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# 2018 FOURTH QUARTER EARNINGS CALL

February 21, 2019

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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.

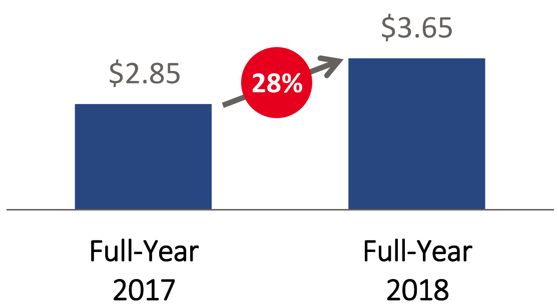
Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are specified in the Company's most recently filed Form 10-K and other SEC filings.

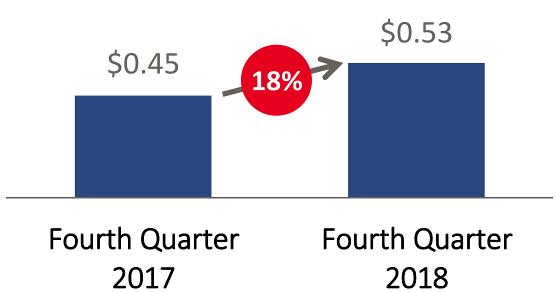
You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, the date of our last earnings conference call.

This presentation includes certain non-GAAP financial measures as defined under SEC rules. We believe that our financial performance is better demonstrated using these non-GAAP financial measures. Important information regarding reconciliation of such measures is contained within this presentation, included in the appendix.

# HIGHLIGHTS

**Adjusted Diluted EPS**




## Full-Year

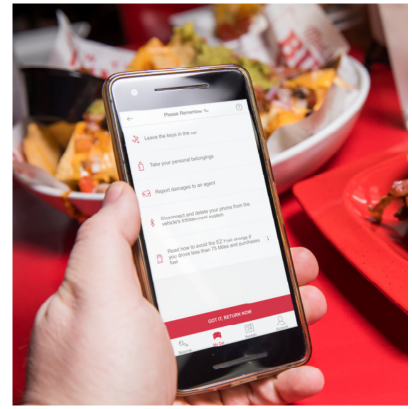
- Ninth consecutive year of revenue growth
- Adjusted EBITDA increased 6%
  - Margin expanded 30 basis points
- Record Adjusted diluted earnings per share

## Fourth Quarter

- Americas Revenue per Day increased 2.5% and Per-Unit Fleet Costs lowered by 7%
- Delivered record fourth quarter Adjusted EBITDA
- Adjusted earnings per share increased 18% to a fourth quarter record

See appendix for reconciliation of net income (loss) to Adjusted diluted EPS
Revenue per Day and Per-Unit Fleet Costs exclude exchange rate effects

# PROFITABLE REVENUE GROWTH



### Enhanced Avis Mobile App

- Greater vehicle selection
- Lock and unlock connected vehicles
- Real-time airport shuttle bus tracking

### Optimized Our Global Network

- Acquired Morini, Turiscar and 40% interest in Greece licensee
- Licensed Avis in Japan and Budget in Taiwan

turiscar
RENT-A-CAR


### Launched with Amazon to Reward Customers Renting from Avis and Budget

- Relationship progressing well

amazon

### Implemented New Revenue Management System

- Now supports all of our U.S. rental car revenue, helping drive more profitable transactions

# EXPANDING MARGINS

Fully Connected Fleet by 2020

Next Generation Platform

Investing for the Future

**Driving Efficiencies Through Connected Car**

- New agreements with Toyota, Peugeot and Ford to add more than 50,000 new OEM-enabled connected vehicles
- Expanded existing agreements with Continental and I.D. Systems enabling us to connect additional 125,000 vehicles

**Operationalize Connected Car Data**

- Leveraging Avis connected vehicle solution to utilize advanced data management with scalable analytics capabilities
- Will allow us to streamline operations to reduce costs including enhanced mileage management across entire fleet
- Partnered with Kansas City to stream data through the Avis app

**Meaningful Investments Have Lowered Our Costs**

- Modernized our core rental and reservation system
- Delivered API capability to enable quick integration with partners
- Modernizing our accounting systems to strengthen our capabilities and efficiencies

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# MOBILITY

### Fetch

- On-demand Budget Truck rentals in Florida
- Enabling our customers to control entire process through their smart device

### Fleet Management as a Service

- Providing fleet management services for Waymo's autonomous fleet
- Partnered with ViaVan to provide on-demand van-pooling services

