

INDUSTRY SUB-SECTOR
Rental Auto/Equipment

Currency
USD

EXCHANGE
NASDAQ GS

INDUSTRY
Commercial Services

AVIS BUDGET GROUP INC

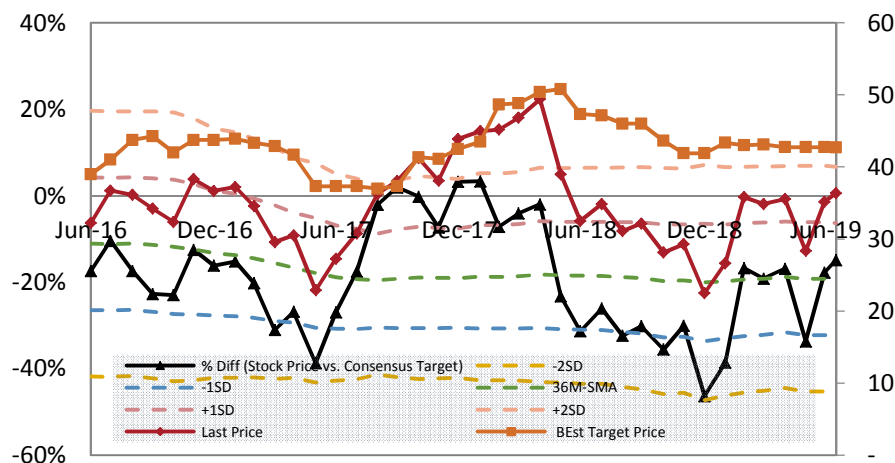
Avis Budget Group, Inc. operates as a vehicle rental and mobility solutions service. The Company also participates in app-based, carsharing operations. Avis Budget Group operates mainly in North America, Europe, Australia, and New Zealand, as well as other countries worldwide.

BUY on the uptrend with >15% upside! Its historical and forward PERs of 12x and 9x are relatively cheaper than the average of S&P500 PERs which are in the high teens. **Trading BUY with a TP of USD42.71.**

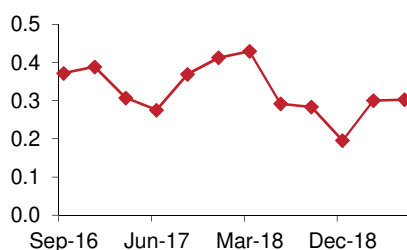
Value	★★★★★	Operation Efficiency	★★★★★
Growth	★★★★★	Credit Standing	★★★★★
Profitability	★★★★★	Overall Rating	★★★★★

Latest 5 Consensus' Rating	Recommendation	Target Price
J.P. Morgan	Overweight	49
Northcoast Research	Buy	42
Consumer Edge Research	Overweight	40
Goldman Sachs	Buy	41
Millman Research Associates	Buy	60

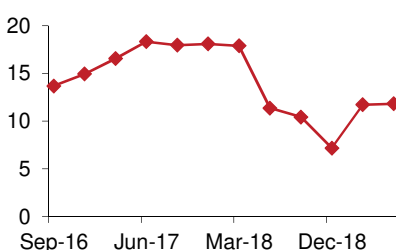
Share Price vs. Consensus Target



Price-to-Sales Ratio



Price-to-Earnings Ratio



17.5%

Upside/Downside

USD 36.36

Last Price

USD 42.71

Consensus Target

Share Price

39.15

52 Week High

21.63

52 Week Low

2760.16

Market Cap (mil)

75.91

Number of Shares Outstanding (mil)

76.4

Free Float

1.4

Avg. 6M Daily Vol Traded (mil)

47.5

Avg. 6M Daily Value Traded (mil)

12/2018

Fiscal Year End

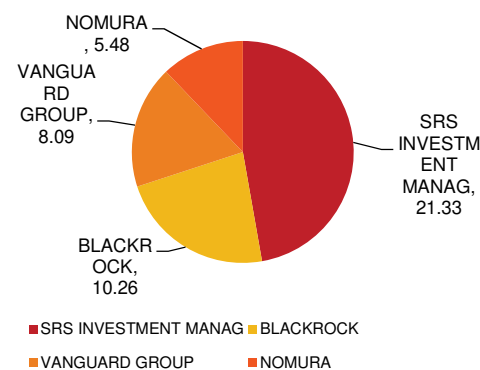
34.5

IDEAL B.O.W.

