

HERC HOLDINGS INC.

Q2 & FIRST HALF 2020 EARNINGS CONFERENCE CALL

July 23, 2020

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Safe Harbor Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation includes forward-looking statements as that term is defined by the federal securities laws, including statements concerning our business plans and strategy; projected profitability, performance or cash flows, future capital expenditures; anticipated financing needs, business trends, the impact and our response to COVID-19, liquidity and capital management, and other information that is not historical information. Forward looking statements are generally identified by the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," and future or conditional verbs, such as "will," "should," "could" or "may," as well as variations of such words or similar expressions. All forward-looking statements are based upon our current expectations and various assumptions and, there can be no assurance that our current expectations will be achieved. They are subject to future events, risks and uncertainties - many of which are beyond our control - as well as potentially inaccurate assumptions, that could cause actual results to differ materially from those in the forward-looking statements. Further information on the risks that may affect our business is included in filings we make with the Securities and Exchange Commission from time to time, including our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and in our other SEC filings. We undertake no obligation to update or revise forward-looking statements that have been made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

Information Regarding Non-GAAP Financial Measures

In addition to results calculated according to accounting principles generally accepted in the United States (“GAAP”), the Company has provided certain information in this presentation that is not calculated according to GAAP (“non-GAAP”), such as adjusted net income, adjusted earnings per diluted share, EBITDA, adjusted EBITDA, adjusted EBITDA margin, REBITDA, REBITDA margin, REBITDA flow-through and free cash flow. Management uses these non-GAAP measures to evaluate operating performance and period-over-period performance of our core business without regard to potential distortions, and believes that investors will likewise find these non-GAAP measures useful in evaluating the Company’s performance. These measures are frequently used by security analysts, institutional investors and other interested parties in the evaluation of companies in our industry.

Non-GAAP measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to similarly titled measures of other companies. For the definitions of these terms, further information about management’s use of these measures as well as a reconciliation of these non-GAAP measures to the most comparable GAAP financial measures, please see the appendix that accompanies this presentation.

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HRI Strengths - Now More than Ever

Experienced Management

Disciplined Capital Management



- Top tier - 3rd largest equipment rental company
- Scale and capital resources
- Investment in specialty business paying off
- Diverse mix of customers and industries
- Long-tenured relationships
- Strong culture of customer service and safety
- Ample liquidity and modest leverage

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Health and Safety

We are committed to the safety of our team, their families, our customers and communities

Monitoring and Adjusting to the Local Conditions

- Closely monitoring local conditions and regulations
- Strictly following CDC guidelines
- Restricting non-essential travel and encouraging working remotely
- Maintaining strict policies regarding sick individuals, testing and self-quarantining
- Providing essential cleaning materials, personal protective equipment and disinfectants

Frequent Organizational Communications

- Timely COVID-19 bulletins regarding safety and new standard operating procedures based on updated CDC guidance
- Continuing frequent communications at all levels of the organization through multiple channels



Focus on Perfect Days

- Maintaining focus on "The Perfect Day"
- All regions achieved at least 89% Perfect Days in first six months of 2020
- Average of 94% Perfect Days for first six months of 2020

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Q2 2020 Takeaways



Sequential improvement in volume and rental revenue from mid-April through June

Maintained rates in the quarter

Strong cost controls contributed to YoY improvement in margin

Disciplined capital spending and working capital contributed to improvement in free cash flow

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Second Quarter 2020 Highlights

Equipment Rental Revenue

$327.6M

Q2 (19.6)% YoY

Net Income

$2.0M

Q2 (79.4)% YoY

Total Revenues

$368.0M

Q2 (22.5)% YoY

Earnings Per Diluted Share

$0.07

Q2 (78.8)% YoY

Adjusted EBITDA[1]

$149.4M

Q2 (14.6)% YoY

Adjusted EBITDA Margin

40.6%

Q2 +380 bps YoY

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 22

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Q2 2020
OPERATIONS REVIEW

HercRentals®

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Business Strategy



Health & Safety

Committed to keeping our team, their families, our customers and communities safe

Operating in a Challenging Environment

Focused on our customers' needs, efficient operations, greenfield and specialty locations, and enhancing sales initiatives to generate new business and new revenue streams

Resilient Business Model

Diverse customer base and growing specialty business are helping to mitigate some of the impact of the COVID-19 business slowdown

Disciplined Capital Management & Liquidity

Focused on disciplined capital spending and cost management to improve return on capital

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Targeted Actions Curb Costs



- Hours of operations reduced to balance load to demand
- Managed personnel related costs
  - Reduced overtime costs
  - Reduced overall staffing company-wide through a hiring freeze, attrition and furloughs
- Reduced outside transportation, travel and other variable costs
- Continue to carefully monitor demand and volume and will take additional action as necessary to control costs while serving our customers' needs
- Some markets and branches have returned to or surpassed March 2020 or 2019 rent levels
- Protected margins in Q2

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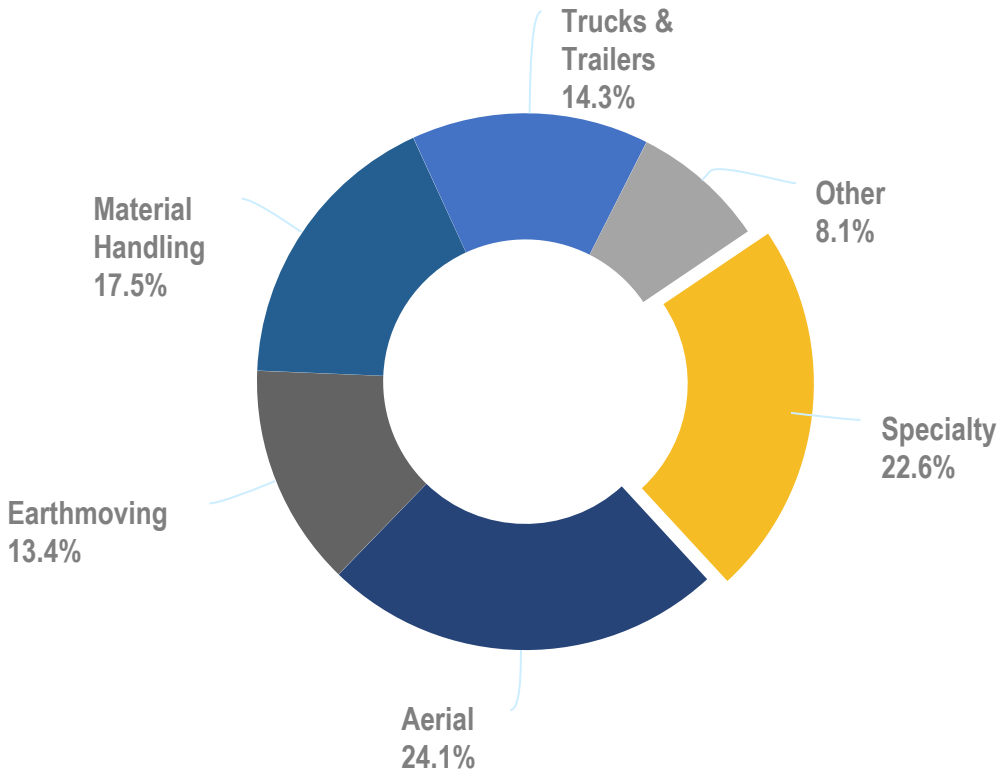
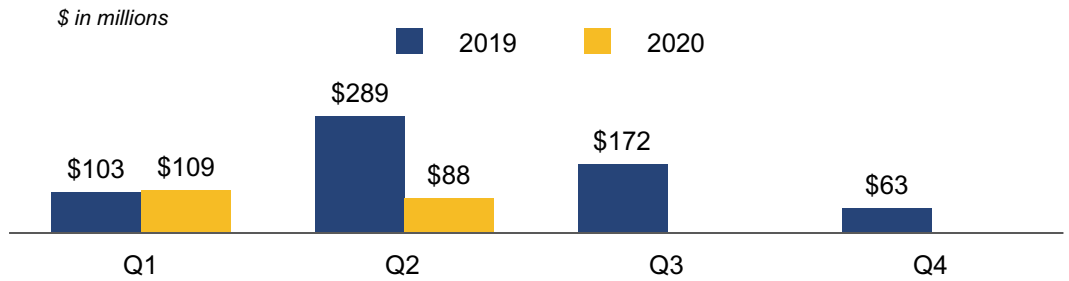
Managing Fleet

