

HERC HOLDINGS INC.

Q4 & FULL YEAR 2020 EARNINGS CONFERENCE CALL

February 18, 2021

Larry Silber
President & Chief Executive Officer

Aaron Birnbaum
Senior Vice President &
Chief Operating Officer

Mark Irion
Senior Vice President &
Chief Financial Officer

Elizabeth Higashi, CFA
Vice President, Investor Relations &
Sustainability

HercRentals®

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Herc Rentals Team



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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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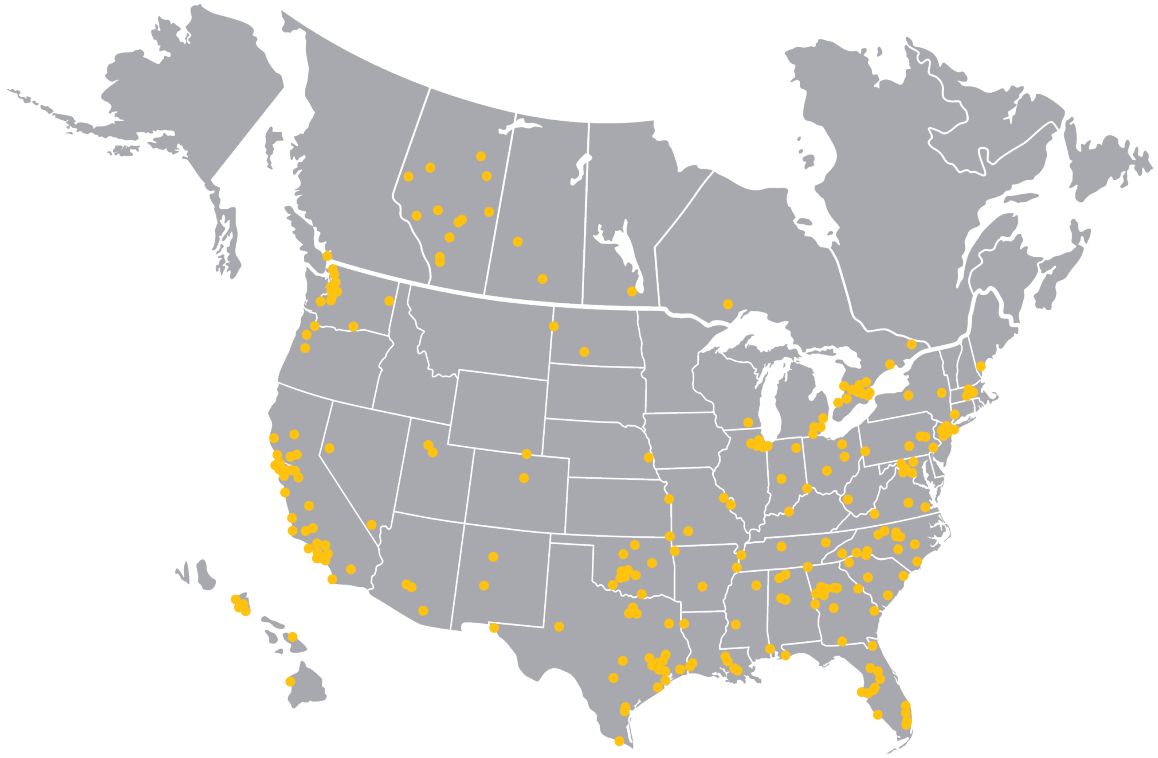
A Leader in the Equipment Rental Industry

HRI

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

56

Years in the equipment rental industry



277

Locations in 39 states and five Canadian provinces

4,800

Employees serving North America

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2020 Takeaways - Overcoming the Challenges



Maintained positive pricing in 2020

Strong cost management contributed to YoY improvement in adjusted EBITDA margin

Disciplined capital spending contributed to substantial improvement in free cash flow

Positioned to accelerate top-line growth

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Full Year 2020 Financial Highlights

