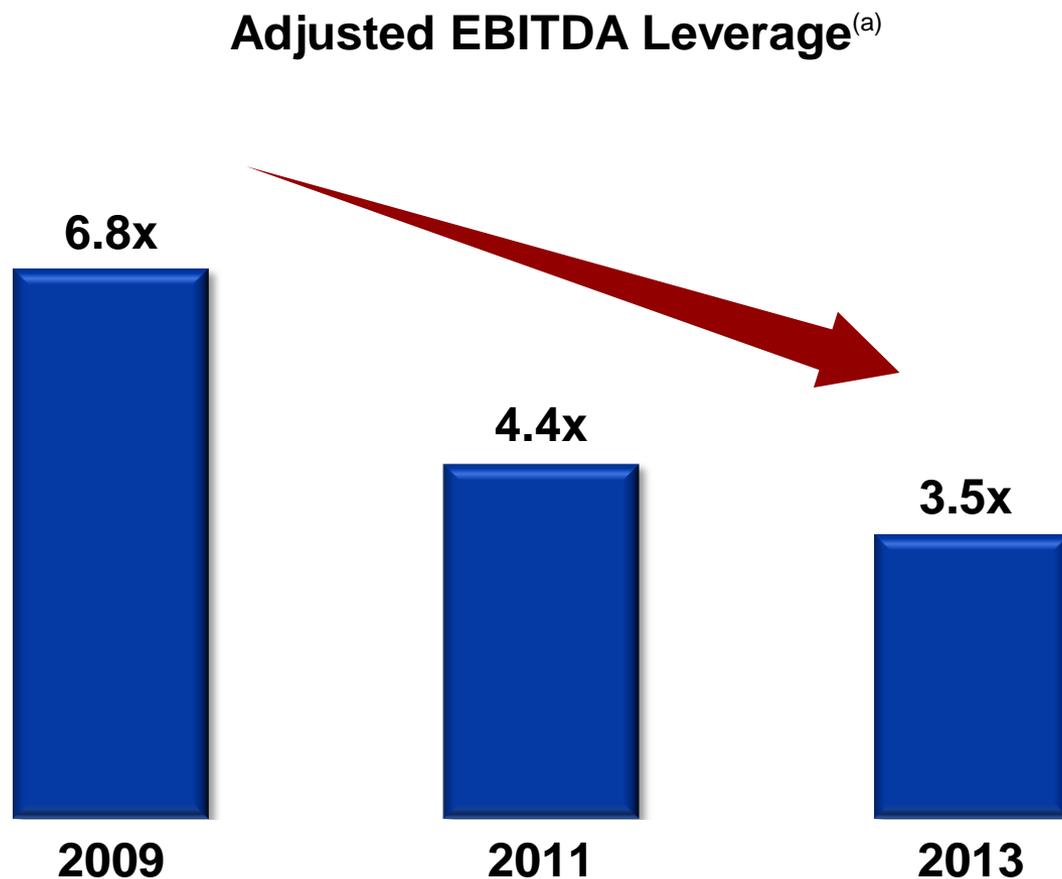


75 basis points of margin improvement

Key Trends (North America)



Strong Earnings Growth Drives a Reduction in Leverage



Target net leverage of 3 to 4 times Adjusted EBITDA

Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***



***Put the
Customer
First***



***Drive
Efficiency
Throughout
the
Organization***

Focused on Growing in Higher-Margin Segments



International Inbound^(a)

**Higher Revenue
Per Transaction**

+83%



Small Business^(b)

+20%



Specialty & Premium Fleet^(c)

+52%



Ancillary Revenue^(d)

+75%

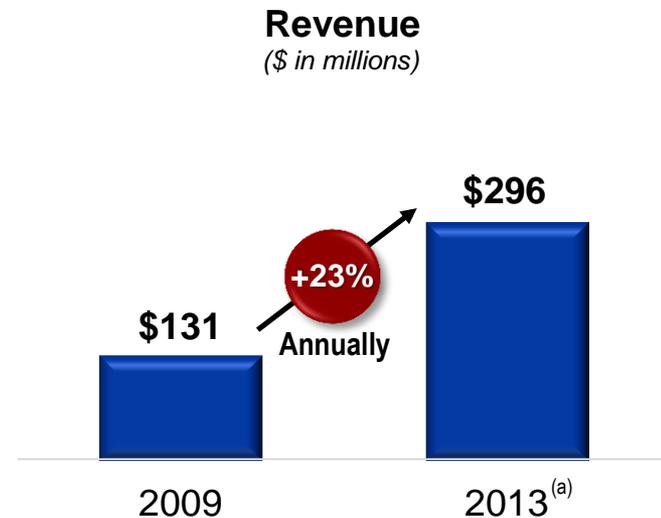
Note: Data are 2013 results for North America excluding Payless and Zipcar

