



avis budget group

Presentation to Investors

March 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 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.

Key Messages

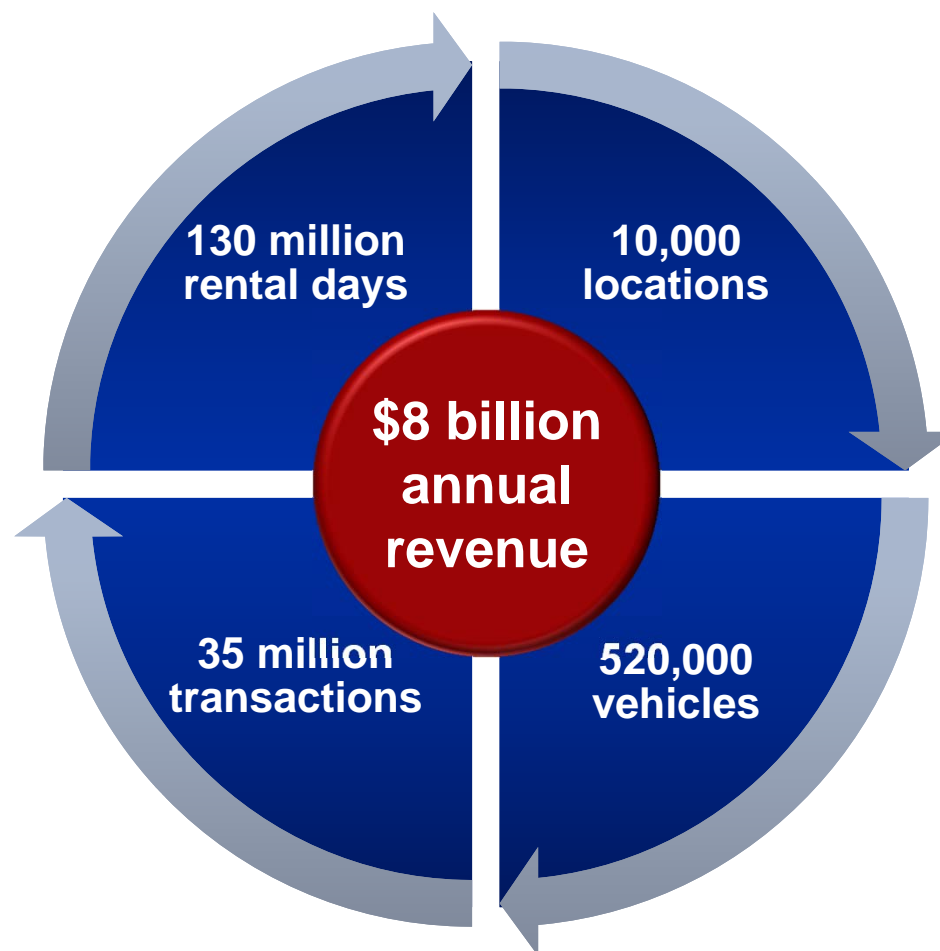
The Business Today

Market Dynamics

Global Performance Drivers

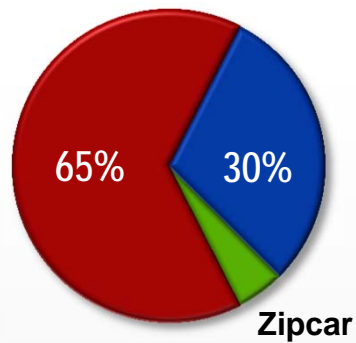
Projected Earnings Growth

A Global Leader in the Car Rental Industry

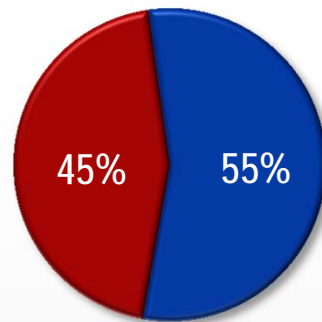


Diversified Revenue Sources

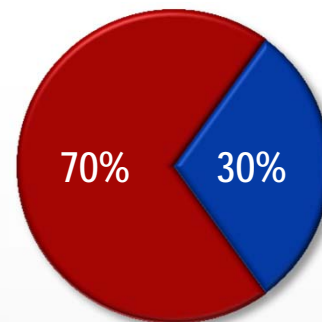
Avis vs. Budget



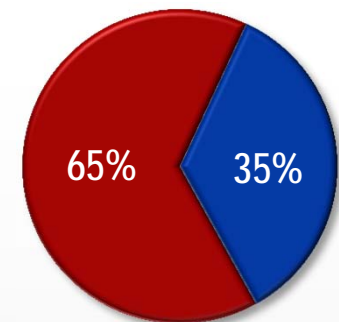
Commercial vs. Leisure



