



FY 2018 Analysis and 2019 Fleet Planning

FY 2019 Fleet Planning

The purpose of this presentation is to highlight a clear route of price and fleet optimization to increase profit.

Strategy 1: Increase rental price per day to reflect current inflation rate then incremental increases.

BASELINE (+1.9%)

MINIMAL (+3.9%)

MODERATE (+8%)

EXTREME (+12%)

Strategy 2: Replace stale inventory with models that have higher than average profit margins and net profit yearly.

BASELINE (Models that make less than \$1500 net profit yearly = 8)

MINIMAL (Models that make less than \$1500 net profit yearly = 6)

MODERATE (Models that make less than \$1500 net profit yearly = 4)

EXTREME (Models that make less than \$1500 net profit yearly = 2)

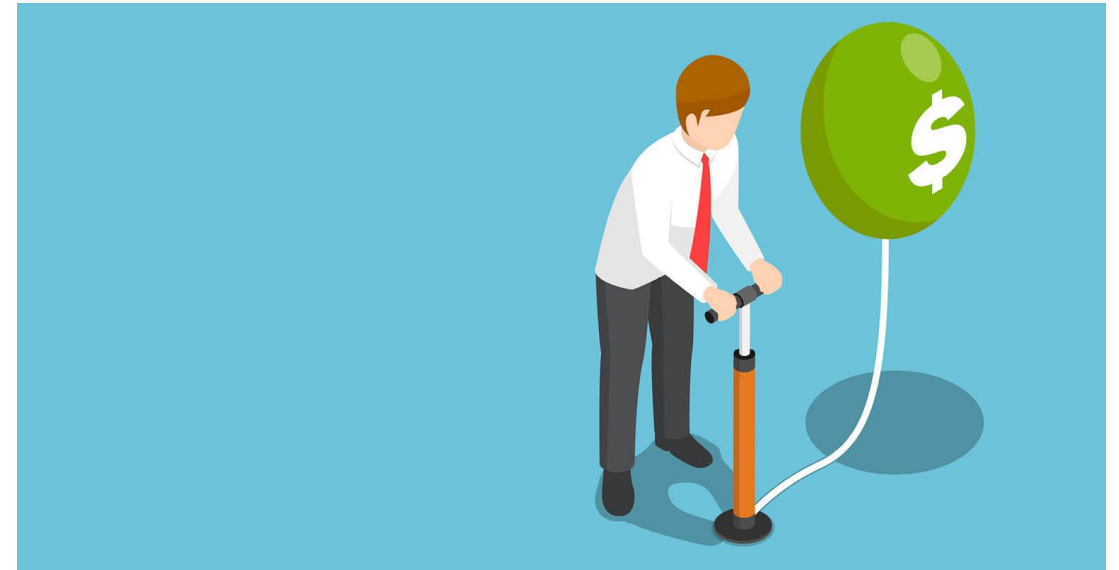
COMPLETE (Models that make less than \$1500 net profit yearly = 0)

Combined Strategy: Increase rental price per day and replace stale inventory with better performing models.

Strategy 1

Action: Increase Profits by Increasing Average Price Per Day

- To protect against cost increases caused by inflation
- To insure steady profit growth
- To expand inventory and territory
- Has negative impact on total rental days due to elasticity

