

HERC HOLDINGS INC.

Baird 2020 Global Industrial Conference

November 10, 2020

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HercRentals®

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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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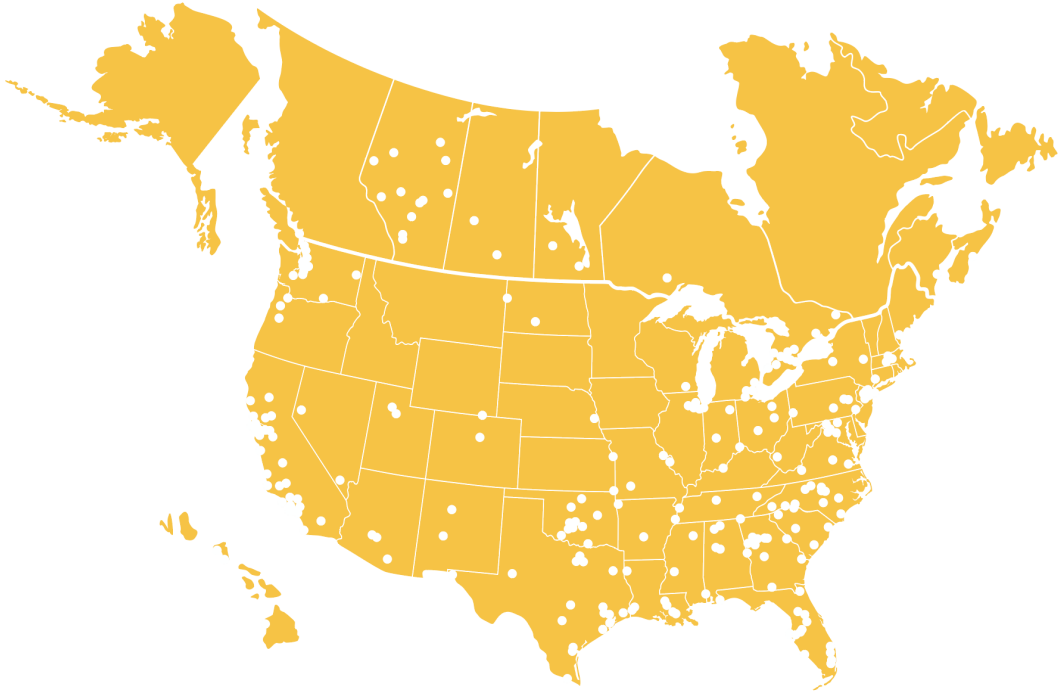
A Leader in the Equipment Rental Industry

55

Years of experience in the equipment rental industry

HRI

Listed on the New York Stock Exchange on July 1, 2016



270+

Locations in 39 states and 5 Canadian provinces

4,800

Employees serving North America

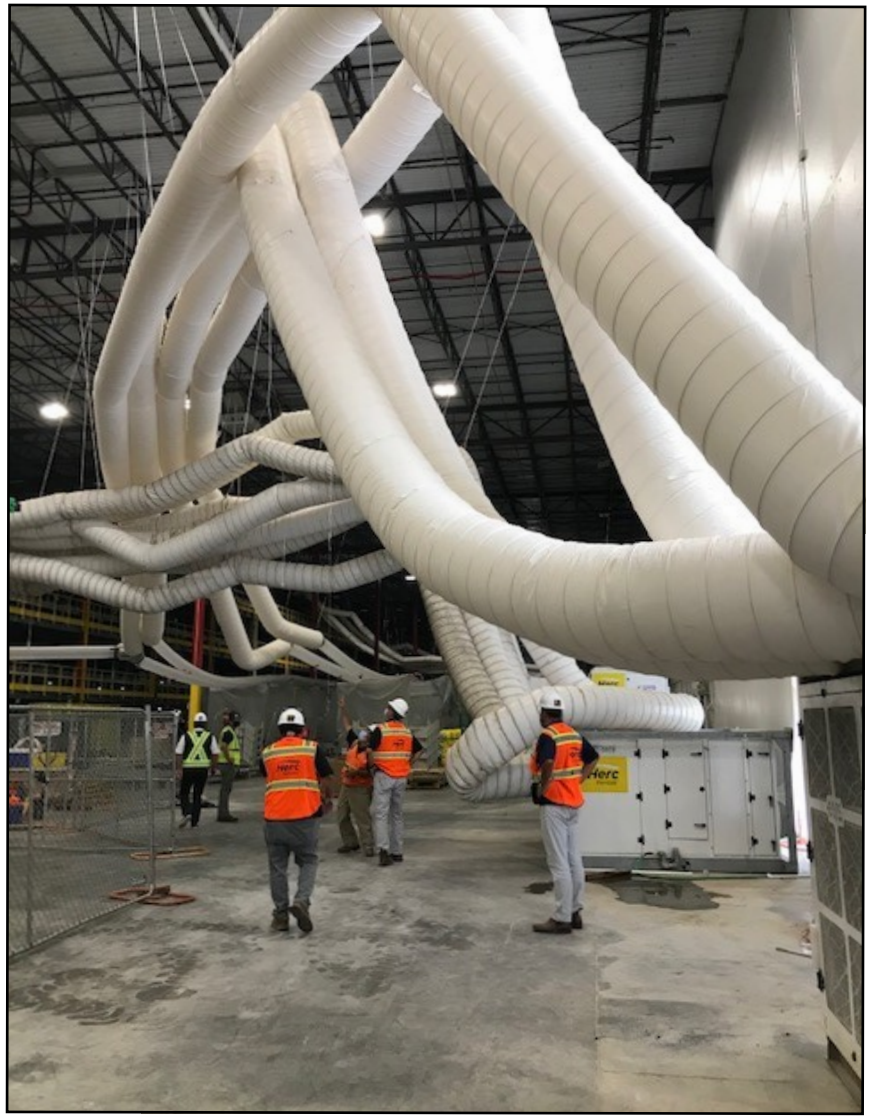
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HRI Strengths: The Right People, Assets and Strategy

Our People	+ Network	+ Equipment	+ Service	= Results
				
Experienced Nimble and flexible "Fire in the belly" Intellectually curious Integrity and honesty	Top tier — 3rd largest equipment rental company Scale and capital resources 270 locations in targeted markets	Broad array of equipment including aerial, material-handling, earth-moving, trucks and trailers, specialty and lighting Investment in remediation and climate control is paying off	Diverse mix of customers and industries Long-tenured national relationships Strong culture of customer service and safety	Highest quarterly adjusted EBITDA margin since spin-off Strong growth in ProSolutions® Successful rate management Ample liquidity and modest leverage

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Q3 2020 Takeaways



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

Strong cost management contributed to YoY improvement in margin

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

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Third Quarter 2020 Highlights

Equipment Rental Revenue

$402.3M

Q3 (12.5)% YoY

Net Income

$39.9M

Q3 324.5% YoY

Total Revenues

$456.7M

Q3 (10.1)% YoY

Earnings Per Diluted Share

$1.35

Q3 321.9% YoY

Adjusted EBITDA[1]

$196.7M

Q3 (6.1)% YoY

Adjusted EBITDA Margin[1]

43.1%

Q3 +190 bps YoY

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 20

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Return to Normal Seasonal Cadence



Volumes improved throughout the quarter

The quarter benefited from a return to a more normal seasonal cadence compared with the second quarter

Diverse customers and industries helped mitigate the impact of COVID-19

Results in the quarter were also aided by weather-related and emergency response activity

Our ProSolutions® team continued to deliver strong results with rental revenue up 14% in the third quarter compared with the prior year

Sales efforts stayed focused and new accounts as a % of total rental revenue remained in the double digits

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Managing Costs While Focusing on Safety



