



# CAR RENTAL SHOW

APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# El Grupo Tennant

Jim Tennant

Principal

[jim@tennantgroup.com](mailto:jim@tennantgroup.com)



## CAR RENTAL SHOW

APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS

**Car Rental**  
**SHOW**

THE GLOBAL MARKETPLACE FOR THE CAR RENTAL INDUSTRY

IN COLLABORATION WITH  
**ACRA**  
AMERICAN CAR RENTAL ASSOCIATION

IN PARTNERSHIP WITH  
**Auto Rental**  
GROUP



# The Tennant Group

Jim Tennant

Principal

[jim@tennantgroup.com](mailto:jim@tennantgroup.com)



## CAR RENTAL SHOW

APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS

**Car Rental**  
**SHOW**

THE GLOBAL MARKETPLACE FOR THE CAR RENTAL INDUSTRY

IN COLLABORATION WITH  
**ACRA**  
AMERICAN CAR RENTAL ASSOCIATION

IN PARTNERSHIP WITH  
**Auto Rental**  
GROUP

# Cómo Hacer Ver Su Negocio Más Atractivo Para Los Inversores



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# How to Make Your Business Attractive to Investors



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



- Hoy abarcaremos demasiado en un periodo muy breve
- Copias de las diapositivas en Inglés y Español están disponibles en la exhibición
- Copias de las diapositivas y explicaciones están disponibles más detalladamente en

[www.TennantGroup.com](http://www.TennantGroup.com)

[www.AutoRentalNews.com](http://www.AutoRentalNews.com)



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



- We are covering a lot in a short time today.
- Copies of the slides in English and Spanish are available at the Show
- Copies of the slides and more detailed explanations are available for downloading at

[www.TennantGroup.com](http://www.TennantGroup.com)

[www.AutoRentalNews.com](http://www.AutoRentalNews.com)



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Inversores:

- Dispuesto a tomar riesgos, para un mayor beneficio
- Podría ser propietario parcial, en lugar de obtener un préstamo

# Prestamistas:

- No estar dispuesto a aceptar demasiado riesgo
- Requiere gravámenes sobre artículos comprados, convenios y garantías probablemente personales
- Por lo general, para la financiación de compras de vehículos o inmobiliario



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# Investors:

- Willing to accept more risk for a higher potential return
- Could take some ownership of the business as opposed to a loan

# Lenders:

- Not willing to accept much risk
- Require liens on items purchased, covenants and probably personal guarantees
- Usually for financing vehicle purchases or real estate



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Usted debe conocer su empresa y tener la habilidad de explicarla:

- Asumimos que usted entiende su negocio **PERO**
- Usted informará a las personas que no están familiarizadas con el alquiler de vehículos
- Puede ser difícil explicarles de que se trata su negocio
- Explique claramente los conductores principales – Utilización, Tarifas, Gastos de Vehículos, Etc.
- Si usted se beneficia, ¿por qué y cómo va a mejorar?
- Demuestre una mejor trayectoria a seguir, si usted aún no se ha beneficiado
- Ejemplo – Mi empresa está mejorando con los márgenes actuales y tendrá ganancias en término de 1 año



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# You must understand and be able to explain your business:

- We can assume you understand your business **BUT**
- You will be talking to people not familiar with car rental
- Explaining your business to them can be difficult
- Explain clearly the major drivers – Utilization, rates, vehicle expense, etc.
- If you are profitable, why and how will you improve?
- If you are not yet profitable, show a clear path to profitability
- Example – My business is growing and with current margins will be profitable within 1 year



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Estados Financieros:

- **G**enerally **A**ccepted **A**ccounting **P**inciples
- Generalmente Aceptados los Principios de Contabilidad
- GAAP presenta de una forma regular los resultados financieros
- Permite a los inversores comparar las diferentes industrias
- Por Ejemplo - Walmart vs Banco de Brasil vs Petrobras
- Los estados financieros estilo GAAP no son muy útiles para el funcionamiento de sus negocios



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Financial Statement Presentation:

- **G**enerally **A**ccepted **A**ccounting **P**inciples
- GAAP is a standard way of presenting financial results
- Allows investors to compare different industries
- For example - Walmart vs Banco do Brasil vs Petrobras
- GAAP style financial statements are not very useful for running your business



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Estados Financieros:

The format was developed by industry veteran Fred Mudgett and is widely used.