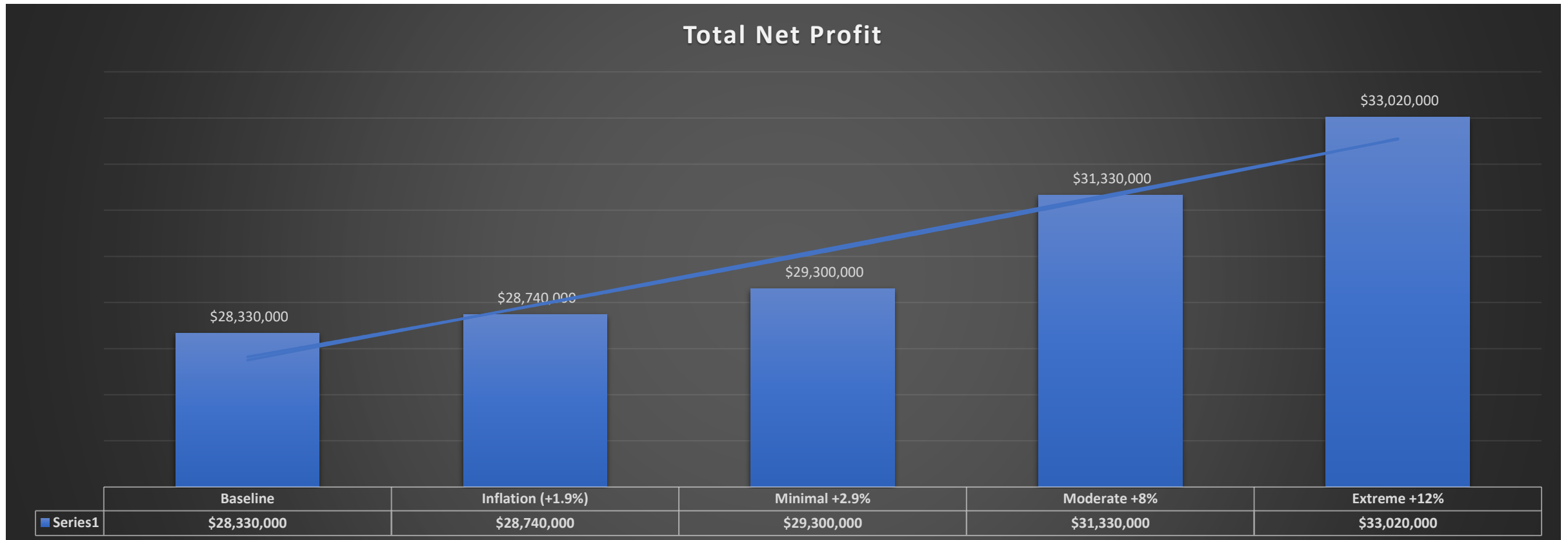


Strategy 1 Overview

	FY 2018	Baseline Increase +1.9%	Minimal Increase +2.9%	Moderate Increase +8%	Extreme Increase +12%
Average Daily Rental Rate	\$ 162	\$ 165	\$ 168	\$ 175	\$ 181
Average Net Profit Per Car	\$ 7,000	\$ 7,185	\$ 7,325	\$ 7,833	\$ 8,255
Total Number of Rental Days	378493	378493	375087	371680	368653
Average Number of Days Rented Per Car	95	95	94	93	92
Profit Margin Per Car	0.0115%	0.0115%	0.0116%	0.0120%	0.0124%
Total Gross Profit	\$ 61,320,000	\$ 62,450,000	\$ 63,010,000	\$ 65,040,000	\$ 66,730,000
Total Net Profit	\$ 28,330,000	\$ 28,740,000	\$ 29,300,000	\$ 31,330,000	\$ 33,020,000
Profit Margin	46.0%	46.0%	46.5%	48.2%	49.5%
Net Profit Change	\$ -	\$ 410,000	\$ 970,000	\$ 3,000,000	\$ 4,690,000
Rental Days (Difference)	0	0	-3406	-6813	-9841

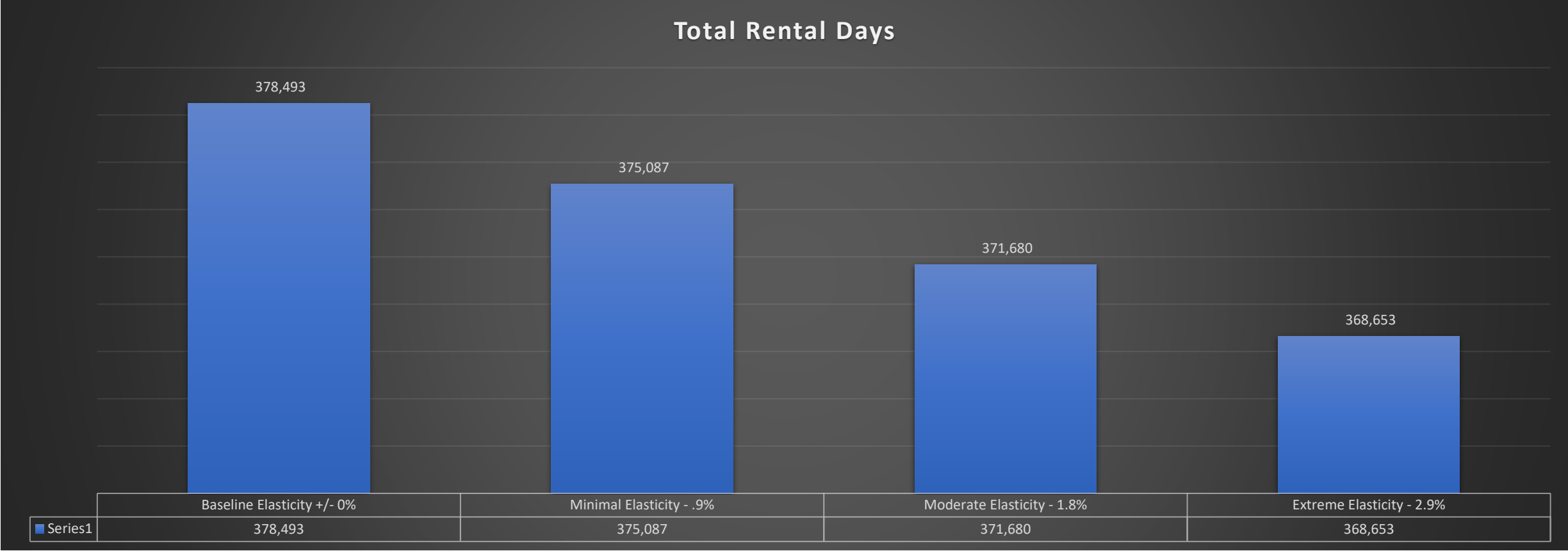
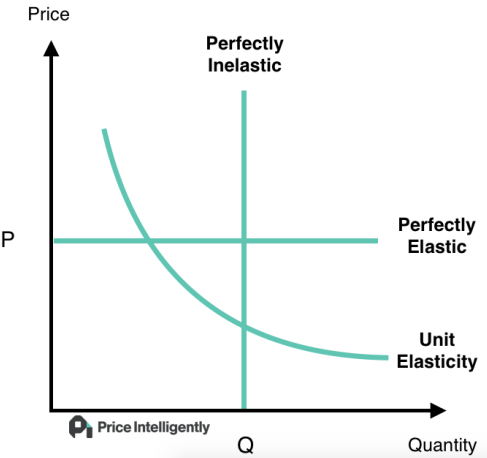
Strategy 1 Impact on Net Profit