Our operations remained open throughout the pandemic to serve and support our customers

All of our operations adhere to the Centers for Disease Control and Prevention's guidelines on COVID-19 safety

All regions reported at least 88% Perfect Days for the nine months

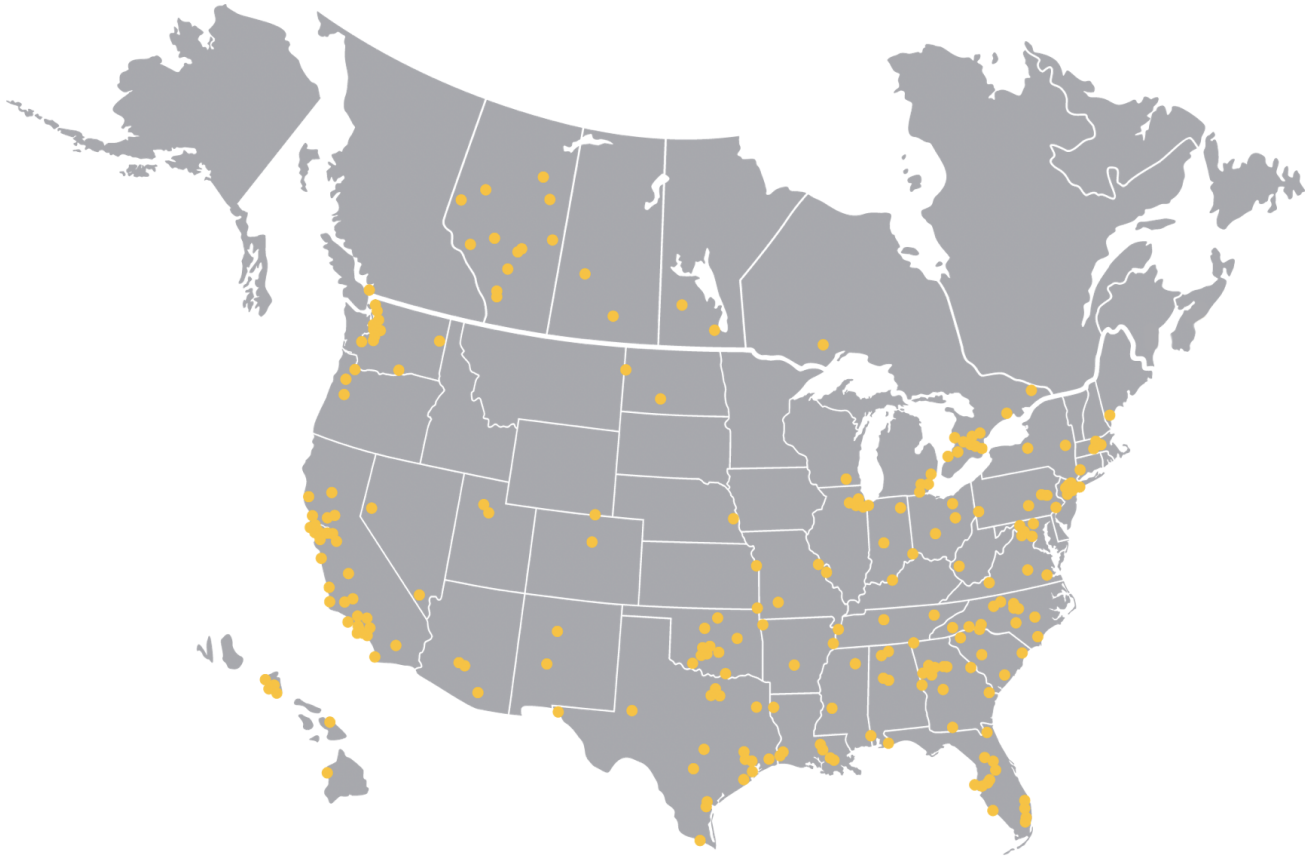
Our team continued to deliver outstanding cost savings

Initiatives improved transportation recovery, rental protection plan coverage and reduced T&E expenses

Adjusted EBITDA margin increased year-over-year and sequentially

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Focusing on High Growth Urban Markets



270 39 states
5 provinces

Strong geographic footprint in high growth urban markets

New greenfield locations opened in Ft. Lauderdale, Toronto, Denver and two in Dallas

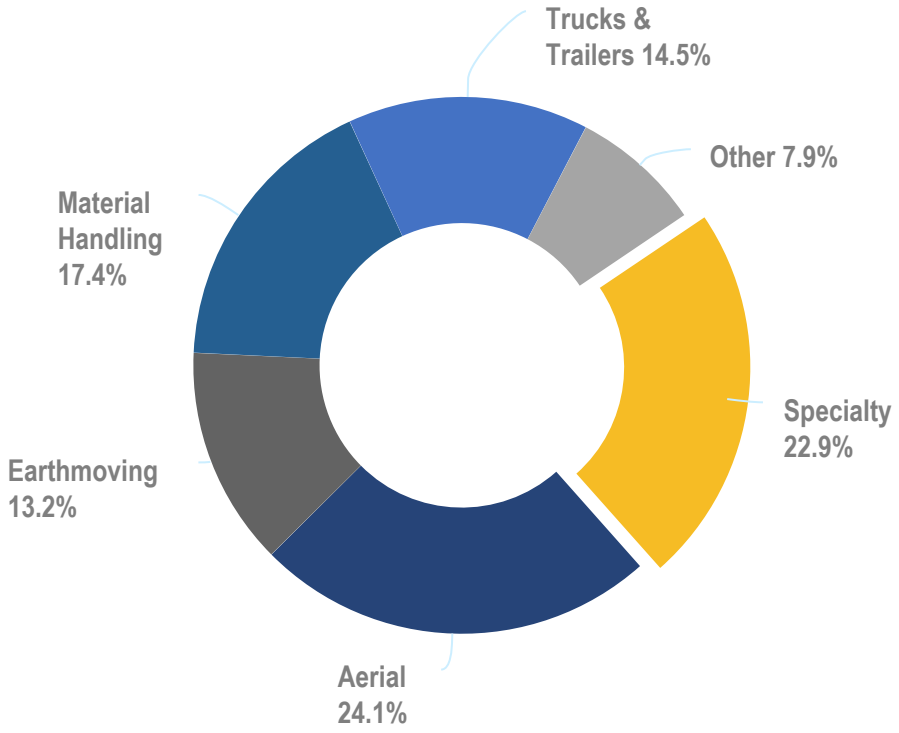
We continue to target new locations in urban markets with a goal of 6 to 10 new locations annually

Locations as of September 30, 2020

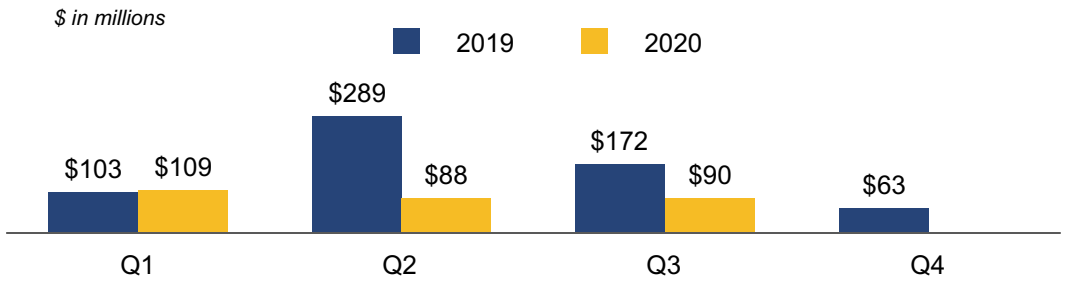
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Managing $3.73 Billion Fleet