	12 Months Ending December 31, 2013	% of Revenue	Per Vehicle per Month	
<b>Average Useable Fleet</b>	2,220			
<b>Time &amp; Mileage Revenue</b>	\$21,318,739	80.3%	\$800	
<b>Incremental Revenue</b>	\$5,244,551	19.7%	\$197	
<b>Total Revenue</b>	\$26,563,290	100.0%	\$997	
<b>Unit Expense</b>	\$8,511,566	32.0%	\$320	Cost of owning your fleet
<b>Direct Operating Exp</b>	\$2,388,596	9.0%	\$90	Cost of running your fleet
<b>Indirect Operating Exp</b>	\$1,154,091	4.3%	\$43	Other expenses that vary with fleet size or volume
<b>Advertising &amp; Sales Exp</b>	\$2,949,294	11.1%	\$111	
<b>Personnel Exp</b>	\$6,284,618	23.7%	\$236	
<b>Occupancy Exp</b>	\$1,199,719	4.5%	\$45	
<b>G &amp; A Exp</b>	\$748,375	2.8%	\$28	
<b>Total Expense</b>	\$23,236,259	87.5%	\$872	
<b>Gross Operating Income</b>	\$3,327,031	12.5%	\$125	Car rental profit
<b>Other Income</b>	\$36,860	0.1%	\$1	Non car rental revenue
<b>Other Expense</b>	(\$3,401)	0.0%	(\$0)	Non car rental expenses
<b>Net Operating Income</b>	\$3,367,292	12.7%	\$126	Net profit before taxes



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Financial Statement Presentation:

The format was developed by industry veteran Fred Mudgett and is widely used.

	12 Months Ending December 31, 2013	% of Revenue	Per Vehicle per Month	
<b>Average Useable Fleet</b>	2,220			
<b>Time &amp; Mileage Revenue</b>	\$21,318,739	80.3%	\$800	
<b>Incremental Revenue</b>	\$5,244,551	19.7%	\$197	
<b>Total Revenue</b>	\$26,563,290	100.0%	\$997	
<b>Unit Expense</b>	\$8,511,566	32.0%	\$320	Cost of owning your fleet
<b>Direct Operating Exp</b>	\$2,388,596	9.0%	\$90	Cost of running your fleet
<b>Indirect Operating Exp</b>	\$1,154,091	4.3%	\$43	Other expenses that vary with fleet size or volume
<b>Advertising &amp; Sales Exp</b>	\$2,949,294	11.1%	\$111	
<b>Personnel Exp</b>	\$6,284,618	23.7%	\$236	
<b>Occupancy Exp</b>	\$1,199,719	4.5%	\$45	
<b>G &amp; A Exp</b>	\$748,375	2.8%	\$28	
<b>Total Expense</b>	\$23,236,259	87.5%	\$872	
<b>Gross Operating Income</b>	\$3,327,031	12.5%	\$125	Car rental profit
<b>Other Income</b>	\$36,860	0.1%	\$1	Non car rental revenue
<b>Other Expense</b>	(\$3,401)	0.0%	(\$0)	Non car rental expenses
<b>Net Operating Income</b>	\$3,367,292	12.7%	\$126	Net profit before taxes



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Estados Financieros:

Este desglose de cuentas está detallado y disponible para su descargo.