On-Airport vs. Off-Airport

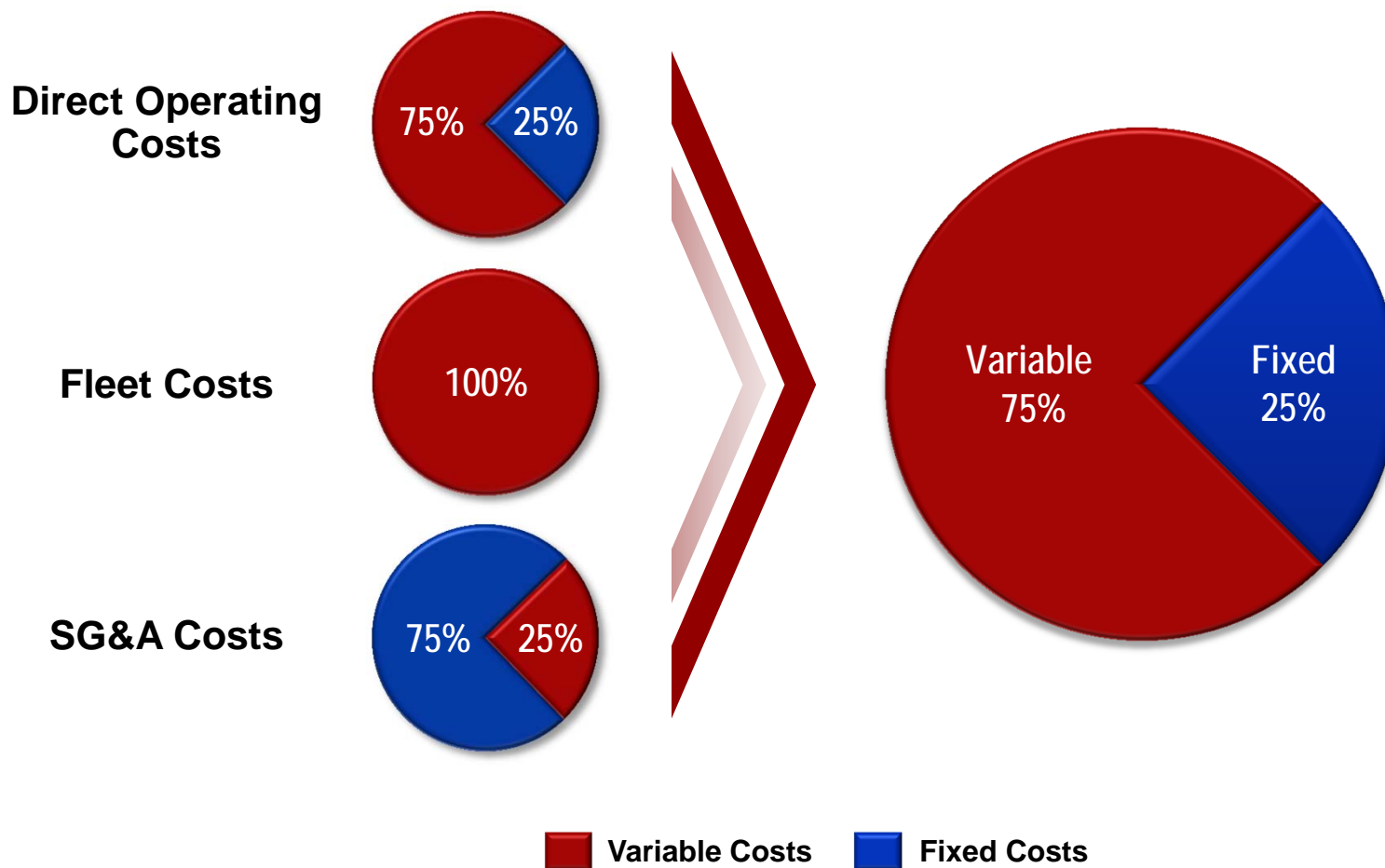


North America vs. International



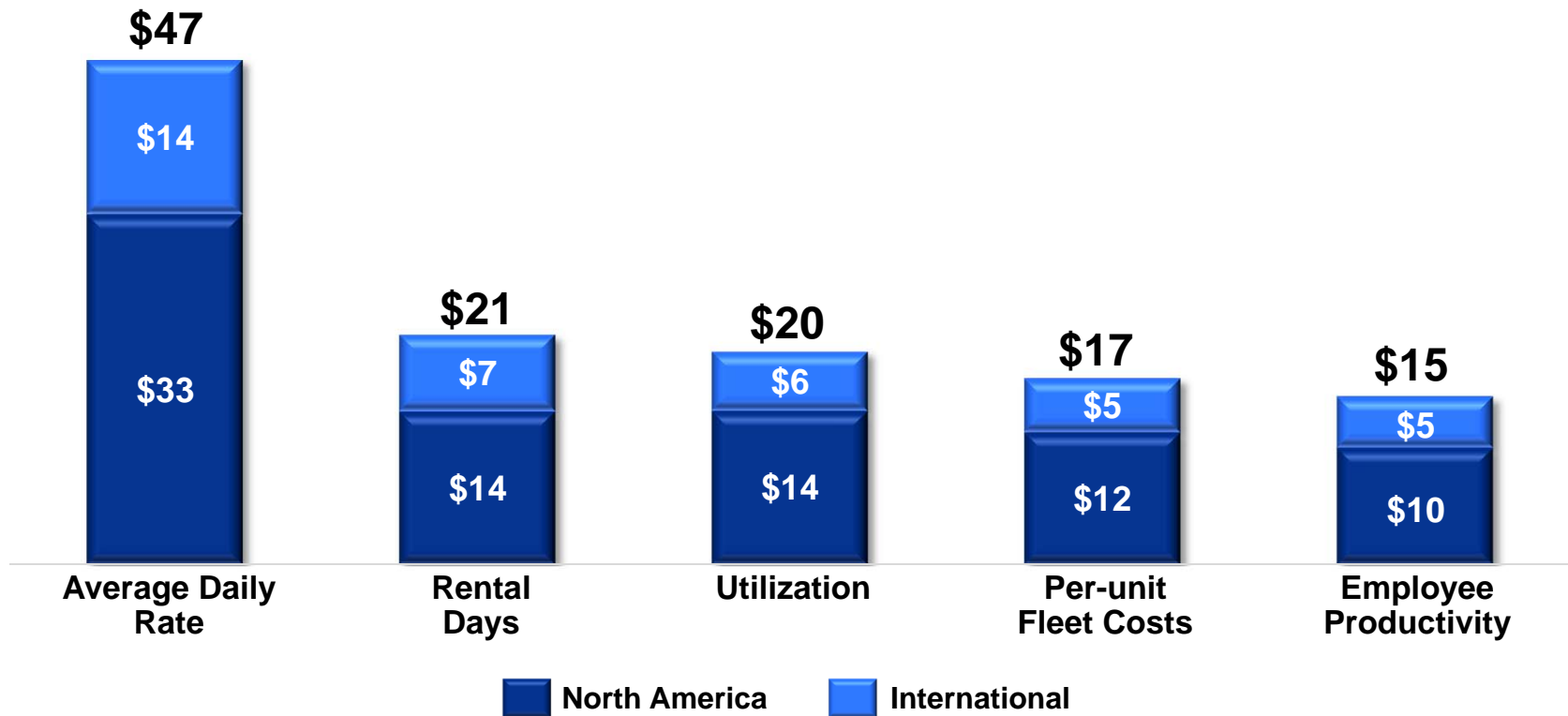
Locations in more than 175 countries and a leading position in most major markets

We Have a Highly Variable Cost Structure . . .

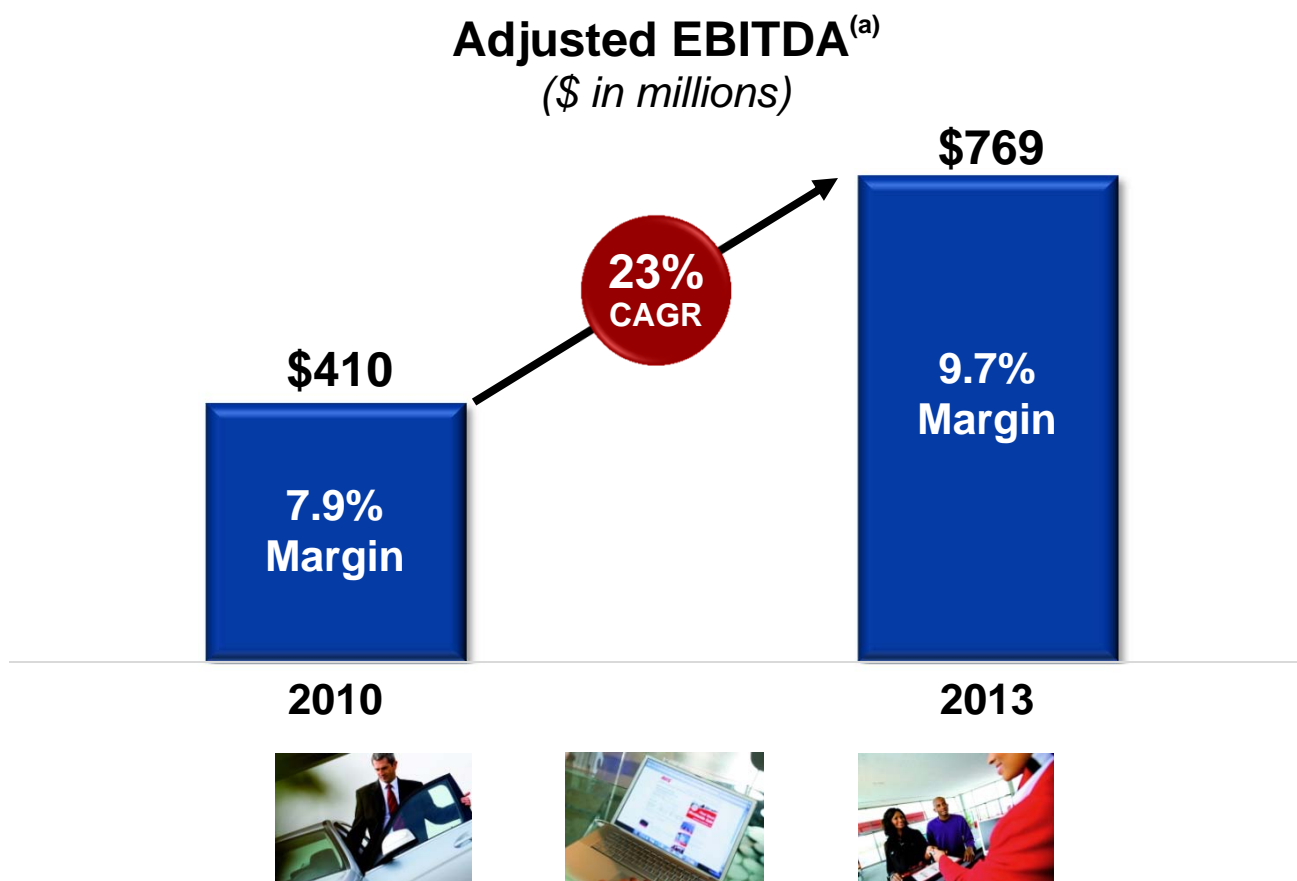


... So Pricing Has the Largest Impact on Margins

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



Significant Profit Margin Expansion



180 basis points of margin improvement

Strong 2013, Both Financially and Strategically

Strong Results

Second-highest annual Adjusted EBITDA ever^(a)