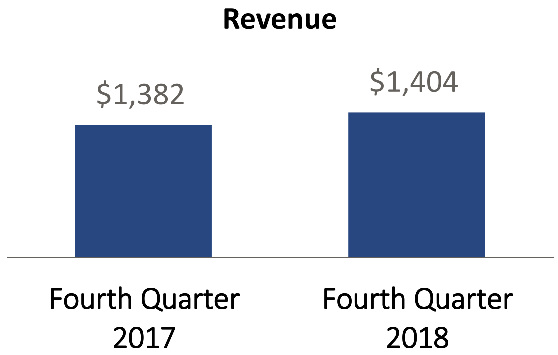
### Ride-Hailing

- Partnering with Lyft to add our vehicles to their Express Drive program
- Initially available in Chicago and Atlanta

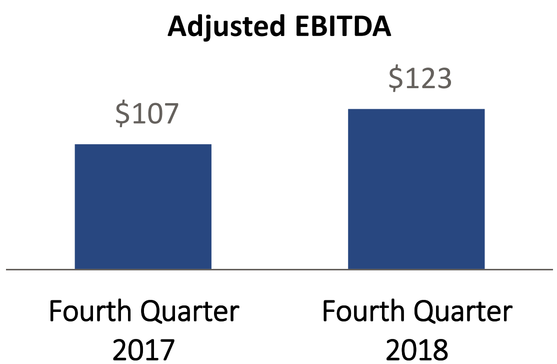
### Brightline

- Avis and Zipcar vehicles available at train stations

# AMERICAS FOURTH QUARTER RESULTS




- Increased revenue 2%
- Revenue per Day increased 2.5%
  - Sixth consecutive quarter of higher underlying pricing
- New revenue management system now live across the United States




- Per-Unit Fleet Costs reduced by 7%
  - Further increased alternative disposition channel sales
- Record fourth quarter Adjusted EBITDA
- Margin improvement of 100-basis points

$'s in millions
Revenue per Day and Per-Unit Fleet Costs exclude exchange rate effects

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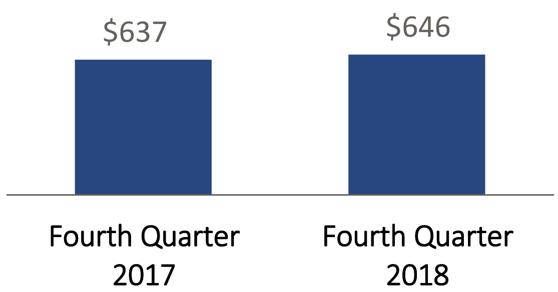
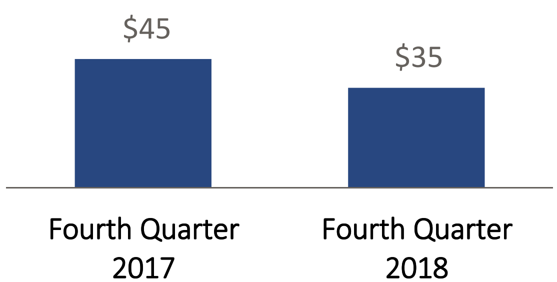
# INTERNATIONAL FOURTH QUARTER RESULTS

**Revenue**




- Revenue 6% higher excluding exchange rate effects
- Strong volume growth including benefit of acquisitions
  - Organic volume increased 6%
- Revenue per Day 5% lower
  - Continued difficult market conditions and effect of growing longer length rentals

**Adjusted EBITDA**




- Per-Unit Fleet Costs unchanged
- 40-basis point improvement in utilization
- Adjusted EBITDA reduced due to lower pricing

$'s in millions
Revenue per Day and Per-Unit Fleet Costs exclude exchange rate effects

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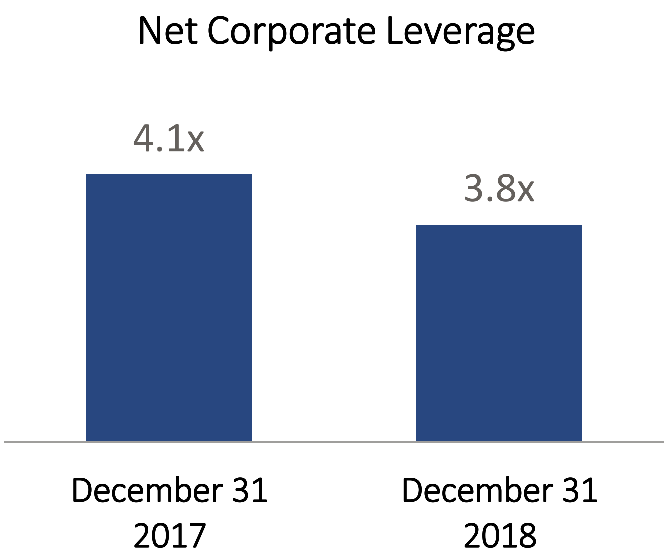
# STRONG CASH FLOW AND FUNDING POSITION