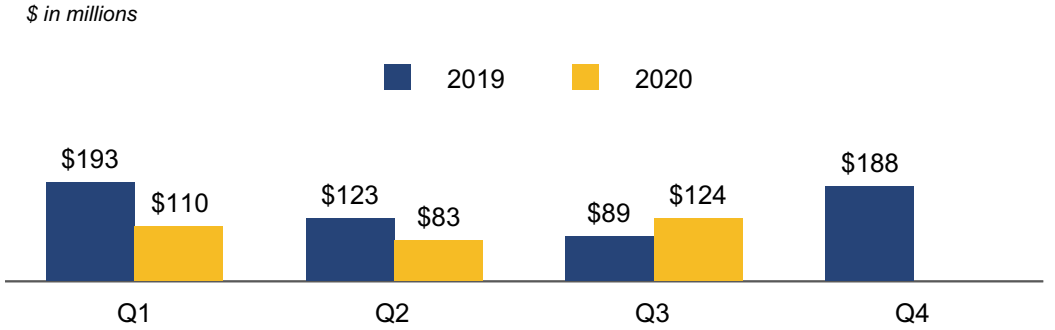
Fleet Composition at OEC[1]
$3.73B at OEC



Fleet Expenditures at OEC[1]



Fleet Disposals at OEC[1]



Fleet disposals at OEC in Q3 2020 were $124 million, generating ~37% proceeds as a percent of OEC

Average age of disposals was 85 months in Q3 2020

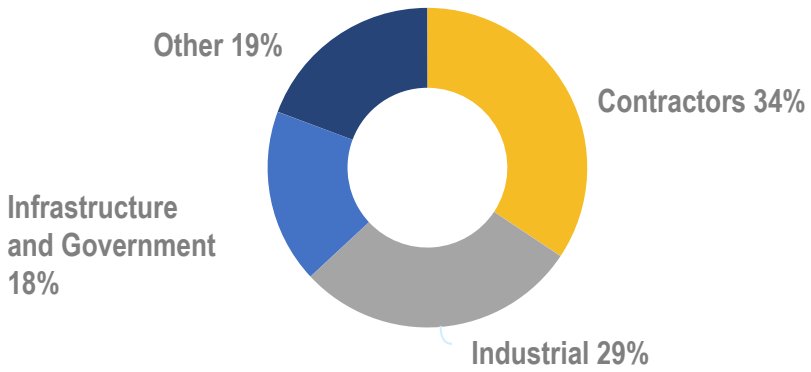
Average fleet age of 47 months in Q3 2020

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

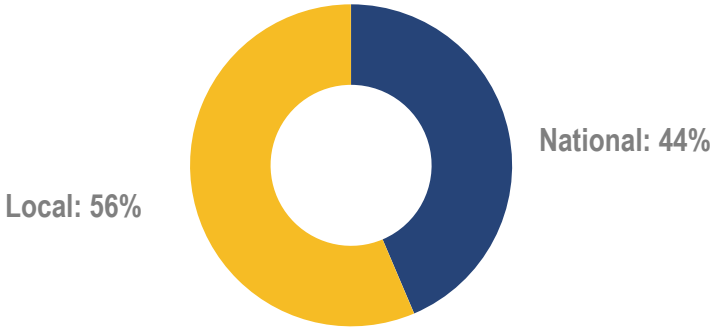
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Resilient Business Model with Diverse Customer Mix

Q3 Revenue by Customer[1]



Q3 Local vs National Mix



Focusing on high growth industry verticals

Our diverse customer mix, base of national customers and expanded specialty business continues to provide growth opportunities

Industrial manufacturing activity began to close the gap with pre-COVID-19 levels

Entertainment rental activity is also beginning a gradual recovery

The return to normalcy in our end markets provides additional growth opportunities

1. Refer to our 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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Q3 FINANCIAL REVIEW

HercRentals®

NYSE: HRI

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Q3 and Nine Months Financial Summary

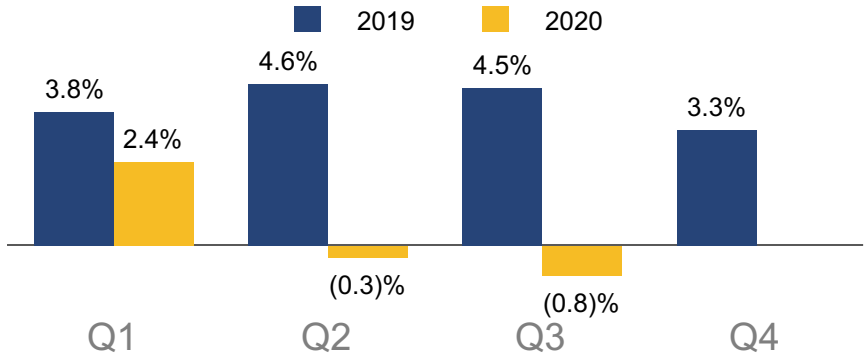
$ in millions, except per share data	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	**2019**	***% Chg.***	**2020**	**2019**	***% Chg.***
Equipment Rental Revenue	$402.3	$459.6	*(12.5)%*	$1,116.4	$1,244.8	*(10.3)%*
Total Revenues	$456.7	$508.1	*(10.1)%*	$1,260.9	$1,458.9	*(13.6)%*
Net Income	$39.9	$9.4	*324.5%*	$38.2	$12.4	*208.1%*
Earnings Per Diluted Share	$1.35	$0.32	*321.9%*	$1.30	$0.43	*202.3%*
Adjusted Net Income[1]	$39.8	$43.2	*(7.9)%*	$48.2	$52.8	*(8.7)%*
Adjusted Earnings Per Diluted Share[1]	$1.35	$1.48	*(8.8)%*	$1.65	$1.81	*(8.8)%*
Adjusted EBITDA[1]	$196.7	$209.4	*(6.1)%*	$493.7	$526.6	*(6.2)%*
Adjusted EBITDA Margin[1]	43.1 %	41.2 %	*+190 bps*	39.2 %	36.1 %	*+310 bps*
REBITDA Margin[1,2]	48.3 %	44.9 %	*+340 bps*	43.6 %	41.2 %	*+240 bps*
REBITDA YoY Flow-Through[1,2]	20.9%			20.9%		
Average Fleet[3]	(4.5)% YoY			(1.1)% YoY		
Pricing[3]	(0.8)% YoY			+0.4% YoY		

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 20
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies
3. Based on ARA guidelines

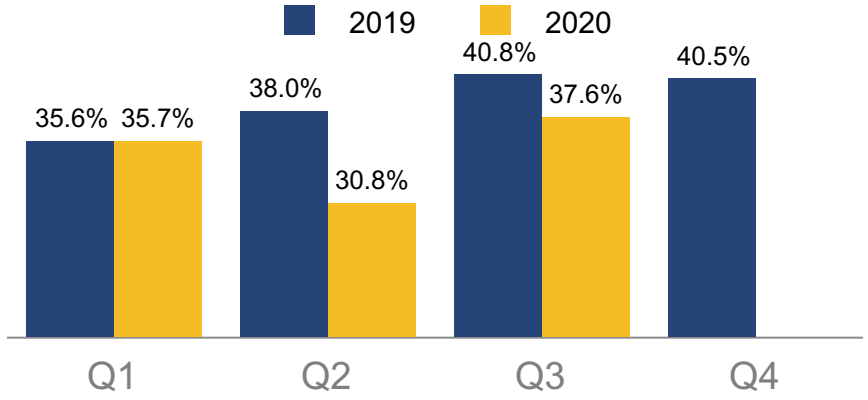
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Pricing and Utilization Performance