Expand Footprint

Expanded our global footprint, including the acquisitions of Zipcar and Payless

Drive Efficiencies

Achieved efficiencies throughout the organization

Cash Flow

Generated \$460 million of free cash flow

Key Messages

The Business Today

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Projected Earnings Growth

Positive Market Environment

North America

- ▶ Revenue to be driven by higher volume and increased pricing



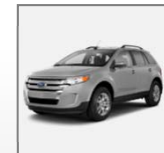
EMEA

- ▶ Well positioned to benefit from economic recovery and continued integration



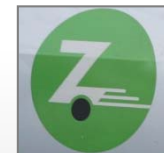
Latin America / Asia-Pacific

- ▶ Strong profitability driven by high ancillary revenue and inbound volume



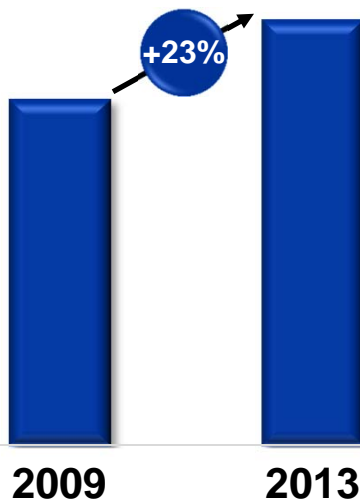
Zipcar

- ▶ Targeting organic membership and revenue growth, incremental synergy benefits and expansion

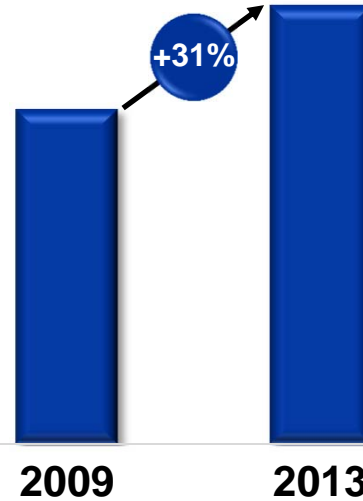


Rental Car Pricing Has Lagged the Travel Industry

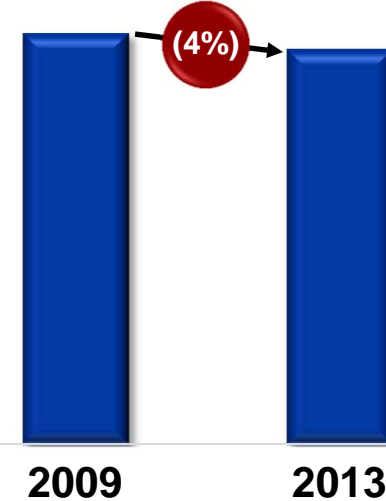
Airfare^(a)



