



H&E Equipment Services' Q2 Rental Revenue Jumps 20.6%

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H&E Equipment Services posted revenue of \$333.6 million in the second quarter compared to \$310.4 million in the second quarter a year ago, a 7.5-percent increase. Net income was \$22.6 million for the second quarter compared to \$20.8 million a year ago, an 8.7-percent jump. Adjusted EBITDA jumped 16 percent to \$118 million in the second quarter, compared to \$101.8 million in last year's Q2, yielding a margin of 35.4 percent of revenues compared to 32.8 percent last year.

Total equipment rental revenues for the second quarter totaled \$192.3 million compared to \$159.5 million in last year's Q2, a 20.6-percent hike. New equipment sales decreased 21.8 percent to \$53.6 million compared to \$68.5 million last year. Used equipment sales increased 12.4 percent to \$36.1 million compared to \$32.1 million a year ago.

Average time utilization (based on original equipment cost) was 71.2 percent compared to 72 percent a year ago. The size of the company's rental fleet (based on OEC) increased 15.6 percent from last year to \$1.9 billion.

Average rental rates increased 2.2 percent compared to a year ago and 0.6 percent sequentially. Average rental fleet age on June 30, 2019 was 34.6 months compared to an industry average of 46 months.

"We believe our performance is consistent with the ongoing strength in the non-residential construction markets," said Brad Barber, H&E Equipment Services CEO. "Our customers remain optimistic with solid visibility into their project pipelines for the remainder of this year and into 2020. As a result of strong demand during the second quarter, combined with solid operational execution, we achieved a 2.2-percent improvement in rates compared to a year ago and high physical utilization of 71.2 percent. Rental revenues increased 20.9 percent from the second quarter of 2018.

"Our outlook remains positive as we continue to see broad-based demand across our entire footprint encompassing all product types. The Gulf Coast remains strong and a new wave of large projects are being announced as anticipated. We believe the secular shift toward equipment rentals will continue. We remain focused on improving all areas of our business with an emphasis on growth in rental. We plan to execute this growth through same-store market share improvement, acquisitions and warm-start branch openings."

For the first six months of 2019, total revenues were \$647.2 million compared to \$570.8 million in the first six months of 2018, a 13.4-percent leap. Equipment rental revenue for the first six months of the year was \$368.4 compared to \$289.8 million last year, a 27.1-percent hike.

Based in Baton Rouge, La., H&E Equipment Services is No. 8 on the *RER* 100.