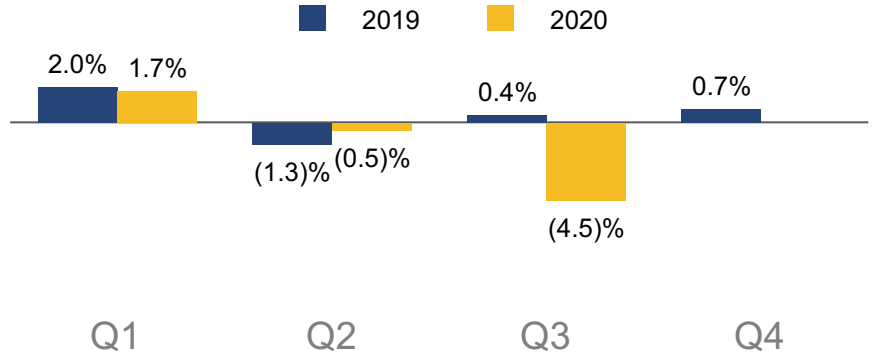
Pricing[1]



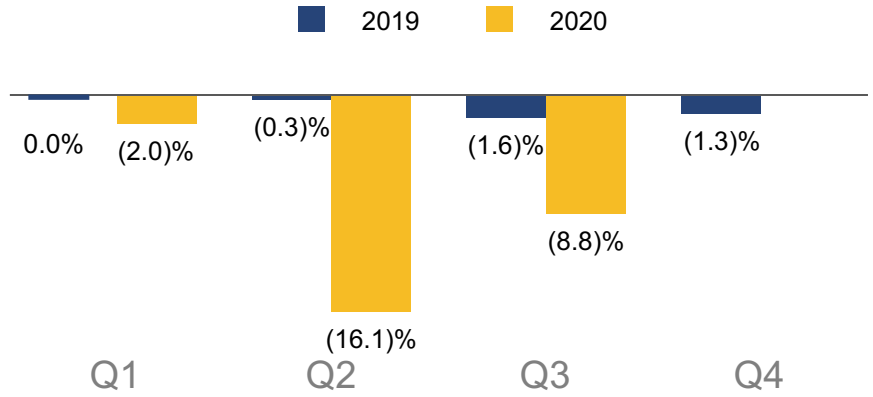
$ Utilization[2]



Average Fleet at OEC[1]



Average Fleet on Rent at OEC[1]



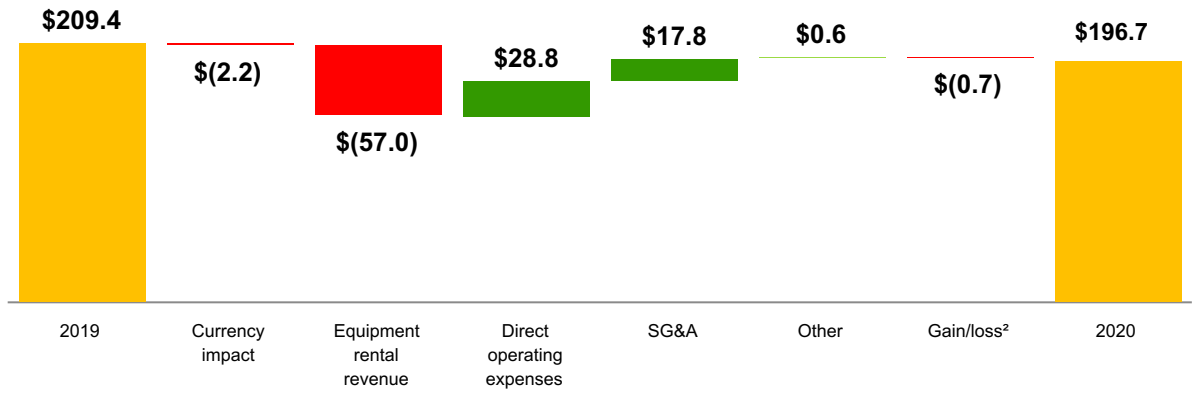
1. YoY Change. Based on ARA guidelines.
2. Based on ARA guidelines

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Q3 and Nine Months Adjusted EBITDA[1]

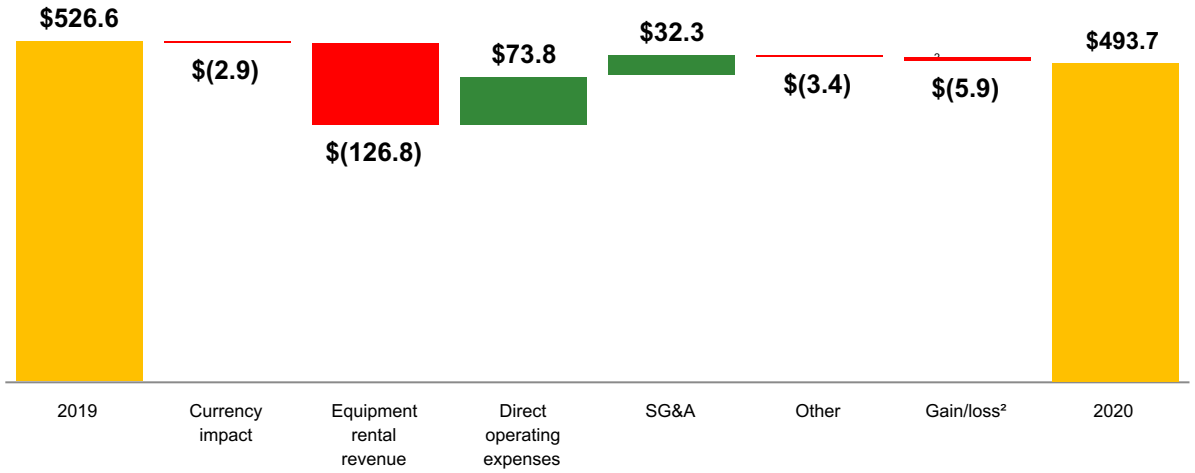
Q3 Adjusted EBITDA Bridge

$ in millions



Nine Months Adjusted EBITDA Bridge

$ in millions



Adjusted EBITDA decreased $12.7 million YoY or 6.1% in Q3 2020 primarily due to lower equipment rental revenue of $57.0 million

DOE decreased $28.8 million in Q3 2020 primarily due to reductions in re-rent, personnel-related expenses and lower delivery and freight costs

SG&A declined $17.8 million in Q3 2020 primarily due to reductions in selling, travel and bad debt expense

Adjusted EBITDA margin in Q3 2020 grew 190 bps to 43.1% and grew 310 bps to 39.2% for the nine month period

REBITDA margin[1,3] in Q3 2020 increased 340 bps YoY to 48.3% with decremental flow-through of 20.9%