**Hotel
RevPAR^(a)**



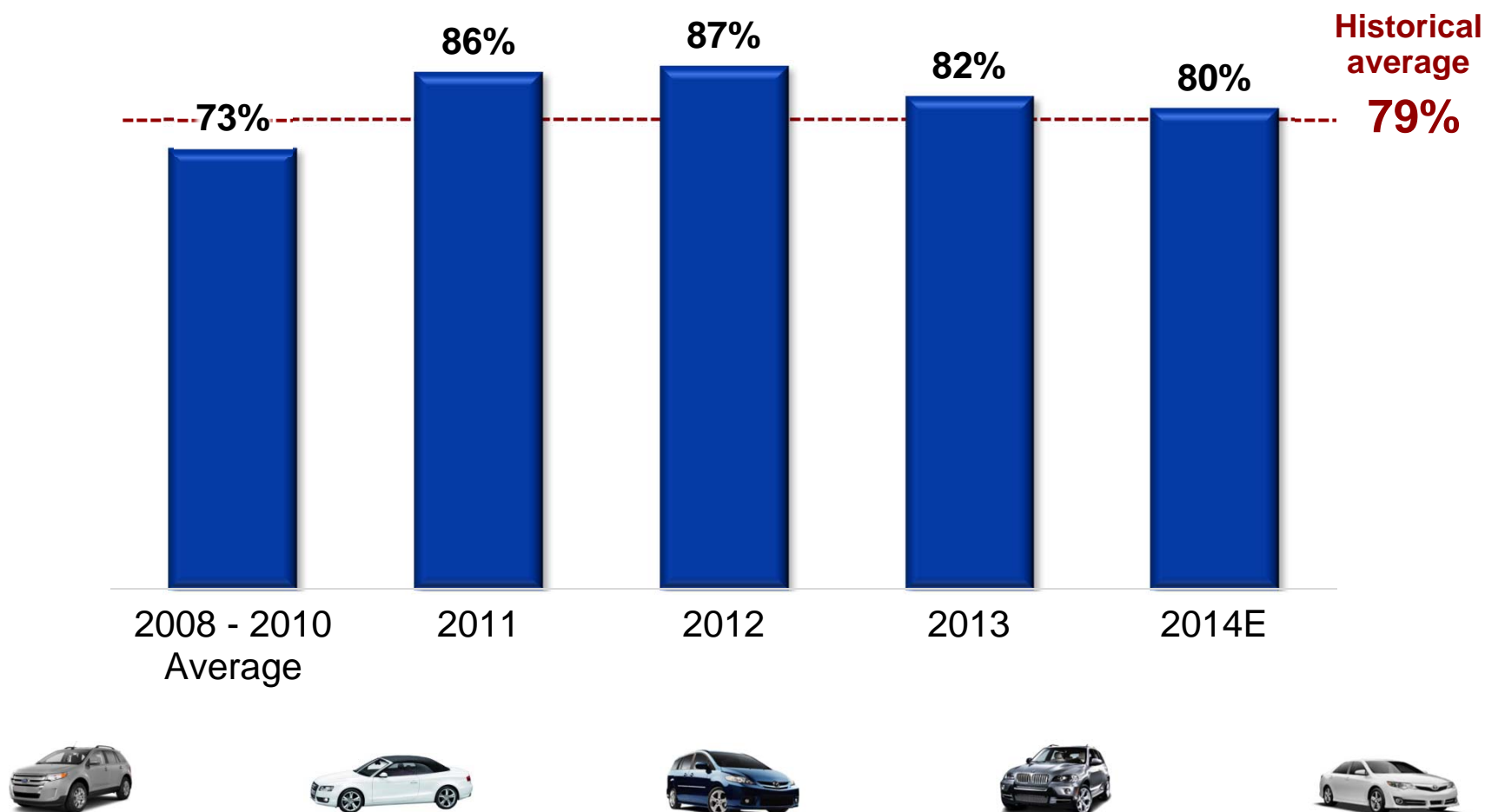
**Avis Budget Group
T&M per Day**



Significant opportunity for pricing improvement

Residual Values Have Returned to Historical Norms

Historical Residual Values



Key Messages

The Business Today

Market Dynamics

Global Performance Drivers

Projected Earnings Growth

Strategic Plan

Driving Sustained, Profitable Growth



***Strategically
Accelerate
Growth***



***Expand Our
Global
Footprint***

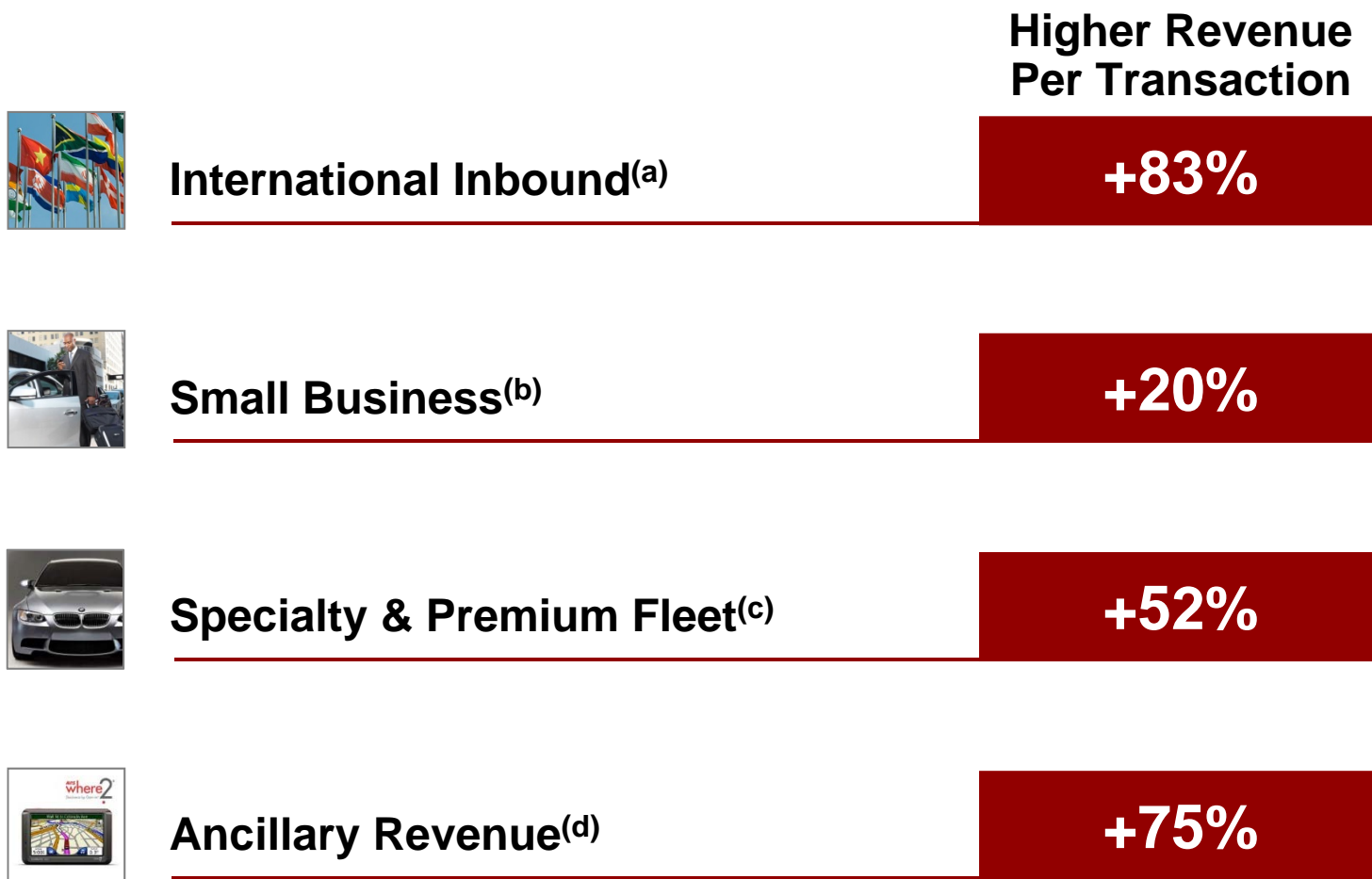


***Put the
Customer
First***



***Drive
Efficiency
Throughout
the
Organization***

Delivering Higher Revenue Per Transaction



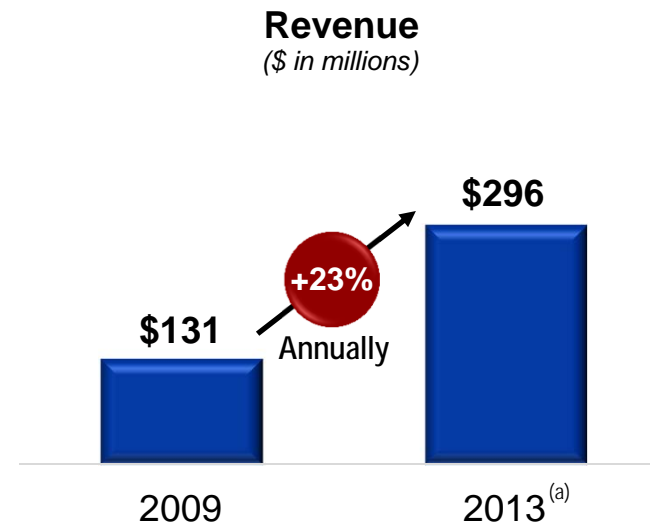
Note: Data are 2013 results for North America excluding Payless and Zipcar

(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

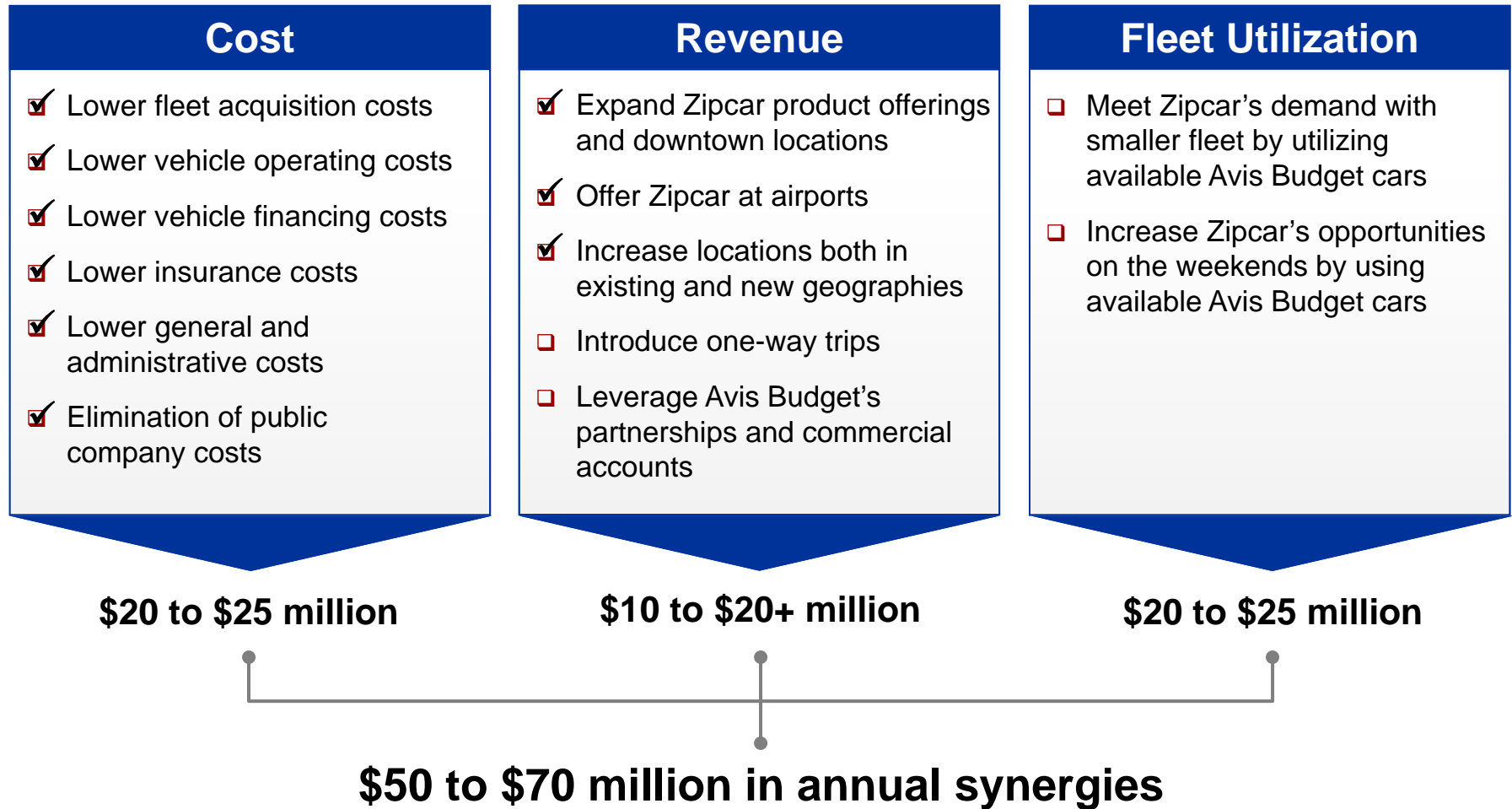
Acquisition of Zipcar is Strategic and Economic . . .