## *The Tennant Group* Account Guidelines

**REVENUE**  
TIME & MILEAGE  
(DISCOUNTS)  
COLLISION DAMAGE WAIVER  
PERSONAL ACCIDENT INSURANCE  
PERSONAL EFFECTS COVERAGE  
SLI  
BABY SEAT  
ADDITIONAL DRIVER  
UNDERAGE DRIVER  
OTHER INCREMENTAL SALES REVENUE

**UNIT EXPENSE**  
RENTAL VEHICLE DEPRECIATION  
RENTAL VEHICLE INTEREST  
RENTAL VEHICLE LEASE EXPENSE  
RENTAL VEHICLE TAGS, TAXES & INSPECTION  
GAIN/LOSS, RENTAL VEHICLE SALES  
VEHICLE SALES EXPENSE  
(FLEET REBATES)

**DIRECT OPERATING**  
PARTS  
TIRES  
OUTSIDE MECHANICAL REPAIRS  
TOWING  
(VEHICLE WARRANTY)  
DAMAGE REPAIRS  
SALVAGE & STOLEN WRITE OFFS  
(SUBROGATION & CUSTOMER COLLECTION)  
VEHICLE INSURANCE EXPENSE

**INDIRECT OPERATING**  
GAS EXPENSE  
(GAS COLLECTIONS)  
OIL & ANTIFREEZE  
CAR WASH SUPPLIES  
SHUTTLE EXPENSE  
DEPRECIATION / LEASE SHOP EQUIPMENT  
REPAIRS & MAINTENANCE SHOP EQUIPMENT  
BUS DEPRECIATION  
REPAIRS & MAINTENANCE Busing  
DEPRECIATION / LEASE SERVICE VEHICLE  
REPAIRS & MAINTENANCE SERVICE VEHICLE  
NON RENTAL VEHICLE TAGS & LICENSE

**ADVERTISING & SALES EXPENSE**  
ADVERTISING FEES - NATIONAL  
ADVERTISING & SALES PROMOTION - LOCAL  
YELLOW PAGES  
DEPRECIATION - SIGNS  
SIGNS & SIGN MAINTENANCE  
RESERVATION EXPENSE  
SYSTEM FEES  
AMORTIZATION FRANCHISE PURCHASE  
COMMISSIONS TRAVEL AGENTS  
CREDIT CARD COMMISSIONS

**PERSONNEL EXPENSE**  
SALARIES EXEMPT REGULAR  
SALARIES EXEMPT BONUS  
WAGES NON-EXEMPT REGULAR  
WAGES NON-EXEMPT OVERTIME  
WAGES NON-EXEMPT COMMISSIONS  
CONTRACT LABOR  
PAYROLL TAXES  
WORKERS' COMPENSATION INSURANCE  
GROUP MEDICAL  
OTHER BENEFIT PROGRAMS  
TRAINING

**OCCUPANCY EXPENSE**  
FACILITY RENT  
CONCESSION FEES  
DEPRECIATION FACILITIES  
AMORTIZATION LEASEHOLD IMPROVEMENTS  
INTEREST EXPENSE FACILITIES & LEASEHOLDS  
REAL ESTATE TAXES  
FACILITY INSURANCE  
UTILITIES  
FACILITY REPAIR & MAINTENANCE

**GENERAL & ADMINISTRATIVE**  
OFFICE SUPPLIES  
POSTAGE AND SHIPPING  
BANK CHARGES  
BUSINESS PERMITS  
LEASED OFFICE EQUIPMENT  
DEPRECIATION OFFICE EQUIPMENT  
INTEREST OFFICE EQUIPMENT  
(G)L DISPOSAL OF OFFICE EQUIPMENT  
OFFICE EQUIPMENT REPAIR & MAINTENANCE  
SOFTWARE AMORTIZATION  
SOFTWARE MAINTENANCE  
TELEPHONE & COMPUTER COMMUNICATIONS  
PROFESSIONAL FEES  
TRAVEL & MEETING  
MEALS AND ENTERTAINMENT  
DONATIONS  
DUES & SUBSCRIPTIONS  
CASH SHORT - (OVER)  
BAD DEBT  
COLLECTION EXPENSE  
NET PARKING TICKET EXPENSE

**NOTE:**  
*If the owner has an active management role in the business you should include a reasonable portion of their income in Personnel Expense. "Reasonable" should reflect what you would pay a qualified manager to perform the owners duties. Any amount above that should then be reflected in Operating Income.*



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# Financial Statement Presentation:

This detailed breakdown of accounts is available for downloading.

