



## Herc Rentals' Rental Revenue Jumps 29.2 Percent in Third Quarter

October 24, 2021

Herc Rentals posted third quarter 2021 rental revenue of \$519.6 million compared to \$402.3 million in the third quarter of 2020, a 29.2-percent increase. Total revenues also jumped a strong 20.5 percent, improving from \$456.7 million in the third quarter of 2020 to \$550.4 million in this year's third quarter. Herc reported net income of \$72.3 million compared to \$39.9 million in the same period a year ago.

Pricing increased 2.8 percent compared to the same period in 2020. Dollar utilization jumped to 46.0 percent compared to 37.6 percent in the prior-year period.

"Our third quarter performance illustrates how Herc Rentals is shifting into high gear to capitalize on the benefits of operating leverage and scale that we discussed at our Investor Day," said Larry Silber, president and CEO. "We achieved another record for total revenues and adjusted EBITDA in the third quarter of 2021. Total revenues increased 21 percent and adjusted EBITDA grew 25 percent compared to the same period last year. Dollar utilization was also a record 46.0 percent, enhanced by steady demand in our markets and a positive operating environment. Our long-term strategy is driving results and we are positioned for a record year in 2021."

Herc affirmed its full year and 2022 guidance ranges. It expects 2021 adjusted EBITDA between \$870 million and \$890 million and expects 2022 adjusted EBITDA to range between \$1,050 million and \$1,150 million. It expects its net rental equipment capital expenditures to range between \$500 million and \$550 million. It is planning 2022 net rental equipment capex in the range of \$820 million and \$1,120 million.

"We shared our 2021 to 2024 annual goals for organic CAGR growth of 12 percent to 15 percent in rental revenue and 17 percent to 20 percent in adjusted EBITDA at our recent Investor Day," said Silber. "We have strong momentum and intend to invest in new locations, fleet and acquisitions to enhance our urban density and improve our operating leverage and scale. We are committed to a capital allocation plan that balances our investment growth options between organic and acquisition growth."

In addition, we are pleased to establish the payment of a quarterly dividend of \$0.50, with the first payment scheduled for November 4. We believe that our commitment to a dividend will help to broaden our shareholder base, and that we are well positioned to execute our strategy and deliver value to all of our stakeholders."

After the close of the third quarter, Herc entered into a purchase agreement to acquire Toronto-based Rapid Equipment Rental Limited on October 7. Rapid Equipment, a full-service general equipment rental company was founded in 2013 and is comprised of 110 employees and seven locations serving construction and industrial customers throughout the Greater Toronto Area. The transaction is subject to customary closing conditions with a plan to close in the fourth quarter.

For the first nine months of 2021, equipment rental revenue increased 22.5 percent to \$1,368.0 million compared to \$1,116.4 million in the prior-year period. Total revenues increased 18.6 percent to \$1,495.1 million compared to \$1,260.9 million in the first nine months of 2020. The year-over-year increase of \$234.2 million was related primarily to an increase in equipment rental revenue of \$251.6 million, partially offset by a decline in sales of rental equipment of \$25.6 million.

Pricing increased 1.6 percent compared to the same period in 2020. Dollar utilization increased to 42.4 percent compared to 34.7 percent in the year-ago nine-month period.

Rentals, Bonita Springs, Fla., is No. 3 on the *RER*100.