- ▶ Zipcar operates the largest member-based, car sharing network in the world
 - More than 20 major markets and 300 college campuses
 - 860,000 members
- ▶ Locations in the United States, Canada and Europe
- ▶ Growth opportunities in existing markets, from new services, and international expansion

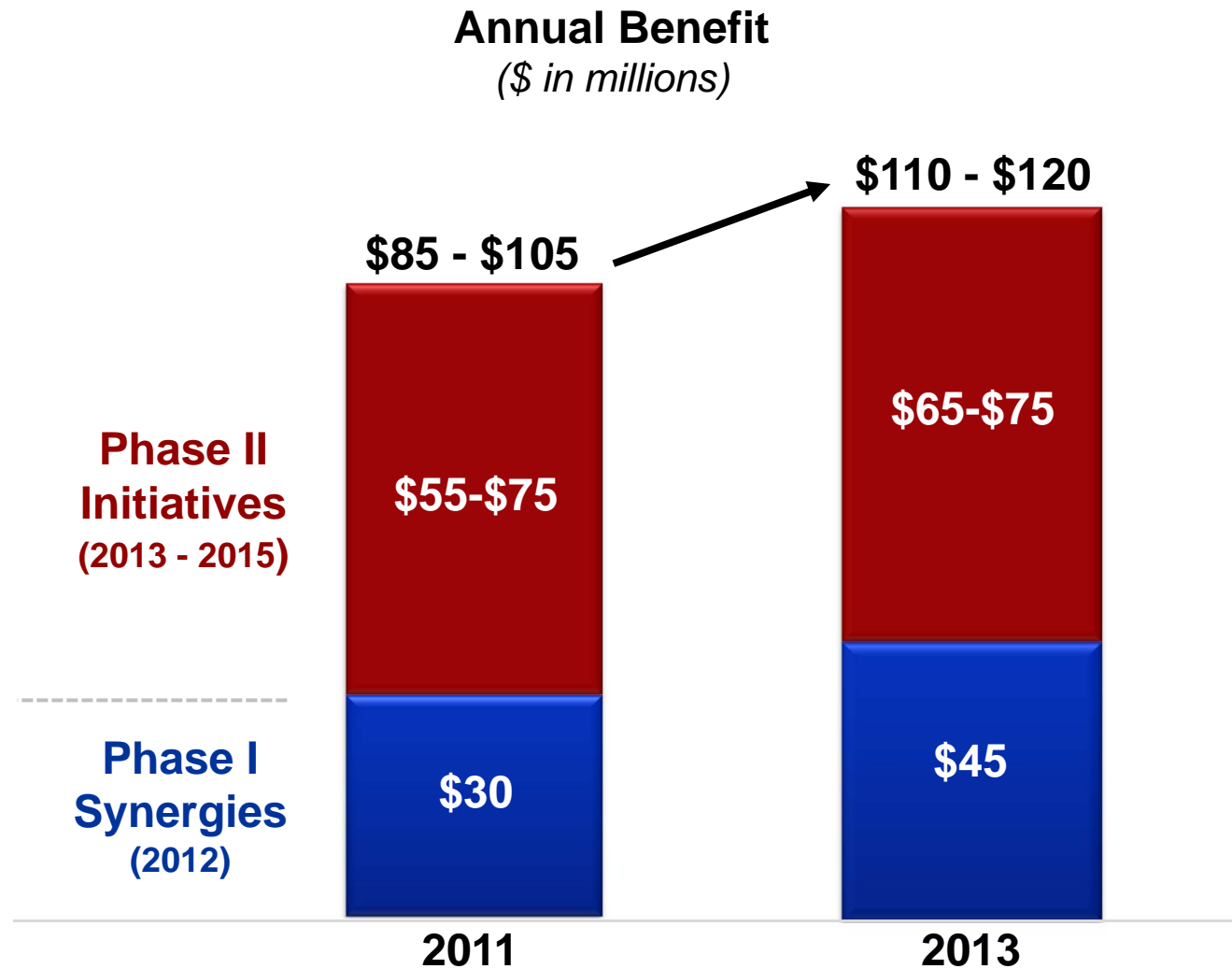


Proprietary technology drives Zipcar's leadership and innovation

... With Numerous Sources of Significant Synergies



European Integration is Generating Substantial Benefits

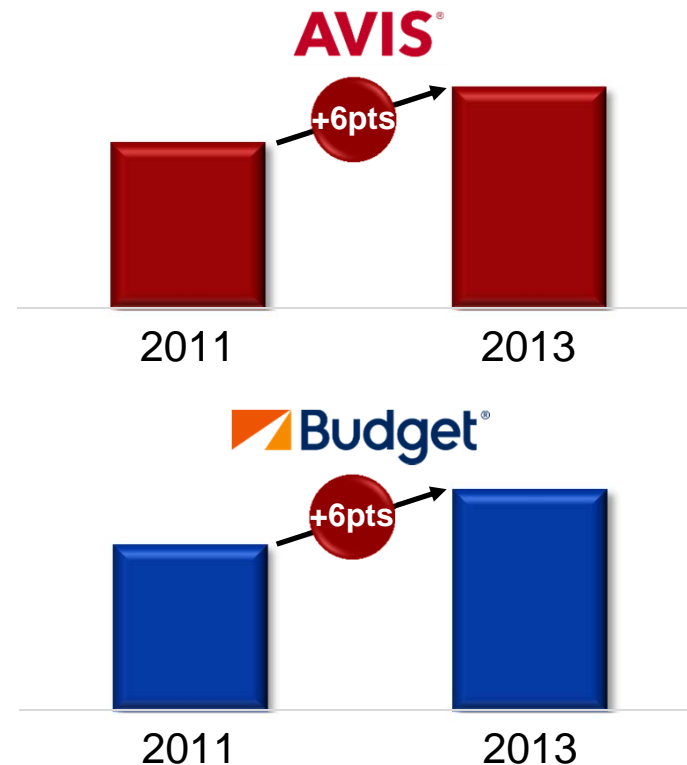


Improving Customer Interactions to Drive Loyalty

- ▶ **Select & Go provides customers choice of vehicle**
- ▶ **Customer Relationship Management to drive customer satisfaction**
- ▶ **New loyalty program to be launched in late 2014**