## *The Tennant Group* Account Guidelines

**REVENUE**  
TIME & MILEAGE  
(DISCOUNTS)  
COLLISION DAMAGE WAIVER  
PERSONAL ACCIDENT INSURANCE  
PERSONAL EFFECTS COVERAGE  
SLI  
BABY SEAT  
ADDITIONAL DRIVER  
UNDERAGE DRIVER  
OTHER INCREMENTAL SALES REVENUE

**UNIT EXPENSE**  
RENTAL VEHICLE DEPRECIATION  
RENTAL VEHICLE INTEREST  
RENTAL VEHICLE LEASE EXPENSE  
RENTAL VEHICLE TAGS, TAXES & INSPECTION  
GAIN/LOSS, RENTAL VEHICLE SALES  
VEHICLE SALES EXPENSE  
(FLEET REBATES)

**DIRECT OPERATING**  
PARTS  
TIRES  
OUTSIDE MECHANICAL REPAIRS  
TOWING  
(VEHICLE WARRANTY)  
DAMAGE REPAIRS  
SALVAGE & STOLEN WRITE OFFS  
(SUBROGATION & CUSTOMER COLLECTION)  
VEHICLE INSURANCE EXPENSE

**INDIRECT OPERATING**  
GAS EXPENSE  
(GAS COLLECTIONS)  
OIL & ANTIFREEZE  
CAR WASH SUPPLIES  
SHUTTLING EXPENSE  
DEPRECIATION / LEASE SHOP EQUIPMENT  
REPAIRS & MAINTENANCE SHOP EQUIPMENT  
BUS DEPRECIATION  
REPAIRS & MAINTENANCE BUSING  
DEPRECIATION / LEASE SERVICE VEHICLE  
REPAIRS & MAINTENANCE SERVICE VEHICLE  
NON RENTAL VEHICLE TAGS & LICENSE

**ADVERTISING & SALES EXPENSE**  
ADVERTISING FEES - NATIONAL  
ADVERTISING & SALES PROMOTION - LOCAL  
YELLOW PAGES  
DEPRECIATION - SIGNS  
SIGNS & SIGN MAINTENANCE  
RESERVATION EXPENSE  
SYSTEM FEES  
AMORTIZATION FRANCHISE PURCHASE  
COMMISSIONS TRAVEL AGENTS  
CREDIT CARD COMMISSIONS

**PERSONNEL EXPENSE**  
SALARIES EXEMPT REGULAR  
SALARIES EXEMPT BONUS  
WAGES NON-EXEMPT REGULAR  
WAGES NON-EXEMPT OVERTIME  
WAGES NON-EXEMPT COMMISSIONS  
CONTRACT LABOR  
PAYROLL TAXES  
WORKERS' COMPENSATION INSURANCE  
GROUP MEDICAL  
OTHER BENEFIT PROGRAMS  
TRAINING

**OCCUPANCY EXPENSE**  
FACILITY RENT  
CONCESSION FEES  
DEPRECIATION FACILITIES  
AMORTIZATION LEASEHOLD IMPROVEMENTS  
INTEREST EXPENSE FACILITIES & LEASEHOLDS  
REAL ESTATE TAXES  
FACILITY INSURANCE  
UTILITIES  
FACILITY REPAIR & MAINTENANCE

**GENERAL & ADMINISTRATIVE**  
OFFICE SUPPLIES  
POSTAGE AND SHIPPING  
BANK CHARGES  
BUSINESS PERMITS  
LEASED OFFICE EQUIPMENT  
DEPRECIATION OFFICE EQUIPMENT  
INTEREST OFFICE EQUIPMENT  
(G)L DISPOSAL OF OFFICE EQUIPMENT  
OFFICE EQUIPMENT REPAIR & MAINTENANCE  
SOFTWARE AMORTIZATION  
SOFTWARE MAINTENANCE  
TELEPHONE & COMPUTER COMMUNICATIONS  
PROFESSIONAL FEES  
TRAVEL & MEETING  
MEALS AND ENTERTAINMENT  
DONATIONS  
DUES & SUBSCRIPTIONS  
CASH SHORT - (OVER)  
BAD DEBT  
COLLECTION EXPENSE  
NET PARKING TICKET EXPENSE