Fleet Composition at OEC[1]

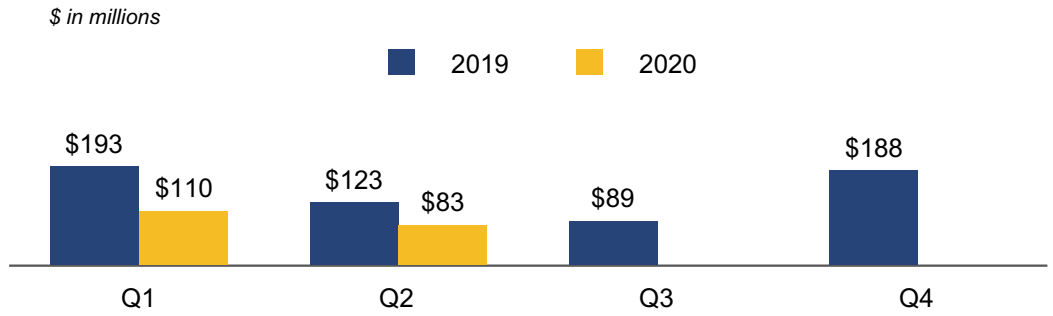
$3.75B at OEC



Fleet Expenditures at OEC[1]



Fleet Disposals at OEC[1]



Fleet disposals at OEC in Q2 2020 were $83.0, generating ~38% proceeds as a % of OEC

Average age of disposals was 83 months in Q2 2020

Average fleet age of 47 months in Q2 2020

1. Original equipment cost based on ARA guidelines. As of June 30, 2020.

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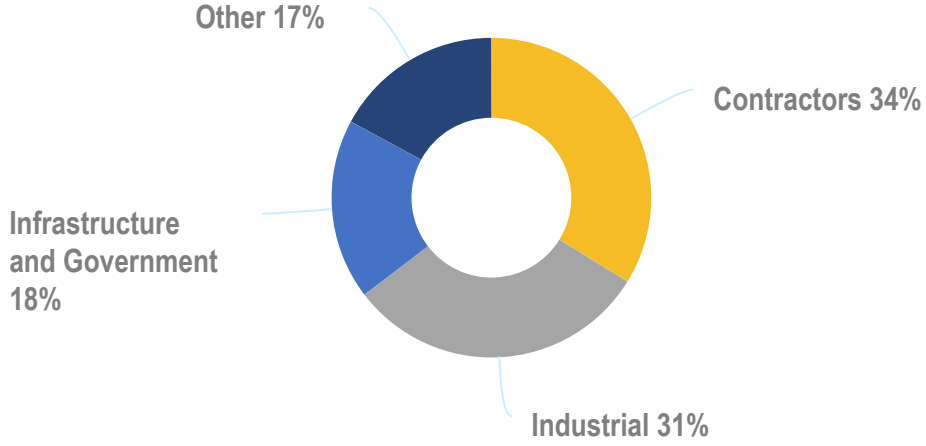
Resilient Business Model with Diverse Customer Mix

Q2 Revenue by Customer[1,2]



Q2 Local vs National Mix[1]



Slow return to normalcy: energy, healthcare, warehousing and distribution, utilities, government projects, infrastructure, and restoration

Our diverse customer mix, base of national customers, growth initiatives and expanded specialty business, mitigated some of the impact of the COVID-19 business downturn

Construction sites in most states have re-opened and the fleet that was left on site is back on rent

Film and TV productions, music festivals and sports events remained closed during the second quarter

Beginning in July, film and TV production activity began to emerge from the nearly four-month hiatus

1. North America rental revenues
2. Refer to 10-K for description of industries related to each customer classification. Other includes commercial and retail service, hospitality, healthcare, recreation, and entertainment and special events

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Q2 FINANCIAL REVIEW

NYSE: HRI

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Q2 and Six Months Financial Summary

$ in millions, except per share data	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	**2019**	***% Chg.***	**2020**	**2019**	***% Chg.***
Equipment Rental Revenue	$327.6	$407.6	*(19.6)%*	$714.1	$785.2	*(9.1)%*
Total Revenues	$368.0	$475.1	*(22.5)%*	$804.2	$950.8	*(15.4)%*
Net Income (Loss)	$2.0	$9.7	*(79.4)%*	$(1.7)	$3.0	*(156.7)%*
Earnings (Loss) Per Diluted Share	$0.07	$0.33	*(78.8)%*	$(0.06)	$0.10	*(160.0)%*
Adjusted Net Income[1]	$7.3	$16.0	*(54.4)%*	$8.4	$9.5	*(11.6)%*
Adjusted Earnings Per Diluted Share[1]	$0.25	$0.55	*(54.5)%*	$0.29	$0.33	*(12.1)%*
Adjusted EBITDA[1]	$149.4	$174.9	*(14.6)%*	$297.0	$317.2	*(6.4)%*
Adjusted EBITDA Margin[1]	40.6 %	36.8 %	*+380 bps*	36.9 %	33.4 %	*+350 bps*
REBITDA Margin[1,2]	44.2 %	41.6 %	*+260 bps*	40.9 %	39.1 %	*+180 bps*
REBITDA YoY Flow-Through[1,2]	31.0%			21.0%		
Average Fleet[3]	(0.5)% YoY			+0.6% YoY		
Pricing[3]	(0.3)% YoY			+1.1% YoY		

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 22
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies
3. Based on ARA guidelines

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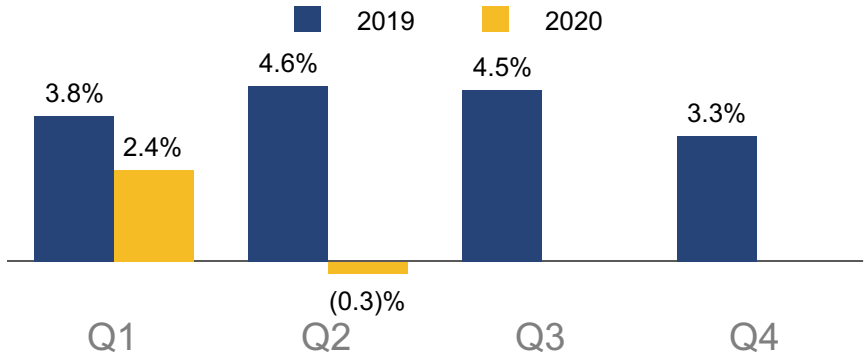
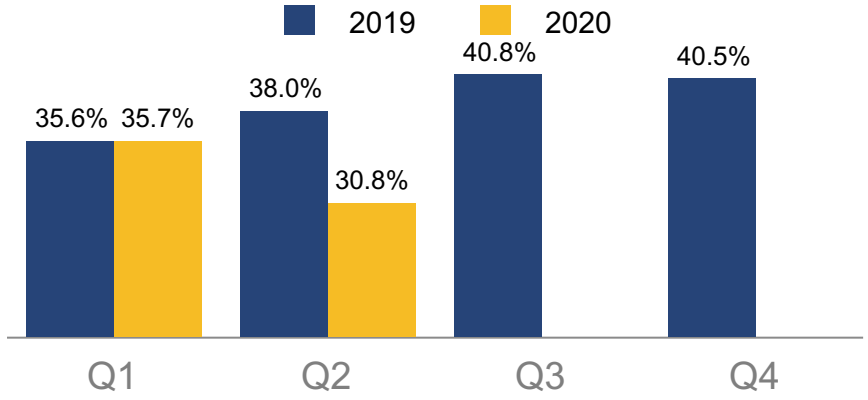
Pricing and Utilization Performance