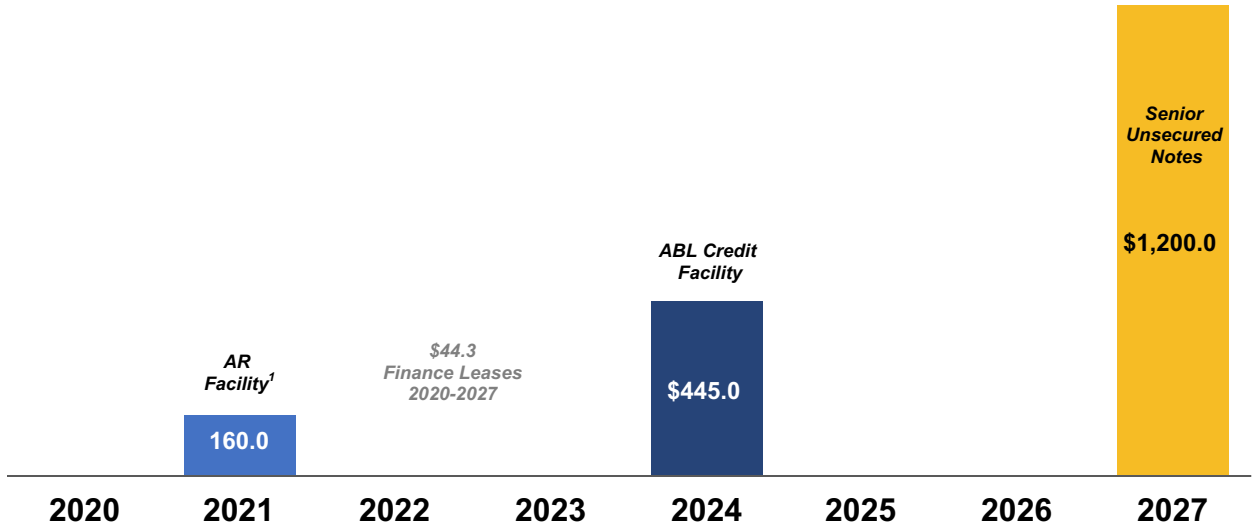
1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 20
2. Gain / loss on sales of rental equipment, new equipment, parts and supplies.
3. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies

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Disciplined Capital Management

Maturities

$ in millions, as of September 30, 2020



Total debt of $1.8 billion as of September 30, 2020, down by approximately $236 million from December 31, 2019

No near-term maturities and **ample liquidity** of $1.4 billion provides financial flexibility[2]

$252M

Free cash flow[3] of approximately $252 million for YTD 2020

2.5x

Net leverage[3] of 2.5x compared with 3.0x in September 2019

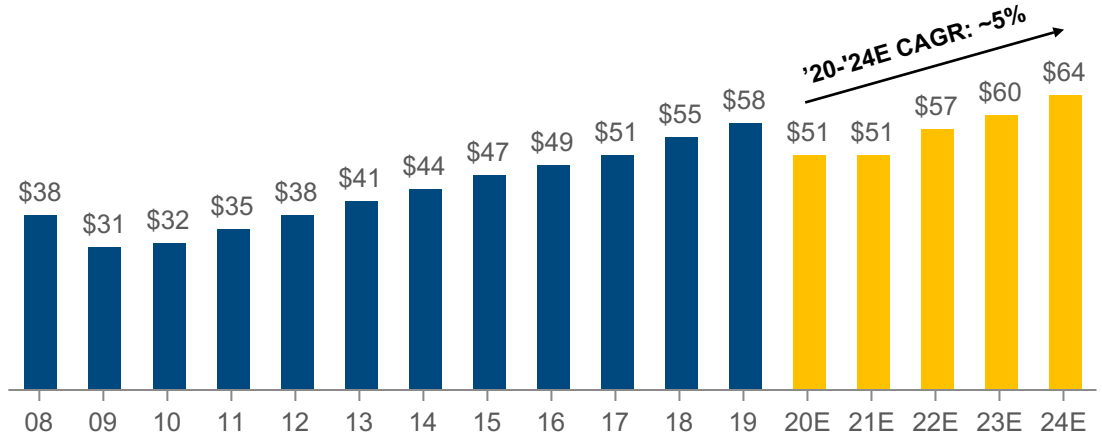
Credit Rating: Moody's (B1/Stable) / S&P (B+/Stable)

1. 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
2. Total liquidity includes cash and cash equivalents and the unused commitments under the ABL Credit Facility and AR Facility.
3. For a definition and reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 20

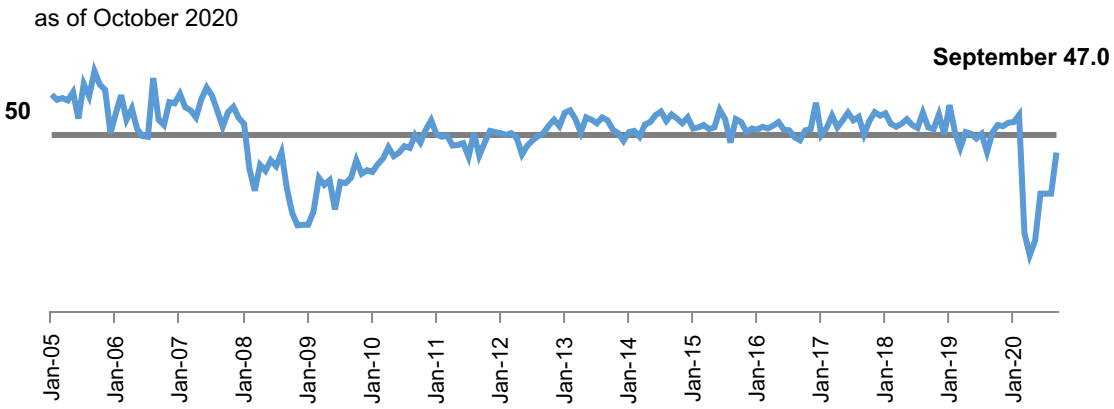
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A Resilient Industry

N.A. Equipment Rental Market[1]



Architecture Billings Index[3]



Select Market Forecasts[2]

U.S. Nonresidental Building Starts

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
YOY Growth	+12%	+3%	+5%	(20)%	+4%	+10%	+8%

Sectors with Tailwinds

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
Healthcare	+7%	(3)%	+2%	(4)%	+9%	+9%	+8%
Warehouse	+18%	+1%	+26%	+2%	+9%	+12%	+1%
Infrastructure	+5%	(2)%	+10%	(15)%	+10%	+5%	+2%

Equipment rental market forecast to grow from about $51 billion in 2020 to $64 billion in 2024

Secular trends favor rental versus ownership

Healthcare, warehouse and infrastructure sectors reflect strong growth over the next few years

1. Source: ARA / IHS Global Insights as of August 2020
2. Source: Dodge Analytics U.S. as of August 2020
3. Source: The American Institute of Architects (AIA)

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Our Strategic Initiatives are Delivering Results



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

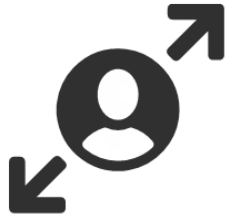


Improve Operating Effectiveness

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

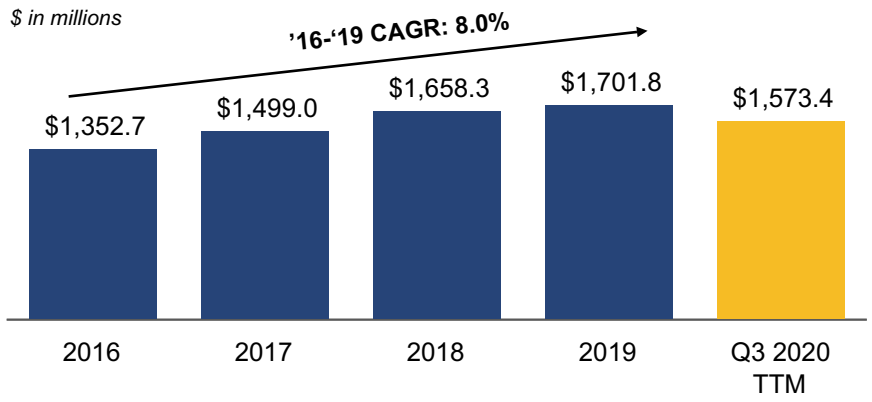
Improve key financial metrics

Maximize fleet management and utilization

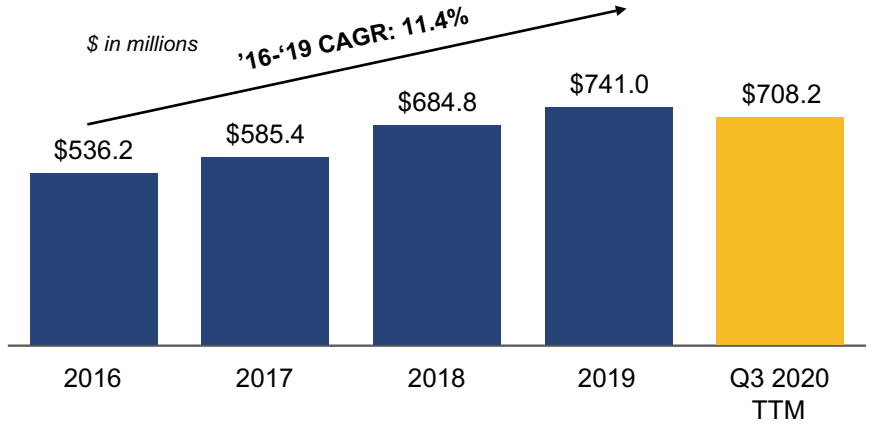
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Consistent Organic Growth Since Spin-off

