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Can the trade-off theory and the agency cost theory be applied to the case of the bankruptcy of Hertz to explain the reason(s) for its financial distress and its recovery?

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Resumo

Este estudo de caso diz respeito à empresa Hertz, uma das maiores empresas de aluguer de automóveis do mundo. A Hertz declarou falência após o anúncio da COVID-19, em maio de 2020, e recuperou em junho de 2021. A Hertz foi a única empresa do seu sector a entrar em falência. Oficialmente, a Hertz não conseguiu reembolsar os seus credores devido a uma situação de baixas receitas. O estudo tem como objetivo discutir o significado da falência, as suas implicações e a forma de a recuperar. Este caso envolve a relevância das decisões de financiamento e a sua comunicação pela gestão de topo no bem-estar de uma empresa. O estudo abrange os anos de 2017 a 2022 e está dividido em duas análises. Em primeiro lugar, recorrendo às demonstrações financeiras, é efectuada uma análise para comparar a situação financeira antes e depois da COVID-19, entre a Hertz e os seus principais concorrentes. Em segundo lugar, são analisadas as chamadas de resultados, os diapositivos e as transcrições, a fim de observar se a comunicação da direção de topo tem um papel a desempenhar na crise. O estudo conclui que a Hertz estava a sofrer de excesso de dívida entre 2017 e 2019, pelo que a razão apresentada para a falência não era inteiramente válida. Além disso, a gestão de topo, entre 2017-2019, não apresentou nem discutiu suficientemente as suas decisões de financiamento com os seus acionistas. Ao contrário da gestão de topo em 2021-2022, que foi mais transparente na sua análise e tomada de decisões. Assim, o estudo reforça a relevância da escolha dos seus métodos de financiamento e da forma de comunicação com os acionistas para melhorar a saúde financeira de uma empresa.

Palavras-chave: excesso de dívida; custo de agência; teoria do trade-off; estrutura de capital; assimetria de informação.

Códigos de classificação JEL: G33; G34.

Abstract

This case study concerns the company Hertz, one of the biggest car rentals in the world. Hertz filed for bankruptcy after COVID-19 was announced, in May 2020, and recovered from it in June 2021. Hertz was the only one in its sector to be bankrupted. Officially, Hertz was unable to repay its creditors due to a low revenue situation. The study aims to discuss the significance of bankruptcy, its implications, and how to recover from it. This case involves the relevance of financing decisions and their communication by the top management in the well-being of a company. The study covers the years 2017 to 2022 and is divided into two analyses. Firstly, by using the financial statements, an analysis is conducted to compare the financial situation before and after COVID-19, between Hertz and its main competitors. Secondly, the earning calls, slides, and transcripts, are reviewed to observe if the top management communication has a role to play in the distress. The study concludes that Hertz was suffering from debt overhang from 2017-2019, thus the reason given for the bankruptcy was not entirely valid. Moreover, the top management, between 20172019, did not display and discuss their financing decisions enough with their shareholders. As opposed to the top management in 2021-2022, which was more transparent in their analysis and decision-making. Thus, the study enhances the relevance of choosing its financing methods and the way of communicating with the shareholders to improve the financial health of a company.

Keywords: debt overhang; agency cost; trade-off theory; capital structure; asymmetry information.

JEL classification codes: G33; G34.

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Glossary

ABS = Asset Back Security.

CEO = Chief Executive Officer.

CFO = Chief Finance Officer.

CIO = Chief Information Officer.

D/E = Debt / Equity.

D&A = Depreciation and Amortization.

EBIT = Earnings Before Interest & Taxes.

EBITDA = Earnings Before Interest Taxes Depreciation & Amortization.

EUR = Euros.

FCF = Free Cash Flow.

GAAP = Generally Accepted Accounting Principles.

IPO = Initial Public Offering.

LT = Long-Term.

M&M = Modigliani and Miller.

PnL = Profit and Loss account.

PSU = Performance Stock Unit.

Q&A = Questions and Answers.

RCF = Revolving Credit Facility.

ROA = Return On Asset.

ROE = Return On Equity.

ROCE = Return On Capital Employed.

RPU = Revenue Per Unit.

RSU = Restricted Stock Unit.

TNC = Transportation Network Company.

USD = United States Dollars.

VFN = Variable Funding Notes

YTD = Year To Date.

YoY = Year Over Year.

1. Introduction

In 2020, the number of bankruptcies has risen steadily due to COVID-19. Cornerstone Research, in its mid-year report of 2021, announces 155 bankruptcy filings, in 2020, by companies with over one hundred million of assets. The highest peak of bankruptcy was observed in 2009, with 161 fillings. As a comparison, the historical average is announced to be 79 per year between 2005 and 2020.

Bankruptcy is defined as an extreme state where debt holders take legal ownership of the assets from the firm. Bankruptcy can happen only if the firm is already in financial distress, meaning that its revenues cannot cover its debt obligations. Then, the firm may default, meaning that the firm cannot repay the interest or the principal of its debt (Berk & DeMarzo, 2017, p 584). However, shareholders do not have any access to the assets from the firm, as the firm has the repay its debt holders before. Moreover, a firm has no obligation to pay its shareholders by distributing dividends. A bankruptcy does not mean that the firm ceases to operate and exists, this scenario is called *liquidation*, in which the assets of the company are sold. A bankruptcy is an intermediate step, the firm can still "save" itself by doing a *reorganization*. A reorganization is a plan suggested by the management to repay the creditors, and it must be accepted by all the debtholders, plus the court, to be put in place.

The largest bankruptcy of 2020 was filed by Hertz, for an amount of 25.84 billion dollars in assets, and it recovered from it one year later (Niraj Chokshi, 2021). Hertz is a multinational firm operating in the field of car rental. As we know, the COVID-19 situation has led to lockdowns in multiple countries. During the lockdowns, people could not travel, either for vacation or business, and thus could not rent cars, as they used to do. Therefore, the COVID-19 situation led to a decline in sales. According to a report from Fortune Business Insights, the number of cars rented in the US was 17.3 million in 2020, compared to 44.5 million in 2019, nonetheless, the market is expected to grow at 7.5% per year from 2022 to 2029.

Due to this lack of revenue, Hertz could not repay its debt (Ferris, 2020). However, to the knowledge of the author, none of the main competitors of Hertz (Avis Budget, Enterprise, Sixt, Europcar) has claimed any filing for bankruptcy. Therefore, what led Hertz to such distress compared to its competitors is an interesting problem.

The main goal of any company is the be sustainable and prosper through time. Nevertheless, bankruptcy has always existed since companies were created. The first bankruptcy law concerning companies, in the US, has been enacted in the 19th century, according to the Federal Judicial Center. In other words, we can state that the concept has been existing since the first firm arose, in the same century. Therefore, the question of bankruptcy has been relevant to address. In addition, questions related to default, bankruptcy, and distress are a way to address what not to do, which is as important as knowing what to do, with the aim of prospering.

Hence, the goal of the study would be to apply the case of the bankruptcy of Hertz to theories related to capital structure management and its impact on financial distress, which leads to a situation of bankruptcy. The theories that will be used are Modigliani and Miller (1958,1963), Baxter (1967), and Jensen and Meckling (1976). The theories quoted previously are the origin of what we also call the *trade-off theory*, and *agency cost theory*, they will be defined in depth in the literature review section.

Thus, the research question of the study is: *Can the trade-off theory and the agency cost theory be applied to the case of bankruptcy to explain the reason(s) for its financial distress and its recovery?*

This study is addressed to not only any managers and owners of publicly listed firms but also future ones. As it is based on a concrete example, the study would help to better understand the overall concept of bankruptcy, with all its consequences and implications. In addition, the study will emphasize the importance of choosing and controlling the capital structure of the firm to avoid this state of distress, and to recover from it.

The data analysis will be focused on comparing Hertz and three of its main competitors: Avis Budget, Sixt, and Europcar. The previously quoted companies had been chosen as they have comparable sizes and operate in the same markets as Hertz. Enterprise rent-a-car would have been a relevant choice as well, however, due to the non-availability of data, the company could not be included the company the study. The analysis would be focused on the balance sheet, income statement, cash-flow statements, and financial ratios of the four companies previously quoted, between 2017 and 2021. Those five years have been chosen because they would allow an understanding of what happened to the companies before and after COVID-19 19, to get a comparison.

To address the goal of the case study, we will first define the theories in the literature section, to develop in-depth what are the concepts which link financial distress and bankruptcy to capital structure management.

Then, in the findings section, firstly the financial statements of Hertz and its ratios will be analysed. It will be observed if there was already a significant decrease in sales and/or revenues before COVID-19 appeared (March 2020). If so, it would show signs of decline even before COVID-19, thus it could potentially indicate that COVID-19 was not the origin of the distress, but just an acceleration of a pre-existing issue, which led to bankruptcy. Then, a comparison of the evolution of the financial health of Hertz with the ones of its main competitors will be conducted, to find potential management decision issues, which lead to financial distress. Hence, what happened, financially or not, for Hertz during 2021, will be observed to highlight what permits its recovery. The second part of the findings will be dedicated to an analysis of Hertz's management strategy and its degree of alignment regarding shareholder's view of the company. The goal of this analysis is to assess if Hertz is suffering from agency cost, it is the situation in which top management and shareholders are not aligned regarding the global strategy and the view of the company.

Within the result section, after identifying multiple potential hypotheses for the decline and recovery, linking the issues identified in the findings section with the theories will be attempted, we show whether the management of Hertz's decisions, intentionally or not, did not follow the theories quoted previously to avoid the distress. In addition, will also be attempted to demonstrate that the management of Hertz followed the theories, intentionally or not, in to recover from its situation.

In the financial analysis of Hertz and its competitors, it has been found that Hertz was already in a situation of debt overhang multiple years before COVID-19, according to the ratios chosen. In the analysis of the earning calls, it has been found that the top management before COVID-19 presented signs of agency cost, especially asymmetric information, regarding its communication to the shareholders. The study concluded that the reason why Hertz filed for bankruptcy was not the lack of revenue, but instead the uncontrolled capital structure management. Furthermore, the situation of asymmetric information from the top management did not help to make the shareholders understand the situation as much as they should, and thus at least partly led to a debt overhang crisis.

2. Literature review

One of the main theories regarding financial distress and the valuation of a company is called the *trade-off theory*. This theory was written by Modigliani and Miller (M&M), in 1958, and clarified in 1963. The trade-off theory emphasizes the effect the capital structure can have on the valuation of a firm. To understand the trade-off theory, we need to first introduce the concept of capital structure. Capital structure is the fact that the management of a company can choose to finance its assets either by debt or equity. Both have pros and cons, however, the main difference is that a company must repay its debtholders (banks), notably by what we call the "interest expenses", as opposed to shareholders, who are not necessarily repaid by the firm, notably through dividends.

M&M points out that the interest expenses, due to debt financing, can be tax deductible, and then can affect the value of a firm. Thus, a firm can increase its value by financing its investment through debt or being leveraged. However, with this assumption, all management should just go into debt as much as they can, so their firms could have the highest value possible. Nonetheless, it cannot be that simple, as Baxter (1967) emphasized in his paper the fact that being too levered increased sharply the risk of going to bankruptcy. As we stated in the introduction, a firm can default on its debt payment requirement (interest expenses), and thus go bankrupt. In other words, if a firm relies too much on debt to finance its assets, the firm pays more interest. Thus, the risk is that the interest expenses would be higher than the Earnings Before Interest and Taxes (EBIT), making the firm unable to repay its obligation(s).

This statement implies that there would be an optimal capital structure for the firm to not only benefit from debt financing but also not have the fear of defaulting on its debt obligation.

As bankruptcy is announced publicly, there are explicit and implicit costs of distress. The explicit cost would be for instance the legal representation (lawyers) or/ and professional advice (auditors, financial consultants…etc).

In addition, even though the firm has not filed for bankruptcy yet, due to its distress, many of its stakeholders might have the incentive to stop dealing with the firm. This would be an implicit cost of distress. For instance, in the case of Hertz, customers may not be willing to rent a car in advance, for their holidays, because the firm may not provide it in the next few months. Cars manufacturers may not produce and deliver products in the fear of not being paid back. Current Hertz employees might be seeking jobs in another firm, as the continuity of their employment with Hertz became uncertain. Hertz can decide to sell more of its assets (mainly cars), at a lower price, to raise some cash quickly, to fill out the distress. So, the firm may not have enough cars to deal with all its client's bookings, which can drive customers to book cars from another company.

Following this, Jensen and Meckling (1976) introduced another concept, *the agency theory*, which is also related to the capital structure and the implied cost it can create for the firm, especially when it is facing distress. The agency cost highlights the relationship issues the management of a company can have with the investors (shareholders and debtholders) of the company.

Indeed, in firms where management and ownership have been divided, sometimes, the way a CEO is leading the firm may defer from the perspective of the owners. In some cases, managers may make decisions to increase the firm value. If we refer to the proposition of M&M (1963), a way to do it is by leveraging the firm (financing investment projects via debt). However, according to Baxter (1967), we increase the cost of failure and the probability of distress.

Thus, the firm would have to allocate more of its earnings to repay its creditors, so less amount would be kept to repay its shareholders, or to invest in other projects, which could increase the value of the company.

In other cases, Jensen and Meckling (1976) also stated that, as ownership is more diluted, managers have more incentives to spend firm money on perks. In other words, managers would rather waste investments for their own interests. Moreover, managers may be willing to invest in non-profitable projects just to maximize the size rather than the profitability of the firm, to gain more glory and visibility. In the case of distress, the management may join the shareholders and act against the well-being of the creditors. They do so because, on the one hand, the shareholders can fire the managers, so they need to be on their side, and on the other hand, the shareholders will gain nothing from the profits of the firm because it cannot even repay its debt obligations. Thus, as shareholders have "nothing to lose" because they will not be repaid by the firm anyway, as it is in distress, they would rather invest in riskier projects, even though they are non-profitable ones (Jensen and Meckling, 1976). Meaning that shareholders would support, with the managers, projects that have more probability of failing, but still have a small probability to pay back a significant amount of cash, which would allow the firm to repay the creditors, and grant the shareholders. The authors referred to it as the *asset substitution problem*.

In addition, a further concept has been introduced by Myers (1977), stating that, in case of distress, shareholders may refuse to invest in a profitable project for the firm, because the project would still be a non-profitable one for them. Indeed, managers can ask equity holders to finance a project that will allow the company to repay the creditors, but the shareholders would gain nothing from it, so they would decide to not invest in it. The author has called this agency cost problem a *debt overhang* or *under-investment*.

Furthermore, based on the *agency cost theory* (Jensen and Meckling, 1976), other literature also highlighted the relevance of top management compensation and the relation it can have with the financing decision between debt and equity, notably Edmans et al. (2011), Campbell et al. (2016) and Edmans et al. (2023). The way of rewarding a CEO is also a monitoring tool to limit the agency cost. For instance, if a CEO is able to gain stocks and options from the company over a certain amount of time or by achieving a certain level of performance, he/she would be more inclined to act in the interests of shareholders. Certain tools, such as the Restricted Share Unit (RSU) and Performance Share Unit (PSU) are commonly used to monitor and anticipate the behaviour of the CEO. Edmans et al., (2023) also bring up the notion of “weak board” when the compensation decisions are made, by the directors, in a way that it will not necessarily increase the shareholders’ value, but instead keep to CEO away from departure. Furthermore, Edmans et al. (2011), supported by Campbell et al. (2016) established that there is a link between the D/E ratio, put in place by the CEO, and its way of compensation, along with other variables such as the risk-averse profile of the CEO, the maturity of the company, the risk of the investment of the company, the solvency of the company. It has notably been proved that larger and more stable firms have more incentives to finance their activities through debt, rather than companies with a more significant growth scale, which would go for equity financing.

3. Methodology

The financial data will be accessed via the database platform Orbis (from Bureau Van Dijk) from which will be downloaded the financial statements (referred to in appendices).

The plan addressed in the introduction can be divided into hypotheses. The first one would be *the presence of significant financial difficulties for Hertz before COVID-19 (March 2020)*. If this hypothesis is not rejected, it would show that COVID-19 was not the origin of the distress of Hertz, thus it is needed to look elsewhere to find the underpinned reason(s) for such a financial disaster. Hypothesis 1 will be answered by looking at signs of distress from Hertz before 2020, or at least signs of declining, thus it could have been announced that Hertz would have been in financial distress even though COVID-19 did not happen.

The second one is *the evidence of financial distress due to too-high leverage*. If this hypothesis is not rejected, it would assess that Hertz's management did not follow the trade-off theory. To support it, the evolution of interest expenses and the coverage ratio of Hertz will be closely monitored, to observe if the company spent too much on interest. A comparison with the competitors of the company will be conducted to have a baseline of the industry.

The third hypothesis is *the presence of signs of bargaining between Hertz's management and shareholders and/or creditors*. If this hypothesis is not rejected, it would prove that the agency cost theory can be applied to this situation. To not reject it, signs of management turnover, cashing out incentives from shareholders (extra sales of assets, extra paid dividend/ capital gains…) and so on will be looked at.

The fourth and last one would be *the decrease/disappearance of uncontrolled leverage and non-stable relationships between the management and investors, from 2021 onwards*. If this hypothesis is not rejected, it would prove that Hertz recovered from bankruptcy by, intentionally or not, following the theories.

4. Findings

The findings will be subdivided into two. Firstly, we will present the findings regarding the financial distress of Hertz, due to too high leverage. Thus, financial data from Hertz and its competitors will be displayed, by choosing relevant ratios or metrics to assess the financial health of Hertz between 2017 and 2022. To conduct the financial analysis, metrics will be calculated, and the data will be available on the three financial statements. Secondly, the transcript and the slides presented to the shareholders by the CEO and CFO at the trimestral general assembly of Hertz will be analysed. The analysis would take the form of notes taken from what was shown and said to the shareholders in addition to the questions they had. It would allow the observation of how the top management decided to communicate to their shareholders regarding the financial health of their company. Thus, the author would be able to compare it with the financial analysis he conducted previously in the first part of the findings section. If the communication is not aligned with what is happening in the company, it would be a proof of asymmetry information, a component of the agency cost theory. Moreover, the compensation of the CEO will be observed, to assess if the type of reward can have any influence on the way the CEO conducted the company, as it would be another sign of agency cost, as a type of reward can have an impact on the capital structure of a company.

4.1. The financial analysis of Hertz and its competitors

4.1.1. Definition of the 3 different financial statements

The first financial statement is the **Income Statement**. It is linked to the operational situation of a company, it only shows if the company can build enough revenue to cover its costs, to create a margin and earn money out of its business. It is the first thing we look at to evaluate the financial health of a business. The second is the **Balance Sheet**. It makes the recap of what the company owns (assets) and how it financed/acquired it (liabilities). It is nothing related to the business itself, but it shows how the company is structured in terms of its capital and its use. Finally, the **cash flow statement**. It shows the cash movement between 3 different flows: operating, and the cash retained at the end of the year due to the business operation of the company. Investing: related to the acquisition/sales of assets of the company. Financing: related to the question of reimbursement to the creditors of the company (shareholders and/or debtors)

4.1.2. Defining the metrics and ratios chosen for the analysis

Presentation of the ratios and how to calculate them

The ratios used for the analysis of the financial health of Hertz and its competitors are the following:

EBITDA Margin: EBITDA / Turnover

Operating Margin: EBIT / Turnover

Net Margin: Net Income / Turnover

ROE: Net Income/ Equity

ROCE: EBIT / (Debt + Equity)

Quick Ratio: (Cash & equivalent + Receivables + short term securities) / Current Liabilities

Current Ratio: Current Assets / Current Liabilities

Debt/Equity: Long-Term Debt / Equity

% LT Debt to Total Capital: Long-Term Debt / Total Liabilities

Interest Coverage Ratio: EBIT / Interest Expenses

Leverage ratio: (Debt – Cash) / EBITDA

The definition of the categories of financial ratios

The financial ratios and metrics are divided into 3 categories: Liquidity; Profitability; Solvency. The liquidity category measures the ability of a company to raise cash quickly if needed, by transforming its assets. This category will contain the quick and current ratio. The necessary information will be found in the current part of the assets and liabilities. The profitability category reflects the capacity of a business to transform its assets into revenues, and then margin, by creating value with its operational operations. It means that its revenues can cover the costs necessary to operate its business. In this category, we will find all the "margin" ratios, the ROE, and the ROIC (or ROCE). The solvency category highlights the aptitude of a company to repay its creditors, and therefore to be trustworthy to deal with. In this category, we will find the debt/equity ratio; % of debt over the total capital; interest coverage ratio; net debt/EBITDA. This category of ratios involves the notion of structure of the capital, meaning how the liabilities of the company are distributed between, retained earnings, shareholder common shares, and debt. The information related to it would be found in the balance sheet of the company, in the liability part.

Current and quick ratios: they are similar, the only change is that the current ratio involves all the current assets in the metrics, however, the quick ratio only involves cash & equivalents;

receivables; and short-term securities, which are a part of the current assets of a company. The higher the ratios are, the more a company is what we call liquid, it means that it has cash in reserve, and we compare the amount of cash and assimilated with the current liabilities of the company. The current liabilities are expenses happening regularly within a year, such as payables. Thus, a company with a high level of cash could pay its frequent expenses easily, which is necessary for its business to operate. For instance, if a company cannot repay its payables, fewer suppliers would probably be likely to deal with it. Moreover, having a certain level of cash can prevent a crisis, such as the COVID-19 one, which can happen at any moment.

