

## Rental Revenue Drops 19.1 Percent in Third Quarter for H&E Equipment Services

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Third quarter revenue was \$289.3 million for H&E Equipment Services in 2020 compared to \$353 million in the third quarter of 2019, an 18.1-percent decrease. Rental revenues for the third quarter of 2020 were \$149.4 million compared to \$184.8 million in the third quarter of 2019, a 19.1 percent decrease, for H&E, which plans to increase acquisition activity in the coming year. Total equipment rental revenues for the third quarter of 2020 were \$165.8 million, a decrease of \$38.3 million, or 18.8 percent, compared to \$204.1 million a year ago.

Adjusted EBITDA decreased 22.5 percent to \$98.8 million in the third quarter of 2020 compared to \$127.5 million a year ago, yielding a margin of 34.1 percent of revenues compared to 36.1 percent a year ago. New equipment sales decreased 42.7 percent to \$37.2 million in the third quarter of 2020 compared to \$65.0 million a year ago. Used equipment sales increased 28.3 percent to \$40.0 million in the third quarter of 2020 compared to \$31.2 million a year ago.

Average time utilization (based on original equipment cost) was 63.8 percent compared to 71.4 percent a year ago. The size of the company's rental fleet based on original acquisition cost decreased 7.8 percent from a year ago, to \$1.8 billion. Average rental rates decreased 4.0 percent compared to a year ago and declined 0.4 percent sequentially.

Dollar utilization was 32.4 percent in the third quarter of 2020 compared to 37.5 percent a year ago. Average rental fleet age at September 30, 2020, was 40 months compared to an industry average age of 50.7 months. At the end of the third quarter of 2020, the original acquisition cost of the company's rental fleet was \$1.8 billion, which is a 7.8 percent, or \$154.5 million, decrease from the end of the third quarter of 2019. Dollar utilization for the third quarter of 2020 was 32.4 percent compared to 37.5 percent for the third quarter of 2019.

"We are encouraged that demand in our end-user rental markets accelerated during the third quarter," said Brad Barber, CEO, H&E Equipment Services. "As a result of increased project activity and our focus on operating execution, physical utilization was 63.8 percent for the third quarter. This improvement represented a 430-basis point increase from the second quarter. While we are seeing meaningful improvements in our rental business, our financial results remain below year-ago levels.

"Total revenues were down 18.1 percent, or \$63.7 million, compared to a year ago. This was largely the result of an 18.8 percent, or \$38.3 million, decline in total rental revenue and a 42.7 percent, or \$27.8 million, decline in new equipment sales from a year ago. Adjusted EBITDA declined 22.5 percent, or \$28.7 million, from a year ago, and margins decreased 200 basis points to 34.1. However, our ongoing actions to reduce capital expenditures and operating costs resulted in significant free cash flow for the quarter. We have also continued to improve our leverage and liquidity. The current environment could further increase the secular shift toward renting equipment versus owning, creating greater opportunities for us to increase market share. Based on our improving visibility, we plan to accelerate our growth strategy. This includes significantly increasing the number of warm starts next year. We remain focused on pursuing acquisition opportunities in both the general rental and specialty rental businesses."

For the first nine months of 2020, H&E Equipment Services' total revenue was \$853.5 million compared to \$1,000.2 million in the first nine months of 2019, a 14.7-percent decline. Equipment rental total revenue for the first nine months of 2020 was \$496.2 million compared to \$572.6 million in the first nine months of 2019, a 13.3-percent slide.

H&E Equipment Services, based in Baton Rouge, La., is No. 7 on the *RER* 100.