



# HERTZ GLOBAL HOLDINGS, INC.

4Q 2018 Earnings Call

February 26, 2019

8:30 am ET



# Safe Harbor Statement

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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 26, 2019, 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 2018 results issued on February 25, 2019, and the Risk Factors and Forward-Looking Statements sections of the Company’s 2018 Annual Report on Form 10-K filed on February 25, 2019. Copies of these filings are 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 WILL BE USED IN THE PRESENTATION:

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



<sup>1</sup>Definitions and reconciliations of non-GAAP measures are provided in the Company's fourth quarter 2018 press release issued on February 25, 2019 and as an exhibit to the Company's Form 8-K filed on February 26, 2019.

# Agenda

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## **BUSINESS OVERVIEW**

**Kathryn Marinello**

President & Chief Executive Officer

Hertz Global Holdings, Inc.



## **FINANCIAL RESULTS OVERVIEW**

**Jamere Jackson**

Chief Financial Officer

Hertz Global Holdings, Inc.

# Growth-led Operational Turnaround Delivering

2018 Delivers Higher Rate, Volume and Utilization on Lower Depreciation Expense

**Broad-based Momentum in U.S.**

## Revenue Growth

- 4Q:18 +10%, FY:18 +8%
  - 4Q:18 RPD +3%, +4% ex-TNC
  - FY:18 RPD +1%, +2% ex-TNC
- Superior product breadth and quality
- 59 Ultimate Choice locations, new field training
- Re-energized brands
- Hertz Fast Lane *powered by CLEAR* biometrics
- AI-led demand forecasting, revenue management

## Fleet Management Excellence

- Monthly net depreciation per unit
  - (15)% 4Q:18
  - (16)% FY:18
- Improved fleet acquisition strategy
- Opportunistic fleet rotation
- More popular used-car vehicle mix
- Expansion of highest-return retail channel
- Longer asset life: ride-hailing, insurance replacement



CLEAR

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Uber



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**dollar.**  
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**Thrifty**  
CAR RENTAL

**DONLEN**  
A Hertz Company

# Leveraging Momentum into 2019



## ■ Growth

- RPD, volume and utilization

## ■ Productivity

- Drive operational efficiency
- Centralize maintenance
- Optimize procurement
- Achieve benchmark SG&A

## ■ Technology Transformation

- CRM, mobile apps, reservation, rental, fleet management, back-office systems
- Streamline infrastructure
- Leverage real-time visibility into fleet operations
- Rental-trend and connected-fleet data lower costs, improve customer experience
- More accurately predict future trends
- Make smarter decisions, faster
- On track to rollout new enterprise operating systems in North America