40.0

IDEAL S.O.S.

Major Shareholders



RELATIVE INDEX

INDEX WEIGHTING, %

ALT. RELATIVE INDEX

ALT. INDEX WEIGHTING, %

2ND. ALT. RELATIVE INDEX

2ND ALT. INDEX WEIGHTING, %

CONSENSUS TARGET PRICE

TARGET PRICE (H)

TARGET PRICE (L)

CONSENSUS RECOMMENDATION

EXPECTED EARNING REPORT DATE

EXPECTED EARNING REPORT TIME

DIVIDEND PER SHARE LAST (GROSS)

DIVIDEND PER SHARE LAST (NET)

DIVIDEND EX DATE

S&P 500 INDEX

N.A.

DOW JONES INDUS. AVG

N.A.

NASDAQ COMPOSITE INDEX

N.A.

42.71 17%

60.00 65%

31.00 -15%

BUY

5/8/2019

N.A.

N.A.

N.A.

N.A.

Quarter Financials	USD	2018Q1 (mil)	2018Q2 (mil)	2018Q3 (mil)	2018Q4 (mil)	2019Q1 (mil)
REVENUE		1,968	2,328	2,778	2,050	1,920
EBITDA		534	777	1,101	657	545
OP		13	174	499	153	5
PRETAX		-105	45	370	27	-118
NET PROFIT		-69	33	254	31	-77
EPS (SEN)		-0.85	0.41	3.22	0.40	-1.02
EPS GROWTH		-338.8%	-148.0%	688.3%	-87.5%	-353.0%
REVENUE GROWTH		-2.5%	18.3%	19.3%	-26.2%	-6.3%
EBITDA MARGIN		27.1%	33.4%	39.6%	32.0%	28.4%
NET MARGIN		-3.5%	1.4%	9.1%	1.5%	-4.0%

Annual Financials	USD	2016A (mil)	2017A (mil)	2018A (mil)	2019F (mil)	2020F (mil)
REVENUE		8,659	8,848	9,124	9,240	9,458
EBITDA		2,988	2,968	3,069	814	873
OP		858	762	839	802	834
PRETAX		371	288	337	419	452
NET PROFIT		227	203	249	304	325
REVENUE GROWTH (%)		1.8	2.2	3.1	1.3	2.4
NET PROFIT GROWTH (%)		-23.7	-10.4	22.7	22.0	6.9

Valuation	2016A	2017A	2018A	2019F	2020F
PER (X)	15.1	18.4	7.2	9.0	8.2
P/BV (X)	14.3	6.2	4.1	4.4	3.1
P/CF (X)	1.3	1.4	0.7	5.8	4.6
P/CF (X)	1.3	1.4	0.7	5.8	4.6
P/SALES (X)	0.4	0.4	0.2	0.3	6.7
EV/EBITDA (X)	5.0	5.3	4.8	23.9	22.3
DIVIDEND YIELD (%)*	0.0	0.0	0.0	N.A.	N.A.

* RELATIVE TO LAST PRICE

Profitability	2016A	2017A	2018A	2019F	2020F
EBITDA MARGIN (%)	34.5	33.5	33.6	8.8	9.2
OPERATING MARGIN (%)	9.9	8.6	9.2	8.7	8.8
PBT MARGIN (%)	4.3	3.3	3.7	4.5	4.8
NET MARGIN (%)	2.6	2.3	2.7	3.3	3.4
ROE (%)	68.6	51.1	50.5	61.5	48.1
ROA (%)	1.3	1.1	1.4	3.4	3.8

Financial Leverage	2016A	2017A	2018A	2019F	2020F
ASSETS/EQUITY (X)	79.8	30.9	46.3	N.A.	N.A.
LONG-TERM DEBT/EQUITY (X)	5485.1	2232.8	3323.7	N.A.	N.A.
TOTAL DEBT/EQUITY (X)	5611.3	2237.3	3329.2	N.A.	N.A.
INTEREST COVERAGE RATIO (X)	N.A.	N.A.	N.A.	N.A.	N.A.