(note: the gap between the quick and current ratio allows deduction of the proportion of cash & equivalent in the current asset)

The "margin" ratios: They all hold the same principle, compare with the turnover the level of revenues remaining after a certain level of expenses through the profit & loss account. They would compare the level of revenues and expenses of the company. The EBITDA stands for Earning Before Interest, Taxes, Depreciation & Amortization. At this stage, all the "operating expenses" have been covered, as the Interest, Taxes, Depreciation & Amortization are not directly related to the business and the operation of the company itself. Operating expenses would rather be the purchase of raw materials, the rent of the office, the payment of the electricity, the salaries of the workforce…and so on, as those expenses are necessary for the business to operate.

The EBIT stands for Earnings Before Interest and Taxes, thus it is one step ahead of the EBITDA, as the depreciation & amortization (D&A) took place. D&A is the concept that the assets of the company will lose value over time, as the company is using them. Thus, it is not a real loss of cash, but we use it to measure the loss of asset values on the market.

Finally, the Net margin happens at the stage of the net income, when everything has been paid by the company. The net income is also the amount that will appear the balance sheet, in the equity part, as retained earnings, because it is the amount of revenue that a company has retained through a year of business. It may be used as capital of the company, to finance projects for instance, or to distribute dividends to shareholders.

The higher the ratio, the better the company can retain revenues from its current expenses. Thus, the more profitable is its business.

ROE and ROCE: they compare the profitability of the company with the amount of liabilities used to finance the assets of the company. The ratios are used to observe if the shareholders, who invest in the company to finance the acquisition of assets, have been right to do so and will regain more than the amount they invested. The ROE stands for Return On Equity. It compares the amount of net income of the year with the total amount of equity. As said before, the net income will be placed in retained earnings and may be distributed as dividends. Therefore, the ROE signification would be the return on investment for the shareholders if all the net income is distributed as dividends. The ROCE stands for Return On Capital Employed, it measures the profitability of the assets. As the capital employed is the amount of liabilities invested to buy assets, and the EBITDA is the amount of revenue retained after all the operating expenses have been paid, comparing both would mean that due to the assets bought, we can retain a certain amount of money, and it would reflect the profitability of those assets. It can be compared to a return on investment in the assets of the company. The higher the ratios, the more profitable the investment made by the shareholders in the company.

Debt/Equity; % of long-term debt in the capital: these ratios are used to observe the capital structure of the company, especially the level of long-term debt. As opposed to the share, the debt has the obligation to be repaid, and it also brings interest in addition to the principal to be reimbursed. This is why it is interesting to know how the assets of a company are financed, because if a company relies too much on debt, it may bring heavy repayment that the company did not anticipate. The repayment will have a more significant impact if the company is not liquid. The higher the ratios, the more the company is relying on debt to finance its activities.

1) Interest Coverage; 2) (Debt-Cash)/EBITDA:

1) These ratios compare the amount of debt or interest with the revenues of the company. In the case of the interest coverage, if the ratio is higher than 1, it means that the EBIT is higher than the interest expenses, thus the company can repay the cost of its debt.

2) By deducting the cash from the debt, we calculate what we call the net debt of a company. As the cash can be considered as a negative debt, if we deduct it, we can observe the "true" amount of debt. Then, if we compare it with the EBITDA, we can observe if the amount of net debt will be higher or not from the operating profitability of the company from its activity. The higher the ratio is, the more the amount of debt is becoming ahead of the operating profitability of the company.

4.1.3. Analysis of Hertz & its competitors' financial health (according to the ratio)

This analysis will be focused on two periods, the first would be from 2017 to 2019, which is the period before the 2020 bankruptcy. The second part would be in 2021/2022, which corresponds to the recovery from the bankruptcy. It has been decided to not analyse the year 2020, as all the percentages would become negative and the ratio below 1 for every company because we are in a crisis that brings a significant decrease in revenue for every organization in the sector. The study would rather focus on the before and after this special period, to assess the financial health of Hertz, from a more objective point of view. Furthermore, the author decided to calculate all the ratios by himself, following the formulas shown previously, as he was not sure about how the database calculated them. Moreover, the decision to calculate the median of the four companies for every ratio was made, to establish a baseline. According to a report from Euromonitor in March 2023, in 2022 the four groups represented around 40% of the market share in the global car rental sector, and another 27% are retained by Enterprise, and no data are available regarding this firm as it is privately owned, thus the four groups listed in this thesis can be considered as a relevant sample of the industry in the western world.

Profitability

2017-2019 (before the bankruptcy)

Analysis of 2017:

The EBITDA margin is higher than all its competitors, reaching nearly 38%. It is a positive sign, as Hertz can retain 38% after paying all of its usual expenses regarding its business.

On the other hand, the operating margin of Hertz is significantly lower than its competitors. Hertz has a 3.4% margin, compared to a median of 9%. The difference can be partially explained by Hertz's high level of D&A, as it is the main difference between EBITDA and EBIT. Thus, we can observe that D&A is higher compared to its competitors, and proportionally to the company's revenues (28% VS 24% from AVIS / 19% from SIXT). It means that Hertz's tangible assets (cars) are more impacted by their depreciation than other companies. Nonetheless, as mentioned earlier, D&A is not a loss of cash, but a loss of asset values of the market, therefore, Hertz will recover D&A in its operating cash flow statement. Furthermore, as Hertz is operating in a sector with a high level of tangible assets, the D&A

metrics became more relevant to control, as it can significantly decrease the operating profitability of a company on its income statement.

The net margin is higher than the operating due to positive provisions for income taxes as the net income before taxes (EBT) is negative. It shows a negative profitability after the operating income.

Regarding the ROE, the return of Hertz for its shareholders is up to 21.51%, compared to 14.35% for the industry, however, AVIS is reaching 63% during this year. It means that if an investor decided to give an amount x to Hertz, it could regain 21.51% of it within one year if 100% of the retained earnings were distributed as dividends. Once again, this is because, during this year, Hertz had regained more than 1.5 billion USD on provisions for income taxes, while its competitors did not.

Finally, regarding the ROCE, Hertz is not even reaching 2%, compared to 4.5% for AVIS and 6.58% for the industry median. As we observed earlier, the EBIT of Hertz is quite low, as is the profitability of its assets.

Analysis of 2018/2019:

Overall, the EBITDA and EBIT margin stays the same, for the competitors. However, we can observe that in 2019, the EBIT margin of Hertz has reached 8.4%, compared to the 3.4% in 2017. Thus, Hertz's operating margin has exceeded AVIS one and is now close to the industry median of 9%. Therefore, we can state that the operating strategy of Hertz has been quite beneficial during the last 3 years.

Nevertheless, Hertz is the only market actor with a negative net margin. It means that between the EBIT and the Net Income, hertz is suffering from too many losses. In 2017, the company could cover it from tax provisions, but not anymore. The losses can be due to interest expenses, or income taxes.

2021-2022 (the recovery)

Overall, the industry has recovered from the COVID-19 situation, reaching nearly 40% of the EBITDA margin and more than 20% of the operational margin in 2021. Following this, in 2022, the industry added a 5% margin on the EBITDA and operating income level. Regarding the net margin, we can observe a tremendous increase from 2021 to 2022 for Hertz (-1.15% to 23.71%). The trend is the same for the ROE.

We can observe that Hertz reached that level of profitability by reducing its “other operating expense” (from 988.4 million USD on average during the last 5 years to 257 million USD) and its “financial expenses” (from 651.6 million USD on average over the last 5 years to 328 million USD).

The liquidity

2017-2019 (before the bankruptcy)

Overall, the larger companies (Hertz and AVIS) are less liquid than the smaller ones (Europcar and SIXT) through the years. Especially in 2019, where both quick and current ratios were at or below 0.8 for Hertz and AVIS. It means that their current liabilities are higher by 20% than their current assets. So, they owe money more than what they have in cash and what other companies owe them.

Moreover, if we look at the arithmetic of both ratios, what we increment from the quick to the current ratio are the current assets which are not cash & equivalent. Thus, the smaller the gap is between both ratios, the more cash & equivalent are predominant in the current assets of the company.

2021-2022 (the recovery)

The industry median is comparable between 2019 and 2022. The companies had more liquidities in 2021 due to the sale of assets, however, in 2022 the levels are the same as before (0.5 for the quick ratio and 0.9 for the current).

The Solvency

2017-2019 (before the bankruptcy)

We can observe that the level of debt for Hertz is higher than the industry median, however, its main competitor AVIS decided to choose a strategy with an even higher level of debt and leverage, on average, over the three years:

- Hertz: 12.77 D/E ratio/ 4.81 leverage ratio / 92.45% LT Debt to Total Capital
- AVIS: 33 D/E ratio / 5.45 leverage ratio / 96.97 % LT Debt to Total Capital

Even if the AVIS ratios are higher, the company shows a better ability to cover its expenses, as its interest coverage ratio is also higher: 3.58 on average for AVIS compared to 0.77 on average for Hertz. Thus, the strategy of Hertz regarding its capital structure relies less on debt financing than AVIS, but the company still shows difficulties in covering its interest expenses.

2021-2022 (the recovery)

After COVID-19, we observed a negative Equity from AVIS, thus the metrics would be less relevant to analyse with a negative D/E ratio and more than 100% debt to finance LT capital.

Regarding the situation of Hertz, the ratios were: 5.39 D/E ratio – 4.63 leverage – 84.1% Debt to LT capital. We can observe a decrease in the D/E ratio and Debt to LT capital, so the company is relying less on debt to finance its future. However, we can observe an increase from 2021 to 2022, with the hope that the company's situation will not be the same as before COVID-19. In addition, the interest coverage ratio is higher than 5 on average, as the company decides to reduce its financial expenses, especially in 2022.

4.2. Notes taken from the earning calls of Hertz

In this second part of the findings, the analysis of the transcript, and the slides presented to the shareholders by the CEO and CFO at the trimestral general assembly of Hertz will be conducted.

Regarding articles published, what happened at the beginning of 2017, as the analysis is starting here will be discussed. It has been found out that Kathryn Marinello, starting 3rd January 2017, replaced John Tague as the CEO of the company, who served Hertz for 2 years and going to retire. Mrs.Marinello has been serving until March 2017 as a senior partner in Ares Management LLC (Private Equity). From 2010-2014, she was the CEO of Stream Global Services, a consulting company, that offers outsourcing services). From 2006-2010: CEO Ceridian corporation offers software and solutions for human resources. Basically, the new CEO has a lot of experience as a president, in multiple sectors of activities, with tremendous accomplishments, however, she has only worked in the intangible services industry recently.

An analyst from Credit Suisse, Anjeneya Singh, confirmed the doubt regarding Mrs. Marinello's background: "she has less operations bent than we would have preferred"; "we believe the ideal rental car company CEO is someone with either industry-specific experience or a background that is more directly applicable. (Layden, 2016). As opposed to Carl Icahn, the largest shareholder of the company, who estimated that Mrs. Marinello is: "the right person to lead Hertz as we move forward".

On the day Hertz announced the CEO renewal in mid-December 2016, the stock price of the company fell by more than 8% within 24 hours. We can observe that the market was apparently not following this decision. (Dye et al., 2016).

Concerning the package of the CEO of Hertz, it has been found that Mrs.Marinello (2017-2020) was rewarded as follows: a fixed yearly salary of 1.45 million USD, in addition to stock, options, and extra cash bonus rewarded regarding the performance of the adjusted EBITDA, over the period 2017-2019. On average, she earned 8.4 million per year over this period.

On the other hand, Mr.Scherr (2022-2024) was rewarded with a significant amount of stock when he entered the company on the 28th of February 2022. The total amount went up to 178 million USD, which is significantly more important than what Mrs.Marinello earned. However, Mr.Scherr could only withdraw his money after a certain amount of time within the company, and only 20% by 20%, and if he reached a certain objective of the stock share price. In addition, if he came up to be fired before, he would have no right to his due. Apart from that, Mr.Scherr had a fixed yearly salary of 1.5 million USD, and he could have a cash bonus regarding the performance designed by the 2022 Executive Incentive Compensation Plan (EICP) as follows:

- Adjusted Corporate EBITDA (weighted 40%) — a measure of profitability
- Revenue per unit (RPU) (weighted at 15%) — a measure of fleet productivity
- Net Promoter Score for the Hertz Brand (NPS) (weighted at 20%) — a measure of customer satisfaction
- Board Discretion (weighted at 25%) — to enable the qualitative and strategic aspects of our business results to be considered

Analysis of the quarterly earnings calls (slides + transcript)

Q1 2018

A) Analysis of the information in the slides

The presentations were made by the CEO and the CFO. The first part is the business overview, presented by the CEO, and then the liquidity and B/S overview presented by the CFO.

Key metrics: EBITDA, pre-tax income, net income, EPS, rapid product development, revenue per user, net depreciation unit/month, fleet utilization, transaction days. So, nothing related to capital structure and debt repayment, mostly related to margin and working capital.

On the seventh slide, we can observe that the EBITDA is negative, however, it has improved by half from Q1 2017.

The CFO part begins on the 14th slide, we can see that the company has vehicle and non-vehicle debt, and 30% of Hertz is with a floating rate debt. The level of cash is displayed for the quarter, we can observe that the company is more relying on the Revolving Credit Facility (RCF) rather than cash to evaluate its liquidity. RCF is a credit issued from a financial institution that gives the borrower complete flexibility regarding repayment, it is based on a variable rate, and often higher than other typical debt rates (Investopedia).

The company also issued 1 billion USD of corporate bonds in January, with a due term in 2023.

Following, the debt maturity profile is presented, it is shown that the company is relying on senior notes and credit facilities to finance its activity, which is quite convenient regarding the repayment period. We can observe that for the next 2 years, the amount of maturity is quite low, and the credit facility maturity is only in 2021, so it can be delayed. Therefore, the company has several years to maximize its benefits before repaying its debts.

The Consolidated First Lien Leverage Ratio is presented to evaluate the proportion of the total debt compared to the EBITDA of the company. The ratio stands at 1.76, which means that the debt outstanding is 1.76 times higher than the EBITDA generated in the quarter. The company is informing us that their target is to limit this ratio to under 3x.

The last slide presents the type of investment made by the company and their impacts on the EBITDA, we can observe that the company has chosen to invest less in its fleet and more in IT/sales/marketing to maximize its benefits. The company expects a 10 million USD increase in its EBITDA per quarter due to its new investments.

B) Analysis of the information in the transcript

Mrs Marinello is only talking about the business overview, which we can see on the fifth slide. She's talking about investment strategies regarding the operations and how the company is going to continue improving its results compared to last year, with better fleet management and usage, which are measured with the revenue per unit, the depreciation expense per unit, the transaction days, and vehicle utilization rate. Following, Tom Kennedy, the CFO, is going to talk about all financial data: he's highlighting the improvement of the EBITDA, even though it is still negative (slide 7). Then, he describes the metrics of slide 8, and he starts talking about the value-added service revenues from Hertz, which are categorized into four products: Upgrade; loss damage waiver (LDW); liability insurance supplement (LIS); and fuel. Hertz observed a decline in revenues from the two first services. He says that in 2017, Hertz sold 50% more of its fleet than expected, so this is why the management tries to sell its assets mainly via direct dealers and/or retail.

He says that Hertz's vehicle and cash interest expenses have increased, mainly due to the rate for the cash. And it has been mitigated by Hertz bond issuance (ABS), which also has increased due to benchmark rate increase.

He's jumping from slide 14, in which he's talking about debt mix, to slide 18, as he's talking about total investment made in 2018, in addition to 2017, which would help increase the EBITDA. The CFO is not talking about the level of liquidity nor the debt maturity profile yet, he would focus on the topic later in the discussion.

Then, the CFO talked about data that were not displayed in the slide: Hertz sold its Brazilian operations to Localiza, and the summer peak in Asia helped a lot to improve the Rapid Product Development.

Finally, the CFO starts introducing the liquidity and debt analysis. He recalls that the company issued in early 2018 a 1 billion USD ABS, with a 5-year term, to cover the 929 million USD maturities Hertz is facing in 2018 and to extend their debt maturity profile. Hence, the strategy of the top management is to cover its debt, by issuing more important debt and delaying the maturity. In addition, the company issued a 500 million EUR note to refinance its 425 million EUR note due in January 2019, to "support vehicle growth". Moreover, the company has the intention of continuing to refinance its debt: "we will continue to be proactive in assessing opportunities to refinance pending maturities, but I'd also remind you that the nearest debt maturity for our book of non-vehicle debt is not until October 2020" (T. Kennedy, transcript Q1 2018).

The CFO is then talking about the liquidity, he announces 1.6 billion USD of corporate liquidity, he also explains that Hertz has not drawn any of its senior revolving credit. So, the company can have such a high level of cash because they decide not to spend their residuals from their debt principal amount of liquidity. It has nothing to do with the amount of cash flow generated legitimately by the business of the company.

Mr. Kennedy also informed the audience that he expected the free cash flow would be negative in the first half of the year. The summer season should make it positive for the second half, however, it is likely to be negative for the full year. It is due to "heightened investments", so the CFO acknowledged that the FCF of the company does not look appealing due to the investment policy.

C) Questions

The first one is the mention of 110 million USD more investment in 2017 compared to 2016. The CEO mentioned that in 2019, the amount of investment should be the same as in 2018. We learned that Hertz sells cars when they are around 70,000 miles.

Next, there is the question regarding the impact of the interest rate on the business from Macquarie. The CFO stands by the fact that he increased the proportion of fixed rate, up to 2/3 of the vehicle debt. However, he estimates that the cost should be around 45 million USD for the full year. Mr Kennedy does not expect any change regarding the non-vehicle part, as 75% is under a fixed rate.

Another question is about the cost of swapping interest rates to hedge the variable rate remaining.Hertz had some benefits from the last 2 years by having variable rates, however, the CFO says that the objective is to “terming that out”. However, he does think about swapping and doesn’t have any further answers.

Finally, there is a question regarding the decrease in residual values. Does the management think it is a real fear? The CEO said no. Due to her previous experience, she does not fear any decline.

Q2 2018:

A) Analysis of the information in the slides

The same key metrics as Q1 are used. A comparison is made quarterly, from Q1 2017. Recap about 2017 investments and the ongoing as from 2018 and beyond.

The EBITDA is presented in slide 10, however, the meaning is not as clear as last quarter, there are no numbers, just a graph that is not easy to follow. On the graph, the EBITDA seems to become more negative through the following years. The next slide is presented by Mr Kennedy, and we can see the revenue and EBITDA clearly announced, in a P&L form. We can observe that during this quarter, the EBITDA has been positive, and nearly three times higher than last year’s quarter.

Regarding the liquidity, the company has fallen from 1.6 to 1.2 billion USD. The company decided to use 300 million USD of their revolving senior RCF. And the unrestricted cash went from 1 billion USD to nearly 700 million USD. The CFO also informed us that the company has issued 400 million USD with a maturity of 50% 3 years and 50% 5 years. As a record, the company has already some principal to refund within 3 years, as shown on the next slide. Furthermore, we can observe that there is no change from last quarter in the number of principals to repay, hence we can assume that the ABS, or corporate bond capital are not taken into account in this slide.

The management decided to show on the last slide a preview of the third quarter, with July's metrics.

B) Analysis of the information in the transcript:

The consequent investment in IT is made to create a platform that would be delivered in the fall of 2019. The CEO announced that she spent more time on this project, as a Chief Information Officer would do, in addition to her principal role in the company. The CEO talks about the progress of the digital project, probably to reassure the shareholders regarding their investments. She also introduces her hiring choice for the future CIO.

The CFO then takes the speech in hand, he's describing the common figures in the slides. Then he refers to an increase of 0.25% interest rate on their corporate bond. Furthermore, the CFO informed us that the proportion of floating rate in their Asset Back Securities (ABS) is one-third. ABS is a financial investment, that takes the form of a bond, with a fixed rate. It is usually a corporate bond or bond fund.

As a record, the amount of ABS is not displayed in the slides, therefore, the shareholders cannot have a summary of the amount of principal the company needs to reimburse. Hence, the CFO estimates that the increase of the total interest expense would increase "about $40 million due to rates and about $30 million due to higher fleet debt levels" (T. Kennedy, transcript Q2 2018, p. 8).

The CFO mentioned that the company issued, in March 2018, another 500 million EUR European Vehicle Notes to cover a 425 million EUR note due in January 2019. Moreover, the company issues 550 million EUR ABS "under balanced commercial fleet lease ABS program". Plus, the CFO reminded us that the company issued 400 million EUR notes in June (also told in the previous transcript). Mr. Kennedy stated that they "continue to maintain our focus on extending Hertz's liability structure", so it is in their strategy to increase the amount of debt of the company. In addition, he claims that the company will continue to refinance its maturities and will not wait until the last minute to do so. The next one is in October 2020. Following, the

CFO gave us the number of liquidities of the quarter, but without much more detail. However, he announced that the adjusted free cash flow years to date (half a year) is negative by 326 million USD, which is better than a year to year 2017. So, the company's total added value is still negative, but the strategy is still to continue to issue more debt and increase the interest expenses.

C) Questions:

Michael Milman (Milman Research) is asking for more details regarding the 11% increase in EBITDA in July, he wants to break it down into business sectors. The CEO replies that she knows “it is frustrating to everybody but we don't give guidance”, she is not willing to give more details about the revenue of the company, she’s arguing with the fact that the turnover and EBITDA have been rising through the quarters. In addition, she expects to be “cash positive in 2019 and do that through earnings”.

In another question, the CEO says again that they don’t break out segmentation and pricing publicly.

A question from Hamzah Mazari (Macquarie) has been asked regarding investment spend, in her answer, the CEO claims “we're still working with both hands tied behind our back” (K. Marinello, transcript Q2 2018, p. 16). The answer given sounds like she cannot do anything about what is happening, it shows a certain incapacity from the top management of the company. Then, she brought again the argument that the EBITDA is still growing, with the 11% increase in July.

