



United Rentals Jumps Rental Revenue 30.5 Percent in Record First Quarter

April 27, 2022

United Rentals posted first quarter 2022 equipment rental revenue of \$2.175 billion, compared to \$1.667 billion in the first quarter of 2021, a 30.5-percent year-over-year leap. Total revenue was \$2.524 billion, compared to \$2.057 billion in the first quarter of 2021, a 22.7-percent jump.

As was the case with Herc Rentals and H&E Equipment Services, United Rentals decreased its sales of used equipment because of long lead times to obtain new equipment, selling \$211 million in used equipment compared to \$267 million in used equipment sales in the first quarter a year ago, a 21-percent decrease.

The increase in rental revenue reflects the continuing recovery of activity broadly across the end markets served by the company, as well as increased rental fleet at original equipment cost. Year over year, fleet productivity increased 13 percent, while average OEC, including the impact of the May 2021 acquisition of General Finance Corp., increased 16.4 percent.

Net income for the quarter jumped 80.8 percent year over year to a first quarter record of \$367 million, while net income margin increased 460 basis points to 14.5 percent, which was also a first quarter record. The improvements primarily reflected higher gross margins from rental revenue and used equipment sales, and decreased net interest expense primarily because of a reduction in the average cost of debt, partially offset by higher income tax expense as a percentage of revenue.

Adjusted EBITDA for the quarter increased 30.5 percent year over year to a first quarter record of \$1.139 billion, while adjusted EBITDA margin increased 270 basis points to 45.1 percent. The increase in adjusted EBITDA margin primarily reflected a 120 basis point increase in rental margin excluding depreciation, largely because of a better fixed cost absorption on higher revenue and a 15.1 -percentage point increase in adjusted gross margin from used equipment sales, reflecting improved pricing.

United Rentals' General Rentals segment had a 25.1-percent year-over-year increase in rental revenue for a first quarter record of \$1.593 billion. Rental gross margin increased by 380 basis points to 36.1 percent, primarily because of better fixed cost absorption on higher revenue.

A big quarter for Specialty

It was the Specialty Rentals segment that grabbed the spotlight with a 47.7-percent year-over-year hike, including the impact of the May 2021 acquisition of General Finance, for a first quarter record of \$582 million. On a pro forma basis, including the standalone, pre-acquisition revenues of General Finance, Specialty rental revenue increased 29 percent. Rental gross margin increased by 240 basis points to 44.5 percent on higher revenue.

"We're very pleased with our strong start to 2022, which delivered a number of first quarter records, including total revenue, rental revenue, adjusted EBITDA and EPS," said CEO Matthew Flannery. "The momentum we carried into the year accelerated quickly, and our markets are continuing to trend up. The most significant tailwind is the broad-based rental demand we're seeing in our construction and industrial verticals as we approach our busy season.

"We've updated our full-year guidance with higher targets for total revenue, adjusted EBITDA and free cash flow, supported by customer sentiment and robust project activity. Based on our visibility into the year, as well

as leading industry indicators, we remain confident in our ability to leverage the current upcycle and adapt to any operating conditions.”

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