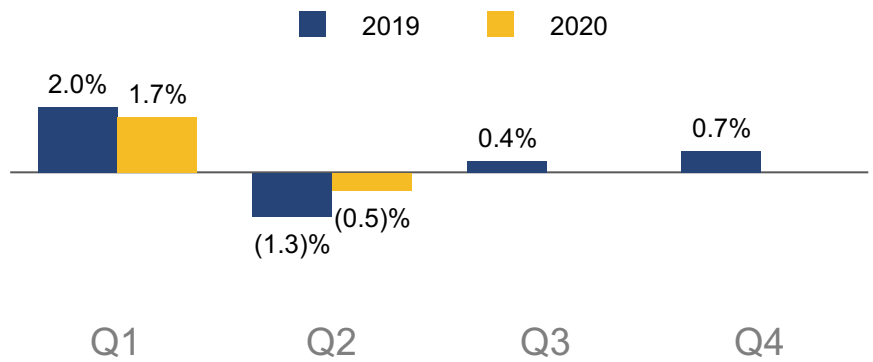
Pricing[1]



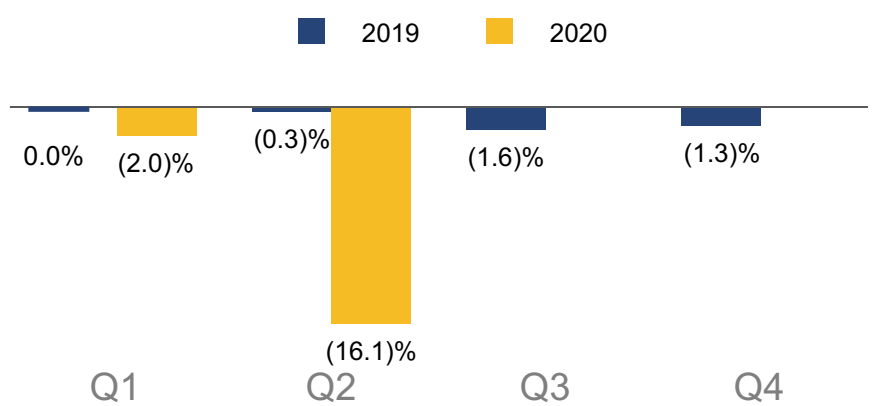
$ Utilization[2]



Average Fleet at OEC[1]



Average Fleet on Rent at OEC[1]



1. YoY Change. Based on ARA guidelines.
2. Based on ARA guidelines

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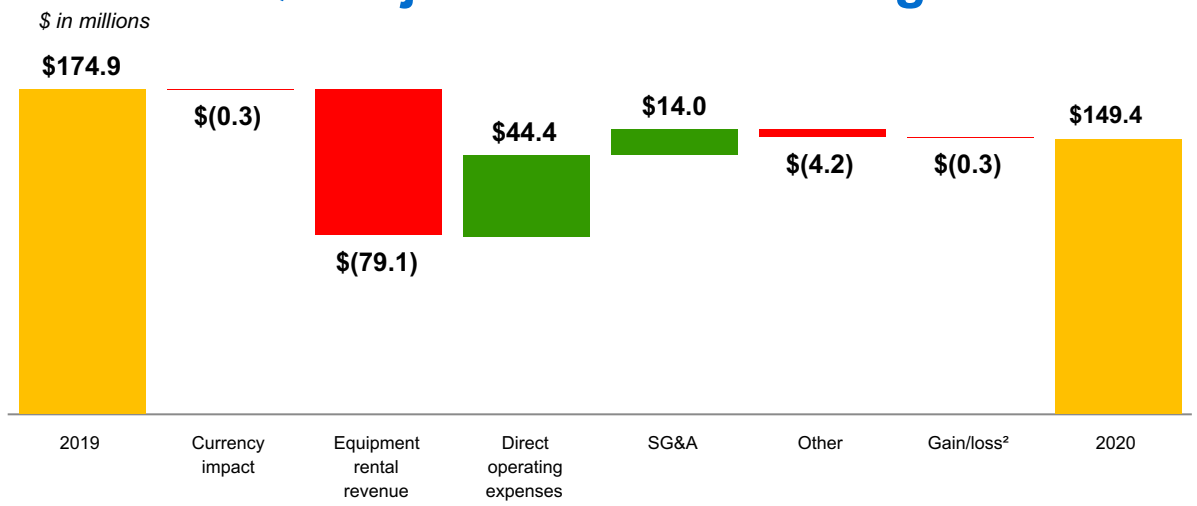
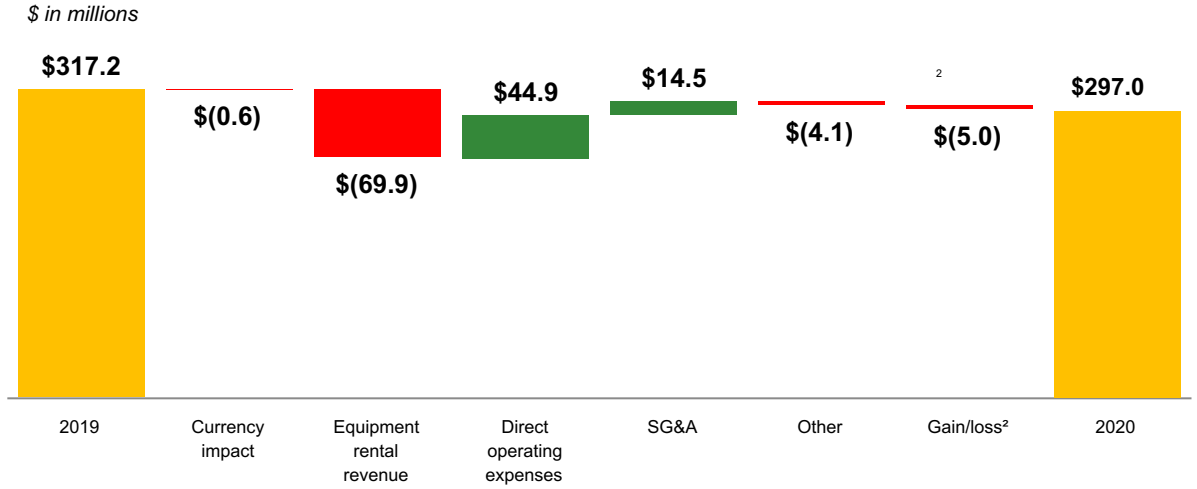
Q2 and Six Months Adjusted EBITDA[1]

Q2 Adjusted EBITDA Bridge



Six Months Adjusted EBITDA Bridge



(14.6)%

Adjusted EBITDA decreased $25.5 million YoY or 14.6% in Q2 2020 primarily due to lower equipment rental revenue of $79.1 million

DOE decreased $44.4 million in Q2 2020 primarily due to reductions in delivery and freight, re-rent, fuel and personnel-related costs

SG&A was favorable in Q2 2020 primarily due to reductions in nearly every expense category

REBITDA margin[1,3] in Q2 2020 increased 260 bps YoY to 44.2% with good decremental flow-through of 31.0%

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 22
2. Gain / loss on sales of new and rental equipment, parts, and supplies.
3. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies

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Disciplined Capital Management