A question from David Tamberrino (Goldman Sachs) brings up the fact that the unrestricted amount of cash has decreased by 400 million USD. Thus, he’s asking regarding the cash balance expectation at the end of the year and what the CFO expects to do if the market doesn’t follow July’s trend. The CFO's answer begins by reminding us that the cash flow expectation for 2018 is negative but better than 2017 and that top management expects it to be positive in 2019. In addition, Mr Kennedy brought up the fleet as the biggest source of cash. So, he believes that selling its assets should be the principal cash source in times of downturns, for the company. He also states that the company could lower its investment amount to spend less. He considers those two reasons as “fairly significant levers”.

A question from Douglas Karson (Merill Lynch) is asking about the right cash balance to have in 2019 to repay the following maturity. The CFO's answer is quite evasive, he states that “we're always looking to maintain certain levels of cash in the business”, and they “have in our perspective what minimum cash is, we're significantly above". We have to keep in mind that the free cash flow expectation is negative for 2018, and the level of cash & equivalent has shrunk by almost 40% in the second quarter of the year. In addition, not giving an idea of the amount necessary is not proof of confidence and trust, as we saw that the question of debt repayment is frequently brought up in the discussion.

Q3 2018:

A) Analysis of the information in the slides

The number of slides regarding the balance of debt and liquidity has decreased significantly. Only 1 slide and 3 bullet points are dedicated to recapping liquidity and debt balance. It might seem a little bit light when the cash flow of the company is expected to be negative at the end of the year.

Nothing has changed regarding the number of notes to be reimbursed in the next year. However, we can observe that the firm contracted another ABS of 1 billion EUR in October 2018. It is new information, beforehand, the top management decided to not display to amount of ABS issued. In addition, the maturity of it is not displayed in the slide. Furthermore, the amount of liquidity available at the end of the quarter is also displayed. Nonetheless, the top management used to dedicate an entire slide, with the calculation detailed, to assess the amount of cash. Here, the company management decides to display the amount of cash in a bullet point, with absolutely no detail regarding its composition. We don't know if the 1.3 billion USD is due to unrestricted cash, or principals from the debt, which has not been used yet.

B) Analysis of the information in the transcript

The CEO is mainly talking about the progression of the company regarding its strategy. Mentions of the new top management (CFO + CIO in the prior quarter), with weekly and even daily meetings for brainstorming.

The CFO starts by describing the metrics displayed on the slides. Then, he started to describe the slide concerning liquidity and debt by mentioning that the top management of the company was "focused on managing the maturity of the debt stack". According to the CFO, being able to not issue more maturity in the short term is proof of debt stack management. Then, the CFO mentions an interesting metric, the corporate leverage effect, even though it is not displayed. The leverage is calculated by comparing the amount of net debt over the EBITDA, it gives an idea of the amount of year the company should take to repay its debts if the firm decides to put all its EBITDA into reimbursement. In this case, the CFO mentioned a 9.1 corporate leverage compared to a 12.7 on a year-to-year basis. It means that at this moment, during the third quarter of 2018, the amount of net debt (debt – cash) is 9 times higher than the corporate EBITDA. An article from Will Kenton, published by Investopedia, claims that the rule of thumb regarding the debt-to-EBITDA ratio is approximately between 3x and 5x. The author also says that it depends on the industry of the company. The article also announced that, depending on the analyst, some would rather have a ratio under 3x, and others over 4.5x. Thus, there is no fixed rule regarding the leverage ratio, however, we can observe that Hertz is significantly higher than the number quoted with its 9.1x ratio.

Hence, the CFO started talking about the liquidity aspect, he claimed there were no withdrawing on the corporate senior revolving facility. Then, the RCF level should be at 865 million USD, if we refer to the slide of last quarter. Following, the CFO says that the company has invested in a 1 billion USD "securitization facility" in October, this is why it is not shown on the slide, as it is in the next quarter. However, the CFO does not mention the means of financing such a significant investment. Regarding the cash flow, the CFO announced an improvement of 159 million USD on a year-over-year basis, regarding the cash flow years to date. Although, the cash flow is still negative by 259 million USD, as expected. The top management decided to change its prediction and believed that the company could achieve a positive cash flow at the end of the year 2018. For the recall, the cash flow in Q3 2017 was -418 (=259+159) million USD, and the CFO is reminding us that the cash flow at the end of 2017 was -336. Therefore, last year, in 2017, the company made a +82 million cash flow in the last quarter, and the top management expected to have a +260 million USD in 2018.

C) Questions

Mrs. David Tamberrino (Goldman Sachs) is asking a question about the operating expenses, he knows the company has "elevated spending" and he wishes to know how much more that should be.

The CEO replied that when joining the company, there was underinvestment in all areas, and her strategy has been to re-invest flow in the areas that work. Then, the CFO also claims that the company needs to decrease its expenses in logistics, transport, and maintenance. She also claims that nowadays, it is hard to find decent and efficient workers, and when you do, you need to increase their wages to keep them.

Following a question regarding the cash flow positive end 2018 assumption, the CEO clearly stated that the top management is focusing on the EBITDA, reducing the leverage, and providing cash consistently. She did not mention what kind of cash, but it can be assumed that she is talking about unrestricted cash from operating activities.

A question from Michael Millman (Millman Research) (p 11) mentions the comparison from AVIS, having a better average fleet cost, and assumes that the business of both companies is comparable.

A question from Hamzah Mazari (Macquarie Capital Inc) is raising the question of when the investments made would be amortized/normalized. The CEO expects to "come out in a strong position" from the last quarter of 2019 and 2020.

The last question is from Chris Wang (Barclays) and it is regarding the refinancing thought of the debt. The CFO states that it is not the first priority as he doesn't want to complicate the capital structure of the company. However, he states that if the company has better financial results, it would look more appealing to the marketplace to get better debt covenants.

Q4 2018:

A) Analysis of the information in the slides

Regarding the slides, all the metrics are the same, and the slides look similar. However, the top management has decided to show first the performance overview rather than the executive strategy. The two main metrics shown are the revenue growth and the net depreciation per unit, there is no mention of the EBITDA, as the top management used to show in this slide before. The executive strategy comes after. The EBITDA is finally shown on the consolidated results, we can observe that the adjusted margins have increased significantly regarding 2017. However, the net margin is still negative. Furthermore, as we are at the end of the year, the top management decided to display a year-over-year comparison with 2017.

(49 EBITDA -62 pre-tax loss → 111 of difference)

Following, in the second section of the presentation, one slide sums up the deb maturity, the level of liquidity, and the cash flow. The annual adjusted cash flow is positive, as expected by the top management last quarter. The level of liquidity reached 1.6 billion USD, but no details are given for its composition. The top management announced on this slide that during the next quarter, the company would need more investment: 700 million USD ABS notes, maturity of 3 years in addition to 400 million USD in VFN (Variable Funding Notes). VFN maturity commitments would be executed (500 million USD) and extended (3.4 billion USD). Plus, the CFO announced that the company will submit to a non-vehicle debt in 2019, however, we have no idea of the amount. This slide means that the company has at least 3.8 (3.4+0.4) billion USD debt with a variable rate. Just this kind of note represents 40% of the company's 2018 turnover and 8.77 times its 2018 adjusted EBITDA, according to the slides the top management presented.

B) Analysis of the information in the transcript

In her introduction, the CEO assumed that the investments made in the last two years, so since she has been the CEO, “have been significant, but necessary”. She also underlines the fact that the revenues of the company have increased since then, because of the strategy of the top management. She claims that the company is not looking to cut costs, as it is a short-term solution.

Then, the CFO starts by presenting the financial results. In its explication, the CFO reminds us that the net income of 2017 has been so high due to a US tax reform, as we observe on the first part of this case study. He mentioned that the corporate leverage is now at 7.7 times the EBITDA. Following, regarding the debt structure, we are learning that the debt is Asset Back Securities, and that the 3.4 billion USD commitment has been extended to one year, from 2020 to 2021.

C) Questions

Chris J Woronda (Deutsche Bank Securities), the CEO claimed that due to her past as a CFO and Controller, she is always looking at the PnL. Indeed, her main concerns seem to be the net depreciation per unit, the EBITDA, and the revenue, which are metrics of the PnL. However, she does not bring up much about the metrics of the Balance Sheet and the Cash Flow Statement. In the same answer, she also brings up the fact that the company will open 10 retail outlets in 2019, however, she doesn’t mention an extra investment, thus we can suppose that the investments previously evolved in the slide include those outlets

A question from Michael Millman (Millman Research) is comparing the company with its main competitor, AVIS. He said that Hertz has half of AVIS EBITDA’s margin. Compared to the data found, the EBITDA amounts and their margin are both comparable for the two companies at the end of 2018. However, the analyst might be speaking on a non-US-GAAP basis, all the data provided in the financial analysis are made under US GAAP.

The analyst is questioning the objective of EBITDA margin for the coming years. The CEO answers with the fact that the company increased its EBITDA from 2017 by 62% (adjusted corporate EBITDA), as shown in the slide. Thus, Hertz could increase significantly its EBITDA margin in 2019 and 2020, she announced a 2-digit increase, so more than 10%.

A question from David Tamberrino (Goldman Sachs) refers to the amount spent on IT for the past two years. The CFO is announcing 100 million USD including technology transformation. Let us remind that the top management is making the digital revolution and the IT project its top priority, however, the amount announced seems quite low regarding the total amount of debt issued for the last year. Then David Tamberrino is trying to understand how the adjusted corporate EBITDA is made, and he's concluding that the EBITDA has not improved. Following, he's asking about a cash flow perspective for 2019. The CFO announce a negative cash flow expectation for 2019. It seems surprising, as the top management is mainly focusing on better revenues and EBITDA for the coming years, investors might as well expect better cash flow.

Q1 2019:

A) Analysis of the information in the slides

On the fourth slide, we can observe that the new app will be launched in April 2019. On the fifth slide, we can observe that 1 million shares have been issued since Q1 2018, for a total of 84 million.

Regarding the part on the debt and liquidity, we can observe that the top management is not displaying the adjusted FCF, they are just explaining how it is calculated. We can see that the amount of liquidity is 1 billion USD, which is lower than what we saw in the previous year. In addition, the amount of term loans with a maturity in 2019 has decreased from 14 million USD to 10 million USD.

B) Analysis of the information in the transcript

In the introduction speech, the CFO announced that the company has adopted a new accounting standard specialized for leases, the ASU 2016-02. He also stated that the standard had increased the assets and liabilities by 1.5 billion USD. However, he doesn't precise which liabilities. Furthermore, the CFO stated that the adoption had no impact on operational earnings. This is because the amount of assets and liabilities are not related to the earnings of the company. This information is not displayed in the slides. Regarding the FCF, the CFO states that the company had not drowned anything from their RC, plus, in the last quarter, the company had 1.6 billion USD in liquidity, thus the amount of unrestricted has decreased significantly by 0.6 billion USD.

C) Questions

A question from David Tamberrin (Goldman Sachs) raises the fact that, during the last quarter, the company had fleet growth and a decrease in the cash flow, because of fleet investment. Thus, the analyst is asking the CFO does he expects the company to be cash flow positive in 2019. As an answer, the CFO stated that due to volatility from fleet buyers and ABS marks may impact the cash flow from quarter to quarter. Therefore, the company cannot even be sure about its next cash flow evolution 3 months from now. The CFO is reminding the audience that "we're pleased with the operational cash flow that we saw of over 100 million USD", however, this number is not indicated in the Q1 2019 slides, nor the Q4 2018. As a reminder, in Q4 2018, the total cash flow for the full year 2018 was 99 million USD. Following this, the CFO indicates that the company is relying on the market interest rate to use less cash to finance its fleet. So, the company is more dependent on the fact of consuming less cash than generating more to get a higher amount of liquidity. Plus, here the CFO indicates that the company is worried about the rise of the interest rate as a significant threat to the well-being of the company.

A question from Michael Millman (Millman Research) is about rising spending on technology and its impact on the EBITDA. The CFO stated that it should be from 30 to 50 million USD. This amount should be covered by the increase in productivity, and the results on the PnL should be observed around the first half of 2020. A second question asks about the expectation of the EBITDA if everything else remains equal. The CFO did not answer directly the question, he simply stated that the company will be a fast-growing higher-margin business. Then, the CEO claimed that the top management was not willing to put any guidance on a number of what the EBITDA could be.

A person from JP Morgan is asking regarding the cash flow expectation for 2019. The CFO said that the top management is expecting to be positive if the residual values stay strong. As he said before, the CFO is relying mainly on interest rates rather than operational revenues to have a positive cash flow. The last question of the person from JP Morgan is regarding the fact that the top management has already talked about refinancing the bond maturing in 2020 during the last quarters, however, they hadn't talked about the one in 2021, which is a few months after. The CFO replied that for now, the top management is focusing on 2020, and if there are good conditions, they will try to refinance, at least partly, the 2021 bonds. We can notice that the top management is often speaking on a long-term basis horizon regarding operations and production management, however, concerning debt and de-leveraging the firm, they seem to focus on a year-to-year basis.

Q2 2019:

A) Analysis of the information in the slides

The amount of adjusted corporate EBITDA is not equal to the corporate EDITDA of the US RAC plus the international RAC one. Maybe it is due to the exchange rate between currencies.

Regarding the liquidity part, the company can achieve more than 800 million USD of cash, including covering the 700 million USD notes due for 202, in addition to refinancing the senior notes of 2021 and postponing the maturity to 2026. However, from what the slide is showing, the 2020 notes have been covered by the issuance of 750 million USD of equity, and the notes of 2021 have been postponed. Therefore, the amount of cash of 812 million USD does not include the cost of reimbursement, as the cash created by operations did not serve to de-leverage the firm. Furthermore, the slide shows a ratio of 5.5 net corporate leverage. It means that the total non-vehicle held by the company is 5.5 times higher than the EBITDA made from the last 12 months. As a reminder: EBITDA Q2 2019: 207 / Q3 2018: 351 / Q4 2018: 49 / Q1 2019: -4, a total of 603 million USD made in one year, based on a non-GAAP calculation. The total amount of debt shown on the slide is 4 870 million USD. If we make the calculation, it makes a ratio above 8. However, the top management made a note at the bottom of the slide, saying that the pro forma ratio includes the 750 million USD for equity issuance. However, as equity has nothing the do with EBITDA, it is not relevant to include it to calculate the level of leverage of a company. In addition, if we are taking into calculation the additional equity, then the results of the ratio are around 4. In any case, we cannot find the 5.5 displayed, and as the calculation is not given, we won’t be able to.

B) Analysis of the information in the transcript

When the CFO arrives to talk about liquidity and leverage, he explains what the decisions of the top management regarding the maturity of the non-vehicle notes were. During his explanation, he stated that “this enables us the accelerate the de-leveraging of our balance sheet”. However, the top management knew years ago about those notes’ maturities, and they decided to take care of them only a few months before. In addition, concerning the maturity of

2021, they didn't decrease the leverage, they just postponed the maturity. Furthermore, it is right that the decision to issue equity to cover the notes will decrease the leverage, however the top management has not decided to use any cash from operation to at least the notes expenses partly. Even though they have been telling their shareholders for more than a year that the figures are getting better all the time, by issuing equity, they are either diluting the ownership of their shareholders or asking them for more financial support.

About the liquidity, the CFO announced that if the residual values stay the same during the second part of the year, the company should be cash flow positive for 2019, as he said during the last quarter.

C) Questions

A question from Derek Glynn (Consumer Edge Research) is raising a point regarding capital allocation and reducing leverage as a priority. The top management claimed that reducing leverage is their priority, as the cost of debt is significant. The CFO is also talking about continuing to create cash. For the recall, during 2018, the top management decided to issue lots of vehicle debt via corporate bonds (3.45 billion USD), in addition, the level of unrestricted cash seems to have risen, as we do not have the details regarding liquidity calculation.

A question from David Tamberrino (Goldman Sachs) is asking why the CFO thinks the company can make positive cash flow this year because the CFO has said the opposite prior to the year. The CFO answer stated that the residual values have decreased less than expected, plus, the operational cash flow of the company is improving. Thus, to have a positive cash flow, the top management is still mainly relying on a metric exogen from the company. In addition, the top management has stopped displaying the details of the liquidity calculation. Thus, the shareholders do not have any idea about the unrestricted cash level of the company anymore, even though the CFO says that it is improving, the shareholders do not know to what extent.

Q3 2019:

A) Analysis of the information in the slides

Once again, both adjusted corporate EBITDA (US & international) do not match with the global ones, so, 8 million USD are missing. Regarding the leverage & liquidity level, it can be observed that the amount of liquidity is at 860 million USD, and it does not include any reimbursement of the non-vehicle debt, nor the withdrawal of the RCF. Thus, the level of unrestricted cash should have decreased, if the calculation of the level of liquidity is the same as in 2018. However, the information is not provided. As a comparison Year Over Year, Q3 2018 displayed a 1.3 billion USD in cash, thus the company decreased its liquidity by approximately 34% in one year. Let's remember that during the last quarter, the top management of the company stated that the operational cash flow is improving, however, the overall liquidity is not, hence the financing and/or the investing cash flow are growing faster negatively than the operational cash flow positively.

B) Analysis of the information in the transcript

The CFO announced a 10% increase in digital booking due to the app, within one year, the app was a significant amount of investment.

The CFO announced an 18% decrease in the international EBITDA segment. Nonetheless, the slides only displayed the number of 115 million USD, but not the evolution year over year, as the top management did with the US segment. Therefore, the top management decides voluntarily to hide information regarding the way of evolution. Thus, it can be asked to which extent the top management is hiding information.

C) Questions

A question from Yilma Adebe (JP Morgan Securities) asks about 1) the level of leverage wished by the top management and 2) what exceptional expenses were done in 2019 that would not appear in the future. The CFO answered that around 3 times leverage is comfortable for the business. It means that having a net debt 3 times higher than the EBITDA is the most efficient for the top management of the company. Then the CFO continues by claiming that expenses in some of the "technology things" will "roll of" in 2020, however he does not give any number.

Q4 2019: made on the 25th of February 2020, COVID-19 was not announced.

A) Analysis of the information in the slides

It can be observed that on a year-over-year basis, this quarter's performance has decreased on a GAAP metric calculation, but not on the adjusted part. We can observe it, especially in the EBITDA. Thus, the internal method of calculation might change all the results. Nonetheless, in the year 2019 results had performed well compared to 2018, with GAAP and non-GAAP calculation.

The slide regarding the US segment is showing an increase of 11% for the depreciation per unit metric, on a year-over-year basis. The text explains that it is due to residuals, a contingency faced by the company.

The slide on the international segment presents a negative adjusted EBITDA, and the explanation below is that there is a higher unit depreciation. However, the depreciation is not included yet in the financial calculation at the EBITDA level. In addition, if we add the adjusted EBITDA of the US and international segments, we do not match with the global EBITDA announced for the quarter at the beginning of the presentation.

Regarding the leverage & liquidity part, we can observe a significant increase in liquidity. It rises from 860 million USD to 1.4 billion USD.

It is shown that the company had refinanced 900 million USD senior notes from 2021 to 2028. The level of corporate leverage is at 4.5x at the end of 2019. We can observe that there is no mention of the free cash flow number, as opposed to 2018.

B) Analysis of the information in the transcript

The CEO reminds us that she’s been on board for 3 years now. To re-elevate Hertz to its competitor's level, she mentioned that one of her goals was to “create a portfolio of revenues opportunities”. She might refer to the different business segments of Hertz, such as TNC and airport rental for instance. Nonetheless, we can also state that the company has a portfolio of investments and the interest rates linked to it are the main concern of the CFO regarding the free cash flow of the company, as they are the main switch component and Hertz is dependent on them for the prediction of the liquidity of the company.

During the explanations of the slides, the CFO mentioned that the 900 million USD refinance of the senior notes was at a 6% interest rate, however he did not mention if the rate is fixed or variable.

The CFO confirmed that the free cash flow is negative. Due to unfavorable ABS market fair value, a metric not related to the business of the company itself

C) Questions

A question from Mario Cortellacci (Jefferies LLC) raises the fact that the top management of Hertz is mainly focusing on price increase rather than volume, as opposed to the competition, he also claimed that it was “kind of a shift from what you guys saw earlier in the year”.

The CEO's answer confirms that the top management is more focused on pricing increases than volume, however, they do not want to sacrifice volume. She also mentioned that costs are increasing, so the price should be. The CEO continues by mentioning that the top management just decided to invest in Dollar and Thrifty brands.

Q1 2020:

A) Analysis of the information in the slides

We can observe that the first slide shows graphs with a “positive momentum to start 2020”, the top management decided to show that the company increased its revenues and its EBITDA on a year-over-year basis, for the last 9 quarters, and the top management has decreased the leverage ratio of the company from 8x to 4.5x during 2019.

The next slide shows the effect of COVID-19 on revenues. It can be observed a drastic decrease in revenues, however, the slide still displays a “positive momentum”. Then, on the next slide, the top management displays its plan to cover the effect of COVID-19, which includes: eliminating non-essential expenses / deferred investments / firing employees / having 2.5 billion USD in savings at the end of the year / asking for financial support from governments / adopting a new standard of cleaning.

The financial results are negative, as expected. On slide 11, it can be observed that the company has lost 55 million USD more adjusted EBITDA than revenue, compared to Q1 2019.

