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# HERTZ GLOBAL HOLDINGS, INC.

4Q 2019 Earnings Call | February 25, 2020 | 8:30 am ET

# Forward Looking Statements

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Certain statements made within this presentation contain forward-looking statements. Forward-looking statements are not guarantees of performance and by their nature are subject to inherent uncertainties. Actual results may differ materially. Any forward-looking information relayed in this presentation speaks only as of February 25, 2020, and Hertz Global Holdings, Inc. (the “Company”) undertakes no obligation to update that information to reflect changed circumstances.

Additional information concerning these statements is contained in the Company’s press release regarding its fourth quarter 2019 results issued on February 24, 2020, and the note on forward-looking statements contained in the Company’s 2019 Annual Report on Form 10-K to be filed on February 25, 2020 and other filings available from the SEC, the Hertz website, or the Company’s Investor Relations Department.

# Non-GAAP Measures and Key Metrics

The following non-GAAP measures<sup>1</sup> and key metrics<sup>1</sup> will be used in the presentation:

- Adjusted Corporate EBITDA
- Adjusted Corporate EBITDA Margin
- Adjusted Net Income (Loss)
- Adjusted Diluted EPS
- Adjusted Free Cash Flow
- Total RPD
- Total RPU
- T&M Rate
- Depreciation Per Unit Per Month
- Average Vehicles
- Vehicle Utilization
- Transaction Days



# Agenda

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## BUSINESS OVERVIEW

**Kathryn Marinello**

President & Chief Executive Officer

Hertz Global Holdings, Inc.

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## FINANCIAL RESULTS OVERVIEW

**Jamere Jackson**

Chief Financial Officer

Hertz Global Holdings, Inc.

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# 2019 Initiatives Delivered

## Topline Growth

- U.S. RAC revenue +7%
- Price and volume growth, all brands
- Ranked #1 by JD Power
- TNC revenue +42%
- Value-Added Services improved
- AI-enabled revenue management

## Margin Expansion

- 2019 Adj. Corp EBITDA +50%
- DOE/SG&A margin (100) bps
- Disciplined fleet management
- U.S. digital direct channel growth
- Connected cars

## Long Term Growth Focus

- Brand segmentation
- Customer service excellence
- International improvement
- Vehicle connectivity
- TNC and delivery rentals



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# QUARTERLY OVERVIEW

Jamere Jackson - Chief Financial Officer

# 4Q:19 and FY:19 Consolidated Results

\$ in millions, except per share data

	4Q:19 Results	4Q:18 Results	YoY Better/(Worse)	FY:19 Results	FY:18 Results	YoY Better/(Worse)
<b>GAAP</b>						
Total revenues	\$2,326	\$2,294	1%	\$9,779	\$9,504	3%
Income (loss) before income taxes	(\$130)	(\$120)	(8%)	\$13	(\$257)	NM
Net loss attributable to Hertz Global	(\$118)	(\$101)	(17%)	(\$58)	(\$225)	74%
Diluted loss per share	(\$0.83)	(\$1.05)	21%	(\$0.49)	(\$2.35)	79%
Wtd. average shares outstanding: diluted	142M	96M		117M	96M	
<b>Non-GAAP</b>						
Adjusted Corporate EBITDA	\$54	\$49	11%	\$649	\$433	50%
Adjusted Corporate EBITDA Margin	2%	2%	20 bps	7%	5%	210 bps
Adjusted Net Income (Loss)	(\$34)	(\$46)	26%	\$168	(\$14)	NM
Adjusted Diluted EPS	(\$0.24)	(\$0.48)	50%	\$1.44	(\$0.15)	NM

NM = Not meaningful

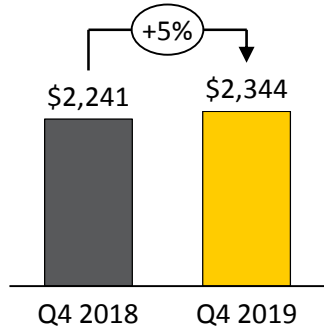


# 4Q:19 and FY:19 Operating Results Summary

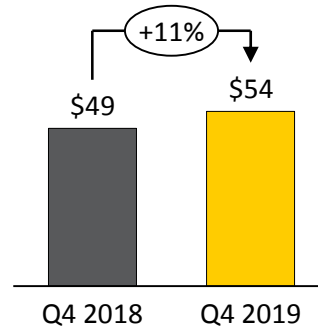
\$ in millions

4Q:19

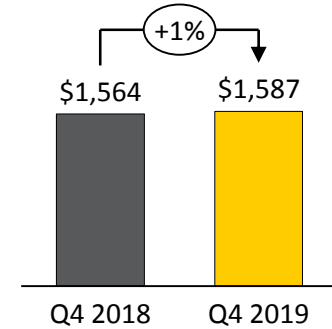
**Total Revenues**  
(Ex. Donlen Adjustments)