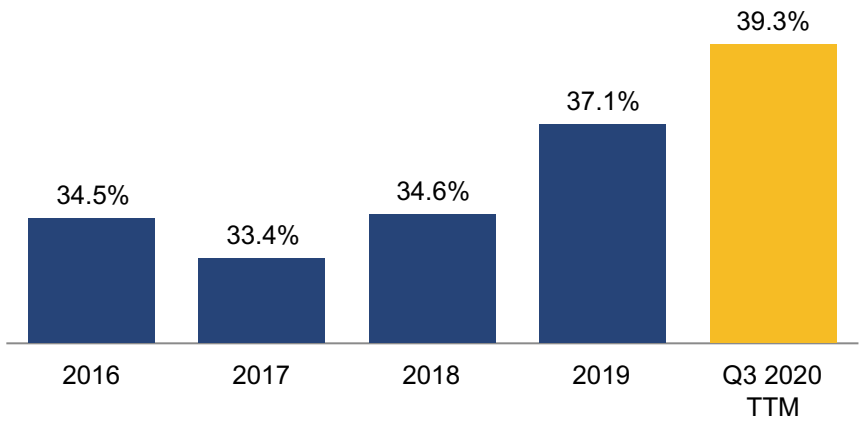
Equipment Rental Revenue



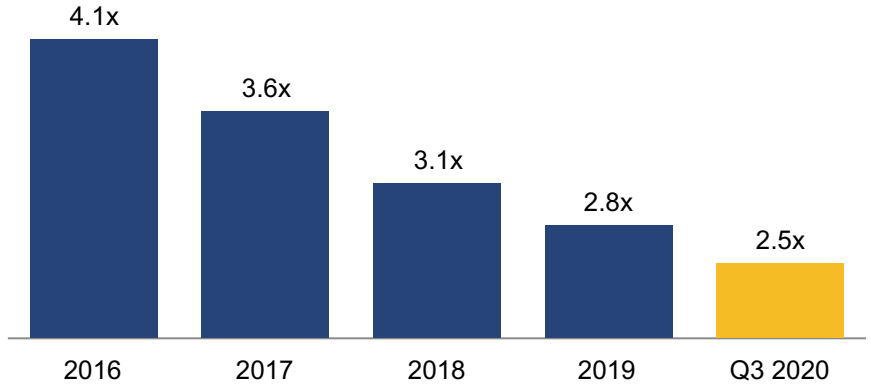
Adjusted EBITDA[1]



Adjusted EBITDA Margin[1]



Net Leverage[2]



1. For a definition and reconciliation to the most comparable GAAP financial measure, see slides 26 and 27 and previously filed presentations
2. For a definition and calculation, see slide 28

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APPENDIX

HercRentals®

NYSE: HRI

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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.

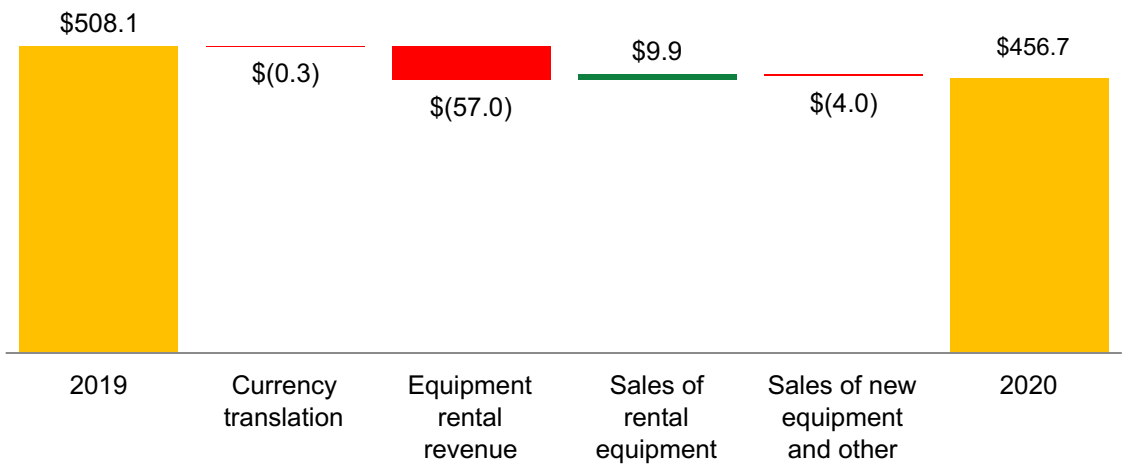
Pricing: Change in pure pricing achieved in one period versus another period. This is applied both to year-over-year and sequential comparisons. Rental rates are based on ARA guidelines and are calculated based on the category class rate variance achieved either year-over-year or sequentially for any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

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Q3 and Nine Months Total Revenues

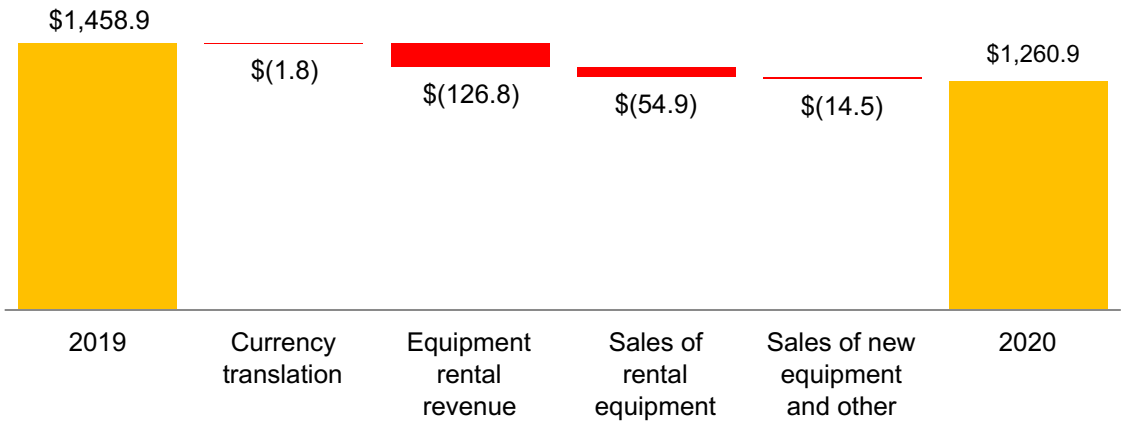
Q3 Revenue Bridge

$ in millions



Nine Months Revenue Bridge

$ in millions



Equipment rental revenue decreased 12.5% in Q3 2020 with lower volume as a result of the impact of the COVID-19 pandemic

