



Herc Rentals Hikes Total Revenue 12.7 Percent in 2018

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Herc Holdings posted equipment rental revenue of \$447.7 million in the fourth quarter compared to \$414.5 million in last year's fourth quarter, an 8-percent increase. Total revenues for the fourth quarter were \$543.7 million, compared to \$491.8 million in the year-ago frame, a 10.5-percent jump.

For the full year, equipment rental was \$1,658.3 million compared to \$1,499 million in 2017, a 10.6-percent leap. Total revenue was \$1,976.7 million in 2018 compared to \$1,754.5 million in 2017, a 12.7-percent hike.

Overall pricing increased 2.9 percent in the fourth quarter compared to the year-ago quarter. Adjusted EBITDA increased 11.6 percent to \$198.4 million in the fourth quarter compared to \$177.8 million in the same period in 2017.

"We are pleased with the double-digit year-over-year growth in equipment rental revenue and adjusted EBITDA we achieved in 2018," said Larry Silber, president and CEO. "During the year, we raised our adjusted EBITDA guidance twice, and our 2018 results came in at the high end of the updated range we provided in November. Dollar utilization of 39.7 percent for the fourth quarter was the highest recorded since we became a stand-alone public company. Solid market demand supported the uplift in pricing of 2.9 percent in the quarter, our 11th consecutive quarter of year-over-year pricing improvement.

"We intend to continue to drive rental revenue growth through our urban market strategy, fleet and customer diversification initiatives, and the strong market environment. We expect to enhance adjusted EBITDA margin with a steady focus on flow-through in 2019, which in turn should strengthen our free cash flow and continue to improve our balance sheet."

Herc's fourth quarter rental revenue growth reflected strong growth in rental revenue from local accounts. Its total revenue benefited from a strong used equipment market as it continued to focus on improving equipment mix and reducing fleet age.

The company reported net fleet capital expenditures of \$499.1 million for 2018. Gross fleet capital expenditures were \$771.4 million, and disposals were \$272.3 million. As of Dec. 31, 2018, the company's total fleet was approximately \$3.78 billion at OEC. Average fleet at OEC increased 4.4 percent in the fourth quarter and 4.8 percent for the full year compared to prior-year periods.

Average fleet age was approximately 46 months as of Dec. 31, 2018, compared to about 49 months on Dec. 31, 2017.

Silber was optimistic about the company's prospects for 2019. "The continued robust market demand along with our improved operating efficiencies support our expectation for year-over-year growth in adjusted EBITDA of approximately 7 percent to 11 percent in fiscal 2019," he said. "Our 2019 net capital spending is expected to be lower than 2018 as we continue to improve the quality and age of the fleet by disposing on non-preferred brands and older equipment. By staying focused on disciplined capital management, we intend to continue to lower our net leverage by the end of the year."

Based in Bonita Springs, Fla., Herc Rentals is No. 3 on the *RER*100.