On the last slide to present the liquidity level, it can be observed that the top management has decided to show the level of liquidity, compared with previous quarters, which was not done before. Nonetheless, the top management decided to not show the level of non-vehicle debt of the company, a metric that was usually displayed every quarter. However, they decided to show that the next corporate debt maturity was in summer 2021. Regarding the cash level, the top management claims that the 1 billion USD is “substantially in the form of unrestricted cash and cash equivalent”, it does not tell much about the proportion of it. In addition, as the level of margin is significantly negative, the level of unrestricted cash would have decreased, plus the company has not announced any withdrawal for the Senior Revolving Credit Facility since 2018, so the amount remaining should be most of the liquidity level. For the recall, this amount is supposed to be reimbursed in 2021. To finish, the company has sold some of its assets, so theoretically, the company has not produced any cash value from its activity, as the formula given in early 2018 was the amount available under RCF (RCF principal – letters of credit) + the unrestricted cash. Plus, we can assume that the cash comes from the sale of assets.

There is no slide to introduce the Q&A session, as it was not existent. Thus, the top management did not answer any questions from their shareholders.

B) Analysis of the information in the transcript

At the beginning, to explain the plan of the top management, the CEO stated that they were focusing partly on "expense mitigation" and the healthcare of their employees, however, they did not mention that they decided to fire a large amount, around 20,000.

The CEO gave us figures regarding vehicle sales, 41,000 in the US and 13,000 in Europe, a 30% increase from what was expected. In addition, the company canceled 90% of its order to have new cars, thus the cost/expense linked to it has been neutralized.

The real figures concerning employee firing are given later, 16,000 for North America and 4,000 for the international.

The CEO stated that there was uncertainty regarding when the revenues would return, the transcript was made on the 12th of May 2020, for instance, the lockdown in France was already over. The first lockdown in the US was over in July 2020 (PLOS ONE, 21st January 2022).

The CFO provided us an information regarding the liquidity level, the company has withdrawn 595 million USD from its revolving credit facilities activity. Therefore, the level of cash is now divided between its cash flow from production and the sales of the cars. For the recall, the early 2018, the amount available under the RCF was 519 million USD. Hence, the company has more cash available from its RCF than before. The information has not been provided to us by the top management about the origin of this cash.

Q2 2020:

A) Analysis of the information in the report

The top management has decided to make on document which combines what they want to say and images of the financial results.

During the second quarter, Hertz made 832 million USD in revenue. As we can expect, the margins are negative. However, the liquidity reaches 1.4 billion USD.

Within this document, the top management informs the public that they have decided to reorganize the company, under Chapter 11 of the US bankruptcy code, on 22nd of May 2020. For the recall, the last transcript was made in early May 2020, only a few weeks before the announcement of the bankruptcy, however, the prior top management did not mention it.

In the report, we are informed that the GAAP net loss of the Q2 2020 for Hertz is 1.2 billion USD, which is a significant difference with the negative 847 announced previously.

A cautionary note announces that the company has agreed, with the SEC, to certain covenants when being bankrupted. The covenants include: estimating future rental activity and adjusting the mix of the fleet accordingly / maintaining sufficient liquidity to refinance its debt.

The report follows by displaying unaudited financial results, every quarter, in comparison with 2019. The first report is a PnL, it can be observed that the interest expenses regarding the vehicle have increased in 2020 compared to the prior year. However, the top management announced they were de-leveraging the company multiple times during the previous quarters. Nonetheless, the interest expenses regarding non-vehicle debt have decreased. The SG&A has decreased, due to a significant number of employees fired. Furthermore, the expenses regarding technology intangibles appeared in 2020, and it's higher than the interest expenses of vehicle and non-vehicle debt.

The third report is another PnL but divided by segments. We can observe that except in its "corporate" segment, Hertz has negative interest expenses on its non-vehicle debt. It is shown that the losses "attributable to noncontrolling interests" are 6 million USD.

On the next report, we can see the details of the calculus of the "adjusted" net income, diluted earnings, and EBITDA. It can be observed that to calculus their "adjusted" incomes, the top management of the company decided to re-input some of the charges as an income, such as the provision of income tax, vehicle debt-related charges, technology-related expenses…and so on. In total, the company showed that they added an "adjustment" of 385 million USD in the first half of 2020.

Later in an explanatory text, after the reports are displayed, it is said that the non-GAAP metrics should not be considered to evaluate the financial performance of a company. For the recall, the top management decided to show those non-GAAP or 'adjusted" metrics in their earnings presentations.

Q3 2020:

No relevant information is displayed in the report.

Q4 2020:

No relevant information is displayed in the report.

Q1 2021:

Paul Stone is the new Hertz Global's President and Chief Executive Officer, until October 2021. The report has the same features as the one in the second quarter 2020.

The CEO announced that the adjusted EBITDA was at its highest since 2015, even though the pandemic is still going on. Thus, we can see that the company can have a significant margin, even though the pandemic, which was the reason given for its bankruptcy, is still active.

On the consolidated income statement, we can notice that the depreciation per unit has decreased from Q1 2020. The interest expenses as well. Hence, the total expenses have shrunk by 55%. So, the net income was positive at 190 million USD. The adjusted net income was still negative, because the calculation put the sale of Donlen as an expense. However, the adjusted EBITDA was positive by 2 million. Hence, Hertz can be profitable during the pandemic.

Q2 2021:

No relevant information is displayed in the report.

Q3 2021:

A) Analysis of the information in the slides

We can observe a change in top management, it is the Interim CEO (Mark Fields) and the CFO (Kenny Cheung) who are presenting the quarterly earnings call. On the first slides after presenting themselves, the top management announced an Adjusted EBITDA of 860 million USD and a 4 billion USD of liquidity.

Following, the financial results, we can observe that the top management has decided to compare 2021 with 2019, we can assume that they thought 2020 was not representative and relevant to be compared with. Overall, the financial performance of Q3 2021 is significantly better than 2019, with a nearly 40% adjusted EBITDA margin, compared to 14% for 2019, and regarding liquidity, in 2019, Hertz did not reach even 1 billion in its third quarter.

The next slide is to compare the Revenue Per Unit (RPU) with 2019. The “new” top management explained their changes regarding 2019 to achieve such a high RPU, which is explained by notably: fewer vehicles, lower margin per contract, and “shift business to profitable segments” (this one could be more detailed by the management). Basically, the new management told the shareholders that they were doing to opposite of the previous top management.

Following, the next slides, the top management discussed the amount of cost savings they made while restructuring: around 300 million USD, excluding the fact that the company will spend more by growing again. They could show this amount because they fired around 50% of corporate managers, closed the low-margin facilities, and simplified the organization, by combining regions, to be more competitive.

Then, the top management continued its presentation with the guidance of Q4 and the whole year 2021, with 4 metrics: adjusted EBITDA, RPU, depreciation per unit, and liquidity. It is a new feature that the previous top management never showed to their shareholders, it can help them to forecast what they are going to do with their investments.

Overall, we can observe that the new top management made fewer slides on operational metrics, and they did not make a checkpoint regarding non-vehicle debt and its repayment. However, they emphasized regarding EBITDA, RPU, depreciation, liquidity, and costs and the comparison with 2019.

B) Analysis of the information in the report

It has the same features as the ones before, hence there is no Q&A session. Then, financial reports follow, with a much more detailed calculation than the ones before 2020. Thus, we can see that the slides look less detailed that the ones before, but the reports are more accurate than the transcript made before.

In the first report, we can observe that the company in 2021 has 34% less vehicle than in 2019, but a RPD and RPU higher by 45% and 41% respectively. The depreciation per unit per month also has decreased by 91% and reach only 21 USD.

We have the information that Hertz completed its restructuring in June 2021. The report highlights the fact that the company lowered its non-vehicle debt. The debts are detailed as follows:

- 1.5 billion USD in non-vehicle debt (1.3 billion USD term B loan + 245 million USD in term C loan)
- 1.3 billion in first lien RCF
- 366 million of letters of credit

It is also given that the company does not have any maturity until 2026. To compare, the last slide which shows the total amount of non-vehicle debt was in Q4 2019, and it showed 4,835 billion USD of debt, with a first maturity in June 2021 for the RCF, at 1.167 billion USD. Hence, the decrease in debt is -34.5%.

The total amount of liquidity is given for the end of Q3 2021, with the details between unrestricted cash and availability under RCF principal not withdrawn. It can be observed that Hertz has (2.7/3.8) = 71% of its liquidity due to cash flow.

Q4 2021: The prior model of earning calls is back (slides + transcript)

A) Analysis of the information in the slides

On the slides after introducing themselves, the top management decided to display the main actions taken regarding investments made during the previous months, and what happened regarding governance. They are talking about their IPO, share repurchasing program, and the new direction of the company.

Regarding the financial results, the top management decided to compare it to 2019. Overall, the performances are getting better. In addition, the top management decided to add another metric, the adjusted free cash flow and operating cash flow, which did not exist beforehand in any other presentation. Moreover, as the operating cash flow is 1.5 billion years to date, the investing and financing cash flow is 2.1 billion USD negative combined. Therefore, on a cash flow basis, 2021 has been worse than 2019, and the management is showing it.

Finally, a slide regarding non-vehicle debt maturity is shown. The top management is detailing its liquidity between cash and principal remaining from RCF, we can notice that the top management has decided to withdraw from the RCF, as it went from 1.1 billion in Q3 to 925 million in Q4. Then, the management is talking about the new senior notes they issued to repurchase shares, and when it the maturity. Afterward, the repurchase plan is displayed, with the number of shares and the date. The top management is concluding the slide on the leverage ratio being at 0.3x. For the recall, it was at 5x in 2019, and the goal of the previous top management was to maintain it between 3x and 3.5x.

B) Analysis of the information in the transcript

During the introduction of the speech, the interim CEO announced the new CEO, Stephen Scherr, who was the CFO of Goldman Sachs, a pure financial position. As opposed to the previous CEO of Hertz, before COVID-19, who was an expert in the car rental business.

The interim CEO reminds us that the omicron variant is impacting the business, so the top management can have significant results, within being in a healthcare pandemic.

While the CFO is explaining the financial data displayed, he's often referring to what is happening right now, in 2022, as he's presenting, the previous management did not do it. The CFO is also saying that during Q1 2022, they should expect negative depreciation, which means that their vehicles are gaining value over time.

The CFO said that redeeming the shares would decrease the amount of dividends given, and thus save money, from 60 million USD per year. The CFO added that the corporate net debt was around 550 million USD.

During the Q&A, the CFO and CEO answered a question from Chris Jon Woronka (Deutsche Bank AG) and during their answers, they both mentioned that they exited non-profitable contracts, which were active when they took back the company. The CFO said that those contracts were about half of their business, and it represented 30% of the total fleet they left.

Q1 2022:

No relevant information is displayed in the slides or the transcript.

Q2 2022:

A) Analysis of the information in the slides

The CEO, Stephen Scherr is doing to earnings presentation instead of the interim CEO. "KEY BUSINESS METRICS" are included at the beginning of the overview, including the level of liquidity and the level of leverage.

For the financial overview results, the top management decided to compare not only the quarter N and N-1 but also the YTD N and N-1, with the sign "1H" for the first half of the year. We can notice that Q2 2022 and 2021 were similar on the non-GAAP metrics, except with the cash flow.

We can notice that the adjusted operating cash flow represents 121% of the adjusted FCF in Q2 2022, therefore the financing and investing cash flow represents a negative 21% of the FCF, compared to 2021 in which they were a negative 109% of the FCF, the FCF itself was negative.

Regarding the debt & liquidity, we can observe that the senior RCF, due in 2026 has disappeared, and the level of unrestricted cash has decreased by the same amount, a reimbursement with cash due to company activity can be assumed.

The top management is also displaying the amount of 3.9 billion USD in asset back securities "ABS", as a vehicle debt.

B) Analysis of the information in the transcript

During its introduction, the CFO mentioned that the main focus of its team is the return on asset (ROA), a metric that has not been mentioned by the previous top management. The CFO also said that it was according to this metric that the top management has been managing its fleet. The CFO claimed that they are more incentive to buy and sell the cars of the company more frequently, to maximize return, rather than keeping a higher fleet volume.

The first question is asked by Chris Jon Woronka (Deutsche Bank AG) who demands the CFO to talk about the strategy on fleet management to decrease the capital expenditure (CAPEX). The CFO answered by saying that, due to the seasonal pick, the company has 500,000 cars (compared to the 700,000 before COVID-19), but by the end of the year, the company would sell approximately 300,000 cars, as the demand decreases, and will buy some other for the next seasons, whereas, in the past, the company used to hold its fleet from the beginning to the end of the year. Thus, this strategy would allow a lower depreciation per unit, as they are renewed on a more regular basis, and a higher vehicle utilization, as the company has a smaller fleet. The CFO is also referring to going to the used car market for the transactions, and he said that the company missed an opportunity by not using it.

Q3 2022:

A) Analysis of the information in the slides

Look like the previous quarter in the disposition of the slides. Quarters' financial results are similar to Y-1. However, we can notice a significant improvement on the YTD basis compared to 2021, especially on the margin and the cash flow. The liquidity position is similar, and the repurchase program is following the plan.

B) Analysis of the information in the transcript

Lots of references to cash flow, CapEx and conversion of the cash flow from EBITDA, notions that never appeared before COVID-19.

Meanwhile answering a question, the CFO mentioned that the balance sheet is very strong, referring to liquidity, leverage and ABS. We don't know if he is saying that to be leveraged is a good or bad thing. He also stated that 70% to 75% of the debt is fixed, as the situation has been for the last few years, even before the pandemic. However, in early 2018, the non-vehicle debt had only a 15% floating rate, thus we can observe that the different management teams have decided to increase this portion over the years.

Adam Michael Jonas (Morgan Stanley) is asking the CEO regarding rumors saying that Hertz is selling 17,000 cars to Enterprise, one of its best competitors, and that it is not the first time that the CEO has taken the decision to sell assets to competitors. A second question from Adam is asking the CEO if he would finance the repurchase program by debt. The CEO answered that it could be a possibility, due to the current financial health, but it would depend on the market condition at that moment. The CEO is mentioning a "modest leverage".

Q4 2022:

A) Analysis of the information in the slides

The format of the slides is the same as the previous quarters of 2022. We can observe that the top management made YTD results of 2020, with a 2 billion USD of adjusted operating cash flow, and 26% of adjusted EBITDA margin compared to revenue. Regarding the depreciation per unit per month, we can observe that it has increased from -50 in the first quarter to more than 200 in quarter 4. Therefore, the objective of the management to reduce depreciation has not been accomplished. For the recall, the last clear data we can observe on the slide regarding net depreciation per unit was in Q4 2018, with 256 USD. Nonetheless, in Q4 2019, it is shown that the depreciation has increased by 11% on a year-over-year basis, meaning that the depreciation of Q4 2019 is 11% higher than Q4 2018, thus it is 284.16 USD. Hence, the current management has still improved the metric, compared to the situation before COVID-19.

Regarding the leverage and liquidity aspect, the top management decided to put the information of the total cash spent on share repurchasing, 2.4 billion USD in total.

B) Analysis of the information in the transcript

The CFO also gave a vision of what the top management expects 2023 to be. They expect to have a bit more cars in the fleet. And the depreciation to increase up to 300-320 USD per unit. As it was calculated before, the situation before COVID-19 was around 280 USD, thus the current management expects the depreciation to be higher.

5. Results

After completing the findings, we enter the result section, which will explain and develop the arguments related to the problem of the thesis.

The main part of the analysis and findings was regarding the agency cost theory, as a reminder, it highlights the fact that the difference between what shareholders expect compared to what the top management is doing will cause difficulties regarding financial health and decision-making. The second theory applied to this case study is the trade-off theory, which implies that, in a perfect market, a leveraged firm would have more value than an unlevered one. It has also been discussed the limitations of this theory by researching other papers that highlighted the degree of leverage must not cross, otherwise, the firm would decrease in value.

Agency costs can bring difficulties in overcoming hurdles, as the management is not doing what shareholders expected. Then shareholders may not fire directly the management and have to wait until the end of the mandate to do so. This situation may lead to a high management turnover or replacement, for instance, every 3 years. However, putting in place a global company strategy would require much more time. Furthermore, if all the new top management have a different view from the previous ones, they may spend their changing the strategy direction rather than implementing theirs.

Another aspect of the separation of control and ownership is that sometimes, managers act in their own interests, as they know they are controlling the firm, and they have other options than shareholders equity to finance their project.

On the other side, they are the shareholders. Shareholders might also have different profiles regarding their investments. Thus, they may decide on different strategies along with their profiles, which would be difficult for the management to align with.

Lastly, the asymmetry of the information regarding the firm's expected cash flow, perception of equity priced on the markets, debt repayment… and so on, would lead to different opinions regarding financing and investing strategy. For instance, if the top management thinks that the firm equity is underpriced, they will prioritize financing by debt or retain earnings, otherwise, if they issue more equity, it will even lower the firm value on the market. However, if the shareholders perceived the equity value of the firm as overpriced, they would ask the management to issue more equity to finance and invest, so they can earn more from profit distribution.

As the financing strategy and the capital structure are highly involved in the agency cost theory, debt “management” would be a highlighted topic for firms. Short-term debt will reduce agency costs rather than long-term debt, although it is riskier from a liquidity standpoint (Johnson, 2003). Indeed, with short-term debt, it is easier to change the way/strategy of financing projects. A company will be more in control of its future investments if it has a 3-year debt rather than a 10-year one. In addition, if the wrong financing decision is made, it would be better to end it after a short period.

Another way to reduce agency costs is having debt covenants. Covenant might reduce to firm flexibility regarding its payment management. However, it could prevent an inconsiderate investment from top management which is not acting in the alignment of the shareholders decision.

During the findings section, the annual financial statements of Hertz and its competitors were used to conduct a financial analysis, especially regarding the degree of leverage, as it is the main concern of the trade-off theory. In addition, regarding the agency cost theory, it has been researched what the top management decided to show and say to the shareholders and what questions the shareholders asked regarding the content displayed and business-related topics. The missing part would be what the shareholders want. Article nor announcement regarding the willingness of Hertz shareholders could not be found; therefore, it will be assumed that they wished a return on their investment. The ROI will be evaluated by the ability of Hertz to be financially healthy, so the share price will increase, and the company will distribute dividends.

Concerning the arguments regarding the findings, firstly, with the top management before COVID-19, from 2017 to 2019 in the analysis, signs of asymmetric information could be observed. The top management knew more about the company situation and decided, on purpose, to hide, or at least to not show financial metrics such as: the amount of vehicle debt; the details of liquidity amount, and especially the degree of unrestricted cash in it ; the calculation of adjusted EBITDA ; any cash flow metric ; the number of cars in the fleet…and so on. Thus, the shareholders do not have enough information to take any financing decision. On the other hand, the top management after COVID-19, from 2020, decided to show the metrics quoted before, probably to show more transparency to the owners of the company.

Secondly, we can notice a different communication between the two top management, especially regarding the metrics displayed and the way of conducting the business. On the first hand, the top management before COVID-19 were experts in the business, the CEO already managed a significant car fleet. Mrs Marinello decided to manage the fleet by having a certain number of cars so it would last until cars crossed 70,000 miles, regardless of any seasonal activities. When the company filed for bankruptcy, it had 700,000 cars in its fleet. On the other hand, the management after COVID-19 had a financial background, the CEO used to be the CFO of Goldman Sachs for over 20 years. The CEO claimed multiple times that he was running the operations regarding fleet management by monitoring the Return On Asset (ROA). Thus, the fleet was renewed for a majority once a year, the management was buying cars on a second-hand market before the seasonal peak and sold the cars after the peak. So, when a car went below a certain amount of ROA, the company sold it.

As the CEO's background changed, and the shareholders elected the CEO, we can assume that they were more incentivized to turn the position to someone with a more "financial" profile to manage the fleet, as the previous CEO did not meet the expectations.

Thirdly, we can observe certain aspects of agency cost monitoring put in place by the shareholders. The first thing is that the financial review is made quarterly, as most of the time it is an annual meeting, we can assume that the shareholders want to be aware of what is happening on a more frequent basis. It could be because the shareholders had some troubles or disagreements in the past with the top management of the company. The second thing is that the top management is often relying on short-term debt (3 to 5 years maturity) rather than long-term debt (10+ years). It should reduce the agency cost as the top management needs to reimburse or refinance more frequently. However, as Hertz decided to issue new corporate bonds to cover the previous bonds, this notion does not apply to all debt. However, we can observe in the findings that the top management "refinanced" some debt they had by postponing the maturity. Therefore, the cost linked to this notion of shorting the debt is not significantly reduced.

To support the arguments, an article from Dan Runkevicius, published for Forbes in August 2020, a bit after Hertz announced the bankruptcy, explains how Hertz fooled amateur investors. The author claimed that it was not COVID-19 that caused Hertz to fall under bankruptcy, but rather the debt management of the direction. The share price was simply way too high, knowing that the company was 19 billion USD in debt (including vehicle and non-vehicle debt) with only 1 billion USD in cash. As a reminder, on the slides, we could only observe the amount of non-vehicle debt, which was around 8.5 billion USD as it maximum. So, the company had around the same amount of vehicle debt. However, the cars (assets) were the “warrantee” in case of non-repayment, according to the author of the article. It is the main reason why the amount of debt did not worry the investors.