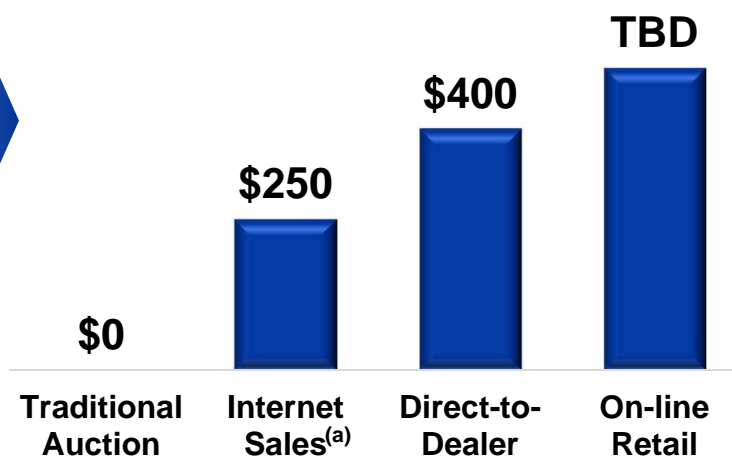
Customer Satisfaction^(a)



Expanding Disposal Channels to Reduce Fleet Costs

- ▶ Expanding dealer-direct sales
- ▶ AutoNation partnership drives direct-to-consumer sales

Alternative Disposal Channel Benefits



Our combined direct-to-dealer and direct-to-consumer car sales have doubled since 2011

Organizational Efficiencies Delivering Significant Benefits

Yield Management

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

Performance Excellence

- ▶ Fleet maintenance and repair
- ▶ Improve speed of vehicle sales
- ▶ Capture profitable walk-up business

Fleet Optimization

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

Expect \$125 Million of Benefits by 2015

Key Messages

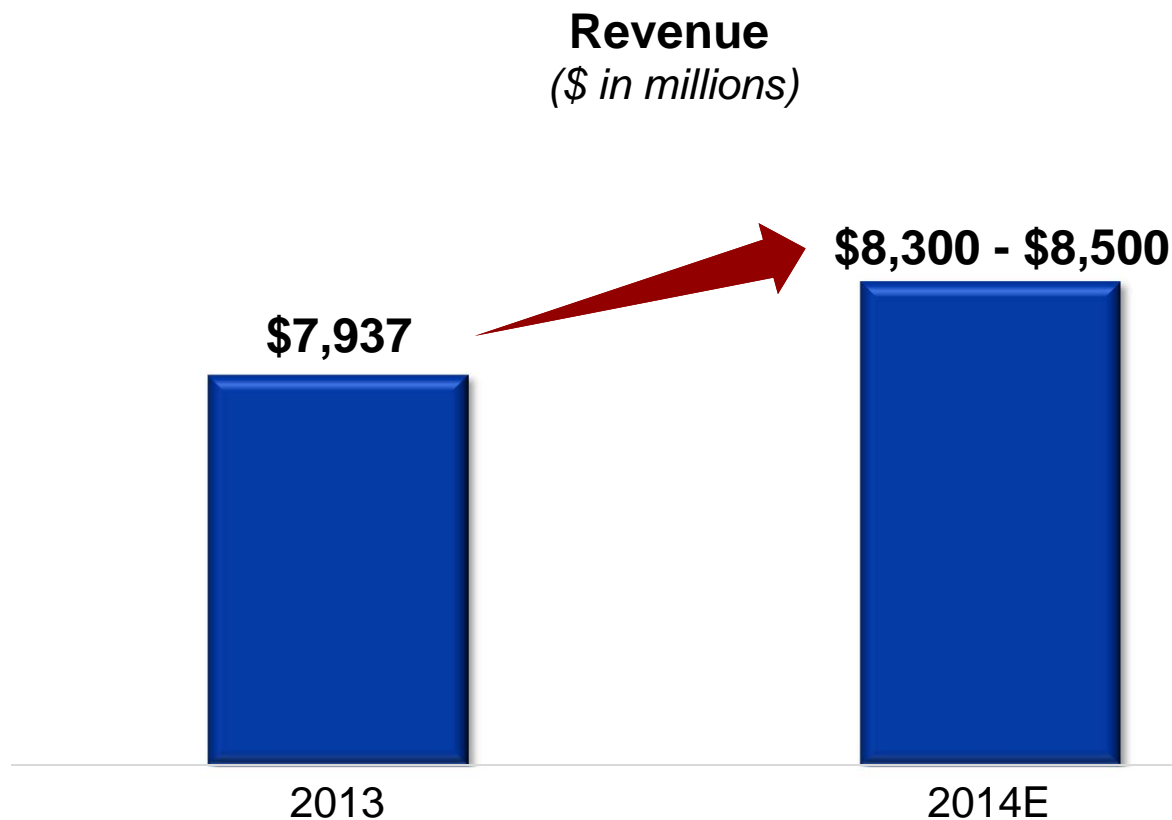
The Business Today

Market Dynamics

Global Performance Drivers

Projected Earnings Growth

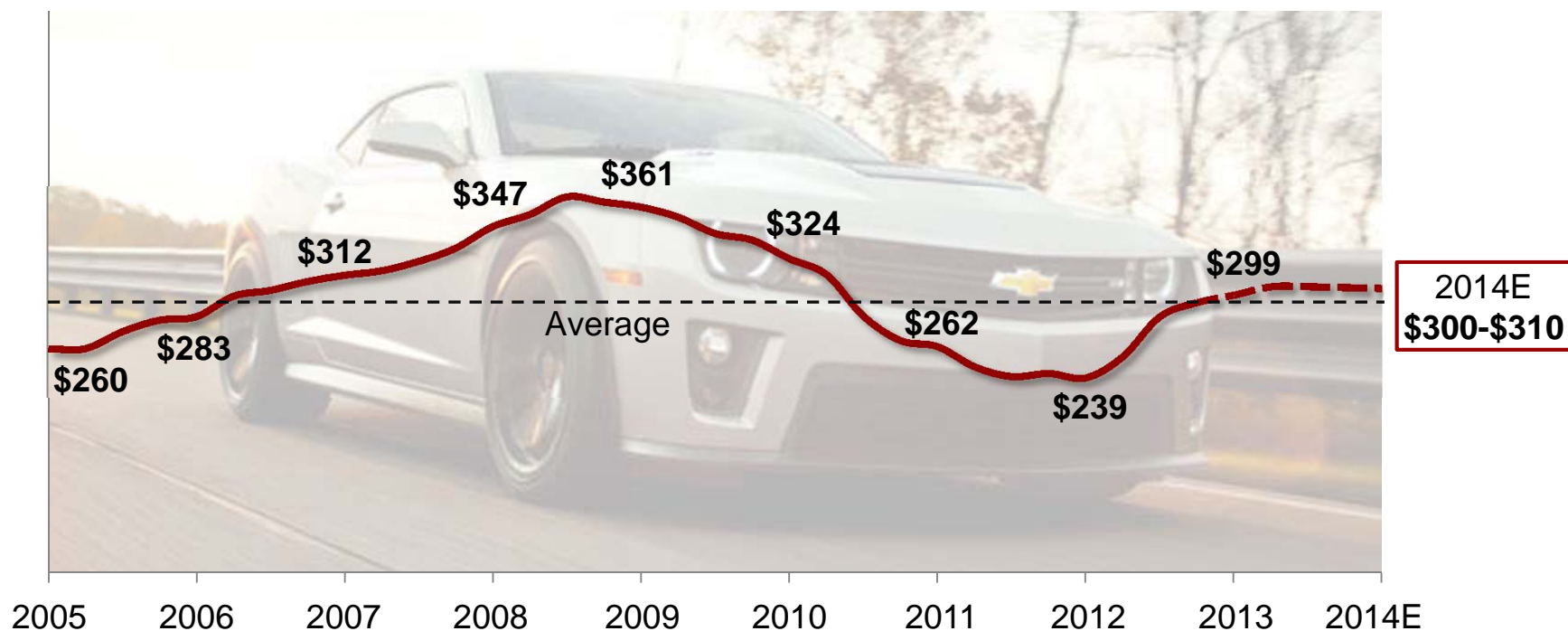
Expect Revenue to Increase 5% to 7% in 2014