**Adjusted Corporate EBITDA**

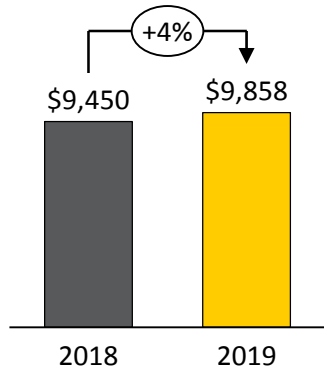


**DOE/SG&A Expenses**

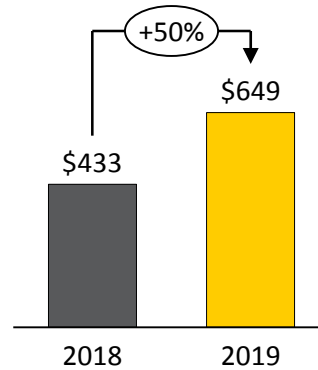


FY:19

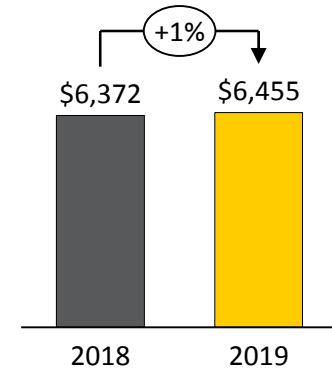
**Total Revenues**  
(Ex. Donlen Adjustments)