*NOTE:*  
*If the owner has an active management role in the business you should include a reasonable portion of their income in Personnel Expense. "Reasonable" should reflect what you would pay a qualified manager to perform the owners duties. Any amount above that should then be reflected in Operating Income.*



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Estados Financieros:

## Las Ventajas de Este Formato:

- Demuestra por separado su gasto mayor
- Separa variables, comercialización, personal y costos fijos
- Para el mejor uso de su empresa y darle la mejor imagen
- Entender fácilmente, explicar los planes de su empresa y el por qué usted necesita el dinero
- Cada categoría principal está detalladamente separada y disponible para su descargo



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Financial Statement Presentation:

## Advantages of this format:

- Shows your biggest expense (fleet) separately
- Separates variable, marketing, personnel and fixed costs
- Much better picture of your business for your own use
- Easier to understand and explain your business and plans and why you need the money
- A detailed breakdown of each major category will be available for downloading



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Ganancias Antes de Intereses, Impuestos, Depreciación y Amortización

- EBITDA es ampliamente utilizado por los analistas financieros
- No es muy útil en el alquiler de vehículos
- Nuestros mayores gastos son los intereses y la amortización, así que si se eliminaran darían una imagen engañosa
- Si es presentado el EBITDA, debe considerar los intereses y depreciación de vehículos de alquiler como **gastos de funcionamiento** y **no** como parte de la calculación de EBITDA



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Earnings Before Interest, Taxes, Depreciation and Amortization

- EBITDA is widely used by financial analysts.
- Not very useful in car rental
- Our biggest expenses are interest and depreciation so eliminating them gives a misleading picture
- If EBITDA is presented, you should consider rental vehicle interest and depreciation as **operating expenses** and **not** part of the EBITDA calculation



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Depreciar sus Vehículos de Manera Realista

- La tasa de depreciación de su vehículo es la mejor estimación promedio la reducción mensual y al valor del vehículo del alquiler, del día que lo compró hasta el día que lo vendió
- No tiene nada que ver con la tasa con la cual usted está pagando el préstamo
- No tiene nada que ver con la tasa de depreciación para deducible fiscales
- Si usted demuestra consistentemente una ganancia en las ventas de vehículos al por mayor, está sobre-depreciando. **No tuviste ganancia, lo sobre-depreciaste!** Sólo obtuviste ganancias si lo vendiste por más de lo que pagaste
- Desde un punto de vista práctico, su tasa de depreciación de vehículos de riesgos debe ser constante de año a año y debe ser la base de su experiencia



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Depreciate Your Vehicles Realistically

- Your vehicle depreciation rate is your best estimate of the average monthly reduction in the value of the rental vehicle from the day you bought it to the day you sold it.
- It has nothing to do with the rate you are paying down the loan.
- It has nothing to do with the allowable depreciation rate for tax purposes.
- If you consistently show a profit on wholesale vehicle sales, you are over-depreciating. **You did not make a profit, you over-depreciated!** You only made a profit if you sold it for more than you paid for it.
- From a practical point of view, your depreciation rate on risk vehicles should be consistent year to year and should be based on your actual experience.