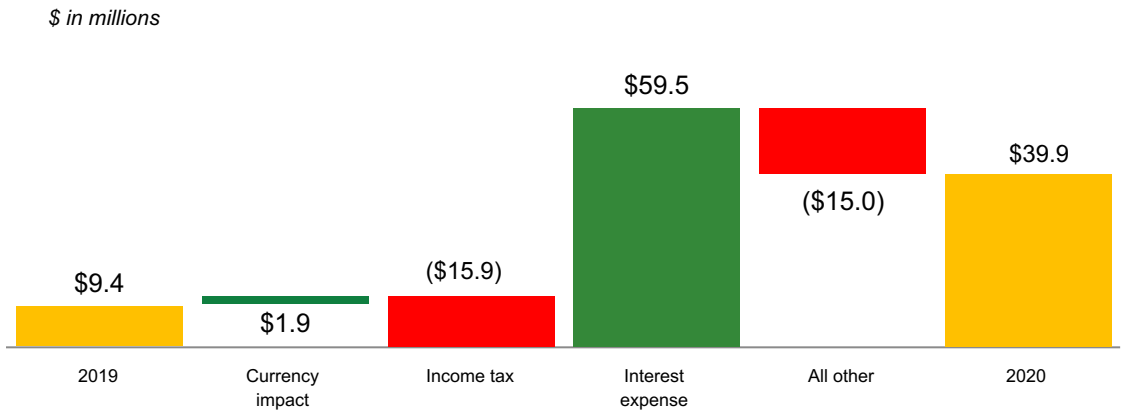
Sales of rental equipment increased 28.0%, or $9.9 million, in Q3 2020

Total revenues decreased 10.1%, or $51.4 million, in Q3 2020 primarily due to the decline in equipment rental revenue, offset by an increase in sales of rental equipment

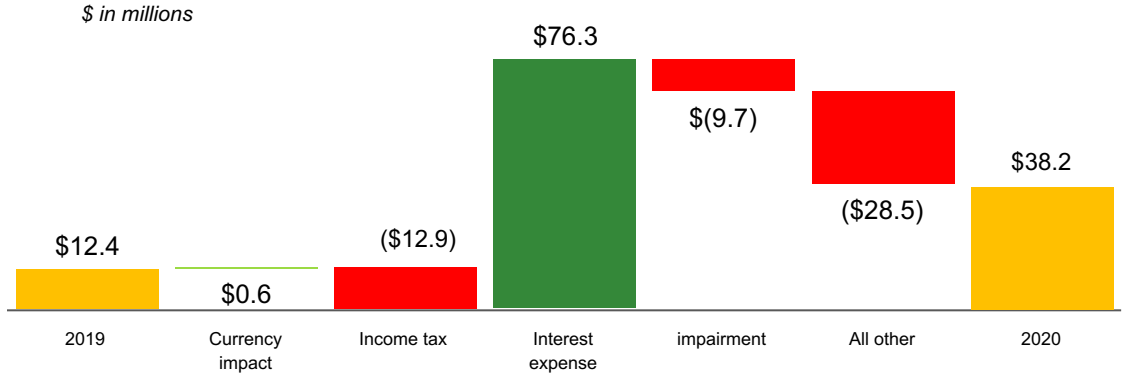
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Q3 and Nine Months Net Results

Q3 Net Results Bridge



Nine Months Net Results Bridge



Net income was $39.9 million in Q3 2019 compared to $9.4 million in the prior year

Interest expense in Q3 2020 declined $59.5 million primarily due to last year's $53.6 million debt extinguishment expense and lower average outstanding balances on our ABL Credit Facility in 2020

Income tax provision in Q3 2020 was $11.7 million compared with a tax benefit of $4.2 million in the same period last year

All other includes the impact of our operating results (See Slide 31 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 September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net income	$39.9	$9.4	$38.2	$12.4
Loss on extinguishment	—	53.6	—	53.6
Restructuring	—	—	0.7	7.8
Impairment	—	—	9.5	—
Loss on sale of business	—	—	2.8	—
Spin-off costs	(0.1)	0.4	0.4	0.7
Other	—	—	0.1	0.7
Tax impact of adjustments[(1)]	—	(20.2)	(3.5)	(22.4)
Adjusted net income	$39.8	$43.2	$48.2	$52.8
Diluted common shares	**29.5**	**29.1**	**29.3**	**29.1**
Adjusted earnings per diluted share	**$1.35**	**$1.48**	**$1.65**	**$1.81**

(1) The tax rate applied for adjustments is 25.7% and reflects the statutory rates in the applicable entities. Additionally, the tax benefit of $6.3 million recognized in the three and nine month periods of 2019 related to the debt transactions

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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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	**$39.9**	**$9.4**	**$38.2**	**$12.4**
Income tax provision (benefit)	11.7	(4.2)	10.9	(2.0)
Interest expense, net	22.4	81.9	70.1	146.4
Depreciation of rental equipment	101.9	102.7	303.7	303.6
Non-rental depreciation and amortization	15.5	14.9	47.0	44.5
EBITDA	**191.4**	**204.7**	**469.9**	**504.9**
Restructuring	—	—	0.7	7.8
Spin-off costs	(0.1)	0.4	0.4	0.7
Non-cash stock-based compensation charges	5.4	4.3	10.3	12.5
Loss on sale of business	—	—	2.8	—
Impairment	—	—	9.5	—
Other	—	—	0.1	0.7
Adjusted EBITDA	**196.7**	**209.4**	**493.7**	**526.6**
Less: Gain (loss) on sales of rental equipment	(1.0)	(1.3)	(1.6)	1.6
Less: Gain (loss) on sales of new equipment, parts and supplies	1.8	2.8	5.6	8.3
Rental Adjusted EBITDA (REBITDA)	**$195.9**	**$207.9**	**$489.7**	**$516.7**
Total Revenues	**$456.7**	**$508.1**	**$1,260.9**	**$1,458.9**
Less: Sales of rental equipment	45.3	35.4	116.7	171.8
Less: Sales of new equipment, parts and supplies	6.2	10.0	20.2	34.1
Equipment rental, service and other revenues	**$405.2**	**$462.7**	**$1,124.0**	**$1,253.0**
Total Revenues	$456.7	$508.1	$1,260.9	$1,458.9
Adjusted EBITDA	$196.7	$209.4	$493.7	$526.6
Adjusted EBITDA Margin	**43.1 %**	**41.2 %**	**39.2 %**	**36.1 %**
Equipment rental, service and other revenues	$405.2	$462.7	$1,124.0	$1,253.0
REBITDA	$195.9	$207.9	$489.7	$516.7
REBITDA Margin	**48.3 %**	**44.9 %**	**43.6 %**	**41.2 %**
YOY Change in REBITDA	($12.0)		($27.0)	
YOY Change in Equipment Rental, service and other revenues	($57.5)		($129.0)	
YOY REBITDA Flow-Through	**20.9 %**		**20.9 %**	

