



United Rentals Opens 24 Specialty Starts in First Half, Flannery Says

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United Rentals opened 24 specialty cold starts in the first six months of 2019, bringing that network's total to 351 locations, CEO Matt Flannery told an investor's conference call last week. Flannery said the company is tracking more than 30 cold starts by December, more than United's original forecast.

"As we've discussed in the past, specialty is key to us driving superior returns for our investors," Flannery said. "It warrants ongoing investments in acquisitions, new equipment technologies and cold starts. Our Trench, Power and Fluid Solutions segment continues to deliver robust growth. In the second quarter, the segment generated a 45 percent increase in rental revenue versus a year ago, and this includes organic growth of almost 13 percent."

Flannery was also pleased with the company's safety record. "Three months ago, I told you all that our recordable rate through March was well below 1," he said. "Some companies would be thrilled with that rate, but we've improved it again through June and turned it into the 18th straight quarter with a recordable rate below 1, and that's particularly impressive when you realize the team improved their safety performance during the seasonal surge, while serving customers and working through multiple integrations at the same time. going to be a huge growth opportunity in rental. It's an indicator that the cultural part of our integration of our acquisitions is progressing faster than anticipated. And I attribute this to the caliber of our employees and the quality of our training."

Flannery said project delays from wet weather caused a short-term headwind during the quarter.

"Long stretches of heavy rainfall caused a number of large starts to be pushed later but we haven't seen any cancellations," he noted. "The delays were more about customers waiting out for bad weather before moving ahead. What we're not seeing, I'm happy to say, are any indications that demand has fallen. Non-residential construction a core end market for us continues to be strong and our regions broadly sight infrastructure and power as major opportunities. Our sales teams are focused on the infrastructure vertical for several years now. In addition to a positive trajectory, the nature of infrastructure makes it right for cross-selling or generate end specialty products. We're making good in-roads there."

Flannery added some additional insights from the regions. "Demand on both coasts continued to trend up in Q2 as it has for the past several years," he said. "Business hubs like the Carolinas were also strong with online retailers building large distribution centers. Out West, the momentum is being driven by data centers and infrastructure, especially transportation and power is another tailwind."

"The worst of the weather seems to be behind us in the hard-hit areas. We expect large projects to start back up in the Central U.S., the Gulf, the Southeast the Mid-Atlantic and it is important to note that the customers remain broadly optimistic about their business regardless of geography."

Flannery said the company saw no indications that business overall is slowing down.

"I think their job starts should look good, there is still a lot of work on the books," he said. "We didn't see or hear cancellations which would be a different vibe for us if we were hearing that, we didn't see that. So I think those folks are drying out and they'll get back on track for the back half of the year."