- Generated $430 million of Adjusted Free Cash Flow for the year
  - Acquisitions and investments of $124 million
  - Repurchased 5.9 million shares in the year for $200 million
- Invested $231 million in capex
- $4.1 billion of available liquidity
- No corporate debt maturities until 2023

**Net cash provided by operating activities for the year ended December 31, 2018 was $2,609 million**
Corporate leverage is calculated by dividing Net Corporate Debt by last twelve months Adjusted EBITDA
Corporate debt maturities as of December 31, 2018

# 2019 OUTLOOK

| *($'s in millions, except EPS)* | Full-Year | Year-over-Year Growth |
|---|---|---|
| Revenues | 9,200 – 9,500 | 2% |
| Adjusted EBITDA | 750 – 850 | 2% |
| Non-vehicle D&A | 210 | 8% |
| Non-vehicle Interest expense | 190 | 1% |
| Adjusted pretax income | 350 – 450 | 1% |
| Adjusted diluted EPS | 3.35 – 4.20 | 3% |

See appendix for potential currency effects on Revenues, Adjusted EBITDA and definitions of non-GAAP financial measures
Non-vehicle depreciation and amortization (D&A) excludes acquisition-related amortization expense
Interest expense excludes early extinguishment of debt
All figures are approximate and year-over-year percentage growth is calculated at the midpoint

# 2019 ADJUSTED FREE CASH FLOW OUTLOOK

| *($'s in millions)* | Full-Year |
|---|---|
| Adjusted pretax income | 350 – 450 |
| Plus: Non-vehicle D&A | 210 |
| Less: Capex | (235) |
| Less: Cash taxes | (55) – (65) |
| Plus: Vehicle programs, Working capital and other | (20) – (60) |
| Adjusted Free Cash Flow | 250 – 300 |

See appendix for definitions of forecasted non-GAAP financial measures
Non-vehicle depreciation and amortization (D&A) excludes acquisition-related amortization expense
All figures are approximate

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# SUMMARY

- Ninth consecutive year of revenue growth
- Americas EBITDA increased 15% for the fourth quarter
- Strong growth from Amazon customers
- Global connected fleet by 2020
- Investing for growth through both strategic capex investments and acquisitions
- Strong funding position with no corporate debt maturities until 2023

Corporate debt maturities as of December 31, 2018

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# APPENDIX

# 2019 CURRENCY OUTLOOK

| *($'s in millions)* | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---|---|---|---|---|---|
| Revenue | (50)-(45) | (29)-(24) | (7)-(2) | 6-11 | (80)-(60) |
| Adjusted EBITDA (net of hedging) | (7)-(4) | (12)-(9) | (2)-0 | 1-3 | (20)-(10) |

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# DEFINITIONS

This presentation includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. We have provided below reasons why 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. The GAAP measures most directly comparable to Adjusted EBITDA, Adjusted free cash flow, Adjusted pretax income (loss), Adjusted net income (loss) and Adjusted diluted earnings (loss) per share are net income (loss), net cash provided by operating activities, income(loss) before income taxes, net income (loss) and diluted earnings (loss) per share, respectively. Because of the forward-looking nature of the Company's forecasted non-GAAP Adjusted EBITDA, Adjusted free cash flow, Adjusted pretax income (loss), Adjusted net income (loss) and Adjusted diluted earnings (loss) per share, specific quantifications of the amounts that would be required to reconcile forecasted net income (loss), net cash provided by operating activities, pretax income (loss), net income (loss) and diluted earnings (loss) 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 charges, restructuring and other related charges, early extinguishment of debt costs, nonvehicle related interest, transaction-related costs, net charges for unprecedented personal-injury legal matters, non-operational charges related to shareholder activist activity and income taxes. Net charges for unprecedented personal-injury legal matters are recorded within operating expenses in our consolidated statement of operations. We have revised our definition of Adjusted EBITDA to exclude nonoperational charges related to shareholder activist activity. Non-operational charges related to shareholder activist activity include third party advisory, legal and other professional service fees and are recorded within selling, general and administrative expenses in our consolidated statement of operations. We did not revise prior years' Adjusted EBITDA amounts because there were no costs similar in nature to these costs. Adjusted EBITDA includes stock-based compensation expense and deferred financing fee amortization. We and our management believe that Adjusted EBITDA is useful to investors as a supplemental measure in evaluating the aggregate performance of our operating businesses and in comparing our results from period to period. Adjusted EBITDA is the measure that is used by our management, including our chief operating decision maker, to perform such evaluation. Adjusted EBITDA is also a component in the determination of management's compensation. 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. A reconciliation of Adjusted EBITDA from net income recognized under GAAP is provided on Table 5 of our press release furnished on Form 8-K with the SEC on February 20, 2019.