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REBITDA Margin Trend

$ in millions	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Total Revenues	**$475.7**	**$475.1**	**$508.1**	**$540.1**	**$1,999.0**	**$436.2**	**$368.0**	**$456.7**
Less: Sales of rental equipment	85.1	51.3	35.4	71.0	242.8	40.0	31.4	45.3
Less: Sales of new equipment, parts and supplies	10.9	13.2	10.0	9.9	44.0	7.0	7.0	6.2
Equipment rental, service and other revenues	**$379.7**	**$410.6**	**$462.7**	**$459.2**	**$1,712.2**	**$389.2**	**$329.6**	**$405.2**
Net income (loss)	**($6.7)**	**$9.7**	**$9.4**	**$35.1**	**$47.5**	**($3.7)**	**$2.0**	**$39.9**
Income tax provision (benefit)	(3.1)	5.3	(4.2)	18.1	16.1	1.1	(1.9)	11.7
Interest expense, net	32.9	31.6	81.9	27.1	173.5	24.4	23.3	22.4
Depreciation of rental equipment	100.0	100.9	102.7	105.5	409.1	100.4	101.4	101.9
Non-rental depreciation and amortization	15.0	14.6	14.9	16.5	61.0	15.8	15.7	15.5
EBITDA	**$138.1**	**$162.1**	**$204.7**	**$202.3**	**$707.2**	**$138.0**	**$140.5**	**$191.4**
Restructuring	—	7.8	—	(0.1)	7.7	—	0.7	—
Spin-off costs	—	0.3	0.4	(0.2)	0.5	0.1	0.4	(0.1)
Non-cash stock-based compensation charges	3.9	4.3	4.3	7.0	19.5	3.2	1.7	5.4
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**	**$196.7**
Less: Gain (loss) on sales of rental equipment	1.6	1.3	(1.3)	(2.0)	(0.4)	(2.4)	1.8	(1.0)
Less: Gain on sales of new equipment, parts and supplies	2.7	2.8	2.8	2.4	10.7	1.9	1.9	1.8
Rental Adjusted EBITDA (REBITDA)	**$138.0**	**$170.8**	**$207.9**	**$214.0**	**$730.7**	**$148.2**	**$145.7**	**$195.9**
REBITDA Margin	**36.3 %**	**41.6 %**	**44.9 %**	**46.6 %**	**42.7 %**	**38.1 %**	**44.2 %**	**48.3 %**
YOY REBITDA Flow-Through	**183.1 %**	**168.1 %**	**83.3 %**	**263.3 %**	**169.3 %**	**107.4 %**	**31.0 %**	**20.9 %**

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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	Q3 2020	Q4 2019	Q3 2019
Long-Term Debt, Net	$1,827.9	$2,051.5	$2,149.1
(Plus) Current maturities of long-term debt	14.2	27.0	29.6
(Plus) Unamortized debt issuance costs	7.2	7.9	8.1
(Less) Cash and Cash Equivalents	(53.8)	(33.0)	(34.5)
Net Debt	**$1,795.5**	**$2,053.4**	**$2,152.3**
Trailing Twelve-Month Adjusted EBITDA	$708.2	$741.0	$725.0
Net Leverage	**2.5 x**	**2.8 x**	**3.0 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	Nine Months Ended September 30,	
	2020	**2019**
Net cash provided by operating activities	**$424.0**	**$441.2**
Rental equipment expenditures	(273.2)	(506.7)
Proceeds from disposal of rental equipment	114.1	156.9
Net Fleet Capital Expenditures	**(159.1)**	**(349.8)**
Non-rental capital expenditures	(32.0)	(34.9)
Proceeds from disposal of property and equipment	4.2	5.0
Proceeds from disposal of business	15.3	—
Other	—	4.0
Free Cash Flow	**$ 252.4**	**$ 65.5**

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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	Q3 2020
Beginning Balance	$3,777	$3,694	$3,859	$3,943	$3,777	$3,822	$3,800	$3,752
Expenditures	$103	$289	$172	$63	$627	$109	$88	$90
Disposals	($193)	($123)	($89)	($188)	($593)	($110)	($83)	($124)
Foreign Currency / Other	$7	($1)	$1	$4	$11	($21)	($53)	$8
Ending Balance	**$3,694**	**$3,859**	**$3,943**	**$3,822**	**$3,822**	**$3,800**	**$3,752**	**$3,726**
Proceeds as a percent of OEC	**44.1 %**	**41.7 %**	**39.8 %**	**37.8 %**	**40.9 %**	**37.1 %**	**40.7 %**	**37.4 %**

1. Original equipment cost based on ARA guidelines

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Q3 and Nine Months Net Results Bridge

$ in millions	Three Months Ended September 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	**$456.7**	**$508.1**	**($51.4)**	**($0.3)**	**$—**	**$—**	**$—**	**$—**	**($51.1)**
Direct operating	169.4	197.7	(28.3)	(0.1)	—	—	—	—	(28.2)
Depreciation of rental equipment	101.9	102.7	(0.8)	(0.1)	—	—		—	(0.7)
Cost of sales of rental equipment	46.3	36.7	9.6			—	—	—	9.6
Cost of sales of new equipment, parts and supplies	4.4	7.2	(2.8)	—	—	—	—	—	(2.8)
Selling, general and administrative	61.0	76.2	(15.2)	(2.0)	—	—	—	—	(13.2)
Impairment	—	—	—	—	—	—	—	—	—
Restructuring	—	—	—		—	—	—	—	—
Interest expense, net	22.4	81.9	(59.5)	—	—	—	—	(59.5)	—
Other expense (income), net	(0.3)	0.5	(0.8)	—	—	—	—	—	(0.8)
Income (loss) before income taxes	**51.6**	**5.2**	**46.4**	**1.9**	**—**	**—**	**—**	**59.5**	**(15.0)**
Income tax benefit (provision)	(11.7)	4.2	(15.9)	—	(15.9)	—	—	—	—
Net income (loss)	**$39.9**	**$9.4**	**$30.5**	**$1.9**	**($15.9)**	**$—**	**$—**	**$59.5**	**($15.0)**

$ in millions	Nine Months Ended September 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	**$1,260.9**	**$1,458.9**	**($198.0)**	**($1.8)**	**$—**	**$—**	**$—**	**$—**	**($196.2)**
Direct operating	503.3	575.3	(72.0)	(0.8)	—	—	—	—	(71.2)
Depreciation of rental equipment	303.7	303.6	0.1	(0.6)	—	—	—	—	0.7
Cost of sales of rental equipment	118.3	170.2	(51.9)	(0.2)		—	—	—	(51.7)
Cost of sales of new equipment, parts and supplies	14.6	25.8	(11.2)	—	—	—	—	—	(11.2)
Selling, general and administrative	187.6	221.2	(33.6)	(1.4)	—	—	—	—	(32.2)
Restructuring	0.7	7.8	(7.1)	—	—	—	—	—	(7.1)
Impairment	9.5	—	9.5	(0.2)	—	9.7	—	—	—
Interest expense, net	70.1	146.4	(76.3)	—	—	—	—	(76.3)	—
Other expense (income), net	4.0	(1.8)	5.8	0.8	—	—	—	—	5.0
Income (loss) before income taxes	**49.1**	**10.4**	**38.7**	**0.6**	**—**	**(9.7)**	**—**	**76.3**	**(28.5)**
Income tax benefit (provision)	(10.9)	2.0	(12.9)	—	(12.9)	—	—	—	—
Net income (loss)	**$38.2**	**$12.4**	**$25.8**	**$0.6**	**($12.9)**	**($9.7)**	**$—**	**$76.3**	**($28.5)**

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

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Fleet Mix

	September 30, 2020	September 30, 2019
Aerial - Booms	16.8 %	17.2 %
Aerial - Scissors & Other	7.3 %	7.3 %
Earthmoving - Compact	7.8 %	8.3 %
Earthmoving - Heavy	5.4 %	6.0 %
Material Handling - Telehandlers	13.4 %	13.9 %
Material Handling - Industrial	4.0 %	4.2 %
Trucks and Trailers	14.5 %	13.8 %
ProSolutions®	16.9 %	15.2 %
ProContractor	6.0 %	6.0 %
Air Compressors	2.3 %	2.5 %
Other	2.4 %	2.5 %
Lighting	1.9 %	1.7 %
Compaction	1.3 %	1.4 %
Total	**100.0 %**	**100.0 %**
OEC[1]	**$3.73B**	**$3.94B**

1. Original equipment cost based on ARA guidelines

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