# QUARTERLY OVERVIEW

**Jamere Jackson**  
Chief Financial Officer  
Hertz Global Holdings, Inc.



# 4Q:18 and FY:18 Consolidated Results

*\$ in millions, except per share data*

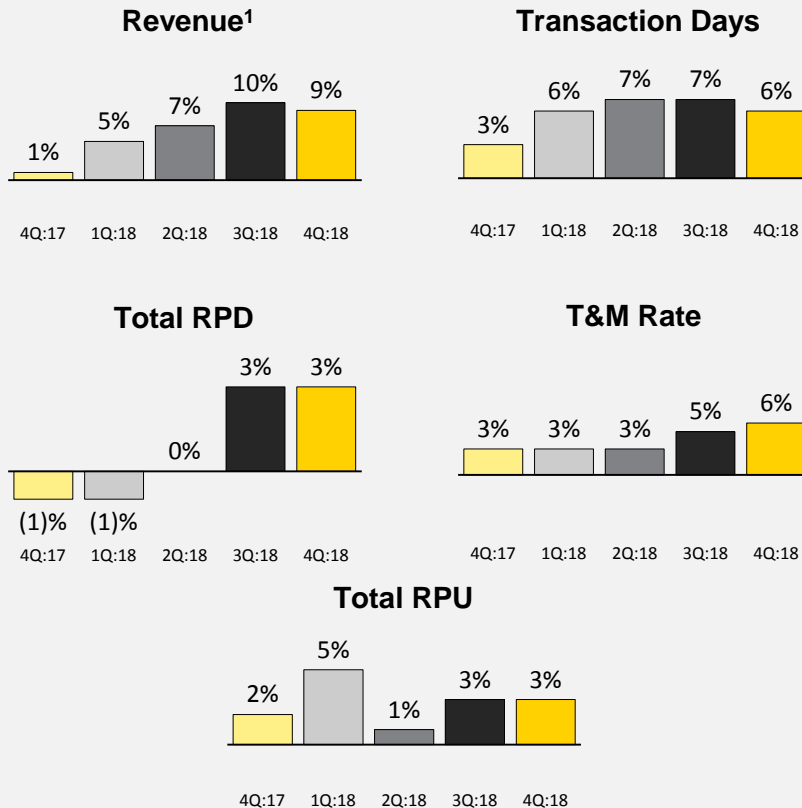
	<b>4Q:18 Results</b>	<b>4Q:17 Results</b>	<b>YoY Inc/(Dec)</b>	<b>FY:18 Results</b>	<b>FY:17 Results</b>	<b>YoY Inc/(Dec)</b>
<b>GAAP</b>						
Total revenues	\$2,294	\$2,091	10%	\$9,504	\$8,803	8%
Loss before income taxes	\$(120)	\$(179)	(33)%	\$(257)	\$(575)	(55)%
Net income (loss) attributable to Hertz Global	\$(101)	\$616	NM	\$(225)	\$327	NM
Diluted earnings (loss) per share	\$(1.20)	\$7.42	NM	\$(2.68)	\$3.94	NM
Weighted average shares outstanding: diluted	84M	83M		84M	83M	
<b>Non-GAAP</b>						
Adjusted Corporate EBITDA	\$49	\$21	133%	\$433	\$267	62%
Adjusted Corporate EBITDA Margin	2%	1%	110 bps	5%	3%	150bps
Adjusted Pre-tax Loss	\$(62)	\$(102)	(39)%	\$(19)	\$(210)	(91)%
Adjusted Net Loss	\$(46)	\$(64)	(28)%	\$(14)	\$(132)	(89)%
Adjusted Diluted EPS	\$(0.55)	\$(0.77)	(29)%	\$(0.17)	\$(1.59)	(89)%

NM = Not meaningful



# 4Q:18 U.S. RAC

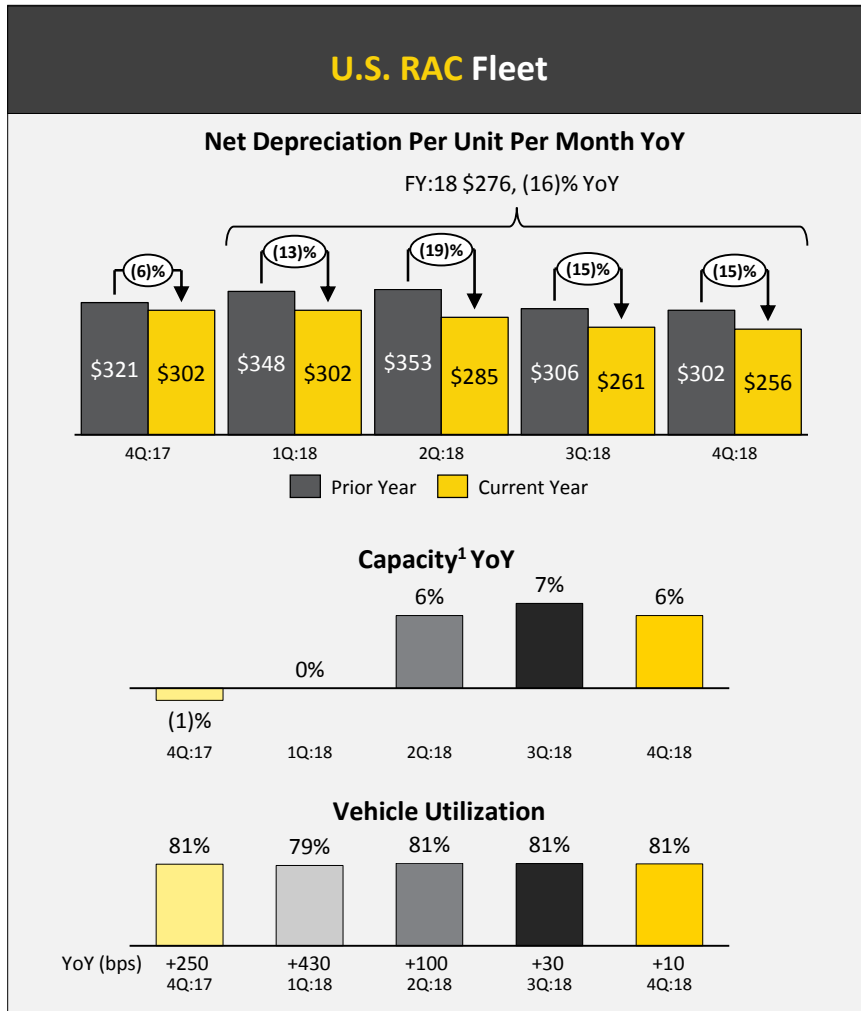
## U.S. RAC (YoY quarterly results)