Increase Profits by Increasing Average Price Per Day



Strategy 1 Impact on Total Days Rented

Elasticity Strikes



Strategy 2

Increase Profits by Culling Stale Inventory

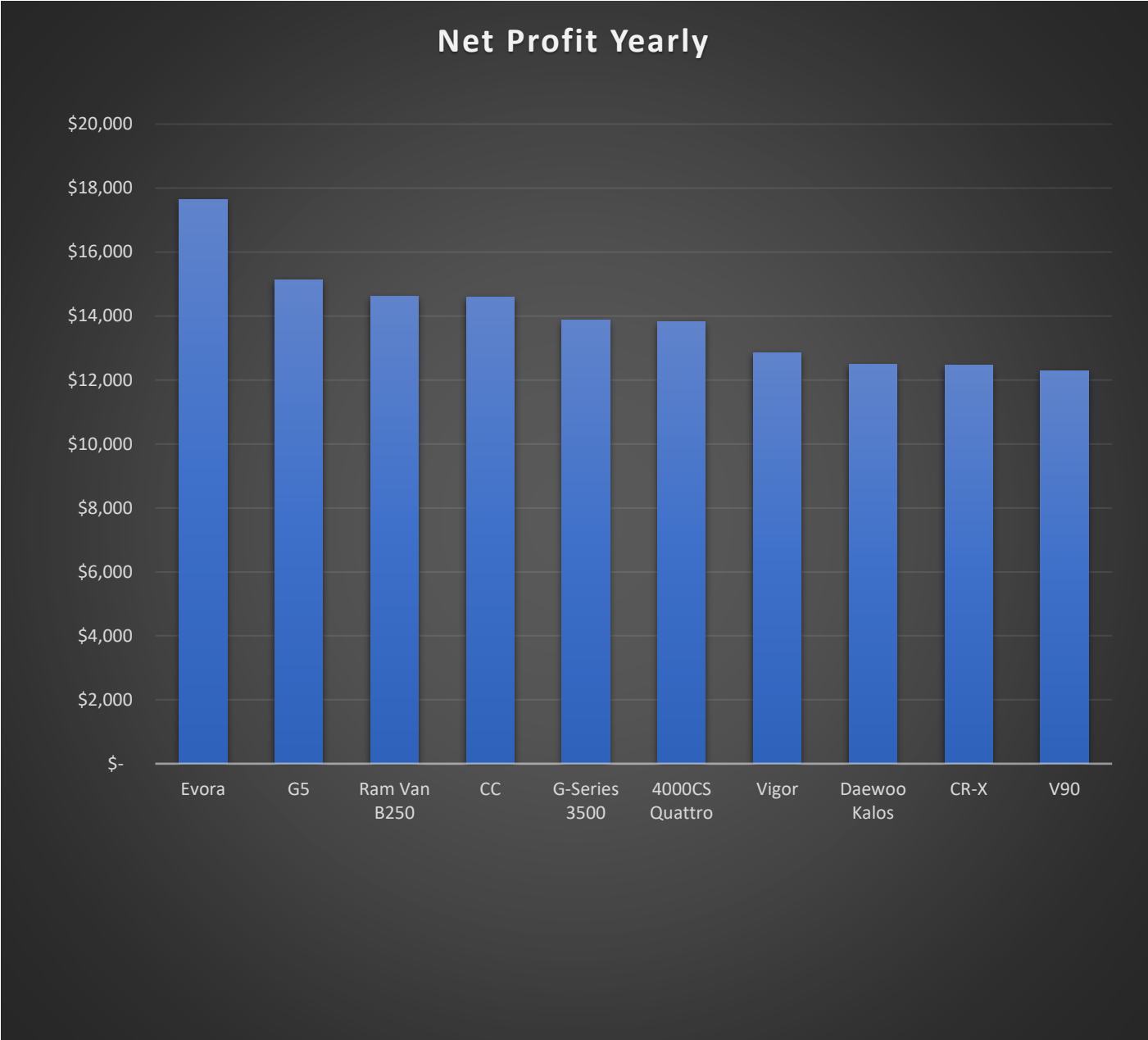
- Increases yearly net profit per car
- Increases total days rented
- Decreases total cost
- Increases customer satisfaction and safety
- Reduces accidents



