

Crane Manufacturer Manitowoc Acquires H&E Equipment Services' Crane Business

July 20, 2021

H&E Equipment Services today announced that has entered into a definitive agreement to sell its crane business to a wholly owned subsidiary of The Manitowoc Co. Inc., a leading global manufacturer of cranes and lifting solutions, for \$130 million in cash. The transaction is expected to close during the fourth quarter of 2021, subject to customary closing conditions, including regulatory approval under the Hart-Scott-Rodino Act.

“This transaction marks an important step in H&E Equipment’s transition to a pure-play equipment rental company,” said Brad Barber, H&E’s CEO. “We expect our continued migration to higher margin rentals will promote our strategic focus on geographic expansion and fleet investment, drive outsized revenue and profitability growth, and enable us to take full advantage of opportunities created by favorable industry and macro trends.”

The acquisition of H&E’s crane business will expand Manitowoc’s ability to provide rentals, new sales, used sales, aftermarket parts, and service to a variety of end market customers. H&E’s crane business operates 11 full-service branch locations.

“Over the past few quarters, we have communicated that our intent is to grow through four strategic priorities, one of which is acquisitions focused on aftermarket,” said Aaron Ravenscroft, president and CEO of The Manitowoc Co. “The purchase of H&E’s crane business is the next step in our journey to grow the less cyclical part of our business. H&E has a long history and excellent reputation for serving the lifting industry, and we look forward to welcoming the H&E crane team to Manitowoc.”

As a result of the transaction, H&E will fully exit the crane distribution business as Manitowoc, a crane manufacturer, will enter the distribution and rental businesses. Manitowoc had company-owned distributorships in several states in the 1980s and 1990s, but not of this size.

This divestiture, which was unanimously approved by H&E’s board of directors, is expected to increase, and further stabilize H&E’s EBITDA margin as it intensifies its focus on the higher margin equipment rental business.

H&E’s equipment rental business has shown consistent growth, with a compound annual growth rate of 11 percent in the five years leading up to 2020. This rapid growth has seen the rental portion of H&E’s business expand from 32 percent of revenues 10 years ago to 51 percent in 2020. The overall demand for equipment rentals has continued to expand and has proven to be more stable and resilient to market disruptions than the distribution business.

H&E said proceeds from the transaction include, but are not necessarily limited to, further expansion of new facilities, investment in the rental fleet, and the delivery of a differentiated customer experience through enhanced technology capabilities. In addition, the proceeds will fortify the company’s strong cash position while supporting strategic growth initiatives and ongoing dividends.

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