PER SHARE DATA	2016A	2017A	2018A	2019F	2020F
EPS	2.5	2.4	3.1	4.0	4.4
BVPS	2.6	7.1	5.4	8.3	11.8
DPS	0.0	0.0	0.0	N.A.	N.A.

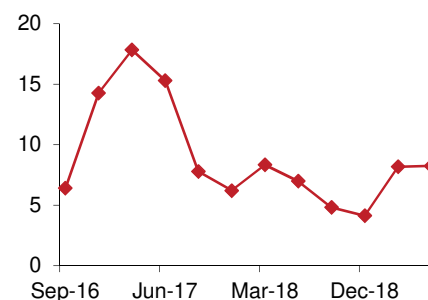
Domestic Peers Comparison (FY19 Comparison)

	Mkt Cap	Price/Sales	PE Ratio	Price/Book	Price/CF	EV/EBITDA	Div Yield
AVIS BUDGET GROUP INC	2,760.2	0.3	9.0	4.4	5.8	23.9	N.A.
LIBERTY EXPEDIA HOLD-A	2,775.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
HERTZ GLOBAL HOLDINGS INC	2,197.7	0.2	20.8	1.1	N.A.	34.5	N.A.
HERC HOLDINGS INC	1,281.2	0.6	13.5	N.A.	N.A.	4.7	N.A.
LIBERTY TRIPADVISOR HDG-A	915.2	0.5	20.3	N.A.	N.A.	9.1	N.A.
TRAVELZOO	176.8	1.5	29.8	N.A.	N.A.	13.4	N.A.
TRAVELCENTERS OF AMERICA LLC	147.8	0.0	N.A.	N.A.	N.A.	20.5	N.A.
Average	1,464.9	0.5	18.7	2.8	5.8	17.7	N.A.
S&P 500 INDEX	-	2.2	18.2	3.5	12.9	12.4	5.0
DOW JONES INDUS. AVG	-	2.0	17.1	4.2	12.1	12.8	5.7
NASDAQ COMPOSITE INDEX	-	3.1	24.4	3.8	2.4	19.5	3.0

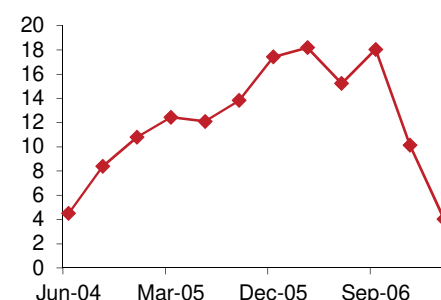
Regional Peers Comparison (FY19 Comparison)

	Mkt Cap	Price/Sales	PE Ratio	Price/Book	Price/CF	EV/EBITDA	Div Yield
AVIS BUDGET GROUP INC	2,760.2	0.3	9.0	4.4	5.8	23.9	N.A.
LIBERTY EXPEDIA HOLD-A	2,775.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
HERTZ GLOBAL HOLDINGS INC	2,197.7	0.2	20.8	1.1	N.A.	34.5	N.A.
HERC HOLDINGS INC	1,281.2	0.6	13.5	N.A.	N.A.	4.7	N.A.
LIBERTY TRIPADVISOR HDG-A	915.2	0.5	20.3	N.A.	N.A.	9.1	N.A.
TRANSAT A.T. INC	378.0	0.2	N.A.	0.8	N.A.	N.A.	N.A.
TWC ENTERPRISES LTD	294.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Average	1,514.6	0.4	15.9	2.1	5.8	18.0	N.A.