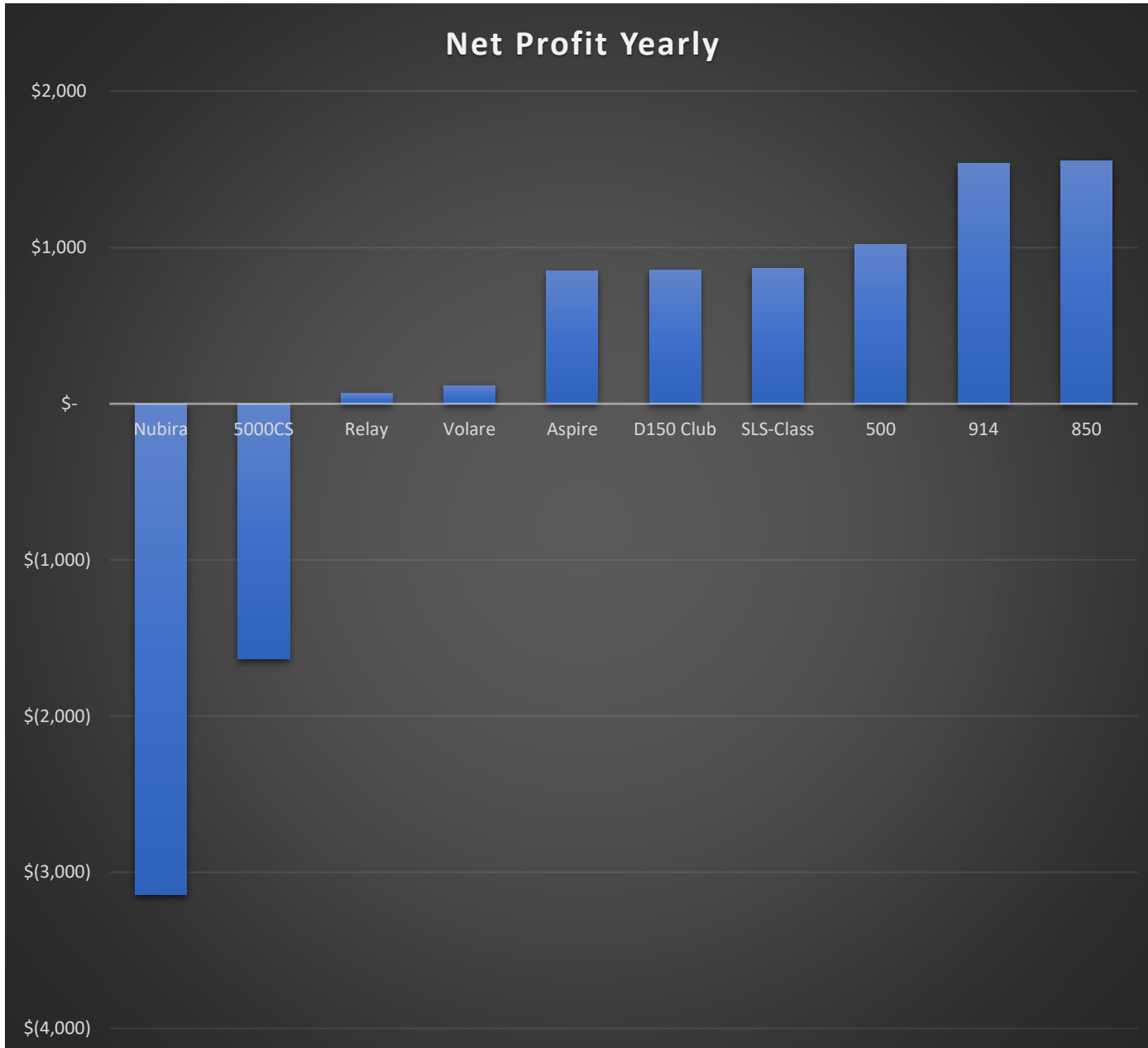
Strategy 2 Overview

	Baseline	Replace 2 Models	Replace 4 Models	Replace 6 Models	Replace 8 Models
Average Daily Rental Rate	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165
Average Net Profit Per Car	\$ 7,185	\$ 7,198	\$ 7,213	\$ 7,225	\$ 7,238
Number of Models Earning Less than \$1500 Net Profit Yearly	8	6	4	2	0
Total Number of Rental Days	378493	378635	378776	378918	379059
Average Number of Days Rented Per Car	94.62	94.66	94.69	94.73	94.76
Profit Margin Per Car	0.01151%	0.01152%	0.01153%	0.01154%	0.01155%
Total Gross Profit	\$ 62,450,000	\$ 62,500,000	\$ 62,550,000	\$ 62,600,000	\$ 62,650,000
Total Expenditures	\$ 33,710,000	\$ 33,710,000	\$ 33,700,000	\$ 33,700,000	\$ 33,700,000
Total Net Profit	\$ 28,740,000	\$ 28,790,000	\$ 28,850,000	\$ 28,900,000	\$ 28,950,000
Profit Margin	46.02%	46.06%	46.12%	46.17%	46.21%
Net Profit Change	\$ 410,000	\$ 460,000	\$ 520,000	\$ 570,000	\$ 620,000
Rental Days (Difference)	0	142	283	425	566