## Performance Overview:

- Revenue<sup>1</sup> +9%, +7% ex-TNC<sup>2</sup>
  - Days +6%, +2% ex-TNC
  - RPD +3%, +4% ex-TNC
  - Strong pricing across all leisure segments
  - Stable commercial pricing
- Growth across the portfolio
  - RPD up across all brands
  - RPD + Days up Airport and Off-Airport
- Growth Drivers
  - Fleet mix aligned to customer preference
  - Brand initiatives, enhanced mobile app capabilities
  - Service quality, higher customer satisfaction
  - AI-driven revenue management, redesigned CRM<sup>3</sup>
  - Accelerated growth in TNC
- Adj. Corporate EBITDA \$48M, +380%

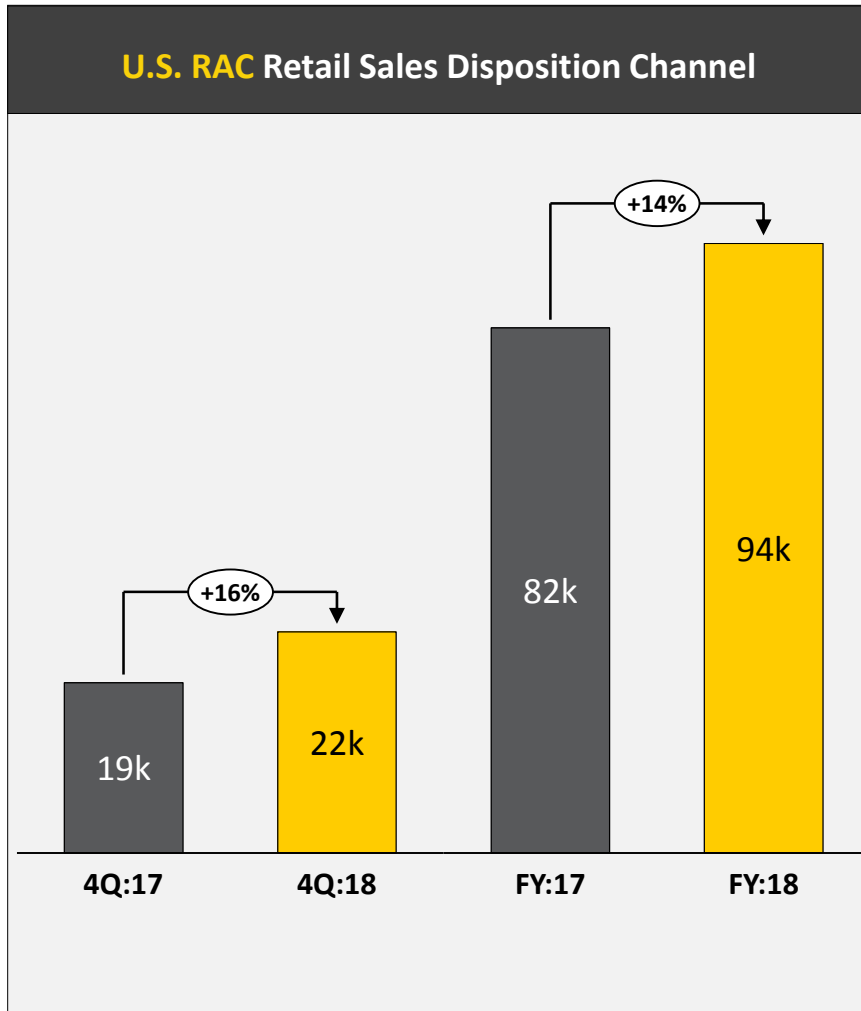
# 4Q:18 U.S. RAC Fleet



## Continued Focus on Optimizing Fleet:

- Net Depreciation Per Unit Per Month (15)% YoY
  - Strategic fleet acquisitions, diverse supply base
  - Residual value market strength
  - Growth in TNC extends asset life
  - Benefitting from opportunistic fleet rotations
  - Driving unit sales through high-return channels
  