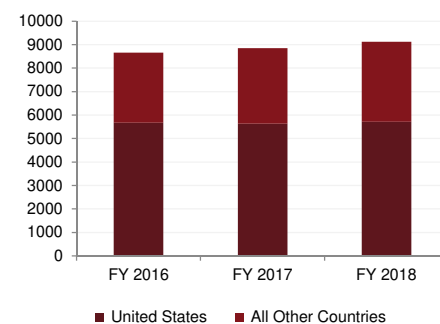
Price-to-Book Ratio



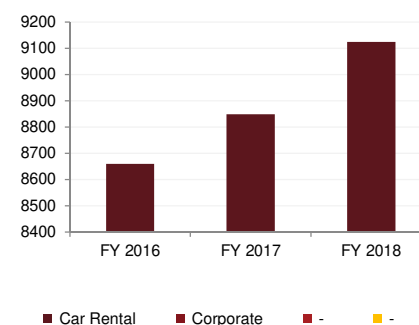
Dividend Yield



Geographic Breakdown - Revenue



Revenue Breakdown



Technical Analysis



CAR US \$ C 35.81 +0.30 Q35.80 / 35.81Q 18 x 25

On 12 Jul d Vol 1,330,037 O 35.35Q H 36.220 L 35.35Q Val 47.631M

CAR US Equity Save As Review Actions Backtesting & Optimization: Strategy Analysis

04/05/2016 - 07/13/2019 Today Daily

Chart Trade Table Scatter Plot

Strategy Title KenTrade S&P 500

Rule #	Action	Date	Price	Shares	Trade P&L	Cum. P&L	Total Return	% Max Return	% Min Return	% Max DD	Max DD Length
4	M/M	Sell	07/12/19	35.81	372	2.01k	15.14k	1.78	1.78	-.23	.26
4	1	Buy	06/05/19	30.41	372						
3	2	Sell	03/07/19	34.83	457	5.14k	13.13k	4.76	5.45	-.77	1.11
3	1	Buy	12/27/18	23.59	457						
2	3	Sell	10/25/18	27.70	328	-1.90k	7.99k	-1.73	1.57	-1.78	3.30
2	1	Buy	07/06/18	33.49	328						
1	2	Sell	12/20/17	44.86	443	9.89k	9.89k	9.89	10.18	-.48	3.63
1	1	Buy	05/22/17	22.53	443						

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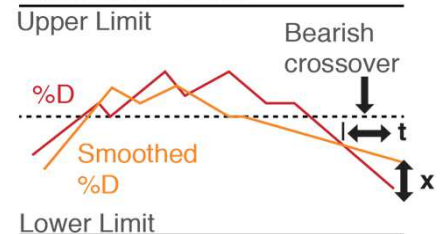
Explanation

This rules screens for counters that have a crossover between the %D and the Smoothed %D lines. When %D crosses up the Smoothed %D, it gives a bullish signal. Conversely, when the %D crosses down the Smoothed %D, it gives a bearish signal.

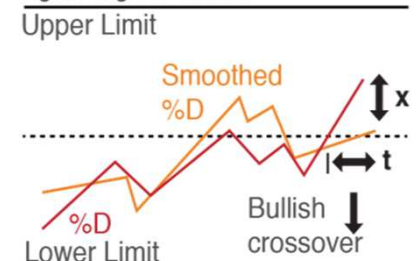
Parameter	Condition	Value
Lower Limit	=	20.0
Upper Limit	=	80.0
%K Period	=	14
%D Period	=	3
Smoothed %D Period	=	3
X	>=	15.0
t	<=	5
Rule Type	=	Daily
Data Type	=	Completed

Stochastics Signal Diagrams

Signal Diagram - Bearish



Signal Diagram - Bullish



Remarks/Comment

The stock has been trending up within a well-established uptrend channel after hitting a recent low at USD28.15. In fact, the stock could be in the midst of marching towards the long-term +1 Standard Deviation (+1SD) and +2SD resistance lines of ~USD39.00 and ~USD42.50, respectively, if and when the stock manages to overcome its short-term resistance levels of USD36.22 and USD37.27. TRADING BUY with a STOP-LOSS level of USD33.84, a breach of which will mark the violation of the immediate uptrend channel support line. TARGET objectives are pegged between USD37.46 and USD39.15.



Recommendation Methodologies

Any "BUY" recommendation for stock is derived on matches from the following three criteria:

- **Technical BUY signals;**
- **Kenanga Quantitative Study; and**
- **Consensus BUY recommendation (powered by BLOOMBERG)**

Technical BUY signals

There are two sets of technical indicators screening processes to filter for "BUY" recommendation, i.e., (1) RSI and Candlesticks, and (2) RSI, Stochastic and Candlesticks. Set number 1 using "RSI and Candlesticks" is our preferred technical set.