Furthermore, an article from Naughton, et al. (2020), published by *The Wall Street Journal,* on the 25^{th} of May 2020, claimed that Hertz had management issues a decade ahead of the COVID-19 pandemic. First, the firm has changed 4 times its CEO in 10 years, which is a sign of disagreement with shareholders, otherwise, they would have continued longer with the same CEO. Secondly, the authors also announced that Mr Carl Icahn, the main owner of the company, had some disagreement with the previous CEO Mr. Frissora regarding its fleet management and the impact on accounting. Thus, Mr Frissora was “stepped down” one month later, replaced by Mr Tague. Thirdly, Mr Tague also had disagreements with Mr Icahn, regarding “how to prioritize the threat of ride-hailing firms like Uber and Lyft”, Mr Tague was replaced by Mrs Marinello, only after 2 years of activity. The authors also claimed that Hertz started investing aggressively in 2015, by “issuing riskier bonds to raise more money per car”. Thus, in early 2017, the company had 13.5 billion USD in debt. Following, the article said that Mrs Marinello continued to lean on asset-back securities (ABS). In the findings section, it can be observed that the company issued multiple times asset back securities during the governance of Mr Marinello. Indeed, it is a total of more than 4 billion USD issued with corporate bonds (or Asset Back Securities) that Mr Marinello and her top management team issued during 2018 and 2019. The investments realized were riskier than subtracting to a “classic” debt at the bank due to the lack of covenants. When a bond is issued, everyone can buy it under the terms of the company. Indeed, the market does not allow a company to issue as many bonds as it wants, however it is still more accessible than a regular bank. Thus, we can state that the top management put the company in an asset substitution situation in which the assets were the warrantee of riskier investments.

Unfortunately, Hertz has not provided any slides or transcripts before 2018. Therefore, the access to the 2017 data was denied. Following, in the findings, it could be observed that the CFO of the company repeating multiple times that the top management was investing in its business “in a disciplined way”. According to the author of the article from Naughton, et al. (2020), Mrs. Marinello's team increased the corporate bonds by 40% within 3 years. It is right to say that the management decreased the leverage ratio by 50%, from 9x to 4.5x, but they did not decrease the amount of debt. In addition, the CFO also claimed multiple times that the main issue with having a positive cash flow was the fact that the ABS market was not favourable regarding residual values. Thus, the main issue of the firm was its debt and interests, however, the top management still decided to increase it. So, we can ask ourselves which “discipline” they had. Within Naughton, et al. (2020) article, it is said that in 2015, Moody’s, the most well-known credit rating company in the world, did not calculate Hertz credit bond high enough to attract investors. So, Hertz decided to make its credit rating by another company, Fitch Ratings. Hence, it was clear that, already in 2015, Hertz had issues with its debt overhang, however the management decided to go through. As a piece of information, Moody’s was rating Hertz with a “D” credit rate, which means that the company cannot reimburse its creditors. It is the lowest score possible.

To finalize the argumentations, the hypothesis quoted in the methodology section will be answered now. The first one was: *the presence of significant financial difficulties for Hertz before COVID-19 (March 2020)*. As it has been discussed in the financial analysis, even from 2017, Hertz has shown financial difficulties, especially in covering its interest expenses. As an example, the only year the company had a positive net income was because of its benefits from provisions regarding income taxes, which means that the company had a negative net margin in the prior years. In 2019, even though the company had a better EBITDA margin, it was the only company to have a negative net income. The ROE was negative, meaning that if shareholders invest in the company, they are going to lose money. Thus, it can be stated that the hypothesis is not rejected.

The second hypothesis has been: *the evidence of financial distress due to too-high leverage*. In the financial analysis, it has been discussed that AVIS had on average worse solvency ratios than Hertz during the period 2017-2019. However, AVIS was able to have a coverage ratio higher than 1, meaning that the company had enough operating margin to cover its interest expenses. As opposed to Hertz, which had only a coverage ratio higher than 1 in 2019, with an average of 0.77. Thus, it can be observed that Hertz has been able to repay its creditors during the period prior to COVID-19. As interest expenses exist because a company decides to finance its assets by debt (92.45% on average for Hertz), it can be stated that Hertz had too high leverage in this period. Therefore, the hypothesis is not rejected.

The third hypothesis was: *the presence of signs of bargaining between Hertz’s management and shareholders and/or creditors*. It has been found in an article that the main shareholder of Hertz, Mr Carl Icahn had multiple times decided to change the CEO of the company in the decade prior to COVID-19. Moreover, in the findings, it can be observed that the top management I, 2017-2019 was regularly not speaking about some financial details, for instance cash flow and liquidity. Sometimes the CFO mentioned the amount of ABS issued, but it was rarely displayed. Hence, the decision-making of the shareholders has been impacted, as they did not have all the information concerning the health of the company.

Finally, the last hypothesis was: *the decrease/disappearance of uncontrolled leverage and non-stable relationships between the management and investors, from 2021 onwards*. When Mr. Stone entered as the CEO of Hertz, the communication and the view on the business changed. For instance, the CEO and CFO frequently mentioned the cash flow and liquidity metrics, with a more detailed approach. The new CFO decided to run the business by maximizing the ROA, thus the company was able to generate more cash and decrease its leverage ratio, it went from 5x in 2019 to 0.3x in 2021. In addition, the way of compensation of the CEO has changed after the reorganization plan. The board and the shareholders agreed to allocate a significant number of stocks to the new CEO, only after a certain amount of time, if he maintains a certain level of performance regarding the stock prices. Whereas, with the previous CEO, she was earning cash bonuses and stock on a yearly basis, with more proportionate earnings between cash and equity. Thus, Mrs. Marinello was maybe less “involved” in the company as she got equity than Mr. Scherr.

It is not possible to conclude regarding the relationship with shareholders, however, it can be stated that the new top management has been able to decrease the uncontrolled leverage the company knew. In 2019, the company had a “D” credit rating, and in 2023, “B” rating. Since the reorganization plan was that investment funds invested heavily in the company, Knighthead Capital Management and Certares Opportunities (Kosik, 2021), so they can bring capital to reimburse the debt. Hence, the leverage effect decreases, and 2% of the equity has been given to Mr. Scherr, on the condition that he bring the stock price to a certain level of performance. Thus, it can be observed that the shareholders and the board of Hertz changed their strategy regarding compensation. Mr. Marinello was rewarded on the adjusted EBITDA, which does not include the corporate debt, so she did not “care” enough about the risk-taking, maybe because she did not have such an involvement in the equity of Hertz. Mr. Scherr had already 2% of the equity as his arrival, in his portfolio, and could vest it within the next few years. Therefore, he was maybe more implicated in the global performance of the company, this why probably why he insisted so much regarding the ROA and the FCF part in the liquidity, so the company will have a better valuation, and his portfolio will grow as well. He also brought a program of share repurchasing, as the credit rate and the leverage effect have enhanced, so the share price would rise, as the valuation of the company stays the same, but the number of stocks decreases. Basically, Mrs. Marinello did follow the theory of Edmans et al., (2011), which states that the more tangible assets as company has, the more debt would be used to maintain the value of those assets, as it would be more important if the assets have a retained value in a case of insolvency. In addition, the authors explained that they expected a negative relationship with having a risky company (credit rate at D) and the fact that the Debt/Equity ratio increases when the firm is just too risky, it can be referred to as the *assets substitution problem*. The theory of Edmans et al., (2011) has been proven by Mr. Scherr as well, as his compensation has been produced on a more long-term serving basis, he was more inclined to keep the company solvent, using inside debt in a more "disciplined" way. He also maintained a strategy in which the level of assets was inferior, but all the assets were more valuated.

6. Conclusion

Understanding the concept of bankruptcy and its implications is essential for any top management team and shareholders. This case study helped by defining what is a bankruptcy, then by showing how a company can get to this point, regarding a pure financial health point and what can cause it, in this case *asset substitution problem*. And by highlighting how a company can recover from it.

Hertz was in a situation of debt overhang, as could be observed in the financial analysis. The situation led to an inability to repay its creditors, due to a too high amount of interest expenses, therefore the company lost its value. Thus, the trade-off theory shows its limitations, being too leveraged can destroy the value of a company. Regarding the agency cost theory, the top management of the company decided to make inconsiderate riskier investments, putting the assets on the line, and hiding them to the shareholders, until the annual financial statements were released. It can be observed that the financial health of the company significantly improved with the next management, with positive cash inflow, and positive margins. Thus, it can be stated that the company was in a situation of agency cost, at least during the years 2017 to 2020, due to asymmetry of information, and a management who has fewer incentives to lose if the company entered liquidation.

Some limitations exist in this work. The company decided not to display its earnings call before 2018, therefore the analysis could not cover this period. It could have been relevant to analyse the fact that Mrs. Marinello entered the position of CFO in January 2017.

No announcements from the shareholders of the company have been found, it could have helped to know their expectations regarding the top management. Thus, the assessment of the success of the top management policy would have been easier to do and more accurate. However, it can be observed that the type of compensation of the top management changed after the bankruptcy, putting the new CEO in more long-term incentives and diversifying the performance metrics.

Lastly, the main competitor of Hertz is Enterprise, the biggest car rental company in the world. Enterprise is still a privately owned company. Therefore, the company does not provide its financial statements. It could have been interesting to include it in the financial analysis, for a better comparison with the industry. Moreover, as Enterprise has a different way of financing its activity, by mainly using its cash, the analysis of the capital structure of both companies could be another topic to study. The study could compare the financial health regarding the way of financing and the way of running a business.

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9. Appendices

Appendix A: Hertz's financial analysis

HERTZ	2022	2021	2020	2019	2018	2017
EBITDA Margin	42,92%	30,33%	25,75%	38,98%	34,71%	37,65%
Operating Margin	31,97%	15,70%	-28,87%	8,36%	6,57%	3,35%
Net Margin	23,71%	-1,15%	-32,60%	-0,59%	-2,37%	3,71%
ROE	77,84%	-2,82%	-3060,71%	-3,28%	-21,21%	21,51%
ROCE	14,65%	6,91%	-10,86%	3,99%	3,29%	1,64%
Quick Ratio	0,54	0,97	0,64	0,66	1,12	1,20
Current Ratio	0,87	1,30	0,77	0,82	1,49	1,54
Debt/Equity	6,17	4,60	248,54	10,59	16,86	10,86
% LT Debt to Total Capital	86,05%	82,15%	99,60%	91,37%	94,40%	91,57%
Interest Coverage Ratio	8,47	2,46	-2,50	1,02	0,84	0,46
Leverage ratio	4,12	5,14	9,47	4,69	5,08	4,66

Appendix B: Avis' financial analysis

AVIS	2022	2021	2020	2019	2018	2017
EBITDA Margin	43,54%	40,35%	24,14%	35,54%	33,14%	34,08%
Operating Margin	27,26%	20,17%	-10,44%	7,97%	8,03%	8,11%
Net Margin	23,04%	13,80%	-12,66%	3,29%	1,81%	4,08%
ROE	-393,17%	-584,09%	441,29%	46,04%	39,86%	63,00%
ROCE	14,00%	9,30%	-3,64%	3,50%	4,20%	4,47%
Quick Ratio	0,54	0,54	0,65	0,72	0,91	0,93
Current Ratio	0,73	0,77	0,87	0,96	1,27	1,26
Debt/Equity	-34,22	-92,78	-100,90	30,86	41,11	27,02
% LT Debt to Total Capital	103,01%	101,09%	101,00%	96,86%	97,63%	96,43%
Interest Coverage Ratio	12,92	8,46	-2,41	3,79	3,54	3,40
Leverage ratio	4,50	5,29	11,46	6,00	5,42	4,93

Appendix C: Sixt's financial analysis

SIXT	2022	2021	2020	2019	2018	2017
EBITDA Margin	38,67%	40,13%	29,14%	32,60%	30,93%	31,59%
Operating Margin	21,22%	24,48%	5,80%	11,74%	13,00%	12,51%
Net Margin	8,94%	10,64%	-1,74%	6,87%	12,99%	4,70%
ROE	14,35%	14,40%	-2,44%	14,67%	27,05%	10,65%
ROCE	18,31%	17,11%	3,42%	9,26%	10,35%	11,49%
Quick Ratio	0,30	0,69	1,17	0,48	0,50	0,37
Current Ratio	2,58	3,40	3,45	2,27	2,59	1,91
Debt/Equity	0,86	0,94	1,39	1,71	1,61	1,47
% LT Debt to Total Capital	46,25%	48,38%	58,14%	63,05%	61,75%	59,48%
Interest Coverage Ratio	16,67	15,29	2,67	8,97	10,68	9,66
Leverage ratio	1,36	1,44	2,07	2,30	2,35	1,95

Appendix D: Europcar's financial analysis

Europcar	2022	2021	2020	2019	2018	2017
EBITDA Margin	N/A	34,13%	18,96%	36,33%	14,48%	11,40%
Operating Margin	N/A	27,88%	10,16%	9,09%	12,45%	9,89%
Net Margin	N/A	1,27%	-36,59%	0,98%	4,65%	2,53%
ROE	N/A	1,80%	-338,82%	3,54%	15,68%	7,32%
ROCE	N/A	17,95%	6,51%	8,13%	12,40%	8,68%
Quick Ratio	N/A	0,12	0,13	0,13	0,13	0,11
Current Ratio	N/A	1,24	1,01	1,10	1,20	1,15
Debt/Equity	N/A	1,20	13,45	3,04	2,38	2,29
% LT Debt to Total Capital	N/A	54,62%	93,08%	75,25%	70,44%	69,62%
Interest Coverage Ratio	N/A	3,76	1,02	1,47	2,43	1,82
Leverage ratio	N/A	1,91	6,25	1,72	3,83	5,58

Appendix E: The earning call of Hertz
All the earnings calls from Hertz Global Holding can be found by clicking on the following link.

https://ir.hertz.com/financial/financials

Appendix F: The compensation package of the CEO of Hertz from 2017 to 2020.
Earning Package from 2017 to 2019 will be found by the link below, as a excel sheet.

https://ir.hertz.com/static-files/33d9dc26-91e2-4b23-a73c-0f40e675c79a

The 2022 compensation committee will be accessible via the links below:

On a word format.

https://ir.hertz.com/static-files/7451d6d2-540d-483e-af88-65f1ddd30baf

On an excel format.

https://ir.hertz.com/static-files/011b7f50-c0c4-4650-8323-b9040d8bc8d8

Appendix G: The financial statements of Hertz and its competitors.
The financial statements form the 4 companies have been directly export from a database to excel, and then transform as a pdf. Therefore, there is no link to access them. Thus, they will follow, in pdf.

HERTZ GLOBAL HOLDINGS, INC.

Balance sheet

Balance sheet	th USD 12 months Unqualified US GAAP 10-K 31/12/2022	th USD 12 months Unqualified US GAAP 10-K 31/12/2021	th USD 12 months Unqualified US GAAP 10-K 31/12/2020	th USD 12 months Unqualified US GAAP 10-K 31/12/2019	th USD 12 months Unqualified US GAAP 10-K 31/12/2018	th USD 12 months Unqualified US GAAP 10-K 31/12/2017
Assets						
Total current assets	3 072 000	4 033 000	2 246 000	3 394 000	3 616 000	3 124 000
∟ Net inventory	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Raw materials	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Work in progress	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Finished goods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Inventory prepayment and other adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net accounts receivable	974 000	758 000	777 000	1 840 000	1 587 000	1 365 000
∟ Accounts receivable	1 019 000	806 000	823 000	1 875 000	1 614 000	1 398 000
∟ Doubtful accounts & allowances	-45 000	-48 000	-46 000	-35 000	-27 000	-33 000
∟ Total others current assets	2 098 000	3 275 000	1 469 000	1 554 000	2 029 000	1 759 000
∟ Other current assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Prepaid expenses & advances	1 155 000	1 017 000	373 000	689 000	902 000	687 000
∟ Deferred charges	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total cash & short-term investments	943 000	2 258 000	1 096 000	865 000	1 127 000	1 072 000
∟ Cash and cash equivalents	943 000	2 258 000	1 096 000	865 000	1 127 000	1 072 000
∟ Short-term investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Non-current assets	19 425 000	15 750 000	14 662 000	21 233 000	17 766 000	16 934 000
∟ Net property, plant & equipment	15 019 000	11 400 000	8 403 000	16 417 000	13 197 000	12 176 000
∟ Land	990 000	971 000	1 277 000	1 271 000	1 220 000	1 233 000
∟ Accumulated depreciation on land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Buildings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on buildings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net buildings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other property, plant & equipment	16 560 000	12 741 000	9 976 000	19 754 000	16 485 000	15 337 000
∟ Accumulated depreciation on other property, plant & equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net other property, plant & equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation - No breakdown	-2 531 000	-2 312 000	-2 850 000	-4 608 000	-4 508 000	-4 394 000
∟ Intangible assets	3 931 000	3 957 000	4 037 000	4 321 000	4 286 000	4 326 000

∟ Goodwill	1 044 000	1 045 000	1 045 000	1 083 000	1 083 000	1 084 000
∟ Other intangible assets	2 887 000	2 912 000	2 992 000	3 238 000	3 203 000	3 242 000
∟ Total other non-current assets	475 000	393 000	2 222 000	495 000	283 000	432 000
∟ Exploration	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Long-term receivables	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investment in associated companies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investment in real estate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other non-current assets	475 000	393 000	2 222 000	495 000	283 000	432 000
Total assets	22 497 000	19 783 000	16 908 000	24 627 000	21 382 000	20 058 000
Liabilities						
Total current liabilities	3 540 000	3 102 000	2 934 000	4 127 000	2 428 000	2 026 000
∟ Loans & Borrowings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Current portion of long-term debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Current loans & overdrafts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Trade creditors	657 000	572 000	418 000	943 000	988 000	946 000
∟ Total other current liabilities	2 883 000	2 530 000	2 516 000	3 184 000	1 440 000	1 080 000
∟ Other short-term debt	0	0	0	0	0	0
∟ Other creditors	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Income tax payable	170 000	157 000	121 000	150 000	136 000	160 000
∟ Social expenditure payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Dividends payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other current liabilities	2 713 000	2 373 000	2 395 000	3 034 000	1 304 000	920 000
Non-current liabilities	16 312 000	13 704 000	13 918 000	18 731 000	17 893 000	16 512 000
∟ Total long-term interest-bearing debt	14 480 000	12 231 000	6 267 000	17 089 000	16 324 000	14 865 000
∟ Bank loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

∟ Debentures & convertible debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Lease liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other long-term interest-bearing debt	14 480 000	12 231 000	6 267 000	17 089 000	16 324 000	14 865 000
∟ Total other non-current liabilities	1 832 000	1 473 000	7 651 000	1 642 000	1 569 000	1 647 000
∟ Pension fund provisions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred taxes	1 360 000	1 010 000	730 000	1 124 000	1 092 000	1 220 000
∟ Provisions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other long-term non-interest-bearing liabilities	472 000	463 000	6 884 000	399 000	418 000	427 000
∟ Minority interest	n.a.	0	37 000	119 000	59 000	n.a.
Total liabilities	**19 852 000**	**16 806 000**	**16 852 000**	**22 858 000**	**20 321 000**	**18 538 000**
Total shareholders' equity	**2 645 000**	**2 977 000**	**56 000**	**1 769 000**	**1 061 000**	**1 520 000**
∟ Share capital	5 000	5 000	2 000	1 000	1 000	1 000
∟ Common stock/shares	5 000	5 000	2 000	1 000	1 000	1 000
∟ Participation shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Preferred shares	n.a.	n.a.	n.a.	n.a.	n.a.	0
∟ Redeemable preferred shares	n.a.	0	0	0	0	0
∟ Other shareholders' funds	2 640 000	2 972 000	54 000	1 768 000	1 060 000	1 519 000
∟ Share premiums	6 326 000	6 209 000	3 047 000	3 024 000	2 261 000	2 243 000
∟ Treasury shares	-3 136 000	-708 000	-100 000	-100 000	-100 000	-100 000
∟ Revaluation reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Retained earnings	-256 000	-2 315 000	-2 681 000	-967 000	-909 000	-506 000
∟ Other shareholders' reserves	-294 000	-214 000	-212 000	-189 000	-192 000	-118 000
Total liabilities and equity	**22 497 000**	**19 783 000**	**16 908 000**	**24 627 000**	**21 382 000**	**20 058 000**
Net assets	2 645 000	2 977 000	93 000	1 888 000	1 120 000	1 520 000
Net debt	13 537 000	9 973 000	5 171 000	16 224 000	15 197 000	13 793 000

Enterprise value	18 676 524	21 805 118	n.a.	n.a.	n.a.	n.a.
Number of employees	25 000	23 000	24 000	38 000	38 000	37 000

HERTZ GLOBAL HOLDINGS, INC.