$179M ↑

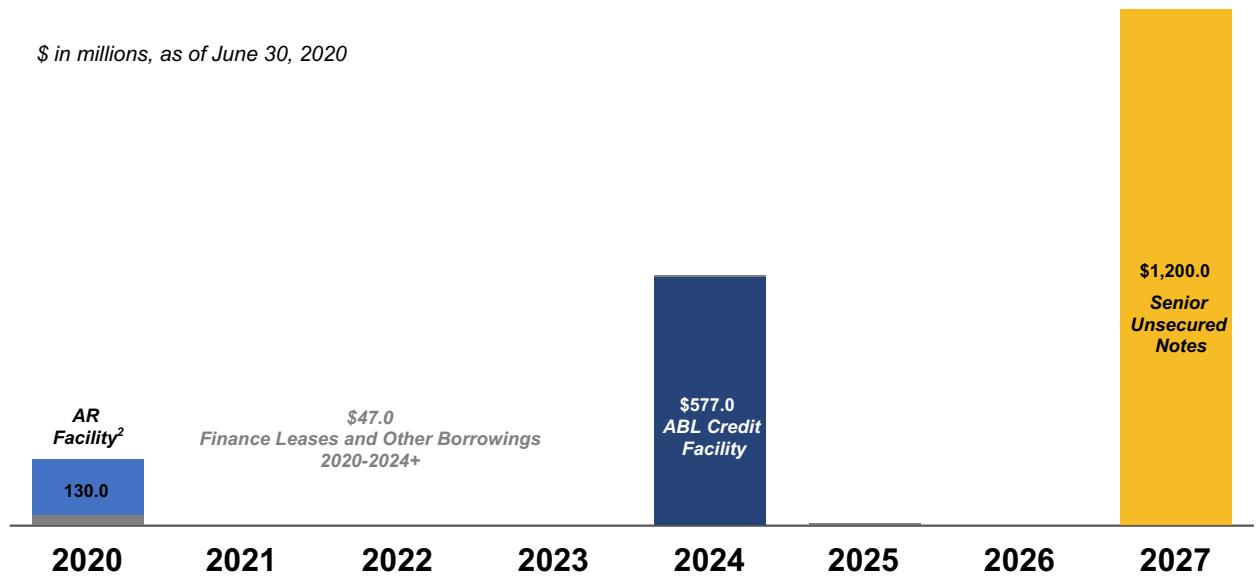
Free cash flow[1] of approximately $179 million for YTD 2020

2.6x ↓

Net leverage[1] of 2.6x with compared with 2.8x in June 2019

Credit Rating: Moody's (B1/Stable) / S&P (B+/Stable)

Maturities



Total debt of $1.9 billion as of June 30, 2020, down by approximately $132 million from December 31, 2019

No near-term maturities and **ample liquidity** of $1.3 billion provides financial flexibility

1. For a definition and reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 22
2. The AR Facility is excluded from current maturities of long-term debt as the Company has the intent and ability to consummate refinancing and extend the term of the agreement

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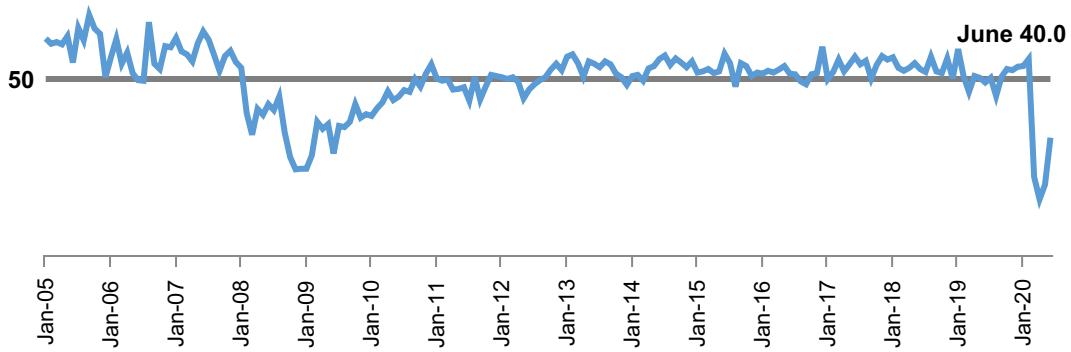
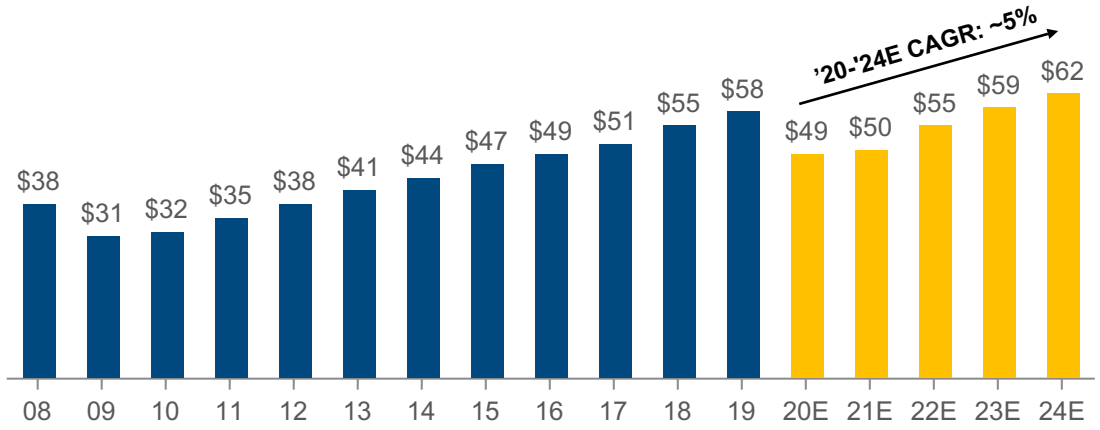
A Resilient Industry

Architecture Billings Index[1]

as of July 2020



N.A. Equipment Rental Market[3]



Select Market Forecasts[2]

U.S. Nonresidental Building Starts

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
YOY Growth	+12%	+3%	+3%	(16)%	+8%	+10%	+7%

Sectors with Tailwinds

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
Healthcare	+7%	(3)%	+1%	+6%	+13%	+9%	+9%
Warehouse	+18%	+1%	+21%	+1%	+9%	+11%	—%
Infrastructure	+5%	(2)%	+10%	(16)%	+13%	+2%	—%

Equipment rental market forecast to grow from $49 billion in 2020 to $62 billion in 2024

Secular trends from ownership to rental accelerate during economic slowdowns

Healthcare and warehouse sectors reflect strong growth over the next few years with infrastructure spending picking up in 2021

1. Source: The American Institute of Architects (AIA)
2. Source: Dodge Analytics U.S.
3. Source: ARA / IHS Global Insights

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Strategy Remains the Same in the COVID-19 Slowdown



- Focus on lean cost structure, improving margins, providing excellent customer service and rental equipment to our diverse customer base
- Since mid-April, weekly volume and rental revenue have been slowly improving
- Expect to see continued sequential increases in volume as we move through seasonally strong summer months
- Volume of fleet on rent in the second half is likely to be 8% to 13% lower than 2019, resulting in potential negative impact to rental revenue of 10% to 15% in the second half of 2020
- 2020 net fleet capital spending will remain at about half of 2019

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FY 2020 Guidance Update



Adjusted EBITDA:
$625 to $650 million

Net Fleet Capital Expenditures:
$190 to $210 million

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Business Strategies



Health and Safety

Committed to keeping our team, their families, our customers and communities safe

Operating in a "New Normal" Environment

Focused on our customers' needs, efficient operations, new greenfield locations, and enhancing sales initiatives to generate new business and new revenue streams

Resilient Business Model

Diverse customer base and growing Specialty business are helping to mitigate some of the impact of the COVID-19 business slowdown

Disciplined Capital Management & Liquidity

Disciplined capital spending and cost controls contribute to solid balance sheet and ample liquidity