Screening criteria for

- RSI and Candlesticks: BUY when there is bullish reversal Candlestick, and RSI is oversold and rebounding; SELL when there is a bearish reversal Candlestick, and RSI is overbought and rebounding
- RSI, Stochastic and Candlesticks: BUY when there is bullish reversal Candlestick, and both RSI and Stochastic are oversold and rebounding; SELL when there is a bearish reversal Candlestick, and both RSI and Stochastic are overbought and rebounding.

RSI and Stochastic settings for reference

RSI	Period = 14, x = 6.0, t = 10
RSI Stochastic	Period = 14, x = 6.0, t = 10 Stochastic %K Period = 7, %D Period = 5, x = 7.0, t <= 10

Kenanga Quantitative Study

The investment quality of the identified foreign stock is measured by five quantitative criteria, namely "VALUE", "GROWTH", "PROFITABILITY", "OPERATION EFFICIENCY"

and "CREDIT STANDING". The scoring system for these five criteria is as follows: "BUY" is +1, "HOLD" is 0, and "SELL" is -1. Any identified foreign stock would have to gain at least 3 out of 5 ratings in order to excel from our quantitative study.

- All these five quantitative criteria are derived post comparing the samples of the foreign stock's domestic listed peers.
- The scoring of the stock will be determined by: (a) total scoring > simple average of Mean and +1 Standard deviation: BUY rating; (b) total scoring < simple average of Mean and -1 Standard deviation: SELL rating; otherwise HOLD rating will be assigned.
- The following are the respective criteria measured under each quantitative study.

VALUE – 13 rules and scorings

- Historical Price to Sales Ratio < Average;
- Estimated Price to Sales Ratio < Average;
- Estimated Price to Sales Ratio < Historical Price to Sales Ratio;
- Historical PER < Average;
- Estimated PER < Average;
- Estimated PER < Historical PER;
- Historical Price to Book < Average;
- Estimated Price to Book < Average;
- Estimated Price to Book < Historical Price to Book;
- Historical Price Earning Growth Ratio < 1;
- 1-Year Forward Price Earning Growth Ratio < 1;
- 2-Year Forward Price Earning Growth Ratio < 1; and
- Estimated Dividend Yield > Average.

- Estimated Pretax Margin > Historical Pretax Margin;
- Estimated Pretax Margin > 3-year Average Pretax Margin;
- Estimated Net Margin > Historical Net Margin;
- Estimated Net Margin > 3-year Average Net Margin;
- Historical ROE > Peers' Average ROE;
- Estimated ROE > Historical ROE;
- Historical ROA > Peers' Average ROA;
- Estimated ROA > Historical ROA; and
- ROC/WACC > 1.

Operating Efficiency – 6 rules and scorings

- Asset Turnover > Average;
- Net Fixed Asset Turnover > Average;
- Inventory Turnover > Average;
- Account Receivable Turnover > Average;
- Account Receivable Turnover > Account Payable Turnover; and
- Account Payable Turnover > Average;

Credit Standing – 9 rules and scorings

- Quick Ratio > Average;
- Current Ratio > Average;
- Net Debt to EBITDA < Average;
- Net Debt to Shareholders' Equity < Average;
- Net Debt to Capital < Average;
- Total Debt to EBITDA < Average;
- Total Debt to Total Equity < Average;
- Total Debt to Capital < Average; and
- Total Debt to Total Asset < Average

GROWTH – 7 rules and scorings

- Average Sales Growth > Average;
- Average EPS Growth > Average;
- Average DPS Growth > Average;
- Average Sales Growth > 3-year Historical Average Sales Growth;
- Average EPS Growth > 3-year Historical Average EPS Growth;
- Average DPS Growth > 3-year Historical Average DPS Growth; and
- Average EPS Growth > DDM Implied Growth.

Profitability – 11 rules and scorings

- Estimated Operating Profit Margin > Historical Operating Profit Margin;

Consensus BUY recommendation (powered by BLOOMBERG)

The selection of identified foreign stock will be based on Bloomberg's consensus analysts' ratings on a scale of 1 to 5. An identified "BUY-recommended stock" would have to score at least 3.5 and above from the Bloomberg's rating system. In the event, the identified foreign stock's rating is below 2.5, this would be a SELL recommendation.

Note that, we would issue with a follow-up note to alert investor if and when consensus scoring deteriorates below 3.5.

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