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Vehículos y Financiamiento de Vehículos en su Hoja de Balance

- En el negocio de alquiler de vehículos, los vehículos no son Bienes Fijos
- En el negocio de alquiler de vehículos, el financiamiento de vehículos no es un Riesgo a Largo Plazo
- Bienes Fijos es algo así como una fábrica o una máquina
- En el alquiler de vehículos, los vehículos son como si fuesen inventario
- Vehículos de alquiler y vehículos de alquiler de financiación deberán presentarse por separado en su hoja de balance



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# Presentation of Vehicles and Vehicle Financing on Your Balance Sheet

- In the car rental business, vehicles are **not** Fixed Assets
- In the car rental business, vehicle financing is **not** a Long Term Liability
- A Fixed Asset is something like a factory or a machine
- In car rental, vehicles are more like inventory
- Rental vehicles and rental vehicle financing should be presented separately on your balance sheet



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentación de Vehículos y Financiamiento de Vehículos en su Hoja de Balance

Suggested Balance Sheet Presentation			
<b>Assets:</b>		<b>Liabilities:</b>	
Cash on hand and in bank	\$450,000	Accounts Payable	\$175,000
Accounts Receivable	\$275,000	Other Current Liabilities	\$45,000
Other Current Assets	\$150,000	<b>Total Current Liabilities</b>	<b>\$220,000</b>
<b>Total Current Assets</b>	<b>\$875,000</b>		
		GE Capital	\$9,800,000
Rental Vehicles	\$22,000,000	Banco do Brasil	\$8,000,000
Less Accumulated Depreciation	(\$2,640,000)	<b>Total Rental Vehicle Financing</b>	<b>\$17,800,000</b>
<b>Total Rental Vehicles</b>	<b>\$19,360,000</b>		
		Mortgage	\$875,000
Building	\$1,500,000	Equipment Financing	\$280,000
Shuttle buses	\$125,000	<b>Total Long Term Liabilities</b>	<b>\$1,155,000</b>
Equipment	\$500,000		
Less Accumulated Depreciation	(\$150,000)	Capital Stock	\$1,000,000
<b>Total Fixed Assets</b>	<b>\$1,975,000</b>	Retained Earnings	\$2,035,000
		<b>Total Owners Equity</b>	<b>\$3,035,000</b>
<b>Total Assets</b>	<b>\$22,210,000</b>	<b>Total Liabilities and Equity</b>	<b>\$22,210,000</b>



**CAR RENTAL SHOW**  
 APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Presentation of Vehicles and Vehicle Financing on Your Balance Sheet

Suggested Balance Sheet Presentation			
<b>Assets:</b>		<b>Liabilities:</b>	
Cash on hand and in bank	\$450,000	Accounts Payable	\$175,000
Accounts Receivable	\$275,000	Other Current Liabilities	\$45,000
Other Current Assets	\$150,000	<b>Total Current Liabilities</b>	<b>\$220,000</b>
<b>Total Current Assets</b>	<b>\$875,000</b>		
		GE Capital	\$9,800,000
Rental Vehicles	\$22,000,000	Banco do Brasil	\$8,000,000
Less Accumulated Depreciation	(\$2,640,000)	<b>Total Rental Vehicle Financing</b>	<b>\$17,800,000</b>
<b>Total Rental Vehicles</b>	<b>\$19,360,000</b>		
		Mortgage	\$875,000
Building	\$1,500,000	Equipment Financing	\$280,000
Shuttle buses	\$125,000	<b>Total Long Term Liabilities</b>	<b>\$1,155,000</b>
Equipment	\$500,000		
Less Accumulated Depreciation	(\$150,000)	Capital Stock	\$1,000,000
<b>Total Fixed Assets</b>	<b>\$1,975,000</b>	Retained Earnings	\$2,035,000
		<b>Total Owners Equity</b>	<b>\$3,035,000</b>
<b>Total Assets</b>	<b>\$22,210,000</b>	<b>Total Liabilities and Equity</b>	<b>\$22,210,000</b>