(a) Compared to all non-inbound transactions (b) Compared to contracted commercial transactions

(c) Compared to average transactions, excluding Specialty & Premium fleet (d) Compared to transactions without ancillary products

Acquisition of Zipcar is Strategic and Economic

- ▶ Zipcar operates the largest member-based, car sharing network in the world
 - More than 20 major markets and 300 college campuses
 - 870,000 members
- ▶ Locations in the United States, Canada and Europe
- ▶ Growth opportunities in existing markets, from new services and from international expansion



Proprietary technology drives Zipcar's leadership and innovation

Organizational Efficiencies Delivering Significant Benefits

Fleet Optimization

- ▶ Reduce acquisition costs
- ▶ Optimize in-service usage
- ▶ Increase use of alternative disposition channels

Yield Management

- ▶ Targeted pricing strategies
- ▶ Integrate fleet and revenue management

Performance Excellence

- ▶ Organization-wide process improvement
- ▶ Fleet maintenance and repair
- ▶ Improve speed of vehicle sales

Acquisition Integration

- ▶ Europe
- ▶ Zipcar
- ▶ Payless

Each initiative providing eight-figure benefits

Expect Roughly \$1 Billion of Free Cash Flow in 2014-2015

<i>(\$ in millions)</i>	2014E	2015E
Adjusted EBITDA	\$885	\$1,000
Corporate interest	(210)	(210)
Capital expenditures	(200)	(200)
Cash taxes	(70)	(85)
Working capital, vehicle programs and other	20	40
Free Cash Flow	\$425	\$545

**More than \$8 of free cash flow per share
over the two-year period**

Recent Trends

- ▶ **Pricing**
- ▶ **Fleet costs**
- ▶ **International**
- ▶ **Capital deployment**

**Continue to expect 2014 Adjusted EBITDA
to be between \$860 and \$910 million**

Key Messages

**Strong
Performance**

Strong financial performance



Focused

Focused on profitable growth



**Global
Opportunities**

Multiple opportunities to grow globally



Profitable

**Generating significant earnings
and free cash flow**



AVIS[®]

 **Budget**[®]

 **apex** car rentals

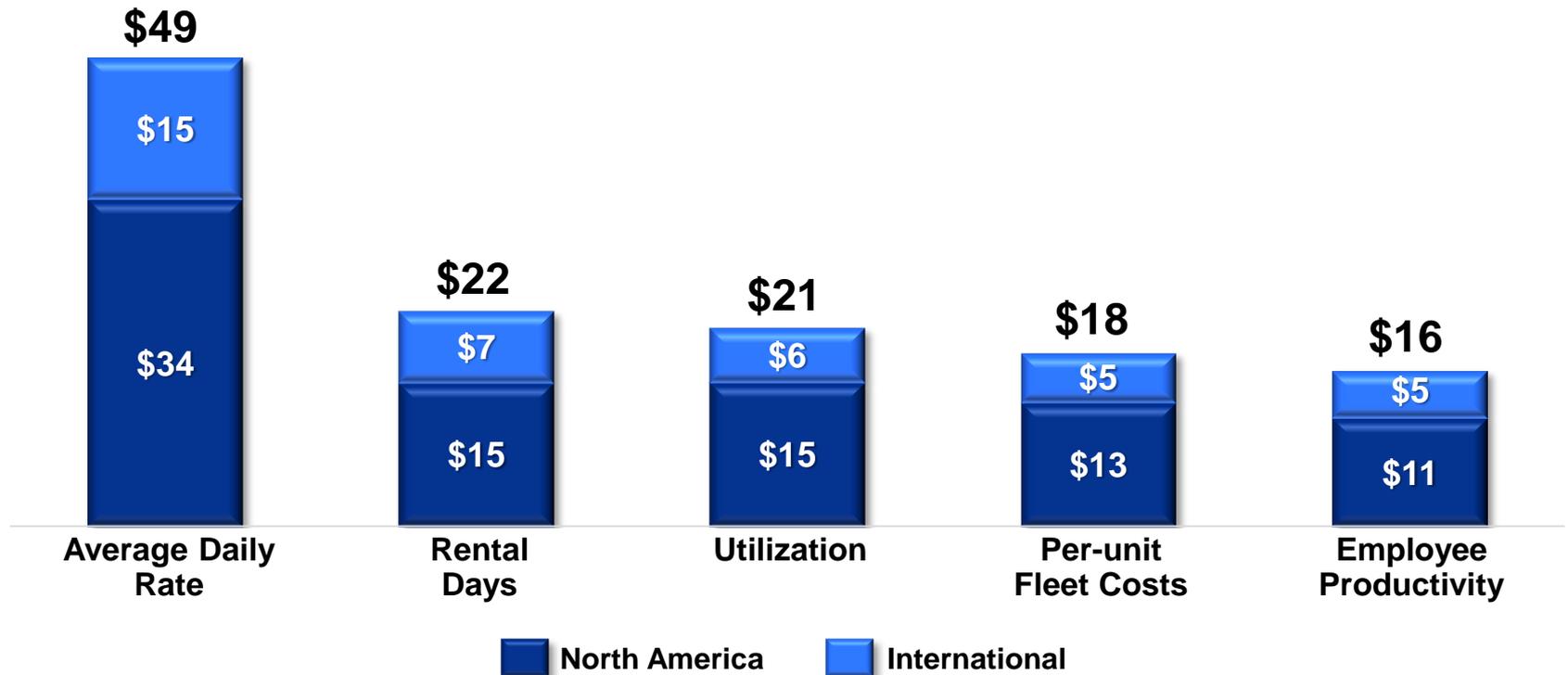
 **PAYLESS**[®]