- Capacity +6%, +2% ex-TNC
  - Matching capacity to profitable demand growth
  - TNC fleet up 76% to 38k vehicles
  
- Driving improved Utilization
  - Predictive fleet-demand forecasting tools
  - Longer-length TNC, insurance replacement rentals
  
- Model Year 2019 Fleet
  - Lower YoY acquisition cost on like-for-like models
  - Disciplined fleet management

# 4Q:18 U.S. RAC Retail Sales Initiative

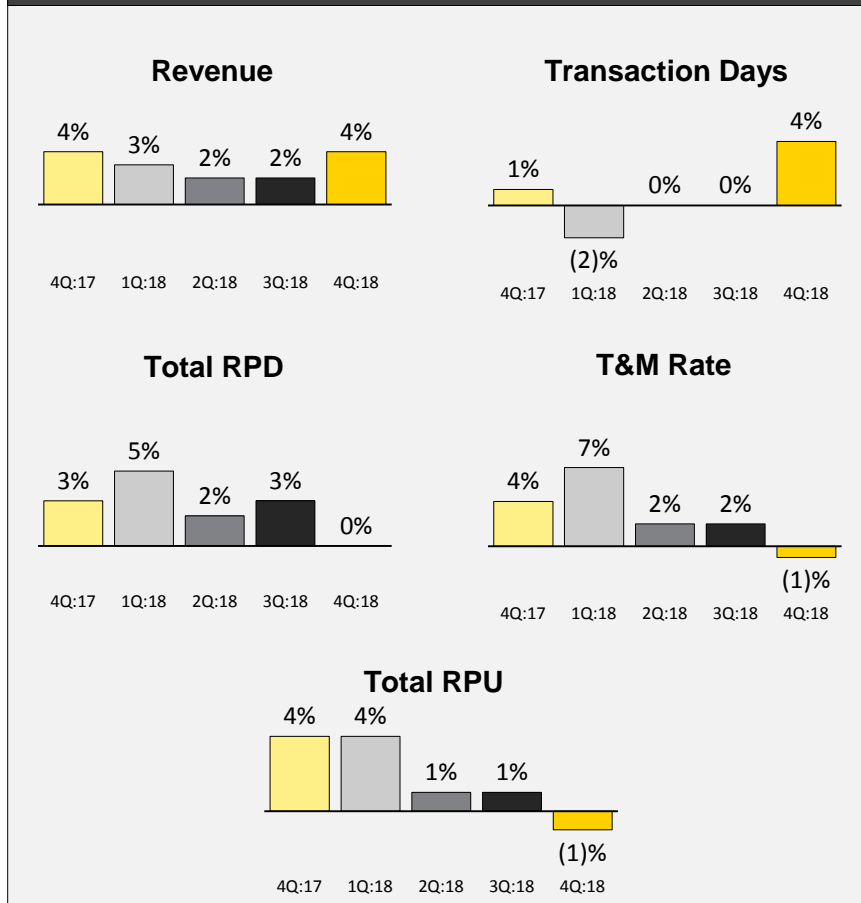


## Focused on Highest-Return Sales Channel:

- World-class sales team and capability
- Top 10 used-vehicle retailer nationally
- Retail sales volume 4Q +16%, FY +14%
- Hertz's preferred fleet mix drives higher residual values
- High-margin ancillary retail sales revenue +20%
- Opportunities in 2019
  - Leveraging lower-cost online retail capabilities
  - Online extends customer reach
  - Expanding number of retail store fronts

# 4Q:18 International RAC

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



## Performance Overview<sup>1</sup>:

- Revenue +4%
  - Strong volume and value added services revenue
  - T&M leisure positive, offset by corporate
- Net Depreciation Per Unit Per Month (1)%
- Adj. Corporate EBITDA \$8M, (27)%
- Key focus areas:
  - Fleet/revenue management
  - Productivity