Profit & loss account

Profit & loss account	th USD 12 months Unqualified US GAAP 10-K 31/12/2022	th USD 12 months Unqualified US GAAP 10-K 31/12/2021	th USD 12 months Unqualified US GAAP 10-K 31/12/2020	th USD 12 months Unqualified US GAAP 10-K 31/12/2019	th USD 12 months Unqualified US GAAP 10-K 31/12/2018	th USD 12 months Unqualified US GAAP 10-K 31/12/2017
Total Revenues	8 685 000	7 336 000	5 258 000	9 779 000	9 504 000	8 803 000
∟ Gross Sales	8 685 000	7 336 000	5 258 000	9 779 000	9 504 000	8 803 000
∟ Adjustments to gross sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net Sales	8685000	7336000	5258000	9779000	9504000	8803000
∟ Other Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cost of goods sold	-4700000	-3817000	-3175000	-5057000	-5137000	-4548000
Research & development expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating income (expense)	-257 000	-1 294 000	-729 000	-910 000	-1 068 000	-941 000
EBITDA	3 728 000	2 225 000	1 354 000	3 812 000	3 299 000	3 314 000
Total depreciation, amortization & depletion	-951 000	-796 000	-2 697 000	-2 994 000	-2 675 000	-3 011 000
∟ Depreciation	-951 000	-796 000	-2 484 000	-2 994 000	-2 675 000	-2 798 000
∟ Amortization & depletion	n.a.	0	-213000	0	0	-213000
Operating income after depreciation, amortization & depletion	2 777 000	1 429 000	-1 343 000	818 000	624 000	303 000
Unusual & exceptional income (expenses)	0	-277000	-175000	n.a.	n.a.	-8000
Earnings before interest & tax (EBIT)	2 777 000	1 152 000	-1 518 000	818 000	624 000	295 000
∟ Financial revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ **Financial expenses**	-328000	-469000	-608000	-805000	-739000	-637000

Financial profit (loss)	-328 000	-469 000	-608 000	-805 000	-739 000	-637 000
Other non-operating and financial income (expenses)	n.a.	n.a.	74 000	n.a.	-142 000	-233 000
Profit (loss) before tax (PBT)	2 449 000	683 000	-2 052 000	13 000	-257 000	-575 000
Income tax expense	-390000	-318000	329000	-63000	52000	1581000
Profit (loss) after tax (PAT)	2059000	365000	-1723000	-50000	-205000	1006000
Minority interest	0	1000	9000	-8000	2000	n.a.
Other after-tax adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Extraordinary items after tax	n.a.	n.a.	n.a.	n.a.	-22000	-679000
Preferred Dividends	0	-450000	n.a.	n.a.	n.a.	n.a.
Net profit	2059000	-84000	-1714000	-58000	-225000	327000
Ordinary Dividends	0	0	0	0	0	0
Dividend Share Capital Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

HERTZ GLOBAL HOLDINGS, INC.

Cash flow statement

	44926 th USD	44561 th USD	44196 th USD	43830 th USD	43465 th USD	43100 th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
	10-K	10-K	10-K	10-K	10-K	10-K
Operating cash flows						
∟ Net Income	2 059 000	365 000	-1 723 000	-50 000	-227 000	327 000
∟ Depreciation	951 000	796 000	2 484 000	2 994 000	2 764 000	2 962 000
∟ Depletion	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Depreciation/Depletion	951000	796000	2484000	2994000	2764000	2962000
∟ Amortization of Intangibles	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Amortization of Acquisition Costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Amortization	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred Taxes	301 000	270 000	-353 000	27 000	-66 000	-922 000
∟ Accounting Change	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Discontinued Operations	n.a.	n.a.	n.a.	n.a.	0	0
∟ Extraordinary Item	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Unusual Items	-820000	227000	194000	-38000	2000	126000
∟ Purchased R&D	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Equity in Net Earnings/Loss	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Non-Cash Items	251 000	566 000	164 000	126 000	105 000	91 000
∟ Non-Cash Items	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Cash Receipts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

∟ Cash Payments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accounts Receivable	-264 000	-210 000	195 000	-88 000	-136 000	-75 000
∟ Inventories	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Prepaid Expenses	-126000	-20000	92000	-8000	-23000	-22000
∟ Other Assets	280000	274000	366000	402000	n.a.	n.a.
∟ Accounts Payable	43000	-70000	98000	65000	70000	20000
∟ Accrued Expenses	-229000	-399000	-436000	-516000	75000	-86000
∟ Payable/Accrued	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Taxes Payable	73000	24000	-52000	14000	-8000	-23000
∟ Other Liabilities	19000	-17000	-76000	-28000	0	-4000
∟ Other Assets & Liabilities, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Operating Cash Flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Changes in Working Capital	-204000	-418000	187000	-159000	-22000	-190000
∟ Total Cash from Operating Activities	2538000	1806000	953000	2900000	2556000	2394000
Investing cash flows						
∟ Purchase of Fixed Assets	-10746000	-7225000	-5640000	-13938000	-12670000	-10769000
∟ Purchase/Acquisition of Intangibles	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Software Development Costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Capital Expenditures	-10746000	-7225000	-5640000	-13938000	-12670000	-10769000
∟ Acquisition of Business	n.a.	n.a.	n.a.	-1000	-2000	-15000
∟ Sale of Business	0	871000	n.a.	0	0	94000
∟ Sale of Fixed Assets	6510000	2834000	10158000	9513000	8503000	7674000

∟ Sale/Maturity of Investment	n.a.	n.a.	74000	0	36000	16000
∟ Investment, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Purchase of Investments	n.a.	n.a.	0	0	-60000	0
∟ Sale of Intangible	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Intangible, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Investing Cash Flow	3000	-24000	-1000	1000	-4000	0
∟ Other Investing Cash Flow Items, Total	6513000	3681000	10231000	9513000	8473000	7769000
∟ Total Cash from Investing Activities	-4233000	-3544000	4591000	-4425000	-4197000	-3000000
Financing cash flows						
∟ Other Financing Cash Flow	-68000	-232000	-152000	-7000	11000	-59000
∟ Financing Cash Flow Items	-68000	-232000	-152000	-7000	11000	-59000
∟ Cash Dividends Paid - Common	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Cash Dividends Paid - Preferred	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total Cash Dividends Paid	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Sale/Issuance of Common	n.a.	0	28000	n.a.	n.a.	n.a.
∟ Repurchase/Retirement of Common	-2461000	-654000	n.a.	n.a.	0	0
∟ Common Stock, Net	-2461000	-893000	28000	n.a.	0	0
∟ Sale/Issuance of Preferred	n.a.	0	28000	n.a.	n.a.	n.a.
∟ Repurchase/Retirement of Preferred	n.a.	-1883000	n.a.	n.a.	n.a.	n.a.
∟ Preferred Stock, Net	0	-450000	n.a.	n.a.	n.a.	n.a.
∟ Sale/Issuance of Common/Preferred	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Repurch./Retirement of Common/Preferred	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Options Exercised	0	1639000	0	748000	n.a.	n.a.
∟ Warrants Converted	3000	77000	n.a.	n.a.	n.a.	n.a.
∟ Treasury Stock	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Issuance (Retirement) of Stock, Net	-2458000	373000	28000	748000	0	0

∟ Short Term Debt Issued	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Short Term Debt Reduction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Short Term Debt, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Long Term Debt Issued	9672000	21748000	6358000	16029000	14566000	12856000
∟ Long Term Debt Reduction	-6659000	-19044000	-11606000	-15296000	-13016000	-11809000
∟ Long Term Debt, Net	3013000	2704000	-5248000	733000	1550000	1047000
∟ Total Debt Issued	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total Debt Reduction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Issuance (Retirement) of Debt, Net	3013000	2704000	-5248000	733000	1550000	1047000
∟ Total Cash from Financing Activities	487000	2845000	-5372000	1474000	1561000	988000
Balance						
∟ Foreign Exchange Effects	-25000	-34000	46000	1000	-14000	28000
∟ Net Change in Cash	-1233000	1073000	218000	-50000	-94000	410000
∟ Net Cash - Beginning Balance	2651000	1578000	1360000	1410000	1504000	1094000
∟ Net Cash - Ending Balance	1418000	2651000	1578000	1360000	1410000	1504000
Supplementals						
∟ Depreciation, Supplemental	951000	796000	2484000	2994000	2764000	2962000
∟ Cash Interest Paid, Supplemental	372000	455000	335000	703000	665000	582000
∟ Cash Taxes Paid, Supplemental	78000	40000	-11000	21000	26000	54000

AVIS BUDGET GROUP, INC.

Balance sheet

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
	th USD	th USD	th USD	th USD	th USD	th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
	10-K	10-K	10-K	10-K	10-K	10-K

Balance sheet

Assets						
Total current assets	1 886 000	1 847 000	1 795 000	2 145 000	2 174 000	2 066 000
∟ Net inventory	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Raw materials	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Work in progress	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Finished goods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Inventory prepayment and other adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net accounts receivable	810 000	775 000	647 000	911 000	955 000	922 000
∟ Accounts receivable	896 000	859 000	707 000	963 000	994 000	958 000
∟ Doubtful accounts & allowances	-86 000	-84 000	-60 000	-52 000	-39 000	-36 000
∟ Total others current assets	1 076 000	1 072 000	1 148 000	1 234 000	1 219 000	1 144 000
∟ Other current assets	254 000	333 000	295 000	314 000	363 000	337 000
∟ Prepaid expenses & advances	252 000	205 000	161 000	234 000	241 000	196 000
∟ Deferred charges	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total cash & short-term investments	570 000	534 000	692 000	686 000	615 000	611 000
∟ Cash and cash equivalents	570 000	534 000	692 000	686 000	615 000	611 000
∟ Short-term investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Non-current assets	24 041 000	20 753 000	15 743 000	20 981 000	16 975 000	15 633 000

∟ Net property, plant & equipment	18 960 000	15 771 000	11 370 000	15 565 000	12 210 000	11 330 000
∟ Land	59 000	50 000	49 000	48 000	49 000	49 000
∟ Accumulated depreciation on land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Buildings	507 000	525 000	592 000	565 000	625 000	626 000
∟ Accumulated depreciation on buildings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net buildings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Plant & machinery	19 132 000	15 789 000	10 494 000	14 675 000	13 852 000	12 954 000
∟ Accumulated depreciation on plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other property, plant & equipment	2 876 000	2 878 000	3 037 000	3 176 000	580 000	505 000
∟ Accumulated depreciation on other property, plant & equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net other property, plant & equipment	36000	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation - No breakdown	-3 650 000	-3 471 000	-2 802 000	-2 899 000	-2 896 000	-2 804 000
∟ Intangible assets	1 736 000	1 832 000	1 911 000	1 899 000	1 917 000	1 923 000
∟ Goodwill	1 070 000	1 108 000	1 137 000	1 101 000	1 092 000	1 073 000

∟ Other intangible assets	666 000	724 000	774 000	798 000	825 000	850 000
∟ Total other non-current assets	3 345 000	3 150 000	2 462 000	3 517 000	2 848 000	2 380 000
∟ Exploration	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Long-term receivables	421 000	222 000	281 000	778 000	631 000	547 000
∟ Investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investment in associated companies	976 000	842 000	667 000	649 000	559 000	423 000
∟ Investment in real estate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other non-current assets	1 948 000	2 086 000	1 514 000	2 090 000	1 658 000	1 410 000
Total assets	25 927 000	22 600 000	17 538 000	23 126 000	19 149 000	17 699 000
Liabilities						
Total current liabilities	2 574 000	2 408 000	2 053 000	2 225 000	1 716 000	1 645 000
∟ Loans & Borrowings	27 000	19 000	19 000	19 000	23 000	26 000
∟ Current portion of long-term debt	27 000	19 000	19 000	19 000	23 000	26 000
∟ Current loans & overdrafts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Trade creditors	466 000	407 000	394 000	378 000	371 000	359 000
∟ Total other current liabilities	2 081 000	1 982 000	1 640 000	1 828 000	1 322 000	1 260 000
∟ Other short-term debt	0	0	0	0	0	0
∟ Other creditors	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Income tax payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Social expenditure payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Dividends payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other current liabilities	2 081 000	1 982 000	1 640 000	1 828 000	1 322 000	1 260 000
Non-current liabilities	24 056 000	20 412 000	15 640 000	20 245 000	17 019 000	15 481 000
∟ Total long-term interest-bearing debt	18 453 000	15 380 000	11 048 000	14 484 000	13 760 000	12 794 000
∟ Bank loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

∟ Debentures & convertible debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Lease liabilities	176000	242000	226000	252000	n.a.	n.a.
∟ Other long-term interest-bearing debt	18 277 000	15 138 000	10 822 000	14 232 000	13 760 000	12 794 000
∟ Total other non-current liabilities	5 603 000	5 032 000	4 592 000	5 761 000	3 259 000	2 687 000
∟ Pension fund provisions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred taxes	2 754 000	2 242 000	1 383 000	2 189 000	1 961 000	1 594 000
∟ Provisions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other long-term non-interest-bearing liabilities	2 846 000	2 779 000	3 209 000	3 572 000	1 298 000	1 093 000
∟ Minority interest	3000	11000	n.a.	n.a.	n.a.	n.a.
Total liabilities	**26 630 000**	**22 820 000**	**17 693 000**	**22 470 000**	**18 735 000**	**17 126 000**
Total shareholders' equity	**-703 000**	**-220 000**	**-155 000**	**656 000**	**414 000**	**573 000**
∟ Share capital	1 000	1 000	1 000	1 000	1 000	1 000
∟ Common stock/shares	1 000	1 000	1 000	1 000	1 000	1 000
∟ Participation shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Preferred shares	0	0	0	0	0	0
∟ Redeemable preferred shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other shareholders' funds	-704 000	-221 000	-156 000	655 000	413 000	572 000
∟ Share premiums	6 666 000	6 676 000	6 668 000	6 741 000	6 771 000	6 820 000
∟ Treasury shares	-9 848 000	-6 579 000	-5 167 000	-5 144 000	-5 134 000	-5 002 000
∟ Revaluation reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Retained earnings	2 579 000	-185 000	-1 470 000	-785 000	-1 091 000	-1 222 000
∟ Other shareholders' reserves	-101 000	-133 000	-187 000	-157 000	-133 000	-24 000
Total liabilities and equity	25 927 000	22 600 000	17 538 000	23 126 000	19 149 000	17 699 000
Net assets	-700 000	-209 000	-155 000	656 000	414 000	573 000
Net debt	17 910 000	14 865 000	10 375 000	13 817 000	13 168 000	12 209 000

Enterprise value	24 707 589	26 570 533	12 974 189	16 197 130	14 906 741	15 781 778
Number of employees	30 500	26 000	25 000	38 800	38 800	40 400

AVIS BUDGET GROUP, INC.

Profit & loss account

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
	th USD	th USD	th USD	th USD	th USD	th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
	10-K	10-K	10-K	10-K	10-K	10-K

Profit & loss account

Total Revenues	11 994 000	9 313 000	5 402 000	9 172 000	9 124 000	8 848 000
∟ Gross Sales	11 994 000	9 313 000	5 402 000	9 172 000	9 124 000	8 848 000
∟ Adjustments to gross sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net Sales	11 994 000	9 313 000	5 402 000	9 172 000	9 124 000	8 848 000
∟ Other Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cost of goods sold	-5 293 000	-4 255 000	-3 200 000	-4 420 000	-4 627 000	-4 491 000
Research & development expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating income (expense)	-1 479 000	-1 300 000	-898 000	-1 492 000	-1 473 000	-1 342 000
EBITDA	5 222 000	3 758 000	1 304 000	3 260 000	3 024 000	3 015 000
Total depreciation, amortization & depletion	-1 934 000	-1 674 000	-1 616 000	-2 427 000	-2 230 000	-2 208 000
∟ Depreciation	-1 890 000	-1 607 000	-1 551 000	-2 368 000	-2 165 000	-2 144 000
∟ Amortization & depletion	-44 000	-67 000	-65 000	-59 000	-65 000	-64 000
Operating income after depreciation, amortization &	3 288 000	2 084 000	-312 000	833 000	794 000	807 000
Unusual & exceptional income (expenses)	-19 000	-206 000	-252 000	-102 000	-61 000	-89 000
Earnings before interest & tax (EBIT)	3 269 000	1 878 000	-564 000	731 000	733 000	718 000
∟ Financial revenue	-399 000	-309 000	-315 000	-340 000	-314 000	-286 000
∟ Financial expenses	-253 000	-222 000	-234 000	-193 000	-207 000	-211 000
Financial profit (loss)	-652 000	-531 000	-549 000	-533 000	-521 000	-497 000

Other non-operating and financial income (expenses)	1 019 000	361 000	157 000	89 000	55 000	-10 000
Profit (loss) before tax (PBT)	3 636 000	1 708 000	-956 000	287 000	267 000	211 000
Income tax expense	-880 000	-425 000	272 000	15 000	-102 000	-63 000
Profit (loss) after tax (PAT)	2 756 000	1 283 000	-684 000	302 000	165 000	148 000
Minority interest	8 000	2 000	n.a.	n.a.	n.a.	n.a.
Other after-tax adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Extraordinary items after tax	n.a.	n.a.	n.a.	n.a.	n.a.	213 000
Preferred Dividends	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net profit	2 764 000	1 285 000	-684 000	302 000	165 000	361 000
Ordinary Dividends	0	0	0	0	0	n.a.
Dividend Share Capital Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

AVIS BUDGET GROUP, INC.

Cash flow statement

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
	th USD	th USD	th USD	th USD	th USD	th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
	10-K	10-K	10-K	10-K	10-K	10-K
Operating cash flows						
∟ Net Income	2 756 000	1 283 000	-684 000	302 000	165 000	361 000
∟ Depreciation	1 934 000	1 674 000	1 616 000	2 153 000	2 230 000	2 206 000
∟ Depletion	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Depreciation/Depleti	1 934 000	1 674 000	1 616 000	2 153 000	2 230 000	2 206 000
∟ Amortization of Intangibles	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Amortization of Acquisition Costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Amortization	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Deferred Taxes	682 000	378 000	-317 000	-103 000	14 000	-192 000
∟ Accounting Change	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Extraordinary Item	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Unusual Items	-1 019 000	-225 000	-148 000	-70 000	-29 000	55 000
∟ Purchased R&D	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Equity in Net Earnings/Loss	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Non-Cash Items	936 000	869 000	987 000	1 042 000	52 000	47 000
∟ Non-Cash Items	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Cash Receipts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Cash Payments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

∟ Accounts Receivable	-97 000	-143 000	115 000	10 000	-44 000	-59 000
∟ Inventories	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Prepaid Expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accounts Payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accrued Expenses	-879 000	-801 000	-936 000	-981 000	n.a.	n.a.
∟ Payable/Accrued	217 000	414 000	-181 000	84 000	48 000	49 000
∟ Taxes Payable	6 000	-28 000	1 000	-5 000	35 000	-16 000
∟ Other Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Assets & Liabilities, Net	171 000	70 000	238 000	154 000	138 000	197 000
∟ Other Operating Cash Flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Changes in Working Capital	-582 000	-488 000	-763 000	-738 000	177 000	171 000
∟ Total Cash from Operating Activities	4 707 000	3 491 000	691 000	2 586 000	2 609 000	2 648 000
Investing cash flows						
∟ Purchase of Fixed Assets	-10 737 000	-10 162 000	-5 495 000	-13 137 000	-12 820 000	-11 735 000
∟ Purchase/Acquisitio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Software Development Costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Capital Expenditures	-10 737 000	-10 162 000	-5 495 000	-13 137 000	-12 820 000	-11 735 000
∟ Acquisition of Business	-3 000	-46 000	-69 000	-77 000	-91 000	-21 000
∟ Sale of Business	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Sale of Fixed Assets	6 608 000	4 080 000	8 759 000	10 471 000	9 665 000	9 608 000
∟ Sale/Maturity of Investment	305 000	192 000	268 000	161 000	52 000	n.a.

