United Rentals Rental Revenue Declines 13.3 Percent in the Third Quarter

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United Rentals posted $1.861 billion in third quarter 2020 equipment rental revenue compared to $2.147 billion in the third quarter of 2019, a 13.3-percent decline. Total revenue for the quarter was $2.187 billion compared to $2.488 billion in Q319, a 12.1-percent slide. For the first nine months of 2020, equipment rental revenue was $5.286 billion compared to $5.902 billion in the first nine months of 2019, a 10.4-percent drop. Total revenues for the first nine months of 2020 were $6.251 billion compared to $6.895 billion in the first nine months of 2019, a 9.3-percent decline.

The general rentals rental segment posted $1.391 billion in the third quarter of 2020, compared to $1.642 billion in the third quarter of 2019, a 15.3-percent slide. However, the trench, power and fluid solutions segment only declined 6.9 percent, from $505 million in the third quarter of 2019 to $470 million in the third quarter of 2019.

"We're pleased with our third quarter results, particularly our cost performance and the quarter-over-quarter improvement in fleet absorption," said Matthew Flannery, CEO of United Rentals. "I am incredibly proud of our team as they continue to provide outstanding support to our customers, while maintaining a strong focus on safety and disciplined execution.

"The recovery that we've seen since the spring has been evident in most of our markets with demand tracking to normal seasonal patterns. We expect current trends to continue and have raised our full-year 2020 outlook for revenue, profitability and free cash flow. While the pace of the recovery remains uncertain, we are encouraged by the steady improvements we are seeing. Most importantly, we remain confident in our ability to execute well under any market conditions."

Adjusted EBITDA for the quarter decreased 10.4 percent year-over-year to $1.081 billion, while adjusted EBITDA margin increased 90 basis points to 49.4 percent. The increase in adjusted EBITDA margin included a 90-basis point increase in rental margin (excluding depreciation), which reflects the combined impact of actions the company has taken to manage costs and the majority of the non-recurring benefits discussed above. Adjusted EBITDA margin also benefited from a decrease in selling, general and administrative expense as a percentage of revenue. Excluding the non-recurring benefits, adjusted EBITDA margin for the third quarter was flat year-over-year.

Fleet productivity for the quarter decreased 8.0 percent year-over-year, mainly because of lower rental volumes. Fleet productivity improved by 560 basis points sequentially, primarily reflecting better fleet absorption.

United Rentals, No. 1 on the *RER* 100, is based in Stamford, Conn.