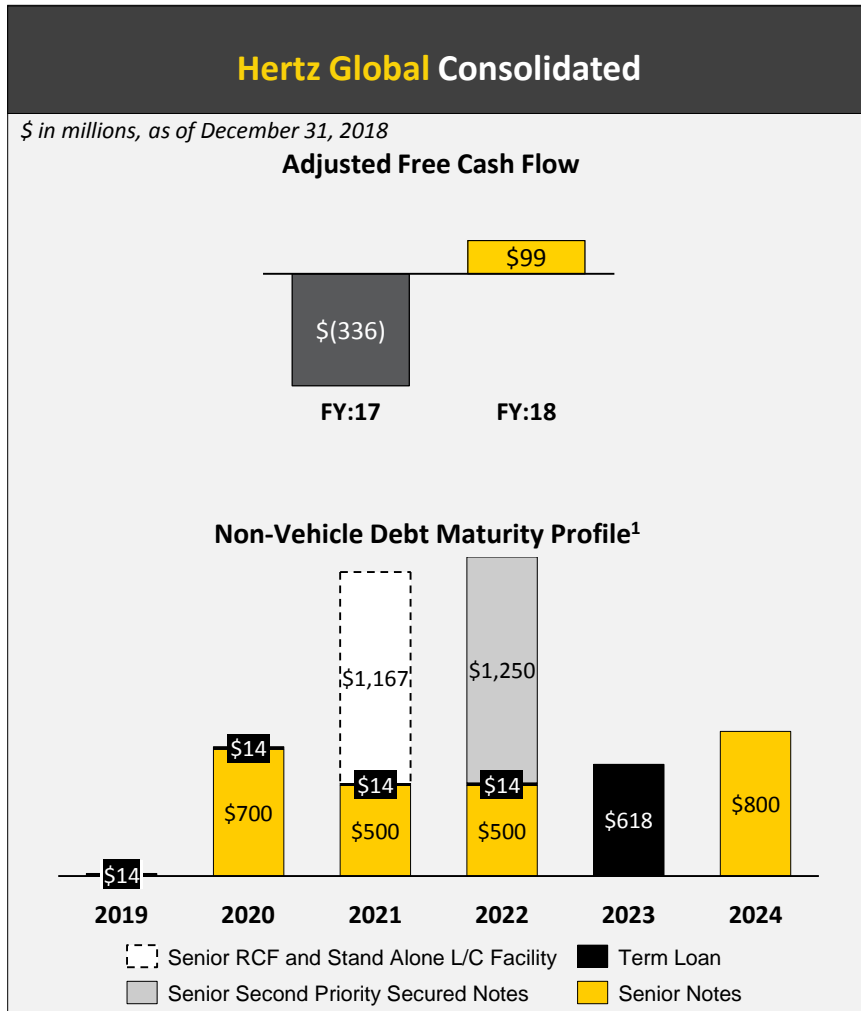


# DEBT, LIQUIDITY & CASH FLOW OVERVIEW

Jamere Jackson  
Chief Financial Officer  
Hertz Global Holdings, Inc.



# YE:18 Debt, Liquidity and Cash Flow



## Overview:

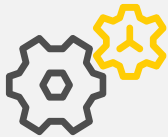
- Liquidity of \$1.6B at December 31, 2018
- Full-Year Adj. Free Cash Flow \$99M, +\$435M YoY
  - Earnings improvement
  - Increase in global vehicle debt advance rate
- 1Q:19 financings cover U.S. RAC 2019 fleet needs
  - Issued \$700M of 3-year term ABS notes
  - Executed \$500M seasonal VFN commitments
  - Extended \$3.4B in VFN commitments to 2021
  - \$400M of new VFN commitments
- Will opportunistically address Non-Vehicle debt in 2019

# Key Areas of Focus

Revenue Growth



Asset Efficiency



Productivity



Innovation



- **Sustain top line momentum...growth initiatives:**
  - Right cars, right place, right time, right price
  - Disciplined fleet management
  - Service excellence
  - Innovation and brand-building marketing
- **Drive productivity**
- **Execute technology transformation**

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# Q&A