Pricing is expected to increase approximately 1% in 2014

We Expect Fleet Costs Will Remain Stable

LTM Monthly Per-Unit Fleet Costs^(a) North America



2014 per-unit fleet costs are expected to be flat to up 3%

2014 Outlook

(\$ in millions, except EPS)

	2014 Estimate ^(a)	Growth vs. 2013 ^(b)
Revenue	\$8,300 – \$8,500	+6%
Adjusted EBITDA	825 – 900	+12%
Pretax income	450 – 530	+18%
Net income	280 – \$323	+18%
Diluted EPS	\$2.45 – \$2.85	+20%

Expect More than \$1 Billion of Adjusted EBITDA by 2015

Avis Europe Synergies

(Phase II)

- ▶ Performance Excellence
- ▶ Budget expansion
- ▶ Cost savings

**\$65 to \$75
million**

Zipcar & Payless Synergies

- ▶ Cost savings
- ▶ Fleet utilization
- ▶ Revenue opportunities

**\$65 to \$85
million**

Operational Efficiencies

- ▶ Yield management
- ▶ Fleet optimization
- ▶ Process improvement

**\$125
million**

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

<i>(\$ in millions)</i>	2014E	2015E
Adjusted EBITDA	\$865	\$1,000
Corporate interest	(220)	(220)
Capital expenditures	(190)	(200)
Cash taxes	(70)	(80)
Working capital, vehicle programs and other	25	40
Free Cash Flow	\$410	\$540