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APPENDIX

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Our Strategic Initiatives



Develop Our People and Culture

Attract and retain talent

Align performance to shared purpose

Create supportive work place culture

Expand continuous learning



Expand and Diversify Revenues

Broaden customer base

Expand products and services

Grow pricing and ancillary revenues

Improve sales force effectiveness

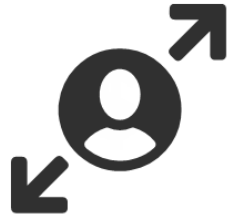


Improve Operating Effectiveness

Focus on safety, labor productivity, and warranty recovery

Increase density in large urban markets

Improve vendor management and fleet availability



Enhance Customer Experience

Provide premium products and solutions-based services

Introduce innovative technology solutions

Maintain customer friendly showrooms and facilities



Disciplined Capital Management

Drive EBITDA margin growth

Improve key financial metrics

Maximize fleet management and utilization

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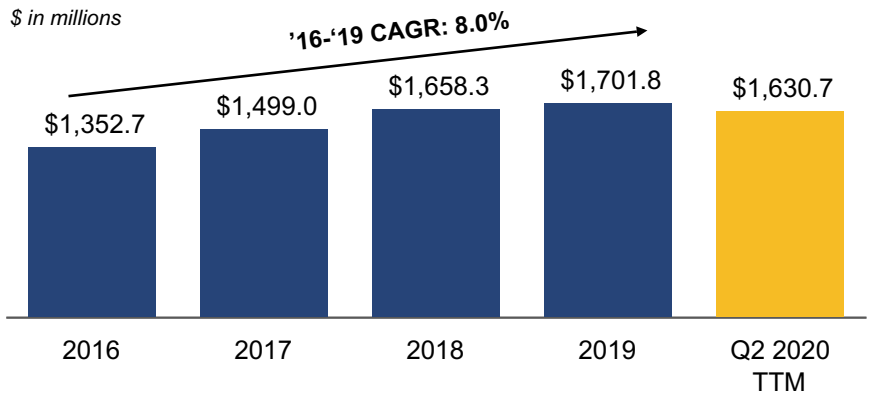
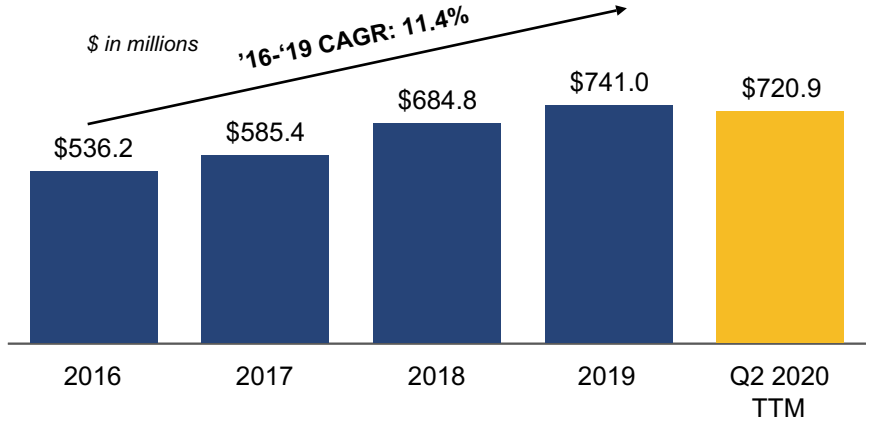
Consistent Organic Growth Since Spin-off

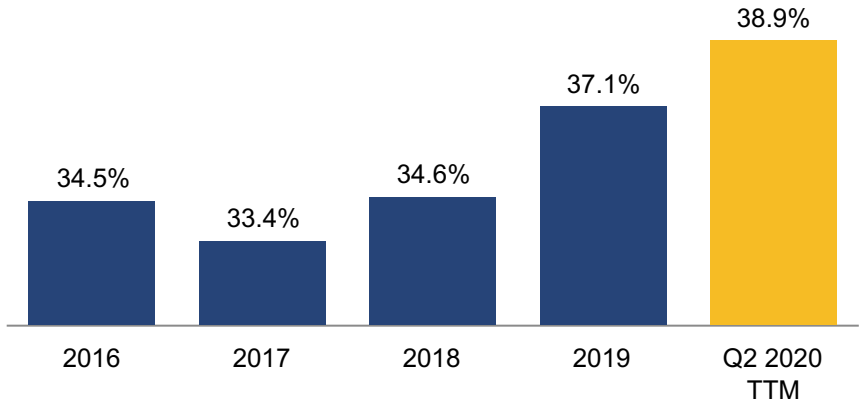
Equipment Rental Revenue



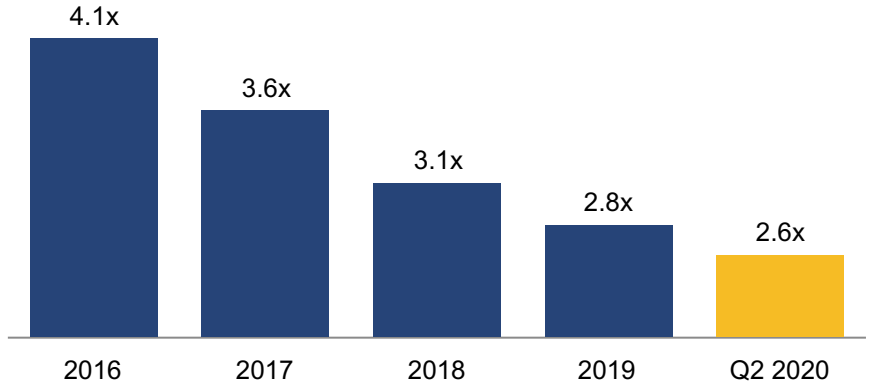
Adjusted EBITDA[1]



Adjusted EBITDA Margin[1]



Net Leverage[2]



1. For a definition and reconciliation to the most comparable GAAP financial measure, see slides 29 and 30
2. For a definition and calculation, see slide 32

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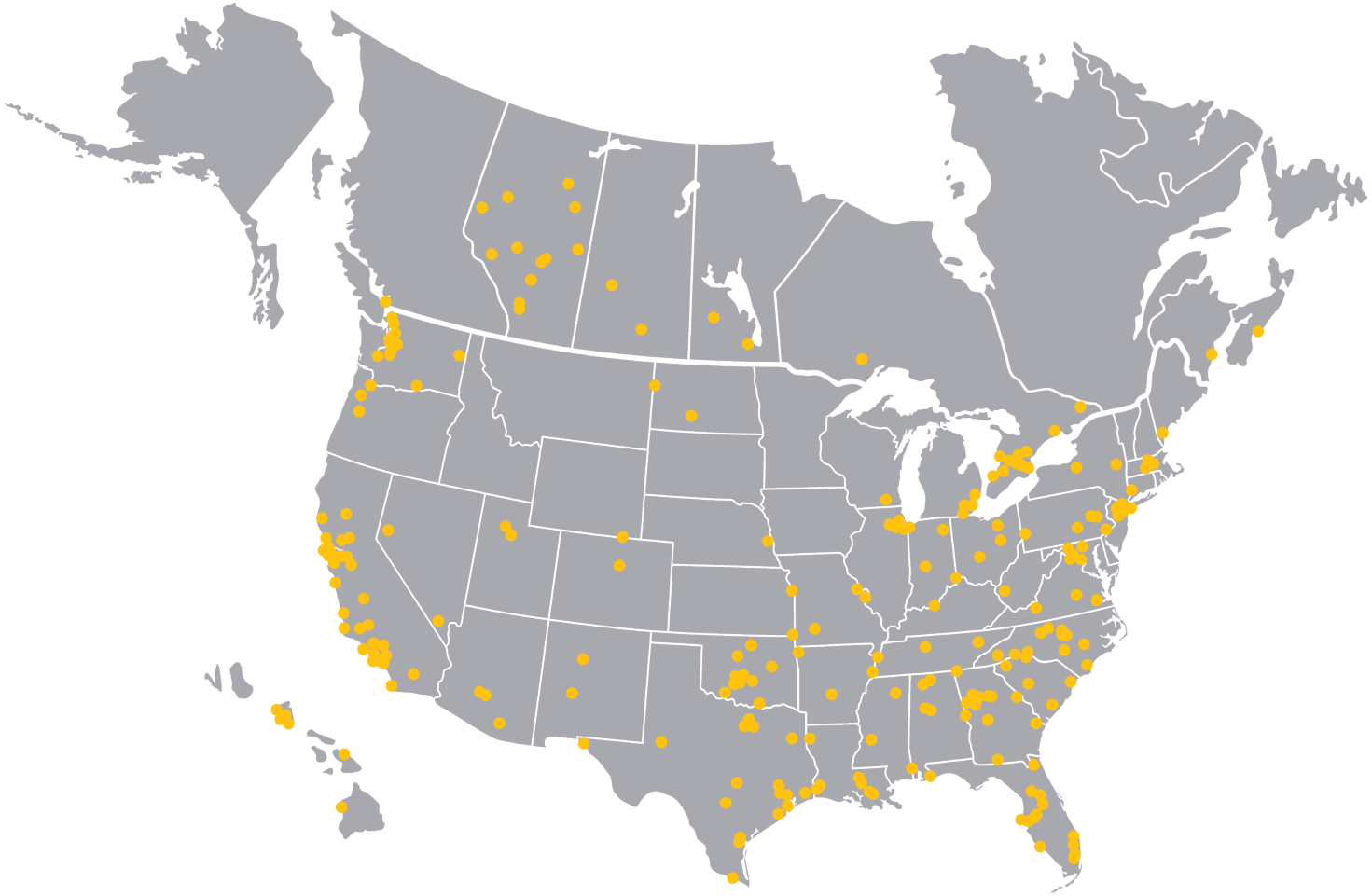
Focusing on High Growth Urban Markets



270 **39 states**
6 provinces

Approximately 270 locations in North America[1]

Strong geographic footprint in high growth markets

Locations as of June 30, 2020

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Glossary of Terms Commonly Used in the Industry

OEC: Original Equipment Cost which is an operating measure based on the guidelines of the American Rental Association (ARA), which is calculated as the cost of the asset at the time it was first purchased plus additional capitalized refurbishment costs (with the basis of refurbished assets reset at the refurbishment date).