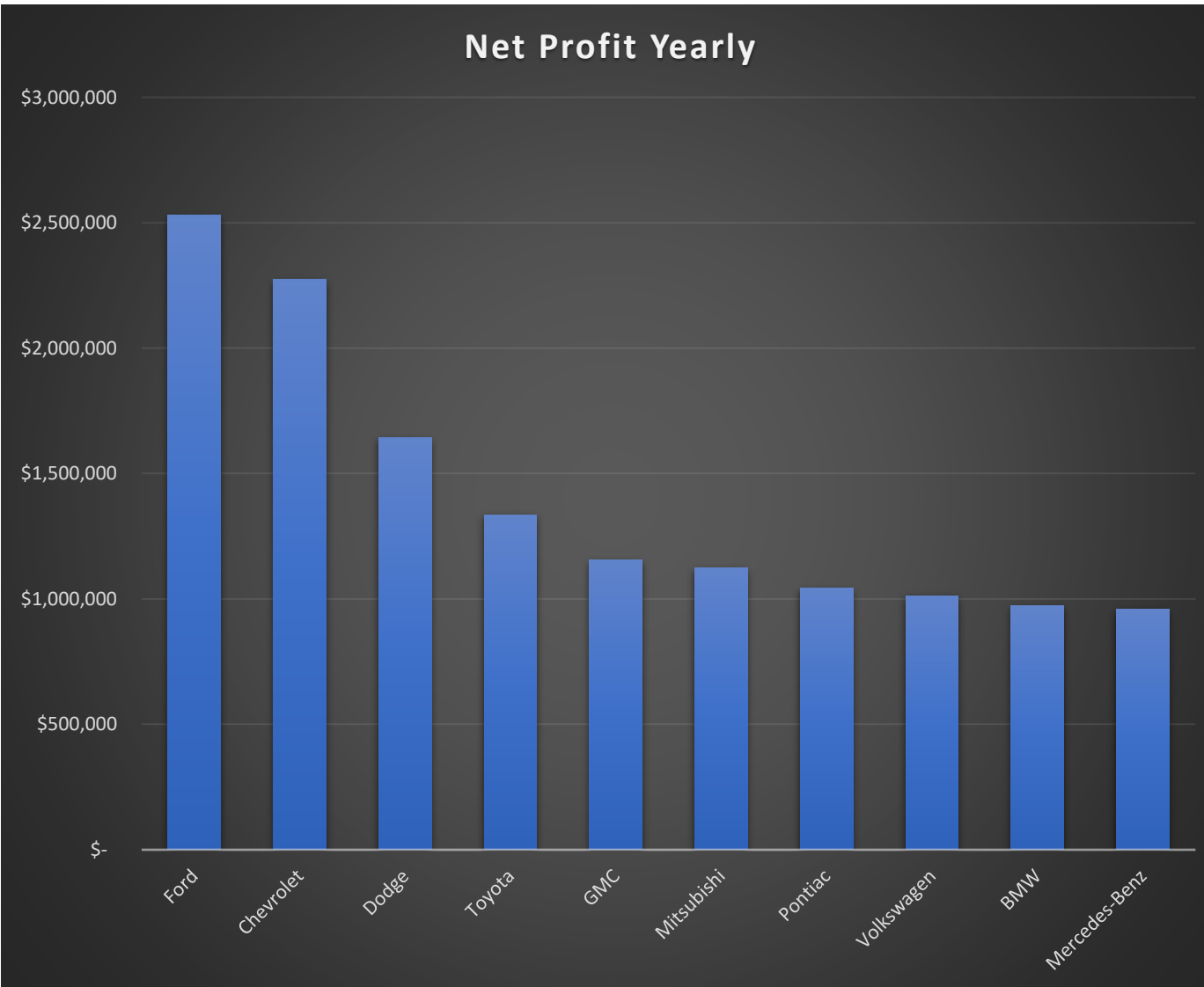
Top Performing Models



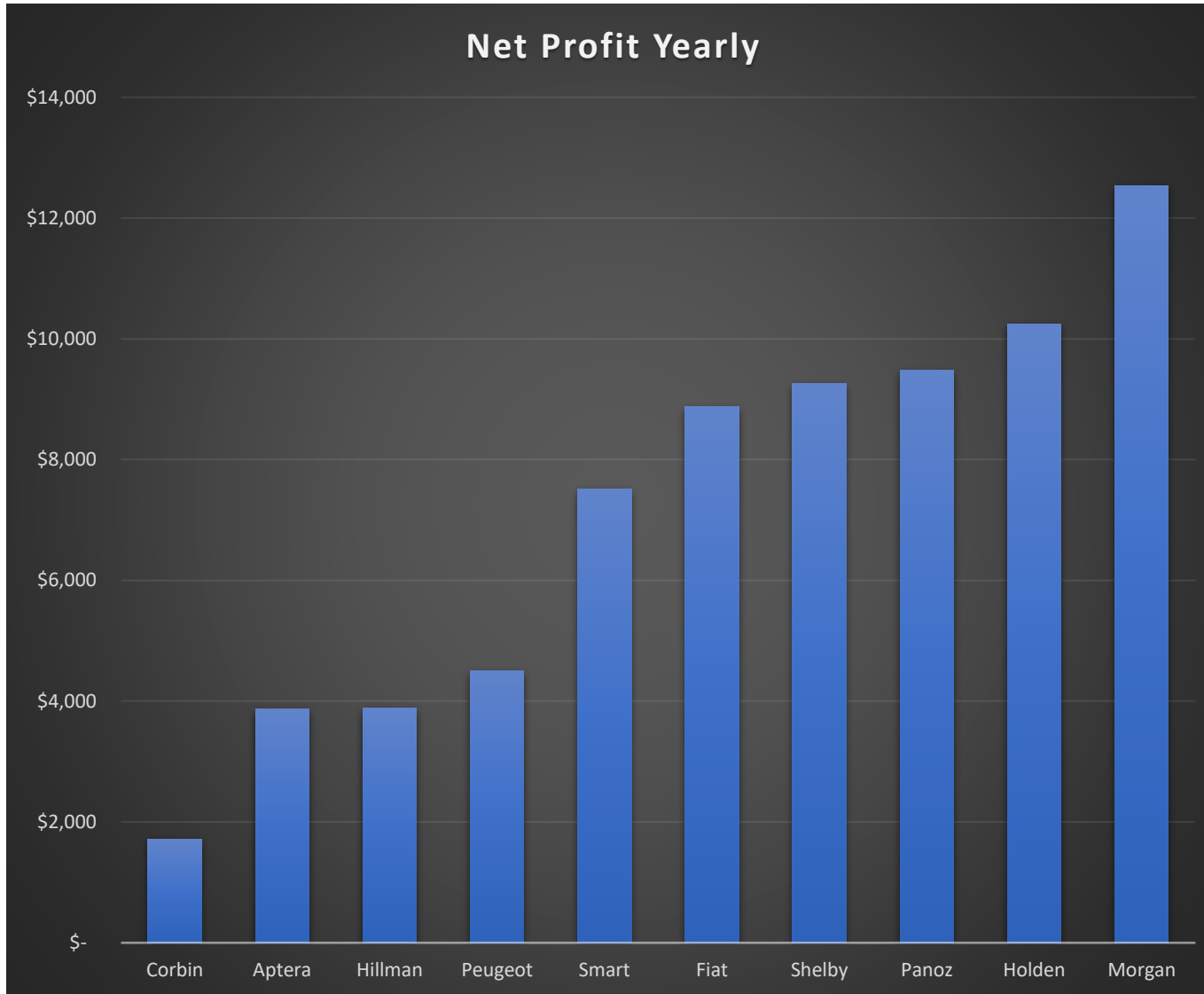
Worst Performing Models



Top Performing Makes

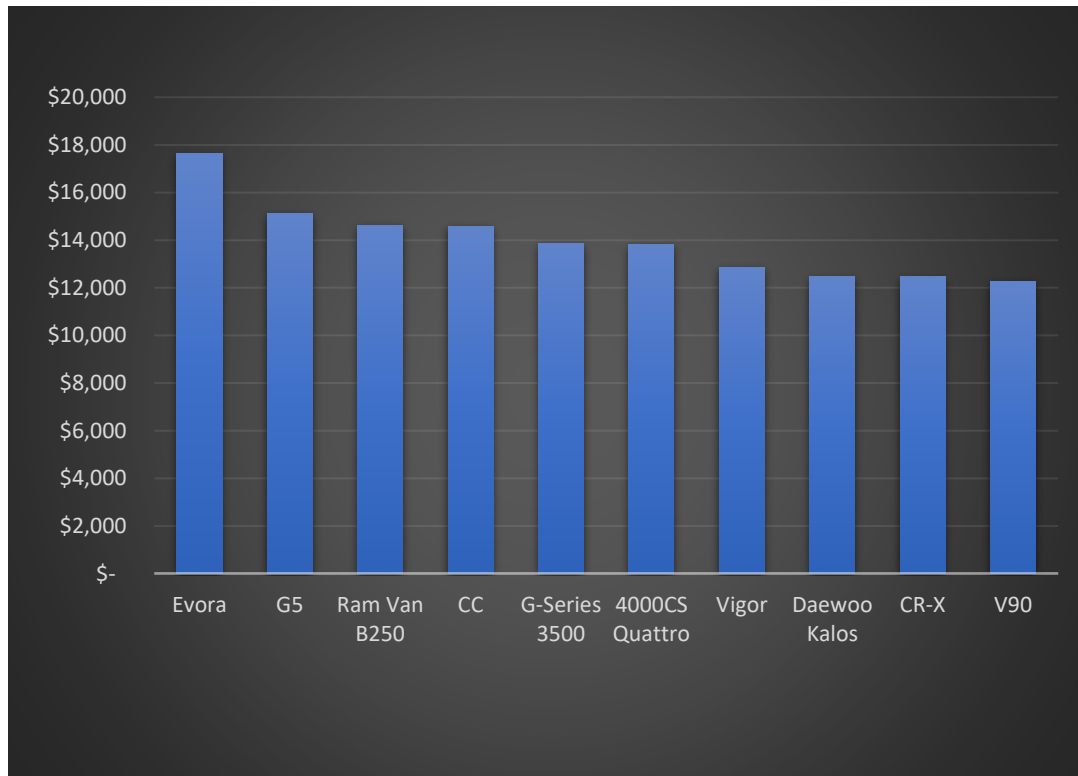


Worst Performing Makes

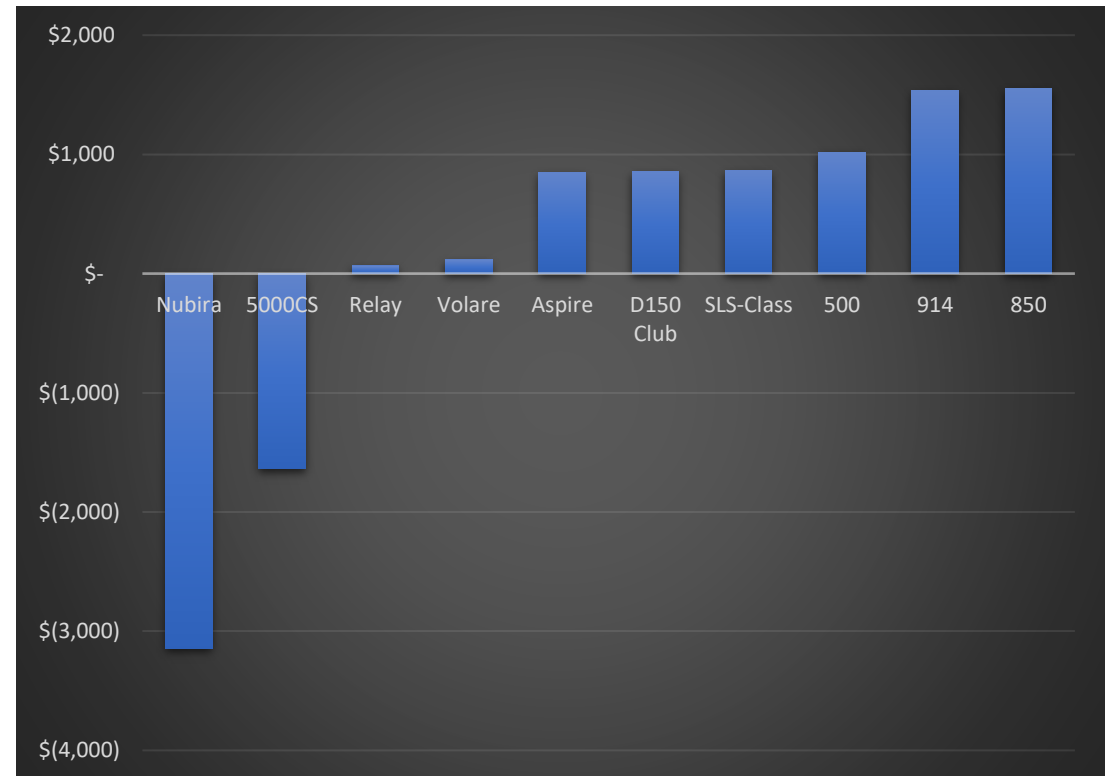


Top and Bottom Performing Models

Top 10 Models by Yearly Net Profit

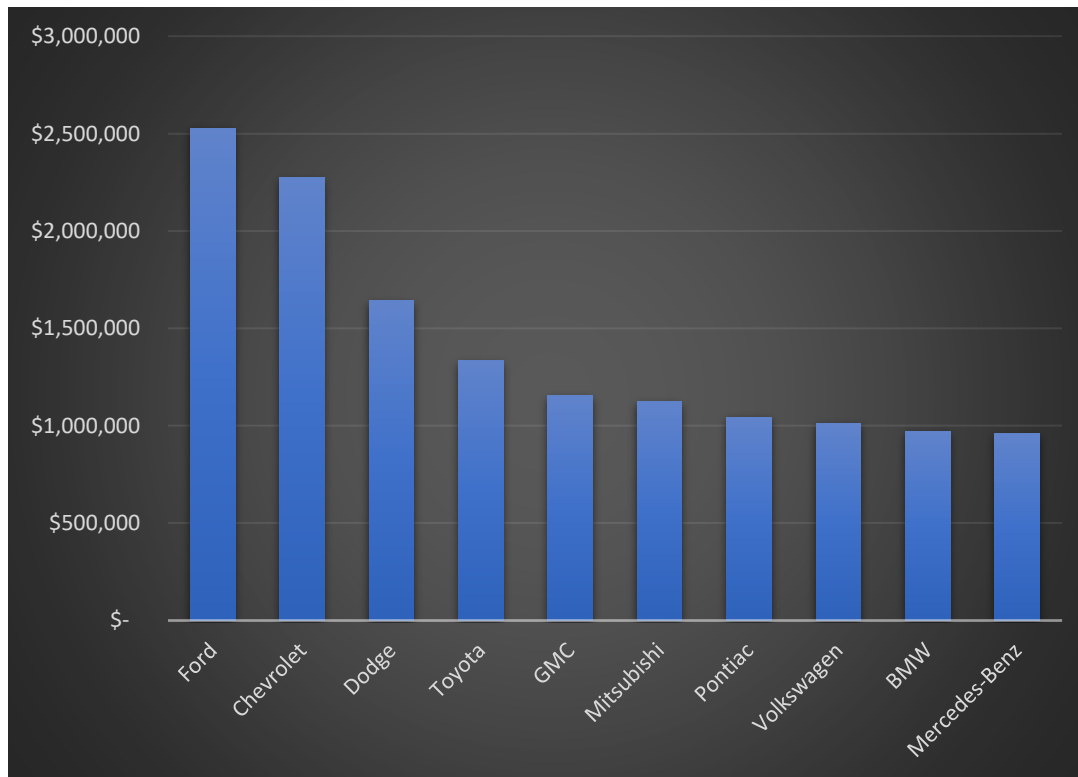


Bottom 10 Models by Yearly Net Profit

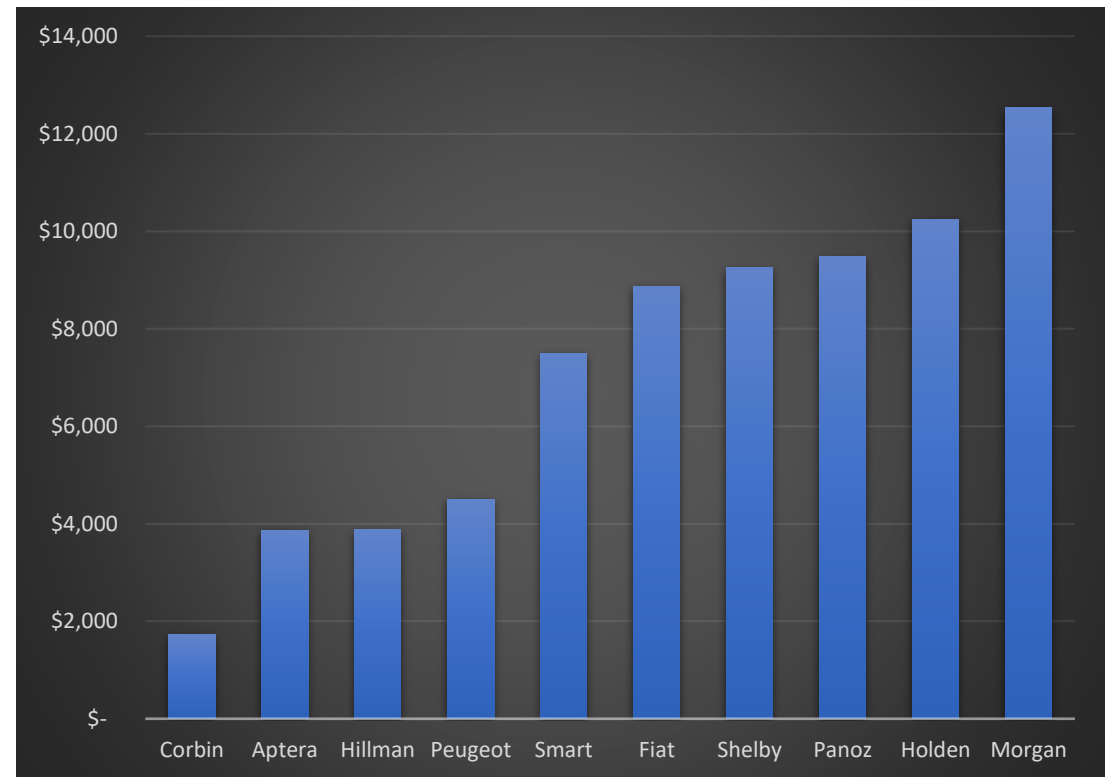


Top and Bottom Performing Makes

Top 10 Makes by Yearly Net Profit

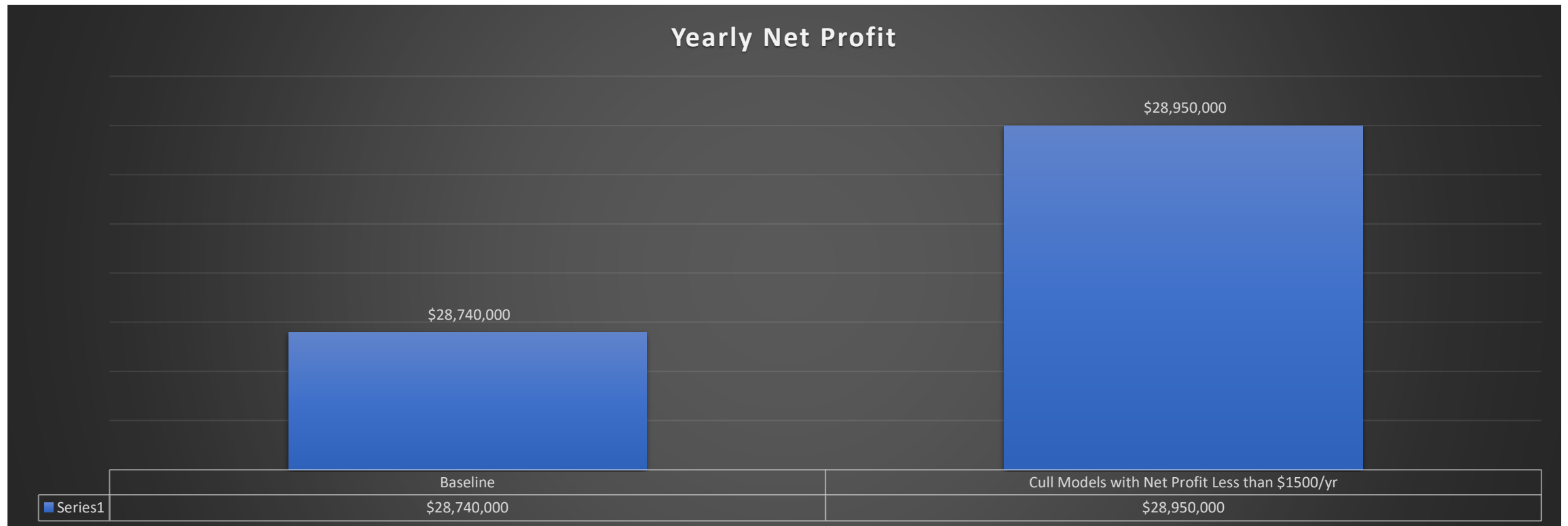


Bottom 10 Makes by Yearly Net Profit



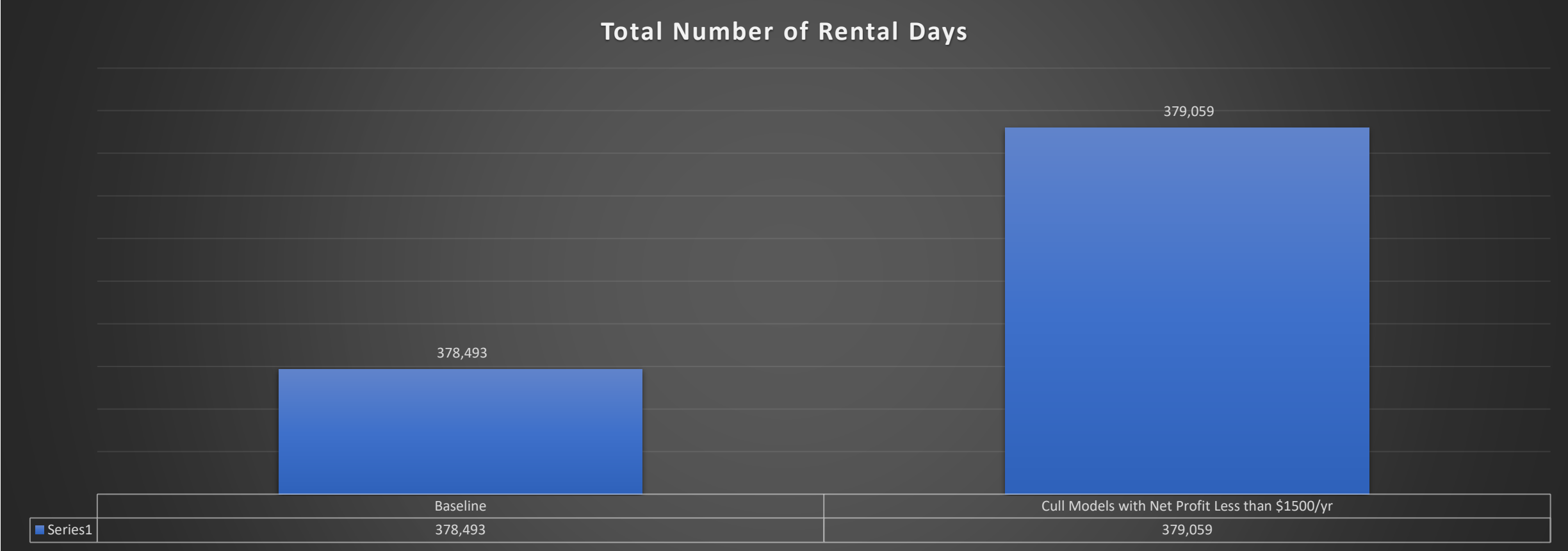
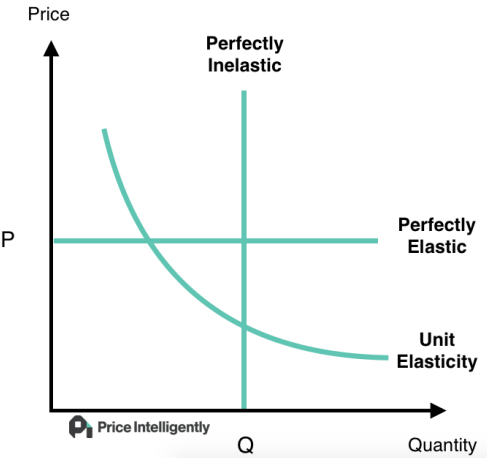
Strategy 2 Impact on Net Profit

Increase Profits by Culling Stale Inventory



Strategy 2 Impact on Total Days Rented