**Adjusted Free Cash Flow**

Represents Net Cash Provided by Operating Activities adjusted to reflect the cash inflows and outflows relating to capital expenditures, the investing and financing activities of our vehicle programs, asset sales, if any, and to exclude debt extinguishment costs, transaction-related costs and non-operational charges related to shareholder activist activity. We have revised our definition of Adjusted Free Cash Flow to exclude non-operational charges related to shareholder activist activity. We did not revise prior years' Adjusted Free Cash Flow amounts because there were no costs similar in nature to these costs. We believe that Adjusted 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. Adjusted Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity, and our presentation of Adjusted Free Cash Flow may not be comparable to similarly-titled measures used by other companies. A reconciliation of Adjusted Free Cash Flow to the appropriate measure recognized under GAAP is provided on Table 4 of our press release furnished on Form 8-K with the SEC on February 20, 2019.

**Foreign Currency**

We present currency exchange rate effects to provide a method of assessing how our business performed excluding the effects of foreign currency rate fluctuations. Local currency results are calculated using functional currencies outside the United States. Foreign currency exchange rate effects are calculated by translating the current-year results at the prior-period average exchange rate plus or minus any related gains and losses on currency hedges.

# RECONCILIATIONS OF NON-GAAP MEASURES

| Reconciliation of net income to Adjusted net income (in millions, except per-share amounts): | Three Months Ended December 31, 2018 | 2017 |
|---|---|---|
| **Net Income** | **$ 13** | **$ 220** |
| Add certain items, net of tax: | | |
| Acquisition-related amortization expense | 10 | 9 |
| Early extinguishment of debt | 10 | -- |
| Restructuring and other related charges | 6 | 8 |
| Transaction-related costs, net | 2 | 13 |
| Impairment | -- | 1 |
| Income tax provision from the Tax Act **(A)** | -- | (213) |
| **Adjusted net income** | **$ 41** | **$ 38** |
| | | |
| **Earnings per share – Diluted** | **$ 0.16** | **$ 2.65** |
| **Adjusted diluted earnings per share** | **$ 0.53** | **$ 0.45** |
| **Shares used to calculate Adjusted diluted earnings per share** | **77.6** | **82.7** |

| Reconciliation of net income to Adjusted EBITDA (in millions): | Three Months Ended December 31, 2018 | 2017 |
|---|---|---|
| **Net Income** | **$ 13** | **$ 220** |
| Benefit from income taxes | (10) | (219) |
| **Income before income taxes** | **$ 3** | **$ 1** |
| Add certain items: | | |
| Acquisition-related amortization expense | 15 | 13 |
| Early extinguishment of debt | 14 | -- |
| Restructuring and other related charges | 8 | 11 |
| Transaction-related costs, net | 2 | 15 |
| Impairment | -- | 2 |
| **Adjusted pretax income** | **$ 42** | **$ 42** |
| Add: | | |
| Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense) | 51 | 52 |
| Interest expense related to corporate debt, net (excluding early extinguishment of debt) | 49 | 46 |
| **Adjusted EBITDA** | **$ 142** | **$ 140** |

**(A)** In 2017, as a result of the Tax Act, the adjustment of deferred taxes due to the change in corporate tax rates and recognition of incremental tax expense related to the deemed repatriation of cumulative foreign subsidiary earnings were a benefit of $317 million and a provision of $104 million, respectively, representing the estimated impact.

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# RECONCILIATIONS OF NON-GAAP MEASURES

| Reconciliation of Net Corporate Debt (in millions): | December 31, 2018 | December 31, 2017 |
|---|---|---|
| **Corporate debt** | **$ 3,551** | **$ 3,599** |
| Less: Cash and cash equivalents | 615 | 611 |
| **Net Corporate Debt** | **$ 2,936** | **$ 2,988** |

| Reconciliation of net income to Adjusted EBITDA (in millions): | Year Ended December 31, 2018 | Year Ended December 31, 2017 |
|---|---|---|
| **Net income** | **$ 165** | **$ 361** |
| Provision for (benefit from) income taxes | 102 | (150) |
| **Income before income taxes** | **$ 267** | **$ 211** |
| Add certain items: | | |
| Acquisition-related amortization expense | 61 | 58 |
| Restructuring and other related charges | 22 | 63 |
| Transaction-related costs, net | 20 | 23 |
| Early extinguishment of debt | 19 | 3 |
| Non-operational charges related to shareholder activist activity **(A)** | 9 | - |
| Impairment | - | 2 |
| Charges for legal matter, net **(B)** | - | (14) |
| **Adjusted pretax income** | **$ 398** | **$ 346** |
| Add: | | |
| Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense) | 195 | 201 |
| Interest expense related to corporate debt, net (excluding early extinguishment of debt) | 188 | 188 |
| **Adjusted EBITDA** | **$ 781** | **$ 735** |

(A) Reported within selling, general and administrative expenses in our Consolidated Statement of Operations.
(B) Reported within operating expenses in our Consolidated Statement of Operations.