 **zipcar.**

avis **budget** group

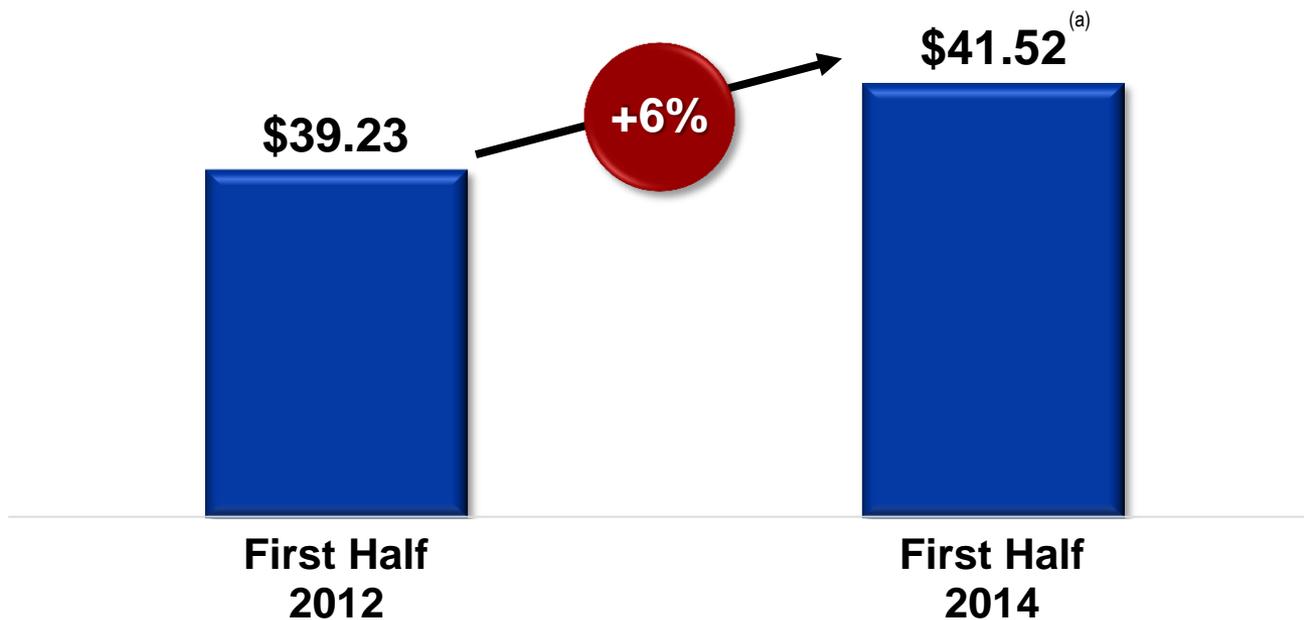
Pricing Has the Largest Impact on Margins

Adjusted EBITDA Impact of a 1% Change in Driver
(\$ in millions)