Fleet Age: The OEC weighted age of the entire fleet, based on ARA guidelines.

Net Fleet Capital Expenditures: Capital expenditures of rental equipment minus the proceeds from disposal of rental equipment.

Dollar Utilization ($ UT): Dollar utilization is an operating measure calculated by dividing rental revenue by the average OEC of the equipment fleet for the relevant time period, based on ARA guidelines.

Pricing: Change in pure pricing achieved in one period versus another period. This is applied both to year-over-year and sequential comparisons. Rental rates are based on ARA guidelines and are calculated based on the category class rate variance achieved either year-over-year or sequentially for any fleet that qualifies for the fleet base and weighted by the prior year revenue mix.

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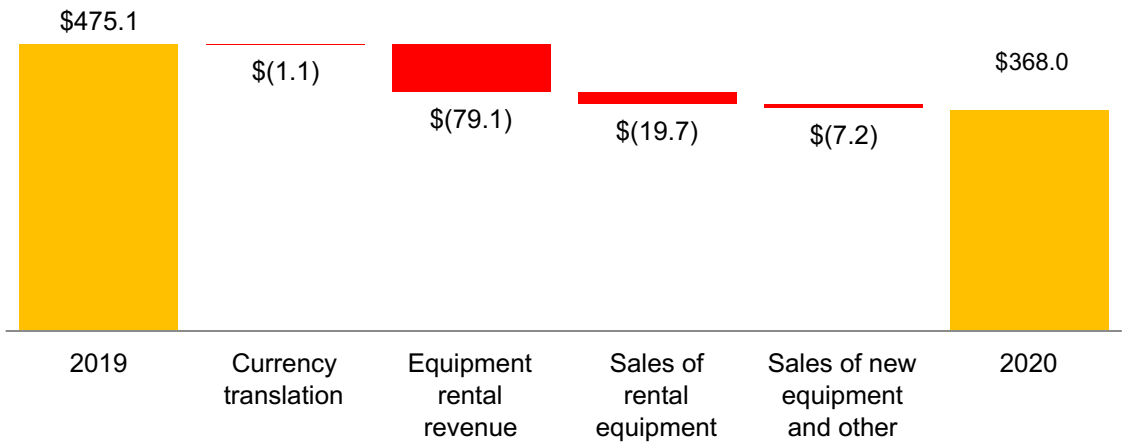
Q2 and Six Months Total Revenues

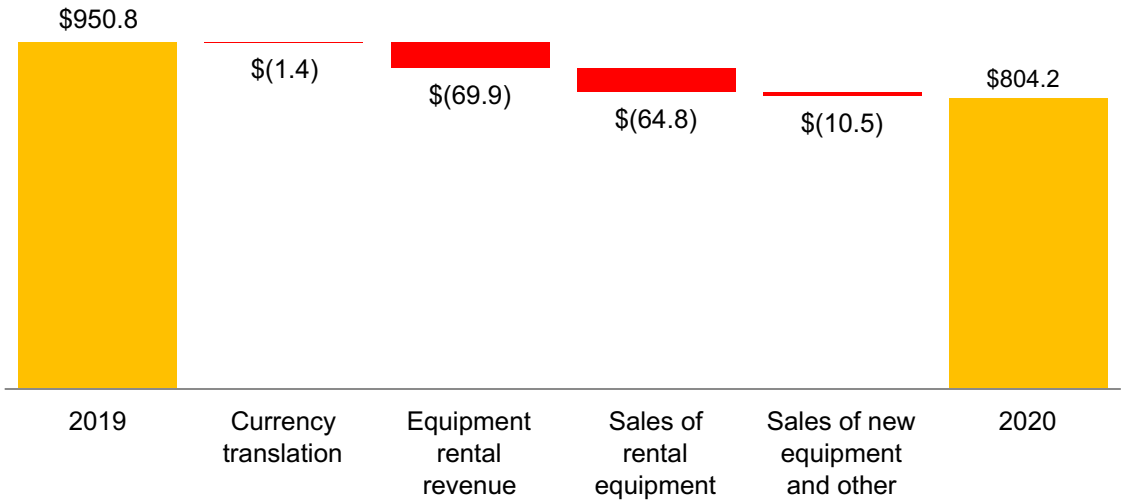
Q2 Revenue Bridge

$ in millions



Six Months Revenue Bridge

$ in millions



(19.6)%

Equipment rental revenue decreased 19.6% in Q2 2020 with lower volume as a result of the impact of the COVID-19 pandemic

Sales of rental equipment decreased 38.8% in Q2 2020

Total revenues decreased 22.5%, or $107.1 million, in Q2 2020 primarily due to the decline in equipment rental revenue and in the sale of rental equipment

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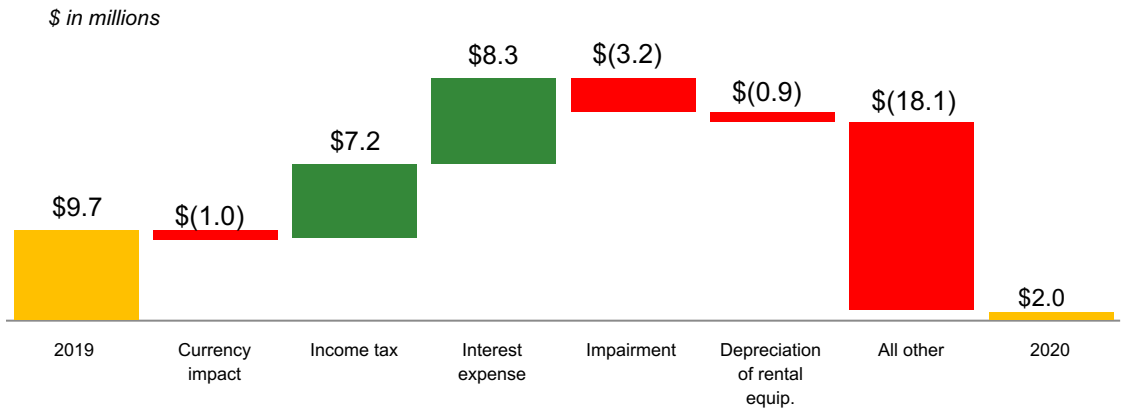
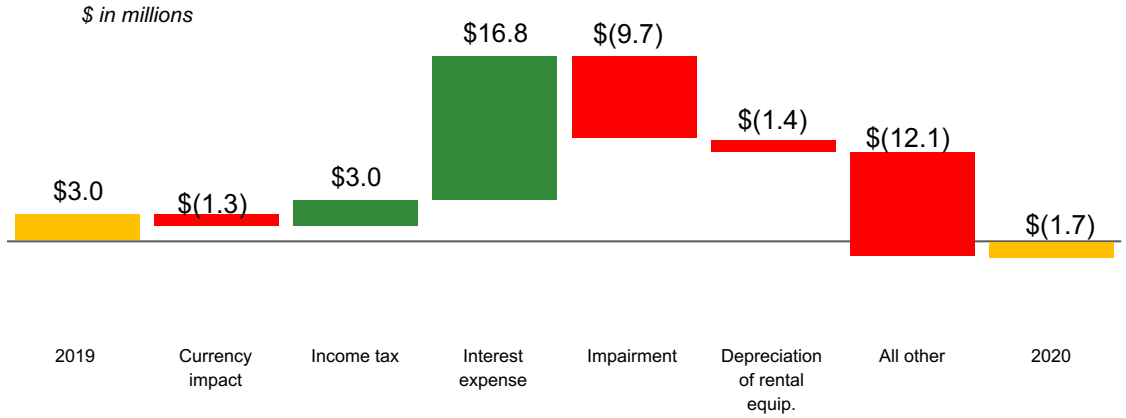
Q2 and Six Months Net Results

Q2 Net Results Bridge



Six Months Net Results Bridge



Net income was $2.0 million in Q2 2019 compared to $9.7 million in the prior year

Interest expense in Q2 2020 declined $8.3 million primarily related to lower interest expense on the Company's Notes and lower average outstanding balances on our ABL Credit Facility

Impairment expense was $3.2 million during the second quarter of 2020 which included $1.5 million related to certain assets that were deemed held for sale at June 30, 2020 and $1.7 million related to an ROU asset impairment charge for two previously closed locations.