**CAR RENTAL SHOW**  
 APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# GE Capital

Jeffrey Iverson

Vice Presidente de Ventas  
Alquiler y Programas OEM



## CAR RENTAL SHOW

APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS

**Car Rental**  
**SHOW**

THE GLOBAL MARKETPLACE FOR THE CAR RENTAL INDUSTRY

IN COLLABORATION WITH  
**ACRA**  
AMERICAN CAR RENTAL ASSOCIATION

IN PARTNERSHIP WITH  
**Auto Rental**  
GROUP



# GE Capital

Jeffrey Iverson

Vice President, Sales

Rental and OEM Programs



## CAR RENTAL SHOW

APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS

**Car Rental**  
**SHOW**

THE GLOBAL MARKETPLACE FOR THE CAR RENTAL INDUSTRY

IN COLLABORATION WITH  
**ACRA**  
AMERICAN CAR RENTAL ASSOCIATION

IN PARTNERSHIP WITH  
**Auto Rental**  
GROUP

# Criterios de Suscripción

## Revisión Prestamista

- Resultados de Operación : 3 años de estados financieros, declaraciones provisionales y actuales, con declaraciones comparables de años anteriores (puede requerirse declaraciones CPA auditado/revisado). Además, puede ser necesario mantener información tales como declaraciones de impuestos
- Mercados Servidos: aeropuerto, local, sustitución de seguro
- Plan de Negocios : Plan de 3 – 5 años (revisará el plan y los resultados actuales)
- La experiencia del Propietario/Operador en el mercado de alquiler (conocen el negocio de alquiler de vehículos) : Cuánto tiempo en éste negocio, el comienzo, y la adquisición
- Fuerza de Propietario – Puede ser necesaria la garantía personal del propietario por lo que necesitará los estados financieros personales y los principales
- Revisión de los vehículos – Número de vehículos ,fabricante, modelos, riesgo o recompra
- Estadísticas Operacionales de los vehículos: RPU, utilización, etc.



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Underwriting Criteria

## Lender Review

- Operating Results : 3 years financial statements, current interim statements with comparable statements from prior year (may require statements be CPA audited/reviewed). Additionally, supporting information such as tax returns may be required
- Markets Served: airport, local, insurance replacement
- Business Plan : 3 – 5 year plan (will review plan to actual results)
- Experience of Owner/Operator in rental market (do they know car rental business) : how long in business, start up, acquisition
- Strength of Owner – Personal Guaranty of owner may be required so will need personal financial statements of principals
- Fleet review – number of vehicles, manufacturer, models, risk or repurchase
- Fleet Operating Statistics: RPU, utilization, etc



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# Criterios de Suscripción

## Criterios de Aprobación de Prestamista

- Comodidades: Sin compromiso y sujetas generalmente a una revisión anual (desempeño financiero y necesidad de financiación)
- Colateral: generalmente restringido a los vehículos estándar y camiones ligeros (no vehículos exóticos)
- Valor Avanzado: típicamente 100%, la garantía adicional para mejoras a través de las tasas de poco avance o las cartas de crédito que pueden ser necesarias para los estados financieros más débiles
- Convenios: Variación de su estado financiero y la solicitud de financiación. Convenios típicos que pueden incluir los requisitos mínimos de proporción (cobertura del flujo de fondos, apalancamiento), valor neto y requisitos de liquidez
- Inversión Máxima: Los prestamistas suelen limitar la concentración a 50% o menos de la financiación total del vehículo. Aunque algunos prestamistas pueden pedir exclusividad



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS





# Underwriting Criteria

## Lender Approval Criteria

- Facilities: uncommitted and generally subject to annual review (financial performance and funding needs)
- Collateral: generally restricted to standard cars and light trucks (no exotic vehicles)
- Advance Rate: typically 100%, but additional collateral enhancements through lower advance rates or letters of credit may be required for weaker financial profiles
- Covenants: vary depending on financial profile and financing request. Typical covenants may include minimum ratio requirements (cash flow coverage, leverage), tangible net worth and liquidity requirements
- Maximum Investment: Lenders typically limit concentration to 50% or less of total vehicle funding. Although some lenders may ask for exclusivity



**CAR RENTAL SHOW**  
APRIL 7-9, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS



# ¿Preguntas?



**CAR RENTAL SHOW**  
APRIL 7-8, 2014 / RIO ALL-SUITE HOTEL & CASINO / LAS VEGAS