Pricing Trends Are Improving

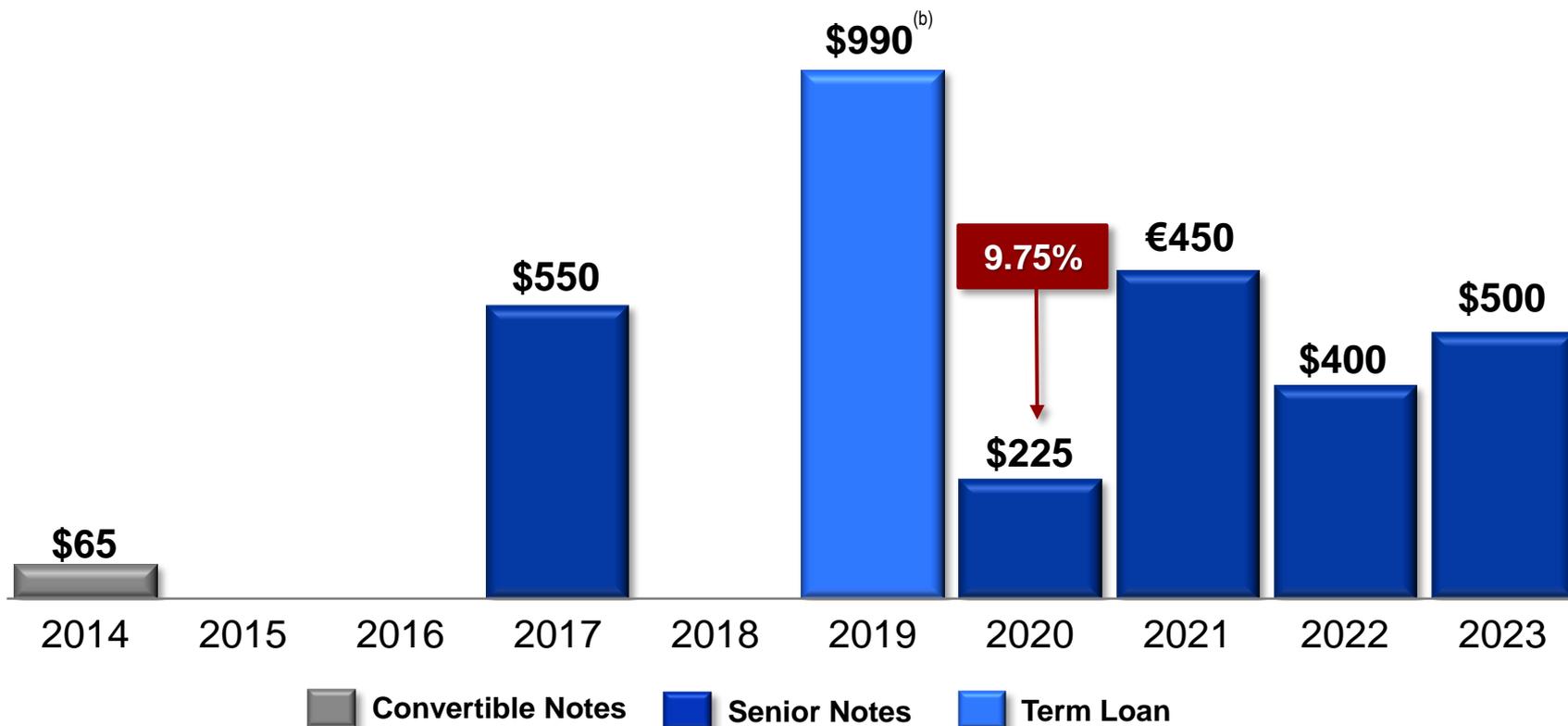
T&M Revenue per Rental Day



Meaningful change in pricing trends

Debt Refinancing Remains a Significant Opportunity

Corporate Debt Maturities^(a) (in millions)



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, which represents income (loss) from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expenses, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs and income taxes. We believe 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 (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.

Reconciliation of Adjusted EBITDA to Avis Budget Group, Inc. income (loss) before income taxes (in millions):

	<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Total Revenue	\$ 4,056	\$ 3,693
Adjusted EBITDA	\$ 330	\$ 272
Less: Non-vehicle related depreciation and amortization (excluding acquisition related-amortization expense)	71	60
Interest expense related to corporate debt, net		
Interest expense	111	114
Early extinguishment of debt	56	131
Transaction-related costs	16	26
Restructuring expense	8	25
Acquisition-related amortization expense	15	11
Income (loss) before income taxes	\$ 53	\$ (95)

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.