All other includes the impact of our operating results (See Slide 35 for additional details)

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Reconciliation of Adjusted Net Income and Adjusted Earnings Per Diluted Share

Adjusted Net Income and Adjusted Earnings Per Diluted Share - Adjusted Net Income represents the sum of net income (loss), restructuring and restructuring related charges, spin-off costs, loss on extinguishment of debt, impairment charges, gain (loss) on the disposal of a business and certain other items. Adjusted Earnings per Diluted Share represents Adjusted Net Income divided by diluted shares outstanding. Adjusted Net Income and Adjusted Earnings Per Diluted Share are important measures to evaluate our results of operations between periods on a more comparable basis and to help investors analyze underlying trends in our business, evaluate the performance of our business both on an absolute basis and relative to our peers and the broader market, provide useful information to both management and investors by excluding certain items that may not be indicative of our core operating results and operational strength of our business.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$2.0	$9.7	$(1.7)	$3.0
Restructuring	0.7	7.8	0.7	7.8
Impairment	3.2	—	9.5	—
Loss on sale of business	2.8	—	2.8	—
Spin-off costs	0.4	0.3	0.5	0.3
Other	0.1	0.4	0.1	0.7
Tax impact of adjustments	(1.9)	(2.2)	(3.5)	(2.3)
Adjusted net income (loss)	$7.3	$16.0	$8.4	$9.5
Diluted common shares	**29.2**	**29.1**	**29.0**	**29.0**
Adjusted earnings (loss) per diluted share	**$0.25**	**$0.55**	**$0.29**	**$0.33**

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Reconciliation of Net Income to Adj. EBITDA, Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through

EBITDA, Adjusted EBITDA, and REBITDA - EBITDA represents the sum of net income (loss), provision (benefit) for income taxes, interest expense, net, depreciation of rental equipment and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of merger and acquisition related costs, restructuring and restructuring related charges, spin-off costs, non-cash stock based compensation charges, loss on extinguishment of debt (which is included in interest expense, net), impairment charges, gain (loss) on disposal of a business and certain other items. REBITDA represents Adjusted EBITDA excluding the gain (loss) on sales of rental equipment and new equipment, parts and supplies. EBITDA, Adjusted EBITDA and REBITDA do not purport to be alternatives to net income as an indicator of operating performance. Additionally, none of these measures purports to be an alternative to cash flows from operating activities as a measure of liquidity, as they do not consider certain cash requirements such as interest payments and tax payments.

Adjusted EBITDA Margin, REBITDA Margin and REBITDA Flow-Through - Adjusted EBITDA Margin (Adjusted EBITDA / Total Revenues) is a commonly used profitability ratio. REBITDA Margin (REBITDA / Equipment rental, service and other revenues) and REBITDA Flow-Through (the year-over-year change in REBITDA/the year-over-year change in Equipment rental, service, and other revenues) are useful operating profitability ratios to management and investors.

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Reconciliation of Net Income to Adj. EBITDA, Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through

$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	**$2.0**	**$9.7**	**($1.7)**	**$3.0**
Income tax provision (benefit)	(1.9)	5.3	(0.8)	2.2
Interest expense, net	23.3	31.6	47.7	64.5
Depreciation of rental equipment	101.4	100.9	201.8	200.9
Non-rental depreciation and amortization	15.7	14.6	31.5	29.6
EBITDA	**140.5**	**162.1**	**278.5**	**300.2**
Restructuring	0.7	7.8	0.7	7.8
Spin-off costs	0.4	0.3	0.5	0.3
Non-cash stock-based compensation charges	1.7	4.3	4.9	8.2
Loss on sale of business	2.8	—	2.8	—
Impairment	3.2	—	9.5	—
Other	0.1	0.4	0.1	0.7
Adjusted EBITDA	**149.4**	**174.9**	**297.0**	**317.2**
Less: Gain (loss) on sales of rental equipment	1.8	1.3	(0.6)	2.9
Less: Gain (loss) on sales of new equipment, parts and supplies	**1.9**	**2.8**	**3.8**	**5.5**
Rental Adjusted EBITDA (REBITDA)	**$145.7**	**$170.8**	**$293.8**	**$308.8**
Total Revenues	**$368.0**	**$475.1**	**$804.2**	**$950.8**
Less: Sales of rental equipment	31.4	51.3	71.4	136.4
Less: Sales of new equipment, parts and supplies	7.0	13.2	14.0	24.1
Equipment rental, service and other revenues	**$329.6**	**$410.6**	**$718.8**	**$790.3**
Total Revenues	$368.0	$475.1	$804.2	$950.8
Adjusted EBITDA	$149.4	$174.9	$297.0	$317.2
Adjusted EBITDA Margin	**40.6 %**	**36.8 %**	**36.9 %**	**33.4 %**
Equipment rental, service and other revenues	$329.6	$410.6	$718.8	$790.3
REBITDA	$145.7	$170.8	$293.8	$308.8
REBITDA Margin	**44.2 %**	**41.6 %**	**40.9 %**	**39.1 %**
YOY Change in REBITDA	($25.1)		($15.0)	
YOY Change in Equipment Rental, service and other revenues	($81.0)		($71.5)	
YOY REBITDA Flow-Through	**31.0 %**		**21.0 %**	

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REBITDA Margin Trend

$ in millions	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Total Revenues	**$475.7**	**$475.1**	**$508.1**	**$540.1**	**$1,999.0**	**$436.2**	**$368.0**
Less: Sales of rental equipment	85.1	51.3	35.4	71.0	242.8	40.0	31.4
Less: Sales of new equipment, parts and supplies	10.9	13.2	10.0	9.9	44.0	7.0	7.0
Equipment rental, service and other revenues	**$379.7**	**$410.6**	**$462.7**	**$459.2**	**$1,712.2**	**$389.2**	**$329.6**
Net income (loss)	**($6.7)**	**$9.7**	**$9.4**	**$35.1**	**$47.5**	**($3.7)**	**$2.0**
Income tax provision (benefit)	(3.1)	5.3	(4.2)	18.1	16.1	1.1	(1.9)
Interest expense, net	32.9	31.6	81.9	27.1	173.5	24.4	23.3
Depreciation of rental equipment	100.0	100.9	102.7	105.5	409.1	100.4	101.4
Non-rental depreciation and amortization	15.0	14.6	14.9	16.5	61.0	15.8	15.7
EBITDA	**$138.1**	**$162.1**	**$204.7**	**$202.3**	**$707.2**	**$138.0**	**$140.5**
Restructuring	—	7.8	—	(0.1)	7.7	—	0.7
Spin-off costs	—	0.3	0.4	(0.2)	0.5	0.1	0.4
Non-cash stock-based compensation charges	3.9	4.3	4.3	7.0	19.5	3.2	1.7
Loss on sale of business	—	—	—	—	—	—	2.8
Impairment	0.3	0.4	—	4.4	5.1	6.3	3.2
Other	—	—	—	1.0	1.0	0.1	0.1
Adjusted EBITDA	**$142.3**	**$174.9**	**$209.4**	**$214.4**	**$741.0**	**$147.7**	**$149.4**
Less: Gain (loss) on sales of rental equipment	1.6	1.3	(1.3)	(2.0)	(0.4)	(2.4)	1.8
Less: Gain on sales of new equipment, parts and supplies	2.7	2.8	2.8	2.4	10.7	1.9	1.9
Rental Adjusted EBITDA (REBITDA)	**$138.0**	**$170.8**	**$207.9**	**$214.0**	**$730.7**	**$148.2**	**$145.7**
REBITDA Margin	**36.3 %**	**41.6 %**	**44.9 %**	**46.6 %**	**42.7 %**	**38.1 %**	**44.2 %**
YOY REBITDA Flow-Through	**183.1 %**	**168.1 %**	**83.3 %**	**263.3 %**	**169.3 %**	**107.4 %**	**31.0 %**

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Calculation of Net Leverage Ratio

Net Leverage Ratio **–**The Company has defined its net leverage ratio as net debt, as calculated below, divided by adjusted EBITDA for the trailing twelve-month period. This measure should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The Company's definition of this measure may differ from similarly titled measures used by other companies.