**Adjusted Corporate EBITDA**



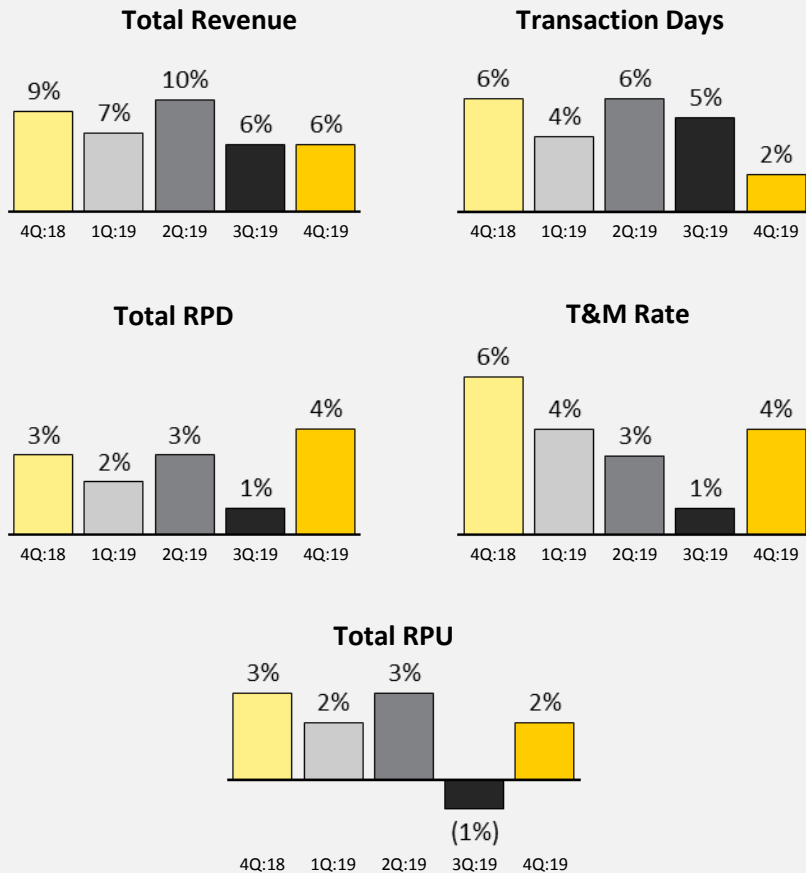
**DOE/SG&A Expenses**





# 4Q:19 U.S. RAC

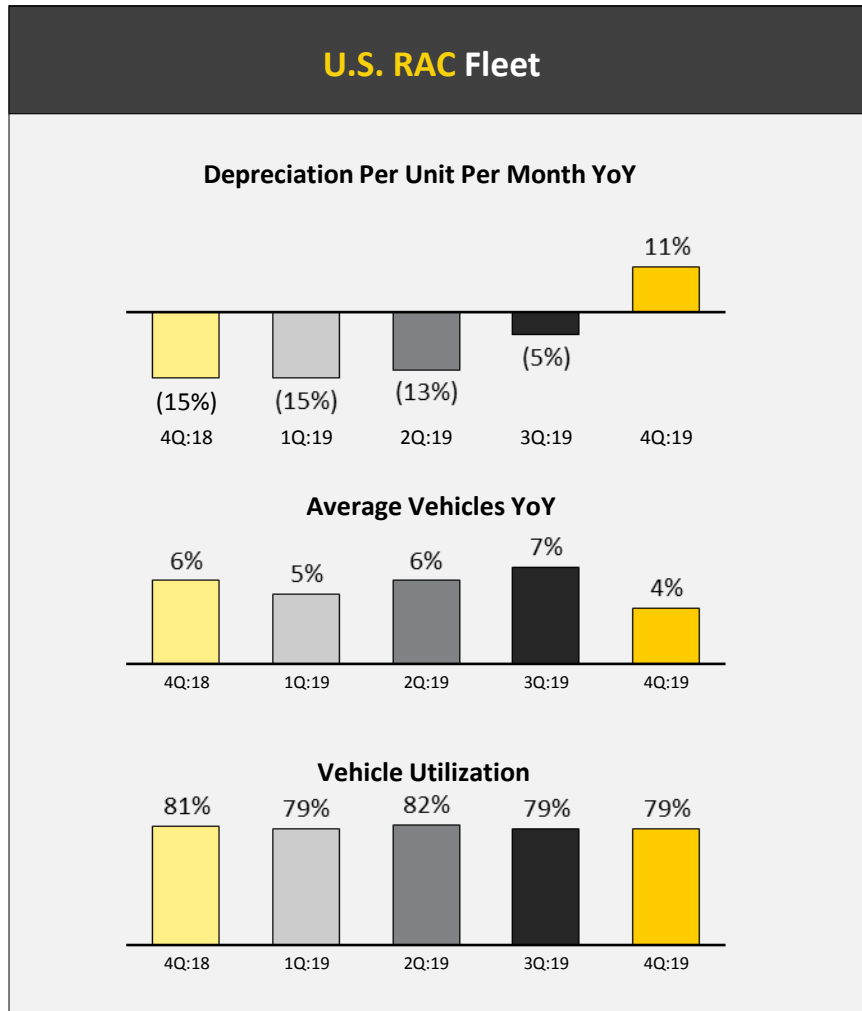
## U.S. RAC (YoY quarterly results)



## Performance Overview:

- Revenue up on both pricing and volume growth
  - All brands
  - Business and leisure
  - Airport and off-airport
  - Value-added services
  - TNC<sup>1</sup> and delivery rentals
- Growth drivers
  - JD Power #1 ranked customer service
  - Revenue management capabilities
  - Brand-building marketing
  - Preferred fleet
- Adjusted EBITDA \$48M
  - 4Q:19 DOE/SGA as % revenue improved 270 bps
  - FY:19 Adjusted EBITDA \$480M versus FY:18 \$226M

# 4Q:19 U.S. RAC Fleet



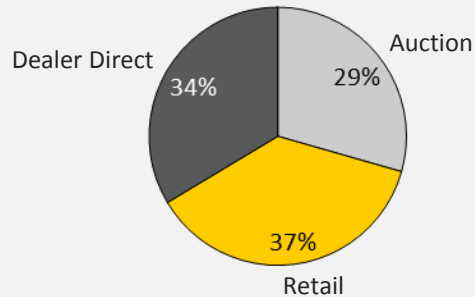
## Fleet Management:

- FY:19 unit depreciation (7%), 4Q:19 +11%
  - 4Q impacted by residuals on certain makes/models
- Maximizing depreciation outcomes through the cycles
  - Disciplined fleet acquisitions
  - Retail car sales channel unit growth
  - Residual value market strength
  - Opportunistic fleet rotations
  - Growth in TNC extends asset life
- 4Q:19 Utilization (150 bps) YoY
  - Impact of safety recalls on out-of-service levels
  - Delivery vehicle ramp up to meet future demand