Elasticity Strikes (Again)



Combined Strategies

Increase Profits by increasing average price per day and culling stale inventory

- Increasing price per day allows for inventory changes without cutting into current profits
- Culling inventory offsets losses in rental days caused by price per day increase
- Overall net profit increases can be compounded by combining strategies



Combined Strategies Overview

	Baseline	Combined	Combined	Combined	Combined
Average Daily Rental Rate	\$ 162	\$ 165	\$ 168	\$ 175	\$ 181
Average Net Profit Per Car	\$ 7,000	\$ 7,185	\$ 7,338	\$ 7,863	\$ 8,308
Models Under Earning Less than \$1500 Net Profit Yearly	8	8	6	4	0
Total Number of Rental Days	378493	378493	375228	371964	369219
Average Number of Days Rented Per Car	95	95	94	93	92
Profit Margin Per Car	0.01153%	0.01151%	0.01164%	0.01207%	0.01241%
Total Gross Profit	\$ 61,320,000	\$ 62,450,000	\$ 63,060,000	\$ 65,150,000	\$ 66,930,000
Total Expenditures	\$ 33,080,000	\$ 33,710,000	\$ 33,710,000	\$ 33,700,000	\$ 33,700,000
Total Net Profit	\$ 28,330,000	\$ 28,740,000	\$ 29,350,000	\$ 31,450,000	\$ 33,230,000
Profit Margin	46.04%	46.02%	46.54%	48.27%	49.65%
Net Profit Change	\$ -	\$ 410,000	\$ 1,020,000	\$ 3,120,000	\$ 4,900,000
Rental Days (Difference)	0	0	-3265	-6530	-9275

FY 2019 Fleet Planning

Conclusions:

Combining a moderate price increase and an aggressive stale inventory culling will increase total net profits while maintaining customer satisfaction and number of days rented. Car culling can be scaled up to encompass more underperforming models and further offset price per day increases.

	Baseline	Strategy 1 - Moderate	Strategy 2 - Complete	Combined
Average Daily Rental Rate	\$ 162	\$ 175	\$ 165	\$ 175
Average Net Profit Per Car	\$ 7,000	\$ 7,833	\$ 7,238	\$ 7,888
Number of Models Under Less than \$1500 Net Profit Yearly	8	8	0	0
Total Number of Rental Days	378493	371680	379059	372247
Average Number of Days Rented Per Car	94.6	92.9	94.8	93.1
Profit Margin Per Car	0.0115%	0.0120%	0.0116%	0.0121%
Total Gross Profit	\$ 61,320,000	\$ 65,040,000	\$ 62,650,000	\$ 65,250,000
Total Expenditures	\$ 33,080,000	\$ 33,710,000	\$ 33,700,000	\$ 33,700,000
Total Net Profit	\$ 28,330,000	\$ 31,330,000	\$ 28,950,000	\$ 31,550,000
Profit Margin	46.04%	48.17%	46.21%	48.35%
Net Profit Change	\$ -	\$ 3,000,000	\$ 620,000	\$ 3,220,000
Rental Days (Difference)	0	-6813	566	-6247