**More than \$8 of free cash flow per share
over next two years**

Planned Uses of Free Cash Flow in 2014 and 2015

- ▶ **Share repurchases**
- ▶ **Tuck-in acquisitions**
 - **includes licensees**



Mix will depend on available opportunities

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

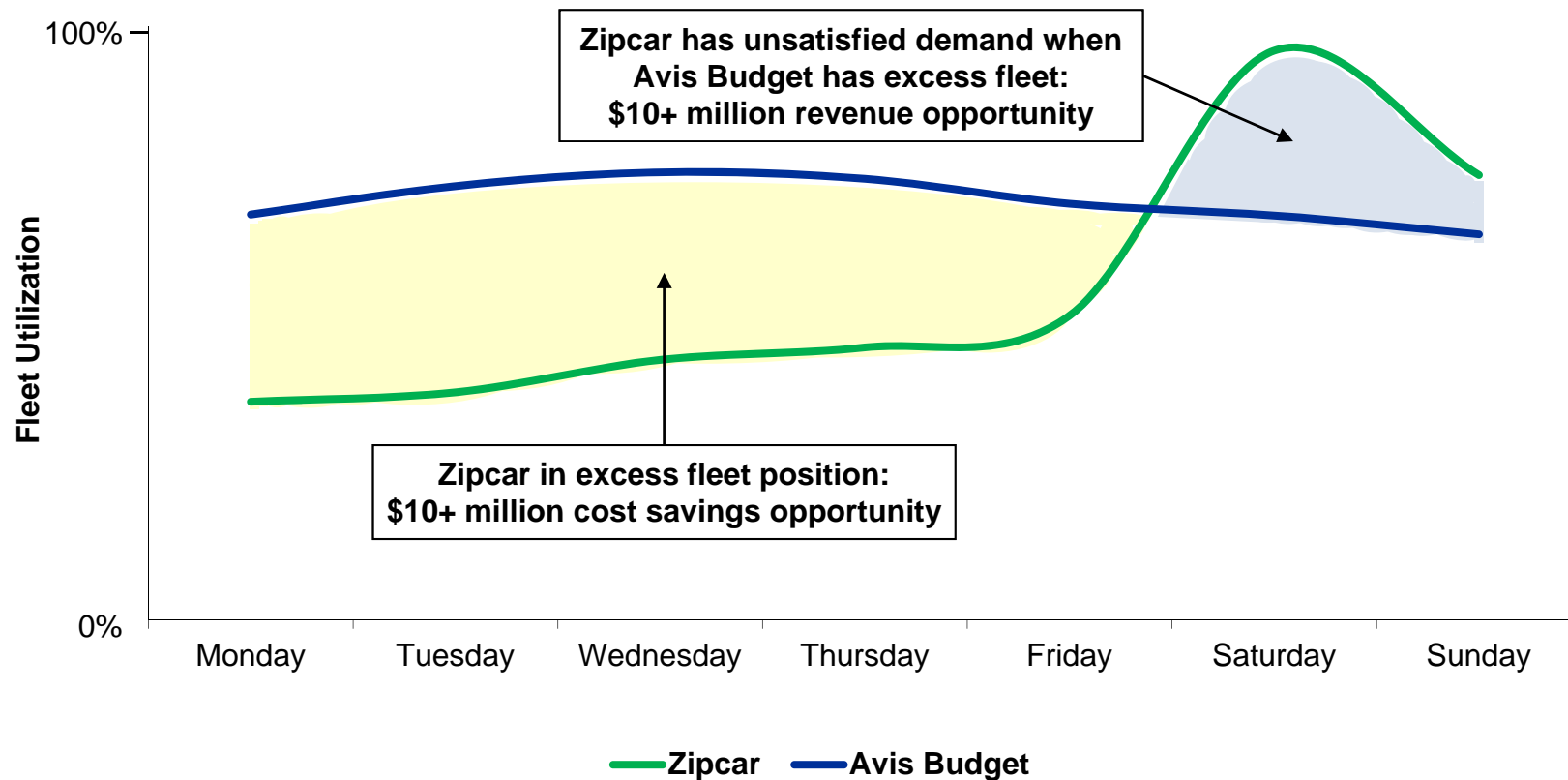
 **PAYLESS**®

 **zipcar.**

Appendix

Zipcar Fleet Utilization Will Generate Substantial Benefits

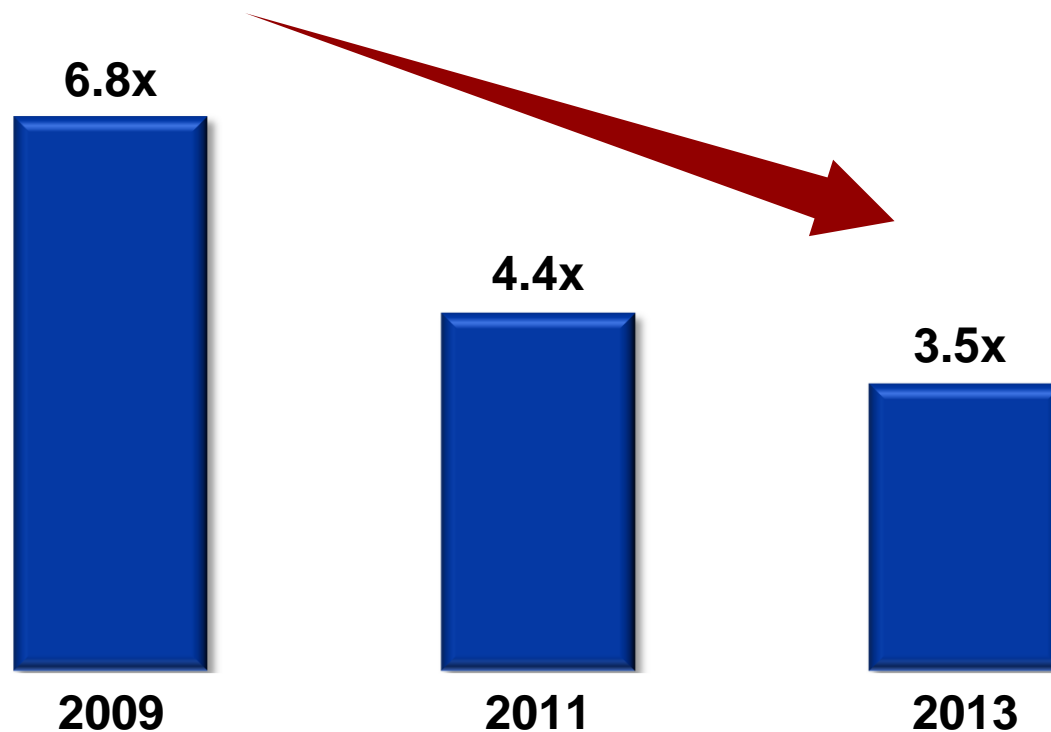
\$20+ Million Opportunity



Expect to be sharing 1,500 cars by mid-2014

Strong Earnings Growth Drives a Reduction in Leverage

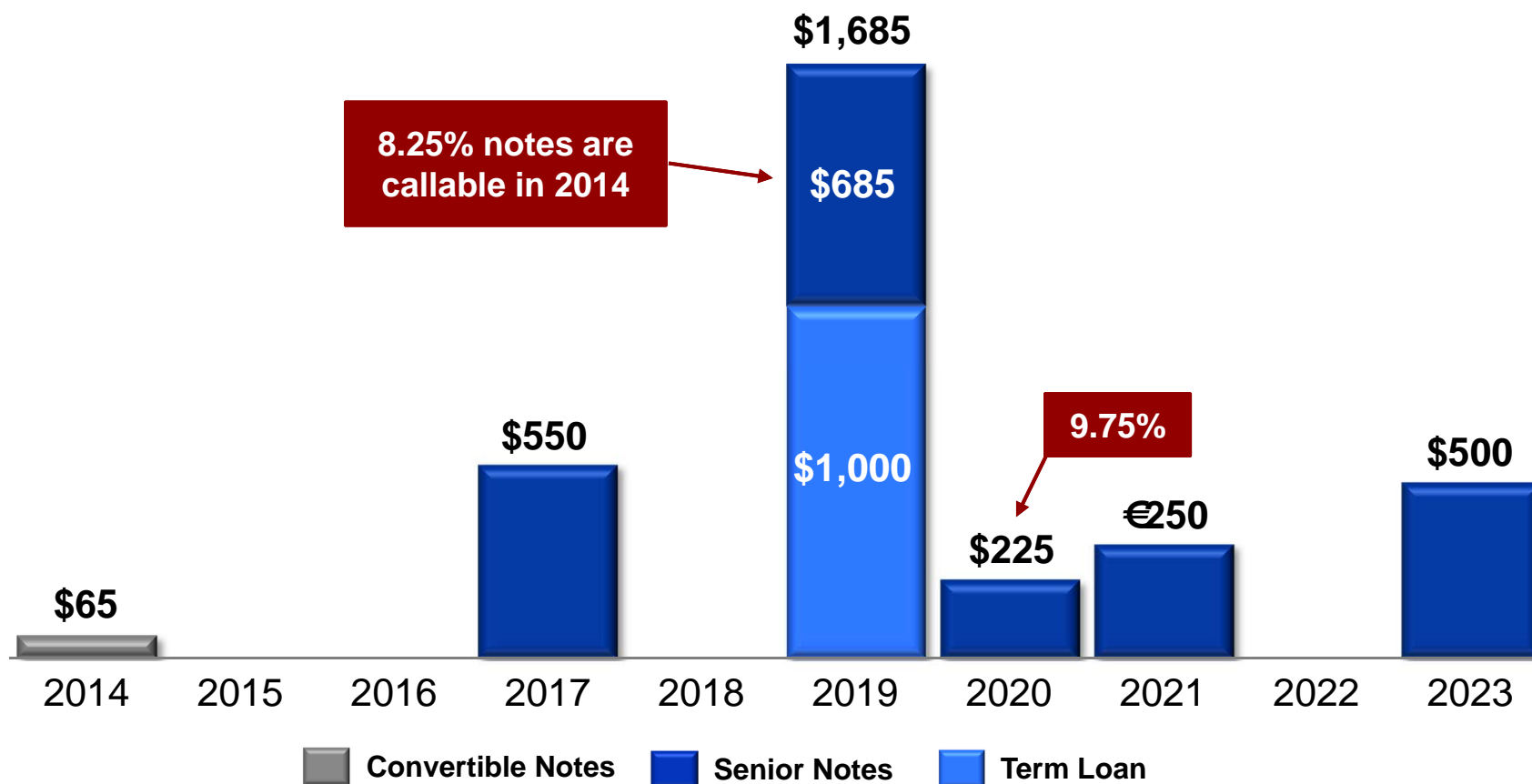
Adjusted EBITDA Leverage^(a)



Target net leverage of 3 to 4 times Adjusted EBITDA

Debt Refinancing Remains a Substantial Opportunity

Corporate Debt Maturities (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 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 EBITDA 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 Avis Budget Group, Inc. income (loss) before income taxes (in millions):

	Year Ended December 31,				
	2009	2010	2011	2012	2013
Total Revenue	\$ 5,131	\$ 5,185	\$ 5,900	\$ 7,357	\$ 7,937
Adjusted EBITDA excluding certain items	\$ 243	\$ 410	\$ 610	\$ 840	\$ 769
Less: Non-vehicle related depreciation and amortization	96	90	91	109	128
Interest expense related to corporate debt, net (excluding pre-closing interest related to acquisition financing)	153	162	195	268	228
Income (loss) before income taxes, excluding certain items	\$ (6)	\$ 158	\$ 324	\$ 463	\$ 413
Less certain items:					
Transaction-related costs	-	14	255	34	51
Acquisition-related interest	-	8	24	-	-
Restructuring charges	20	11	5	38	61
Acquisition-related amortization expense	-	-	4	16	24
Early extinguishment of debt	-	52	-	75	147
Litigation costs	18	1	-	-	-
Impairment	33	-	-	-	33
Separation-related costs, net	-	-	-	-	-
Income (loss) before income taxes	\$ (77)	\$ 72	\$ 36	\$ 300	\$ 97

Glossary

Reconciliation of Net Corporate Debt (in millions):

	Year Ended December 31				
	2009	2010	2011	2012	2013
Net corporate debt	\$ 1,649	\$ 1,591	\$ 2,671	\$ 2,299	\$ 2,701
Plus: Cash and cash equivalents	482	911	534	606	693
Corporate debt	\$ 2,131	\$ 2,502	\$ 3,205	\$ 2,905	\$ 3,394

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.

Reconciliation of Free Cash Flow to net cash provided by operating activities:

	Year Ended December 31, 2013
Free Cash Flow	\$ 460
Investing activities of vehicle programs	1,569
Financing activities of vehicle programs	196
Capital expenditures	154
Proceeds received on asset sales	(22)
Change in restricted cash	(14)
Acquisition-related payments	(29)
Transaction-related payments	(61)
Net Cash Provided by Operating Activities	\$ 2,253

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