



Herc Rentals' Rental Revenue Jumps 35.1 Percent in Second Quarter

July 21, 2022

Herc Rental reported equipment rental revenue of \$605.4 million in the second quarter of 2022 compared to \$448 million in the second quarter of 2021, a 35.1-percent leap. Total revenues for Q222 were \$640.4 million compared to \$490.9, a 30.5-percent jump. Herc reported net income of \$72.2 million compared to \$47.1 million a year ago, a 53.3-percent increase.

Pricing increased 5.5 percent compared to the same period in 2021. Dollar utilization increased to 42.5 percent compared to 42.1 percent in Q221, primarily because of increased volume and rate.

"We continued to see strong demand for our equipment rental services across all of our geographic regions," said Larry Silber, president and CEO. "Our rental revenue increased 35.1 percent over the prior year, while average fleet increased 32.1 percent to \$4.9 billion. Dollar utilization increased to 42.5 percent in the second quarter as market demand supported strong sequential and year-over-year rate growth. Adjusted EBITDA increased 36.8 percent to \$284.2 million and adjusted EBITDA margin expanded 210 basis points to 44.4 percent in the quarter."

In the first six months of 2022, equipment rental revenue increased 33.5 percent to \$1,132.2 million compared to \$848.4 million in the prior-year period. Total revenues increased 27.8 percent to \$1,207.7 million compared to \$944.7 million in the prior-year period. The year-over-year increase of \$263.0 million was related to an increase in equipment rental revenue of \$283.8 million, offset primarily by lower sales of rental equipment of \$27.5 million. The reduction in sales of rental equipment resulted from strong rental demand and the strategic management of Herc's fleet to maximize fleet size and minimize the sales of rental equipment.

Pricing increased 4.9 percent compared to the same period in 2021. Dollar utilization increased to 42.0 percent compared to 40.4 percent in the prior-year period primarily because increased volume and rate.

Herc acquires nine companies

Herc said it acquired nine companies with a total of 12 locations and opened 10 new greenfield locations during the first half of 2022.

The company reported net rental equipment capital expenditures of \$508.5 million for the first half of 2022 compared with \$168.3 million in the prior-year period. Gross rental equipment capital expenditures were \$555.3 million compared to \$239.3 million in the comparable prior-year period. Proceeds from disposals were \$46.8 million compared to \$71.0 million last year. As of June 30, 2022, the company's total fleet was approximately \$5.1 billion at original equipment cost. Average fleet at OEC in the first half increased year-over-year by 32.1 percent compared to the prior-year period. Average fleet age was 49 months as of June 30, 2022, compared to 48 months in the comparable prior-year period.

Herc also announced a plan to repurchase shares.

"Given the recent downturn in the stock price and our conviction that the company's valuation is discounted compared to our long-term growth expectations, the company will begin utilizing the remaining authorization under the Share Repurchase Program," Silber said. "Consistent with our capital allocation goals, we expect to remain within our targeted net leverage range of 2x to 3x while executing on our long-term strategy of organic and M&A growth and allocating capital to our shareholders."

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