∟ Investment, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Purchase of Investments	-439 000	-367 000	-286 000	-251 000	n.a.	n.a.
∟ Sale of Intangible	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Intangible, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other Investing Cash Flow	-33 000	-3 000	0	81 000	-232 000	-56 000
∟ Other Investing Cash Flow Items, Total	6 438 000	3 856 000	8 672 000	10 385 000	9 394 000	9 531 000
∟ Total Cash from Investing Activities	-4 299 000	-6 306 000	3 177 000	-2 752 000	-3 426 000	-2 204 000
Financing cash flows						
∟ Other Financing Cash Flow	6 000	-11 000	-44 000	-30 000	-37 000	-24 000
∟ Financing Cash Flow Items	6 000	-11 000	-44 000	-30 000	-37 000	-24 000
∟ Cash Dividends Paid - Common	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Cash Dividends Paid - Preferred	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total Cash Dividends Paid	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Sale/Issuance of Common	0	0	15 000	n.a.	n.a.	n.a.
∟ Repurchase/Retirem	-3 329 000	-1 460 000	-119 000	-67 000	-216 000	-210 000
∟ Common Stock, Net	-3 329 000	-1 460 000	-104 000	-67 000	-216 000	-210 000
∟ Sale/Issuance of Preferred	0	0	15 000	n.a.	n.a.	n.a.
∟ Repurchase/Retirem	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Preferred Stock, Net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Sale/Issuance of Common/Preferred	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Repurch./Retirement	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Options Exercised	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Warrants Converted	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Treasury Stock	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Issuance (Retirement) of	-3 329 000	-1 460 000	-104 000	-67 000	-216 000	-210 000

∟ Short Term Debt Issued	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Short Term Debt Reduction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Short Term Debt, Net	-1 000	1 000	0	-1 000	-4 000	-4 000
∟ Long Term Debt Issued	18 148 000	15 567 000	14 549 000	20 271 000	17 824 000	17 801 000
∟ Long Term Debt Reduction	-15 184 000	-11 410 000	-18 446 000	-19 855 000	-16 900 000	-17 871 000
∟ Long Term Debt, Net	2 964 000	4 157 000	-3 897 000	416 000	924 000	-70 000
∟ Total Debt Issued	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total Debt Reduction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Issuance (Retirement) of Debt, Net	2 963 000	4 158 000	-3 897 000	415 000	920 000	-74 000
∟ Total Cash from Financing Activities	-360 000	2 687 000	-4 045 000	318 000	667 000	-308 000

Balance

∟ Foreign Exchange Effects	-32 000	-11 000	42 000	13 000	-16 000	45 000
∟ Net Change in Cash	16 000	-139 000	-135 000	165 000	-166 000	181 000
∟ Net Cash - Beginning Balance	626 000	765 000	900 000	735 000	901 000	720 000
∟ Net Cash - Ending Balance	642 000	626 000	765 000	900 000	735 000	901 000

Supplementals

∟ Depreciation, Supplemental	1 934 000	1 674 000	1 616 000	2 153 000	2 230 000	2 206 000
∟ Cash Interest Paid, Supplemental	543 000	509 000	503 000	509 000	497 000	460 000
∟ Cash Taxes Paid, Supplemental	192 000	75 000	44 000	93 000	53 000	58 000

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Balance sheet

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
	th USD	th USD	th USD	th USD	th USD	th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	AR	AR	AR	AR	AR	AR
Exchange rate: EUR/USD	1,06660	1,13260	1,22710	1,12340	1,14500	1,19930

Balance sheet

Assets						
Total current assets	**5 141 649**	**4 388 501**	**4 647 940**	**4 950 467**	**4 226 144**	**3 620 245**
∟ Net inventory	53 372	30 644	99 800	114 288	111 711	90 942
∟ Raw materials	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Work in progress	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Finished goods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Inventory prepayment and other adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net accounts receivable	571 539	583 037	650 415	859 444	639 881	592 304
∟ Accounts receivable	685 380	692 100	768 033	949 389	639 881	592 304
∟ Doubtful accounts & allowances	-113840,3	-109063,75	-117617,47	-89945,009	n.a.	n.a.
∟ Total others current assets	4 570 110	3 805 465	3 997 525	4 091 023	3 586 263	3 027 941
∟ Other current assets	4 461 505	3 434 924	2 948 644	3 742 805	3 288 854	2 819 803
∟ Prepaid expenses & advances	26 895	38 812	24 681	42 369	18 602	12 156
∟ Deferred charges	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Total cash & short-term investments	28 338	301 085	924 401	191 561	167 097	105 041
∟ Cash and cash equivalents	28 338	301 085	924 401	191 561	167 097	105 041
∟ Short-term investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Non-current assets	**779 348**	**732 168**	**786 252**	**2 070 160**	**1 720 195**	**1 765 783**
∟ Net property, plant & equipment	675 529	623 892	667 489	1 939 005	1 609 790	1 678 421
∟ Land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net land	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Buildings	1 009 457	869 523	820 367	670 456	144 729	149 779
∟ Accumulated depreciation on buildings	-453 276	-358 468	-265 896	-108 853	-16 115	-14 546
∟ Net buildings	556 182	511 055	554 471	561 603	128 614	135 233
∟ Plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net plant & machinery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Accumulated depreciation on transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net transportation equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Leased assets	n.a.	0	0	1 510 526	1 634 905	1 696 763
∟ Accumulated depreciation on leased assets	n.a.	n.a.	0	-252 689	-255 844	-234 567
∟ Net leased assets	n.a.	0	0	1 257 837	1 379 062	1 462 196
∟ Other property, plant & equipment	239 153	229 217	216 664	198 943	176 018	152 507
∟ Accumulated depreciation on other property, plant & equipment	-119 806	-116 380	-103 646	-79 378	-73 904	-71 514
∟ Net other property, plant & equipment	119 347	112 836	113 018	119 565	102 113	80 992
∟ Accumulated depreciation - No breakdown	n.a.	0	n.a.	n.a.	n.a.	n.a.
∟ Intangible assets	73 514	52 785	47 269	69 051	65 974	54 684

∟ Goodwill	26 584	20 887	22 630	32 479	32 294	24 211
∟ Other intangible assets	46 930	31 897	24 639	36 572	33 680	30 473
∟ Total other non-current assets	30 305	55 492	71 493	62 104	44 432	32 677
∟ Exploration	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Long-term receivables	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investments	1 486	3 297	12 190	2 642	4 628	1 097
∟ Investment in associated companies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Investment in real estate	7 099	7 678	n.a.	n.a.	n.a.	0
∟ Other non-current assets	21 720	44 517	59 303	59 462	39 804	31 580
Total assets	**5 920 998**	**5 120 669**	**5 434 192**	**7 020 627**	**5 946 340**	**5 386 028**
Liabilities						
Total current liabilities	1 993 041	1 289 326	1 345 470	2 179 996	1 629 675	1 899 858
∟ Loans & Borrowings	510 594	44 389	12 640	376 551	402 899	376 230
∟ Current portion of long-term debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Current loans & overdrafts	510 594	44 389	12 640	376 551	402 899	376 230
∟ Trade creditors	679 358	454 998	518 834	935 702	737 828	828 714
∟ Total other current liabilities	803 090	789 939	813 996	867 742	488 947	694 915
∟ Other short-term debt	426 087	407 576	539 078	504 776	111 007	332 589
∟ Other creditors	128 411	46 919	131 525	186 000	187 690	157 452
∟ Income tax payable	79 351	121 679	27 677	40 911	61 651	57 486
∟ Social expenditure payable	n.a.	8057,31859	n.a.	n.a.	n.a.	n.a.
∟ Dividends payable	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other current liabilities	169 241	205 707	115 715	136 055	128 600	147 388
Non-current liabilities	**1 816 721**	**1 853 613**	**2 377 275**	**3 052 006**	**2 665 546**	**2 073 570**
∟ Total long-term interest-bearing debt	1 735 289	1 815 205	2 366 558	2 980 032	2 622 781	2 038 905
∟ Bank loans	63 801	71 173	80 775	324 804	413 164	447 634

∟ Debentures & convertible debt	585 358	620 577	976 812	1 115 536	1 425 621	897 961
∟ Lease liabilities	394 011	310 561	344 685	353 636	12 521	13 572
∟ Other long-term interest-bearing debt	692 119	812 894	964 287	1 186 055	771 475	679 738
∟ Total other non-current liabilities	81 432	38 408	10 717	71 974	42 766	34 665
∟ Pension fund provisions	2 858	3 456	3 854	3 714	2 779	2 305
∟ Deferred taxes	54 717	24 690	6 231	48 684	37 556	29 896
∟ Provisions	20 466	10 262	632	1 026	1 206	2 176
∟ Deferred revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other long-term non-interest-bearing liabilities	3 391	0	0	18 551	1 225	288
∟ Minority interest	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total liabilities	**3 809 762**	**3 142 939**	**3 722 746**	**5 232 001**	**4 295 221**	**3 973 428**
Total shareholders' equity	**2 111 236**	**1 977 731**	**1 711 446**	**1 788 626**	**1 651 118**	**1 412 600**
∟ Share capital	128 179	136 110	147 467	135 005	137 600	144 126
∟ Common stock/shares	128 179	136 110	147 467	135 005	137 600	144 126
∟ Participation shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Preferred shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Redeemable preferred shares	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Other shareholders' funds	1 983 057	1 841 621	1 563 980	1 653 621	1 513 518	1 268 474
∟ Share premiums	218 409	227 129	242 082	270 356	276 417	290 845
∟ Treasury shares	n.a.	0	0	0	0	0
∟ Revaluation reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Retained earnings	220 687	255 552	260 684	234 338	242 558	253 506
∟ Other shareholders' reserves	1 543 961	1 358 939	1 061 214	1 148 927	994 543	724 124
Total liabilities and equity	**5 920 998**	**5 120 669**	**5 434 192**	**7 020 627**	**5 946 340**	**5 386 028**
Net assets	2 111 236	1 977 731	1 711 446	1 788 626	1 651 118	1 412 600
Net debt	2 643 632	1 966 085	1 993 876	3 669 798	2 969 590	2 642 683

Enterprise value	5 456 664	7 300 564	5 679 232	6 746 917	5 361 791	5 354 461
Number of employees	7 509	6 399	6 921	8 748	7 540	6 685

SIXT SE

Profit & loss account

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
	th USD	th USD	th USD	th USD	th USD	th USD
	12 months	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	AR	AR	AR	AR	AR	AR
Exchange rate: EUR/USD	1,06660	1,13260	1,22710	1,12340	1,14500	1,19930

Profit & loss account

Total Revenues	3389759,8	2677344,8	2409361,62	3818775,4	3439235,9	3202556,8
∟ Gross Sales	**3 270 386**	**2 585 101**	**2 326 129**	**3 714 519**	**3 354 318**	**3 121 453**
∟ Adjustments to gross sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
∟ Net Sales	3270386	2585101,3	2326128,7	3714519,4	3354318,1	3121453
∟ Other Revenues	119373,81	92243,499	83232,9184	104256	84917,823	81103,833
Cost of goods sold	-671908,6	-573657,53	-526787,59	-1276110	-1145738	-1073663,3
Research & development expenses	0	0	0	0	0	0
Other operating income (expense)	-1 407 127	-1 029 141	-1 180 605	-1 297 820	-1 229 696	-1 117 055
EBITDA	1 310 724	1 074 547	701 970	1 244 845	1 063 802	1 011 838
Total depreciation, amortization & depletion	-591 578	-419 106	-562 115	-796 707	-616 852	-611 302
∟ Depreciation	-584 215	-412 959	-544 203	-786 641	-606 621	-601 374
∟ Amortization & depletion	-7 363	-6 148	-17 912	-10 067	-10 231	-9 928
Operating income after depreciation, amortization & depletion	719 146	655 440	139 855	448 138	446 950	400 536
Unusual & exceptional income (expenses)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Earnings before interest & tax (EBIT)	719 146	655 440	139 855	448 138	446 950	400 536
∟ Financial revenue	1 510	868	3 350	2 360	1 187	765
∟ Financial expenses	-43145,02	-42871,187	-52437,634	-49972,2	-41848,63	-41465,783

Financial profit (loss)	**-41 635**	**-42 004**	**-49 088**	**-47 612**	**-40 661**	**-40 701**
Other non-operating and financial income (expenses)	-90 722	-112 636	-89 371	-21 473	205 791	-15 301
Profit (loss) before tax (PBT)	586789,71	500800,75	1396,439	379053,09	612079,52	344534,78
Income tax expense	-175397	-146126,96	-48229,911	-101786,8	-109592,6	-99379,959
Profit (loss) after tax (PAT)	411392,76	354673,79	-46833,472	277266,32	502486,94	245154,82
Minority interest	0	-2	-43 210	-14 002	-14 692	-14 754
Other after-tax adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Extraordinary items after tax	n.a.	0	49 247	n.a.	n.a.	n.a.
Preferred Dividends	-108379,3	-69840,665	-1017,2653	-931,2985	-41185,67	-79917,726
Net profit	303013,45	284830,86	-41813,409	262332,96	446609,77	150483,31
Ordinary Dividends	-197900,1	-127256,71	0	0	-74755,94	-145676,52
Dividend Share Capital Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Europcar Mobility Group SA

Balance Sheet
Annual Standardised in Millions of Euros

	2017	2018	2019	2020	2021
Period End Date	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Assets (€ Millions)					
Cash and Short Term Investments	273,6	369,1	541,3	387,7	319,4
Cash	--	357,8	526,8	364,7	299,0
Cash & Equivalents	240,8	--	--	--	--
Short Term Investments	32,8	11,2	14,5	23,0	20,4
Accounts Receivable - Trade, Net	3 496,1	3 622,8	4 643,0	3 062,5	3 918,6
Total Receivables, Net	3 538,9	3 661,1	4 677,4	3 091,8	3 945,6
Notes Receivable - Short Term	--	0,7	0,3	0,3	0,3
Receivables - Other	42,8	37,5	34,0	29,0	26,8
Total Inventory	24,3	26,5	29,6	16,1	19,6
Inventories - Finished Goods	--	1,7	3,1	1,4	0,2
Inventories - Work In Progress	--	2,3	2,1	1,0	0,4
Inventories - Raw Materials	--	22,0	23,9	13,6	18,9
Inventories - Other	--	0,5	0,5	0,1	0,1
Prepaid Expenses	--	46,6	21,4	20,7	25,9
Other Current Assets, Total	104,8	90,5	116,5	82,0	127,9
Restricted Cash - Current	104,8	90,5	116,5	82,0	127,9
Other Current Assets	--	--	--	--	--
Total Current Assets	3 941,6	4 193,8	5 386,2	3 598,2	4 438,4
Property/Plant/Equipment, Total	--	406,6	889,0	859,8	893,2
Land/Improvements - Gross	--	123,2	127,3	108,6	109,0
Machinery/Equipment - Gross	--	277,9	303,6	316,5	324,4
Construction in Progress - Gro	--	5,5	7,4	8,8	6,2
Other Property/Plant/Equipm	--	--	450,7	425,9	453,5
Property/Plant/Equipment, Total	114,9	159,2	518,3	413,2	401,1
Accumulated Depreciation, To	--	(247,4)	(370,6)	(446,7)	(492,1)
Goodwill, Net	1 031,7	1 029,8	1 137,0	998,1	1 007,5
Goodwill - Gross	--	1 222,7	1 331,1	1 322,0	1 333,4
Accumulated Goodwill Amort	--	(192,8)	(194,1)	(323,8)	(325,9)
Intangibles, Net	965,4	986,0	1 060,1	1 055,8	1 058,8
Intangibles - Gross	--	1 322,6	1 380,8	1 449,8	1 497,3
Accumulated Intangible Amor	--	(336,5)	(364,7)	(393,9)	(438,5)
Long Term Investments	62,6	44,7	41,8	26,9	19,1
LT Investment - Affiliate Comp	4,0	0,0	--	--	--
LT Investments - Other	58,6	44,7	41,8	26,9	19,1
Note Receivable - Long Term	--	--	--	--	--
Other Long Term Assets, Total	60,5	81,1	152,0	204,1	219,8
Deferred Charges	--	21,3	32,1	27,3	27,8
Defered Income Tax - Long Te	60,3	58,2	119,8	176,9	192,0

Other Long Term Assets	0,2	1,5	--	--	--
Total Assets	6 176,7	6 494,6	8 295,3	6 296,3	7 144,7
Liabilities (€ Millions)					
Accounts Payable	604,9	1 153,5	1 340,7	948,6	881,3
Payable/Accrued	604,2	--	--	--	--
Accrued Expenses	3,1	87,5	114,9	164,7	84,8
Notes Payable/Short Term Debt	--	1 999,4	3 176,3	2 174,2	2 344,0
Current Port. of LT Debt/Capital L	1 950,3	--	221,4	214,2	246,5
Other Current liabilities, Total	257,7	243,9	46,5	46,1	36,3
Income Taxes Payable	31,6	23,0	46,5	46,1	36,3
Other Current Liabilities	226,1	220,9	--	--	--
Total Current Liabilities	3 420,2	3 484,4	4 899,8	3 547,8	3 592,9
Total Long Term Debt	1 570,1	1 740,7	2 104,8	2 105,2	1 545,5
Long Term Debt	1 570,1	1 740,7	2 104,8	2 105,2	1 545,5
Total Debt	3 520,4	3 740,1	5 502,5	4 493,6	4 136,0
Deferred Income Tax	169,0	173,8	222,2	214,8	212,5
Deferred Income Tax - LT Liab	169,0	173,8	222,2	214,8	212,5
Minority Interest	0,8	0,7	0,6	0,5	0,9
Other Liabilities, Total	180,0	205,9	231,4	238,3	181,9
Reserves	8,7	2,9	5,1	10,8	10,4
Pension Benefits - Underfund	134,0	142,4	161,9	167,2	142,5
Other Long Term Liabilities	37,4	60,6	64,3	60,2	29,1
Total Liabilities	5 340,1	5 605,4	7 458,8	6 106,6	5 533,9
Shareholders Equity (€ Millions)					
Redeemable Preferred Stock, Tot	--	--	--	--	--
Preferred Stock - Non Redeemabl	--	--	--	--	--
Common Stock, Total	161,0	161,0	163,9	163,9	50,2
Common Stock	161,0	161,0	163,9	163,9	50,2
Additional Paid-In Capital	745,7	692,3	701,2	701,2	2 032,8
Retained Earnings (Accumulated I	(70,2)	35,9	(28,6)	(675,4)	(472,1)
Treasury Stock - Common	--	--	--	--	--
ESOP Debt Guarantee	--	--	--	--	--
Unrealized Gain (Loss)	--	--	--	--	--
Other Equity, Total	--	--	--	--	--
Other Equity	--	--	--	--	--
Total Equity	836,5	889,2	836,5	189,7	1 610,9
Total Liabilities & Shareholders' E	6 176,7	6 494,6	8 295,3	6 296,3	7 144,7
Supplemental (€ Millions)					
Shares Outstanding - Common Iss	--	--	--	--	--
Shares Outstanding - Common Iss	--	--	--	--	--
Shares Outstanding - Common Iss	--	--	--	--	--
Total Common Shares Outstandin	288,9	282,9	279,4	279,8	5 007,1

Shares Outs - Common Stock	288,9	282,9	279,4	279,8	5 007,1
Treas Shares - Common Stock Prn	1,5	7,5	16,2	15,8	8,6
Treasury Shares - Common Issue	--	--	--	--	--
Treasury Shares - Common Issue	--	--	--	--	--
Treasury Shares - Common Issue	--	--	--	--	--
Total Preferred Shares Outstandi	0,0	0,0	--	--	--
Shares Outstanding - Preferre	0,0	0,0	--	--	--
Shares Outstanding - Preferre	0,0	0,0	--	--	--
Shares Outstanding - Preferre	0,0	0,0	--	--	--
Treasury Shares - Preferred Issue	0,0	0,0	--	--	--
Treasury Shares - Preferred Issue	0,0	0,0	--	--	--
Treasury Shares - Preferred Issue	0,0	0,0	--	--	--
Treasury Shares - Preferred Issue	--	--	--	--	--
Treasury Shares - Preferred Issue	--	--	--	--	--
Treasury Shares - Preferred Issue	--	--	--	--	--
Minority Interest - Redeemable	--	--	--	--	--
Minority Interest - Non Redeemal	0,8	0,7	0,6	0,5	0,9
Total Equity & Minority Interest	837,3	889,9	837,1	190,3	1 611,8
Full-Time Employees	--	8 999	9 601	8 482	7 876
Part-Time Employees	--	--	--	--	--
Number of Common Shareholder	--	--	--	--	--
Other Property/Plant/Equipment	114,9	--	0,0	0,0	0,0
Intangibles - Net	965,4	--	43,9	--	0,0
Goodwill - Net	1 031,7	--	--	--	--
Accumulated Goodwill Amortizati	--	192,8	194,1	323,8	325,9
Accumulated Intangible Amort, Su	--	336,5	364,7	393,9	438,5
Wgt Avg Rem Lease Term (Yrs)-Op	--	--	--	--	--
Wgt Avg Rem Lease Term (Yrs)-Fi	--	--	--	--	--
Wgt Avg Disc Rate - Operating Lea	--	--	--	--	--
Wgt Avg Disc Rate - Finance Lease	--	--	--	--	--
Right-of-Use Assets-Cap.Lease,Ne	--	--	--	--	--
Right-of-Use Assets-Cap.Lease,Gr	--	--	454,2	425,9	453,5
Right-of-Use Assets-Cap.Lease,De	--	--	105,3	158,8	190,6
Right-of-Use Assets-Op.Lease, Ne	--	--	--	--	--
Right-of-Use Assets-Op.Lease, Gr	--	--	--	--	--
Right-of-Use Assets-Op.Lease, De	--	--	--	--	--
Non-Current Marketable Securitie	--	--	--	--	--
Contract Assets - Short Term	--	--	--	--	--
Contract Assets - Long Term	--	--	--	--	--
Contract Liability - Long Term	--	--	--	--	--
Contract Liability - Short Term	--	--	--	--	--
Deferred Revenue - Current	--	--	--	--	--
Deferred Revenue - Long Term	--	--	--	--	--
Short Term Debt Financial Sector,	--	--	--	--	--
Curr Port - LTD/Cap Lse Fin Sec., S	--	--	--	--	--
Long Term Debt Financial Sector,	--	--	--	--	--
Capital Lease Oblig. - Fin Sector, S	--	--	--	--	--

Curr. Port. of LT Capital Leases, Su	--	--	221,4	214,2	246,5
Curr Port of LT Operating Leases,	--	--	--	--	--
Long-Term Operating Lease Liabs	--	--	--	--	--
Curr Derivative Liab. Hedging, Sup	--	--	--	--	--
Curr Derivative Liab. Spec./Trdg, S	--	--	--	--	--
Non-Curr Derivative Liab. Hedging	37,1	60,4	64,2	60,1	28,9
Non-Curr Derivative Liab Spec/Tr	--	--	--	--	--
Leverage Ratio (Basel 3)	--	--	--	--	--
Net Stable Funding Ratio (Basel 3)	--	--	--	--	--
Liquidity Coverage Ratio (Basel 3)	--	--	--	--	--
Capital Adequacy - Core Tier 1 (Va	--	--	--	--	--
Capital Adequacy - Hybrid Tier 1 (	--	--	--	--	--
Capital Adequacy -Tier 1 Capital (\	--	--	--	--	--
Capital Adequacy -Tier 2 Capital (\	--	--	--	--	--
Capital Adequacy -Tier 3 Capital (\	--	--	--	--	--
Capital Adequacy - Total Capital (\	--	--	--	--	--
Total Risk-Weighted Capital	--	--	--	--	--
Capital Adequacy - Core Tier 1 Ca	--	--	--	--	--
Capital Adequacy - Tier 1 Capital %	--	--	--	--	--
Capital Adequacy - Tier 2 Capital %	--	--	--	--	--
Capital Adequacy - Tier 3 Capital %	--	--	--	--	--
Capital Adequacy - Total Capital %	--	--	--	--	--
Trading Account	--	--	--	--	--
Credit Exposure	--	--	--	--	--
Non-Performing Loans	--	--	--	--	--
Assets under Management	--	--	--	--	--
Loans - Stage 1 - Gross, Total	--	--	--	--	--
Loans - Stage 2 - Gross, Total	--	--	--	--	--
Loans - Stage 3 - Gross, Total	--	--	--	--	--
Total Current Assets less Inventor	3 917,3	4 167,2	5 356,6	3 582,1	4 418,8
Revolving Line of Credit - Outstan	--	--	--	--	1 088,7
Rvlvng Line of Credit - Principal Ar	--	--	--	--	895,0
Rvlvng Line of Credit - Unused Am	--	--	--	--	--
Net Debt Incl. Pref.Stock & Min.Ir	3 247,6	3 371,6	4 961,9	4 106,4	3 817,6
Tangible Book Value, Common Ec	(1 160,5)	(1 126,6)	(1 360,6)	(1 864,2)	(455,5)
Reported Total Assets	--	--	--	--	--
Reported Total Liabilities	--	--	--	--	--
Shareholders' Equity Excl. Stock S	--	--	--	--	--
Reported Shareholder's Equity	--	--	--	--	--
Reported Net Assets	--	--	--	--	--
Reported Net Assets to Total Asse	--	--	--	--	--
Reported Return on Assets	--	--	--	--	--
Reported Return on Equity	--	--	--	--	--
Islamic Investments & Deposits	--	--	--	--	--
Islamic Receivables	--	--	--	--	--
Islamic Debt	--	--	--	--	--
Islamic Section, Supplemental	--	--	--	--	--