$ in millions	Q2 2020	Q4 2019	Q2 2019
Long-Term Debt, Net	$1,931.3	$2,051.5	$2,004.6
(Plus) Current maturities of long-term debt	15.4	27.0	25.4
(Plus) Unamortized debt issuance costs	7.5	7.9	10.1
(Less) Cash and Cash Equivalents	(83.2)	(33.0)	(27.9)
Net Debt	**$1,871.0**	**$2,053.4**	**$2,012.2**
Trailing Twelve-Month Adjusted EBITDA	$720.9	$741.0	$717.1
Net Leverage	**2.6 x**	**2.8 x**	**2.8 x**

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Reconciliation of Free Cash Flow

Free cash flow is not a recognized term under GAAP and should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP. Further, since all companies do not use identical calculations, our definition and presentation of this measure may not be comparable to similarly titled measures reported by other companies.

Free cash flow represents net cash provided by (used in) operating activities less rental equipment expenditures and non-rental capital expenditures, plus proceeds from disposal of rental equipment, proceeds from disposal of property and equipment, and other investing activities. Free cash flow is used by management in analyzing the Company's ability to service and repay its debt and to forecast future periods. However, this measure does not represent funds available for investment or other discretionary uses since it does not deduct cash used to service debt or for other non-discretionary expenditures.

$ in millions	Six Months Ended June 30,	
	2020	**2019**
Net cash provided by operating activities	**$280.4**	**$272.6**
Rental equipment expenditures	(161.5)	(257.1)
Proceeds from disposal of rental equipment	67.9	123.7
Net Fleet Capital Expenditures	**(93.6)**	**(133.4)**
Non-rental capital expenditures	(25.5)	(20.5)
Proceeds from disposal of property and equipment	2.2	4.1
Proceeds from disposal of business	15.3	—
Other	—	1.9
Free Cash Flow	**$ 178.8**	**$ 124.7**

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Historical Fleet at OEC[1]

$ in millions	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020
Beginning Balance	$3,777	$3,694	$3,859	$3,943	$3,777	$3,822	$3,800
Expenditures	$103	$289	$172	$63	$627	$109	$88
Disposals	($193)	($123)	($89)	($188)	($593)	($110)	($83)
Foreign Currency / Other	$7	($1)	$1	$4	$11	($21)	($53)
Ending Balance	**$3,694**	**$3,859**	**$3,943**	**$3,822**	**$3,822**	**$3,800**	**$3,752**

1. Original equipment cost based on ARA guidelines

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Q2 and Six Months Net Results Bridge

$ in millions	Three Months Ended June 30, 2020	2019	$ Change	Elements of Net Income (Loss) Bridge: Currency[1] impact	Income tax	Impairment	Depreciation of rental equip.	Interest expense	All other
Total revenues	**$368.0**	**$475.1**	**($107.1)**	**($1.1)**	**$—**	**$—**	**$—**	**$—**	**($106.0)**
Direct operating	144.7	188.5	(43.8)	(0.5)	—	—	—	—	(43.3)
Depreciation of rental equipment	101.4	100.9	0.5	(0.4)	—	—	0.9	—	—
Cost of sales of rental equipment	29.6	50.0	(20.4)	(0.1)		—	—	—	(20.3)
Cost of sales of new equipment, parts and supplies	5.1	10.4	(5.3)	—	—	—	—	—	(5.3)
Selling, general and administrative	56.8	73.5	(16.7)	0.1	—	—	—	—	(16.8)
Impairment	3.2	—	3.2	—	—	3.2	—	—	—
Restructuring	0.7	7.8	(7.1)	—	—	—	—	—	(7.1)
Interest expense, net	23.3	31.6	(8.3)	—	—	—	—	(8.3)	—
Other expense (income), net	3.1	(2.6)	5.7	0.8	—	—	—	—	4.9
Income (loss) before income taxes	**0.1**	**15.0**	**(14.9)**	**(1.0)**	**—**	**(3.2)**	**(0.9)**	**8.3**	**(18.1)**
Income tax benefit (provision)	1.9	(5.3)	7.2	—	7.2	—	—	—	—
Net income (loss)	**$2.0**	**$9.7**	**($7.7)**	**($1.0)**	**$7.2**	**($3.2)**	**($0.9)**	**$8.3**	**($18.1)**

$ in millions	Six Months Ended June 30, 2020	2019	$ Change	Elements of Net Income (Loss) Bridge: Currency[1] impact	Income tax	Impairment	Depreciation of rental equip.	Interest expense	All other
Total revenues	**$804.2**	**$950.8**	**($146.6)**	**($1.4)**	**$—**	**$—**	**$—**	**$—**	**($145.2)**
Direct operating	333.9	377.6	(43.7)	(0.7)	—	—	—	—	(43.0)
Depreciation of rental equipment	201.8	200.9	0.9	(0.5)	—	—	1.4	—	—
Cost of sales of rental equipment	72.0	133.5	(61.5)	—		—	—	—	(61.5)
Cost of sales of new equipment, parts and supplies	10.2	18.6	(8.4)	—	—	—	—	—	(8.4)
Selling, general and administrative	126.6	145.0	(18.4)	0.6	—	—	—	—	(19.0)
Restructuring	0.7	7.8	(7.1)	—	—	—	—	—	(7.1)
Impairment	9.5	—	9.5	(0.2)	—	9.7	—	—	—
Interest expense, net	47.7	64.5	(16.8)	—	—	—	—	(16.8)	—
Other expense (income), net	4.3	(2.3)	6.6	0.7	—	—	—	—	5.9
Income (loss) before income taxes	**(2.5)**	**5.2**	**(7.7)**	**(1.3)**	**—**	**(9.7)**	**(1.4)**	**16.8**	**(12.1)**
Income tax benefit (provision)	0.8	(2.2)	3.0	—	3.0	—	—	—	—
Net income (loss)	**($1.7)**	**$3.0**	**($4.7)**	**($1.3)**	**$3.0**	**($9.7)**	**($1.4)**	**$16.8**	**($12.1)**

1. Currency impact includes the translational and transactional SG&A impact of foreign currency exchange

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Fleet Mix

	June 30, 2020	June 30, 2019
Aerial - Booms	16.8 %	17.1 %
Aerial - Scissors & Other	7.3 %	7.5 %
Earthmoving - Compact	7.9 %	8.5 %
Earthmoving - Heavy	5.5 %	6.2 %
Material Handling - Telehandlers	13.5 %	13.7 %
Material Handling - Industrial	4.0 %	4.2 %
Trucks and Trailers	14.3 %	13.4 %
ProSolutions®	16.1 %	14.9 %
ProContractor	6.5 %	6.3 %
Air Compressors	2.5 %	2.6 %
Other	2.4 %	2.5 %
Lighting	1.9 %	1.6 %
Compaction	1.3 %	1.5 %
Total	**100.0 %**	**100.0 %**
OEC[1]	**$3.75B**	**$3.86B**

1. Original equipment cost based on ARA guidelines

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