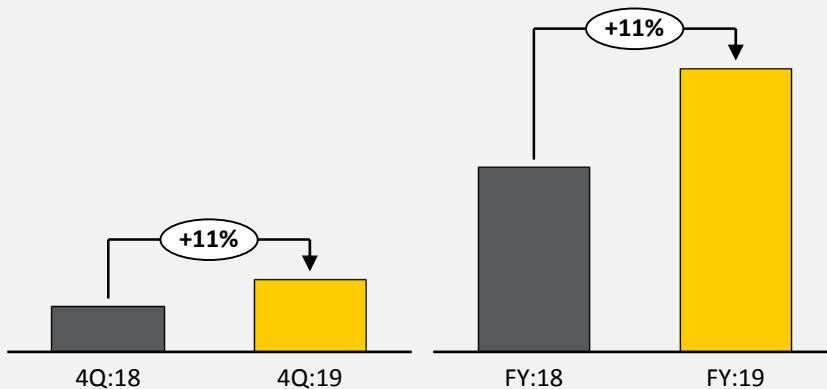
# 4Q:19 U.S. RAC Retail Vehicle Sales Initiative

## U.S. RAC Vehicle Disposition Channel

### 4Q:19 Dispositions by Channel



### Growth in Highest Return Retail Channel

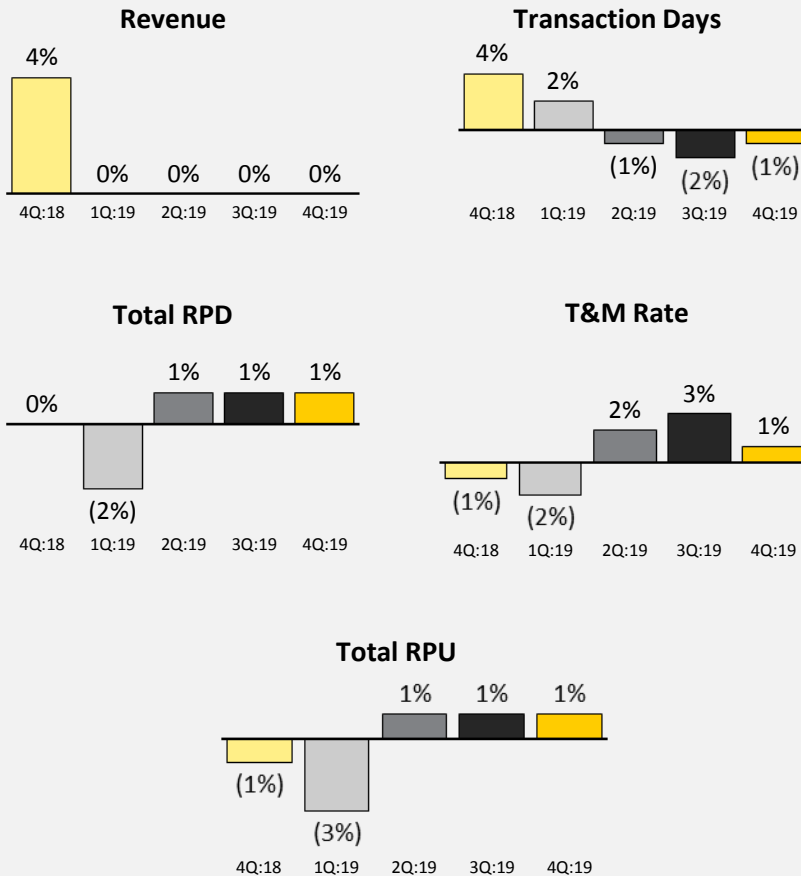


## Top 10 Used-Vehicle Retailer Nationally<sup>1</sup>

- Retail unit sales vol. +11%, same-store unit sales +4%
- High-margin ancillary retail sales revenue +28%
- 87 Retail locations in the U.S. and growing
- Now offering home delivery
- Opportunity to grow beyond Hertz fleet dispositions
- World-class sales team and capability

# 4Q:19 International RAC

## International RAC (YoY quarterly results)<sup>1</sup>



## Performance Overview:

- Revenue flat on a constant currency basis
  - RPD +1%, Days (1%)
  - Improved pricing in APAC and Europe
  - Europe volume softness
- Adjusted EBITDA (\$10M)
  - Higher unit depreciation on flat revenue
- Key focus areas:
  - Reigniting topline growth
  - Brand-building marketing
  - Driving operating productivity
  - Improving customer service

<sup>1</sup>Results shown are in constant currency. Constant currency for 2019 periods are based on December 31, 2018, foreign currency exchange rates. Constant currency for 2018 periods are based on December 31, 2017, foreign currency exchange rates.