Debt & Lease, Pension Items (€ Millions)					
Total Long Term Debt, Supplemer	--	1 700,0	1 550,0	1 550,0	500,0
Long Term Debt Maturing wit	--	0,0	0,0	0,0	0,0
Long Term Debt Maturing in Y	--	275,0	275,0	275,0	125,0
Long Term Debt Maturing in Y	--	275,0	275,0	275,0	125,0
Long Term Debt Maturing in Y	--	275,0	275,0	275,0	125,0
Long Term Debt Maturing in Y	--	275,0	275,0	275,0	125,0
Long Term Debt Maturing in 2	--	550,0	550,0	550,0	250,0
Long Term Debt Maturing in 4	--	550,0	550,0	550,0	250,0
Long Term Debt Matur. in Yea	--	600,0	450,0	450,0	0,0
Total Capital Leases, Supplementa	--	--	--	--	--
Capital Lease Payments Due ir	--	--	--	--	--
Total Operating Leases, Suppleme	--	660,6	--	55,6	39,4
Operating Lease Payments Du	--	347,4	--	33,9	23,6
Operating Lease Payments Du	--	65,8	--	4,8	3,7
Operating Lease Payments Du	--	65,8	--	4,8	3,7
Operating Lease Payments Du	--	65,8	--	4,8	3,7
Operating Lease Payments Du	--	65,8	--	4,8	3,7
Operating Lease Pymts. Due ir	--	131,7	--	9,7	7,4
Operating Lease Pymts. Due ir	--	131,7	--	9,7	7,4
Oper. Lse. Pymts. Due in Year	--	49,9	--	2,4	1,1
Operating Leases - Interest Cost	--	--	--	--	--
Total Funded Status	--	(142,8)	--	(167,7)	(142,7)
Pension Obligation - Domestic	--	70,2	--	78,7	79,3
Plan Assets - Domestic	--	60,7	--	69,3	81,3
Funded Status - Domestic	--	(9,5)	--	(9,4)	1,9
Unfunded Plan Obligations	--	133,3	--	158,3	144,6
Period End Assumptions	--	--	--	--	--
Discount Rate - Domestic	--	1,60%	--	0,45%	0,90%
Expected Rate of Return - Dor	--	1,60%	--	0,45%	0,45%
Expected Rate of Return - For	--	2,85%	--	1,55%	1,90%
Compensation Rate - Domesti	--	1,90%	--	1,70%	1,70%
Net Assets Recognized on Balance	--	(142,8)	--	(167,7)	(142,7)
Net Domestic Pension Assets	--	(142,8)	--	(167,7)	(142,7)
Asset Allocation	--	--	--	--	--
Equity % - Domestic	--	0,00%	--	0,00%	0,00%
Equity % - Foreign	--	26,00%	--	29,00%	30,00%
Debt Securities % - Domestic	--	0,00%	--	0,00%	0,00%
Debt Securities % - Foreign	--	52,00%	--	18,00%	20,00%
Other Investments % - Domes	--	100,00%	--	100,00%	100,00%
Other Investments % - Foreigi	--	22,00%	--	53,00%	50,00%
Total Plan Obligations	--	203,5	--	236,9	224,0
Total Plan Assets	--	60,7	--	69,3	81,3

Europcar Mobility Group SA

Income Statement
Annual Standardised in Millions of Euros

	2017	2018	2019	2020	2021
Period End Date	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Revenue	2 411,7	2 929,3	3 022,4	1 760,9	2 272,2
Net Sales	2 411,7	2 929,3	3 022,4	1 760,9	2 272,2
Other Revenue, Total	--	--	--	--	--
Total Revenue	2 411,7	2 929,3	3 022,4	1 760,9	2 272,2
Cost of Revenue, Total	650,5	740,1	824,4	523,3	670,2
Cost of Revenue	650,5	740,1	824,4	523,3	670,2
Gross Profit	1 761,1	2 189,2	2 198,0	1 237,6	1 602,0
Selling/General/Admin. Expense	1 443,1	1 791,3	1 724,8	1 317,1	1 226,1
Selling/General/Administrati	1 038,3	1 291,0	1 202,5	937,2	811,9
Labor & Related Expense	404,7	500,3	522,3	379,9	414,3
Research & Development	--	--	--	--	--
Depreciation/Amortization	29,9	44,4	151,5	153,4	144,2
Depreciation	16,5	20,4	125,7	116,8	102,8
Amortization of Intangibles	13,4	23,9	25,8	36,5	41,4
Interest Expense, Net - Operatin	--	--	--	--	--
Interest Expense - Operating	--	--	--	--	--
Interest/Investment Income - Op	--	--	--	--	--
Interest Expense(Income) - Net C	--	--	--	--	--
Interest Exp.(Inc.),Net-Operating	--	--	--	--	--
Unusual Expense (Income)	67,6	(20,6)	57,6	248,1	69,2
Restructuring Charge	34,5	22,4	37,6	68,3	46,4
Litigation	19,9	8,3	3,1	11,2	10,1
Impairment-Assets Held for U	0,0	0,0	0,0	132,6	0,0
Impairment-Assets Held for S	--	--	--	--	--
Loss(Gain) on Sale of Assets -	(3,0)	(0,3)	(0,6)	0,0	0,0
Other Unusual Expense (Inco	16,3	(51,1)	17,5	35,9	12,8
Other Operating Expenses, Total	(2,7)	5,0	14,7	19,5	7,4
Other, Net	(2,7)	5,0	14,7	19,5	7,4
Total Operating Expense	2 188,4	2 560,2	2 773,0	2 261,4	2 117,1
Operating Income	223,2	369,1	249,4	(500,4)	155,1
Interest Expense, Net Non-Opera	(101,2)	(130,2)	(148,0)	(148,8)	(130,9)
Interest Expense - Non-Oper	(101,2)	(130,2)	(148,0)	(148,8)	(130,9)
Interest/Invest Income - Non-Op	0,5	(5,9)	0,2	(10,3)	(0,4)
Investment Income - Non-Op	0,5	(5,9)	0,2	(10,3)	(0,4)
Interest Income(Exp), Net Non-C	--	--	--	--	--
Interest Inc.(Exp.),Net-Non-Op.,	(100,7)	(136,1)	(147,8)	(159,2)	(131,4)
Gain (Loss) on Sale of Assets	--	--	--	--	--
Other, Net	(40,0)	(40,3)	(39,1)	(26,1)	(3,0)
Other Non-Operating Income	(40,0)	(40,3)	(39,1)	(26,1)	(3,0)

Net Income Before Taxes	82,6	192,7	62,5	(685,6)	20,7
Provision for Income Taxes	13,4	52,0	32,9	(40,9)	(8,3)
Net Income After Taxes	69,2	140,7	29,6	(644,8)	29,0
Minority Interest	0,2	0,1	0,0	0,1	0,0
Equity In Affiliates	(8,1)	(1,3)	0,0	0,0	--
U.S. GAAP Adjustment	--	--	--	--	--
Net Income Before Extra. Items	61,3	139,5	29,6	(644,7)	29,0
Accounting Change	--	--	--	--	--
Discontinued Operations	--	--	--	--	--
Extraordinary Item	--	--	--	--	--
Tax on Extraordinary Items	--	--	--	--	--
Total Extraordinary Items	--	--	--	--	--
Net Income	61,3	139,5	29,6	(644,7)	29,0
Preferred Dividends	--	--	--	--	--
General Partners' Distributions	--	--	--	--	--
Miscellaneous Earnings Adjustm	--	--	--	--	--
Pro Forma Adjustment	--	--	--	--	--
Interest Adjustment - Primary EP	--	--	--	--	--
Total Adjustments to Net Income	--	--	--	--	--
Income Available to Com Excl Ext	61,3	139,5	29,6	(644,7)	29,0
Income Available to Com Incl Ext	61,3	139,5	29,6	(644,7)	29,0
Basic Weighted Average Shares	262,1	290,4	295,6	295,6	4 145,6
Basic EPS Excluding Extraordinar	0,23	0,48	0,10	(2,18)	0,01
Basic EPS Including Extraordinary	0,23	0,48	0,10	(2,18)	0,01
Dilution Adjustment	--	--	--	--	--
Diluted Net Income	61,3	139,5	29,6	(644,7)	29,0
Diluted Weighted Average Share	262,1	292,9	298,6	295,6	4 145,6
Diluted EPS Excluding ExtraOrd It	0,23	0,48	0,10	(2,18)	0,01
Diluted EPS Including ExtraOrd It	0,23	0,48	0,10	(2,18)	0,01
Supplemental (€ Millions)					
DPS - Common Stock Primary Issu	0,00	0,09	0,00	0,00	0,00
Dividends per Share - Com Stock	--	--	--	--	--
Dividends per Share - Com Stock	--	--	--	--	--
Dividends per Share - Com Stock	--	--	--	--	--
Special DPS - Common Stock Prin	--	0,06	--	--	--
Special DPS - Common Stock Issu	--	--	--	--	--
Special DPS - Common Stock Issu	--	--	--	--	--
Special DPS - Common Stock Issu	--	--	--	--	--
Gross Dividends - Common Stock	--	--	--	--	--
Pro Forma Stock Compensation E	--	--	--	--	--
Net Income after Stock Based Co	--	--	--	--	--
Basic EPS after Stock Based Comp	--	--	--	--	--
Diluted EPS after Stock Based Co	--	--	--	--	--
(Gain) Loss on Sale of Assets, Sup	--	--	--	--	--
Impairment-Assets Held for Sale,	--	--	--	--	--

Impairment-Assets Held for Use,	--	--	--	--	--
Litigation Charge, Supplemental	--	--	--	--	--
Purchased R&D Written-Off, Sup	--	--	--	--	--
Restructuring Charge, Suppleme	--	--	--	--	--
Other Unusual Expense(Income)	--	--	--	--	--
Non-Recurring Items, Supplemer	--	--	--	--	--
Total Special Items	67,6	(20,6)	57,6	248,1	69,2
Normalized Income Before Taxes	150,2	172,1	120,1	(437,5)	89,9
Effect of Special Items on Income	11,0	(5,6)	30,3	86,8	24,2
Inc Tax Ex Impact of Sp Items	24,4	46,4	63,2	46,0	15,9
Normalized Income After Taxes	125,8	125,7	56,9	(483,5)	74,0
Normalized Inc. Avail to Com.	117,9	124,4	56,9	(483,4)	74,0
Basic Normalized EPS	0,45	0,43	0,19	(1,64)	0,02
Diluted Normalized EPS	0,45	0,42	0,19	(1,64)	0,02
EPS, Supplemental	--	--	--	--	--
Funds From Operations - REIT	--	--	--	--	--
Amort of Acquisition Costs, Supp	--	--	--	--	--
Amort of Intangibles, Supplemer	13,4	23,9	25,2	36,5	41,4
Amort. of Right-of-Use Intang.As	--	--	0,3	--	--
Depreciation, Supplemental	16,5	20,6	125,7	118,6	102,8
Depreciation of Right-of-Use Ass	--	--	103,6	94,1	79,2
Interest Expense, Supplemental	101,2	130,2	148,0	148,8	130,9
Interest Capitalized, Supplement	--	--	--	--	--
Interest Expense on Lease Liabs.,	--	--	--	--	--
Interest Expense (Financial Oper	--	--	--	--	--
Net Revenues	--	--	--	--	--
Rental Expense, Supplemental	748,0	943,2	961,6	693,9	624,2
Labor & Related Expense Suppl.	404,7	500,3	522,3	379,9	414,3
Stock-Based Compensation, Sup	--	--	--	--	--
Variable Lease Expense - Unclass	--	--	--	--	--
Variable Operating Lease Expens	--	--	--	--	--
Variable Financial Lease Expense	--	--	--	--	--
Short-Term Lease Cost	--	--	--	--	--
Sublease Income	--	--	--	--	--
Lease Expense -Total	--	--	--	--	--
Advertising Expense, Supplemen	--	--	--	--	--
Equity in Affiliates, Supplementa	(8,1)	(1,3)	0,0	0,0	--
Minority Interest, Supplemental	0,2	0,1	0,0	0,1	0,0
Income Taxes - Non-Recurring Ta	--	--	--	--	--
Research & Development Exp, Su	--	--	--	--	--
Audit Fees	1,8	2,3	2,4	2,7	--
Audit-Related Fees	1,1	0,8	0,4	0,7	--
Tax Fees	--	--	--	--	--
All Other Fees	--	--	--	--	--
Reported Recurring Revenue	--	--	--	--	--
Reported Net Premiums Written	--	--	--	--	--
Reported Total Revenue	--	--	--	--	--

Reported Operating Revenue	--	--	--	--	--
Reported Total Cost of Revenue	--	--	--	--	--
Reported Total Sales, General &	--	--	--	--	--
Reported Gross Profit	--	--	--	--	--
Reported Operating Profit	--	--	--	--	--
Reported Operating Profit Margi	--	--	--	--	--
Reported Ordinary Profit	--	--	--	--	--
Reported Net Income After Tax	--	--	--	--	--
Reported Basic EPS	--	--	--	--	--
Reported Diluted EPS	--	--	--	--	--
Reported Net Business Profits	--	--	--	--	--
Islamic Income	--	--	--	--	--
Zakat	--	--	--	--	--
COVID-19 Non-Recurring Inc/Exp	--	--	--	--	--
COVID-19 One-time Provisions	--	--	--	--	--
COVID-19 Restructuring Chrgs/Pr	--	--	--	--	--
COVID-19 Impairment of Long-Te	--	--	--	--	--
COVID-19 One-time Governmen	--	--	--	--	--
COVID-19 Inc Taxes - Non-Recurr	--	--	--	--	--
Islamic Section, Supplemental	--	--	--	--	--
Normalized EBIT	290,9	348,4	307,0	(252,3)	224,3
Normalized EBITDA	320,7	393,0	458,0	(97,2)	368,4
Tax & Pension Items (€ Millions)					
Current Tax - Total	19,0	42,0	42,5	22,6	13,3
Current Tax - Total	19,0	42,0	42,5	22,6	13,3
Deferred Tax - Total	(5,6)	9,9	(9,7)	(63,5)	(21,6)
Deferred Tax - Total	(5,6)	9,9	(9,7)	(63,5)	(21,6)
Income Tax - Total	13,4	52,0	32,9	(40,9)	(8,3)
Other Tax	--	--	--	--	0,0
Income Tax by Region - Total	--	--	--	--	--
Domestic Pension Plan Expense	4,4	4,5	--	2,7	2,8
Interest Cost - Domestic	3,5	3,5	--	2,4	1,8
Service Cost - Domestic	2,6	2,4	--	2,1	2,5
Prior Service Cost - Domestic	0,0	0,6	--	0,0	--
Expected Return on Assets -	(1,7)	(1,5)	--	(1,3)	(1,0)
Curtailments & Settlements -	(0,1)	(0,5)	--	(0,5)	(0,4)
Foreign Pension Plan Expense	--	--	--	--	--
Post-Retirement Plan Expense	--	--	--	--	--
Total Pension Expense	4,4	4,5	--	2,7	2,8
Assumptions	--	--	--	--	--
Total Plan Interest Cost	3,5	3,5	--	2,4	1,8
Total Plan Service Cost	2,6	2,4	--	2,1	2,5
Total Plan Expected Return	(1,7)	(1,5)	--	(1,3)	(1,0)
Total Plan Other Expense	--	--	--	--	--
Dividends and Capital Changes					
Europcar Mobility Ord Shs					
	€0.08 S	€0.09 F	€0.00 F	€0.00 F	€0.00 F

	(31-Dec)	(31-Dec)	(31-Dec)	(31-Dec)	(31-Dec)
Cash Dividend	€0.00 F (31-Dec) Pd.End	€0.06 S (31-Dec) Pd.End	--	--	--
Capital Return	0.97x (31-May)	0.98x (31-May)	0.98x (23-May)	--	--
	--	1x (21-Dec)	1x (25-Oct)	--	--
Buyback	--	1x (17-May)	--	--	--
Write Off	--	--	--	--	1x (01-Feb)
Rights Issue	--	--	--	--	0 (26-Feb)
Share Consolidation	--	--	--	--	3 (30-Sep)

Europcar Mobility Group SA

Cash Flow
Annual Standardised in Millions of Euros

	2017	2018	2019	2020	2021
Period End Date	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash Flow-Operating Activities (€ Millions)					
Net Income/Starting Line	82,6	192,7	62,5	(685,6)	20,7
Depreciation/Depletion	15,9	20,4	125,7	116,7	102,8
Depreciation	15,9	20,4	125,7	116,7	102,8
Amortization	13,4	23,9	25,2	36,5	41,4
Amortization of Intangibles	13,4	23,9	25,2	36,5	41,4
Deferred Taxes	--	--	--	--	--
Non-Cash Items	104,8	90,3	168,8	303,1	146,0
Unusual Items	(3,1)	(58,8)	(0,6)	131,9	(48,0)
Other Non-Cash Items	107,9	149,1	169,5	171,2	193,9
Changes in Working Capital	(266,3)	(355,4)	(514,6)	1 051,5	(1 081,0)
Other Assets	(101,7)	(104,0)	(331,4)	954,3	(611,3)
Taxes Payable	--	--	--	--	--
Other Liabilities	--	--	--	--	--
Other Assets & Liabilities, Net	(16,5)	(67,0)	(17,8)	231,0	(325,0)
Other Operating Cash Flow	(148,1)	(184,4)	(165,4)	(133,8)	(144,7)
Cash from Operating Activities	(49,6)	(28,0)	(132,3)	822,2	(770,2)
Cash Flow-Investing Activities (€ Millions)					
Capital Expenditures	(54,5)	(73,1)	(84,5)	(49,4)	(60,6)
Purchase of Fixed Assets	(54,5)	(73,1)	(84,5)	(49,4)	(60,6)
Other Investing Cash Flow Items,	(717,6)	55,8	(96,4)	19,2	15,8
Acquisition of Business	(743,3)	(20,7)	(107,0)	--	--
Sale of Business	--	70,0	1,5	2,5	15,8
Sale of Fixed Assets	11,8	6,5	9,0	16,7	--
Investment, Net	13,9	--	--	--	--
Other Investing Cash Flow	--	--	--	--	--
Cash from Investing Activities	(772,2)	(17,3)	(180,9)	(30,3)	(44,8)
Cash Flow-Financing Activities (€ Millions)					
Financing Cash Flow Items	(25,7)	(15,1)	(8,9)	347,1	(23,5)
Other Financing Cash Flow	(25,7)	(15,1)	(8,9)	347,1	(23,5)
Total Cash Dividends Paid	(59,4)	(24,2)	(39,5)	0,0	--
Issuance (Retirement) of Stock, N	190,2	(29,9)	(30,6)	0,8	246,8
Sale/Issuance of Common	190,7	0,0	11,8	0,0	246,7
Common Stock, Net	190,2	(29,9)	(30,6)	0,8	246,8
Issuance (Retirement) of Debt, Ne	784,1	227,7	593,7	(1 319,8)	567,2
Long Term Debt Issued	784,1	233,8	905,2	--	665,2
Long Term Debt Reduction	--	(6,1)	(311,5)	(1 319,8)	(98,0)
Long Term Debt, Net	784,1	227,7	593,7	(1 319,8)	567,2

Total Debt Reduction	--	--	--	--	--
Cash from Financing Activities	889,2	158,5	514,7	(971,9)	790,4
Foreign Exchange Effects	(2,7)	(1,4)	1,7	(3,6)	6,1
Net Change in Cash	64,7	111,7	203,2	(183,6)	(18,4)
Net Cash - Beginning Balance	248,5	313,3	425,0	628,2	444,6
Net Cash - Ending Balance	313,3	425,0	628,2	444,6	426,2
Cash Interest Paid	--	--	--	--	--
Cash Taxes Paid	34,8	46,1	29,9	17,2	21,1
Lease liability Issued, Supplement	--	--	--	--	--
Lease liability Reduced, Suppleme	--	--	--	--	--
Lease liability Net, Supplemental	--	--	--	--	--
Net Changes in Working Capital	(118,2)	(171,0)	(349,2)	1 185,3	(936,3)
Reported Cash from Operating Ac	--	--	--	--	--
Reported Cash from Investing Act	--	--	--	--	--
Reported Cash from Financing Ac	--	--	--	--	--
Free Cash Flow	(104,1)	(101,2)	(216,8)	772,8	(830,7)