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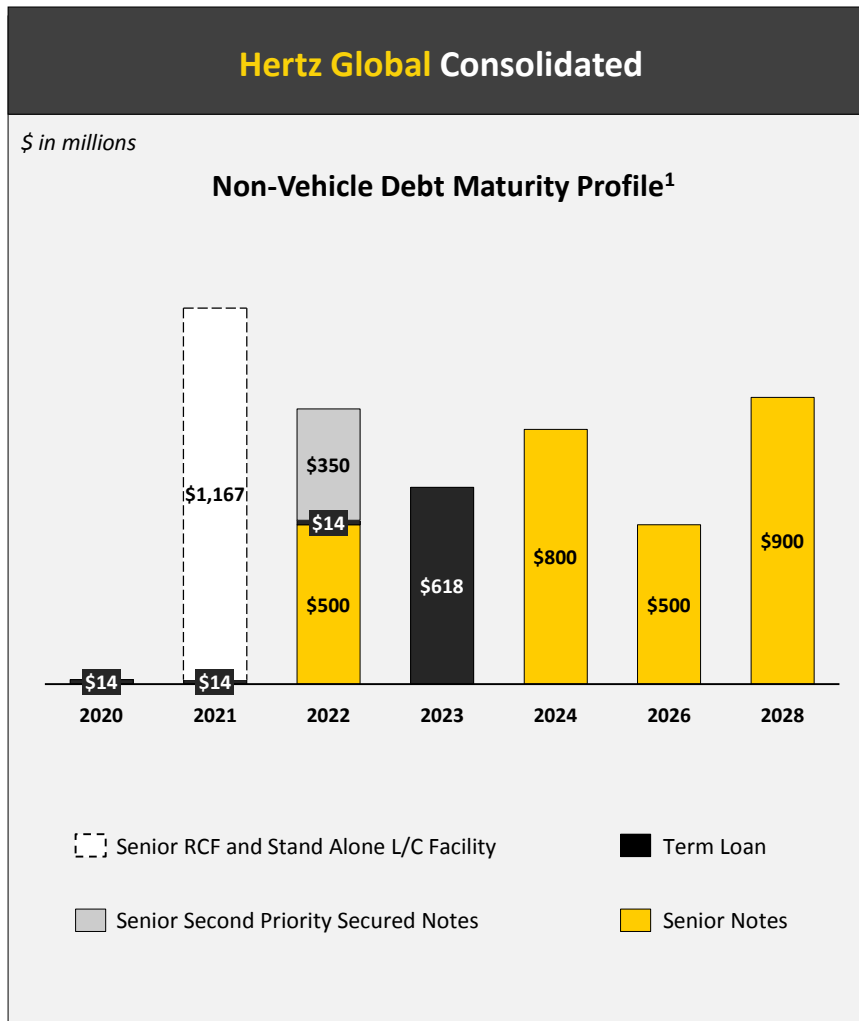
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# DEBT, LIQUIDITY & CASH FLOW OVERVIEW

Jamere Jackson - Chief Financial Officer

# YE:19 Debt, Liquidity and Cash Flow



## Overview:

- Liquidity of \$1.4B at December 31, 2019
- November 2019 refinance of \$900M of 2<sup>nd</sup> Lien Notes
- Net Corporate Leverage 4.5x vs. 7.7x at YE:18
- FY:19 Adjusted Free Cash Flow reflects:
  - Strong operating cash flows
  - Vehicle receivables timing
  - Negative ABS fair market value marks

# 2020 Outlook

- Revenue Expectations
  - U.S. – Industry grows low to mid single-digits
  - International – Industry remains flat to up slightly
  - Hertz tailwinds:
    - Revenue management
    - Marketing
    - Customer service
    - Growth initiatives...TNC and delivery rentals
- Depreciation – Residual values projected to decline low single-digit
- DOE/SG&A – Rate should grow slower than revenue...driving operating leverage
- Adjusted Free Cash Flow – Strong operating cash flow, lower non-vehicle debt interest

**Driving Sustainable Growth & Margin Expansion**



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**Q&A**