Equipment Rental Revenue

$1,543.7M

Full Year (9.3)% YoY

Net Income

$73.7M

Full Year 55.2% YoY

Total Revenues

$1,781.3M

Full Year (10.9)% YoY

Earnings Per Diluted Share

$2.51

Full Year 54.0% YoY

Adjusted EBITDA[1]

$689.4M

Full Year (7.0)% YoY

Adjusted EBITDA Margin[1]

38.7%

Full Year +160 bps YoY

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

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Q4 2020
OPERATIONS REVIEW

HercRentals®

NYSE: HRI

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Delivering in a Challenging Environment



Year-over-year trends in Q4 rental revenue improved compared with double-digit % declines in Q2 and Q3, but was still lower than the prior year

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 22% in the fourth quarter compared with the prior year

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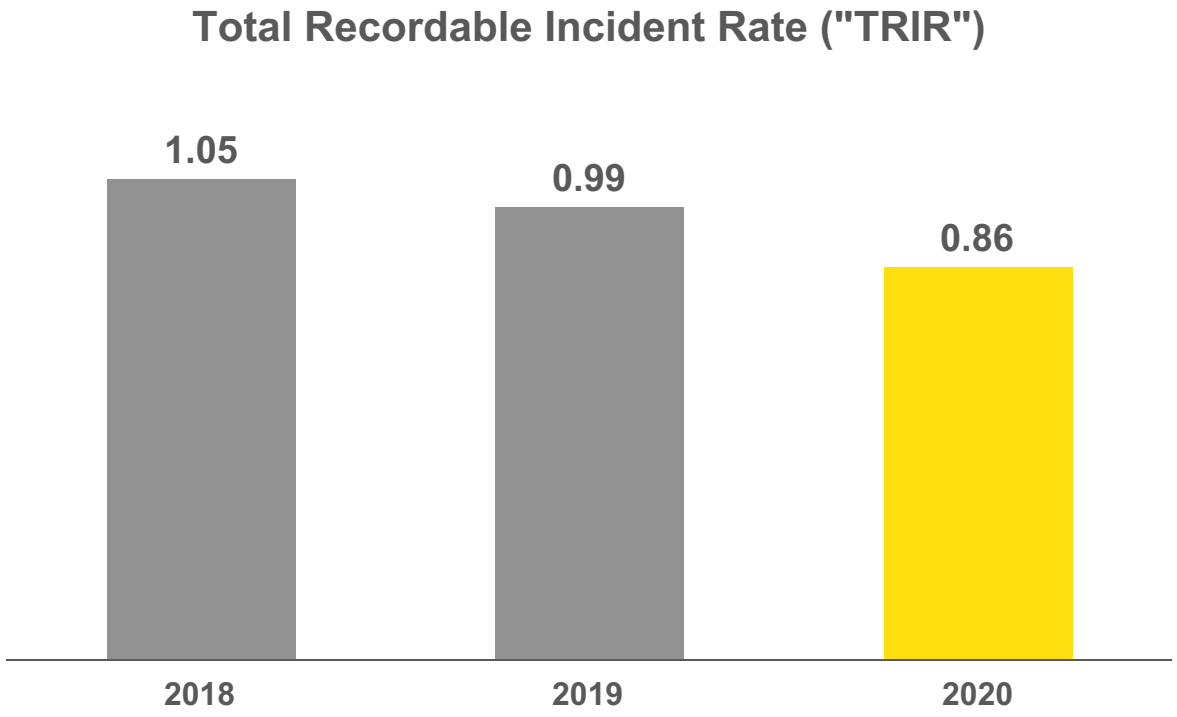
Focusing on Safety Delivers Results

Think **Safety!**



TRIR improved to 0.86 in 2020

Continued focus on safety by following CDC guidelines

All of our branches reported at least 98% Perfect Days in 2020

Conducted 58,395 safety training hours

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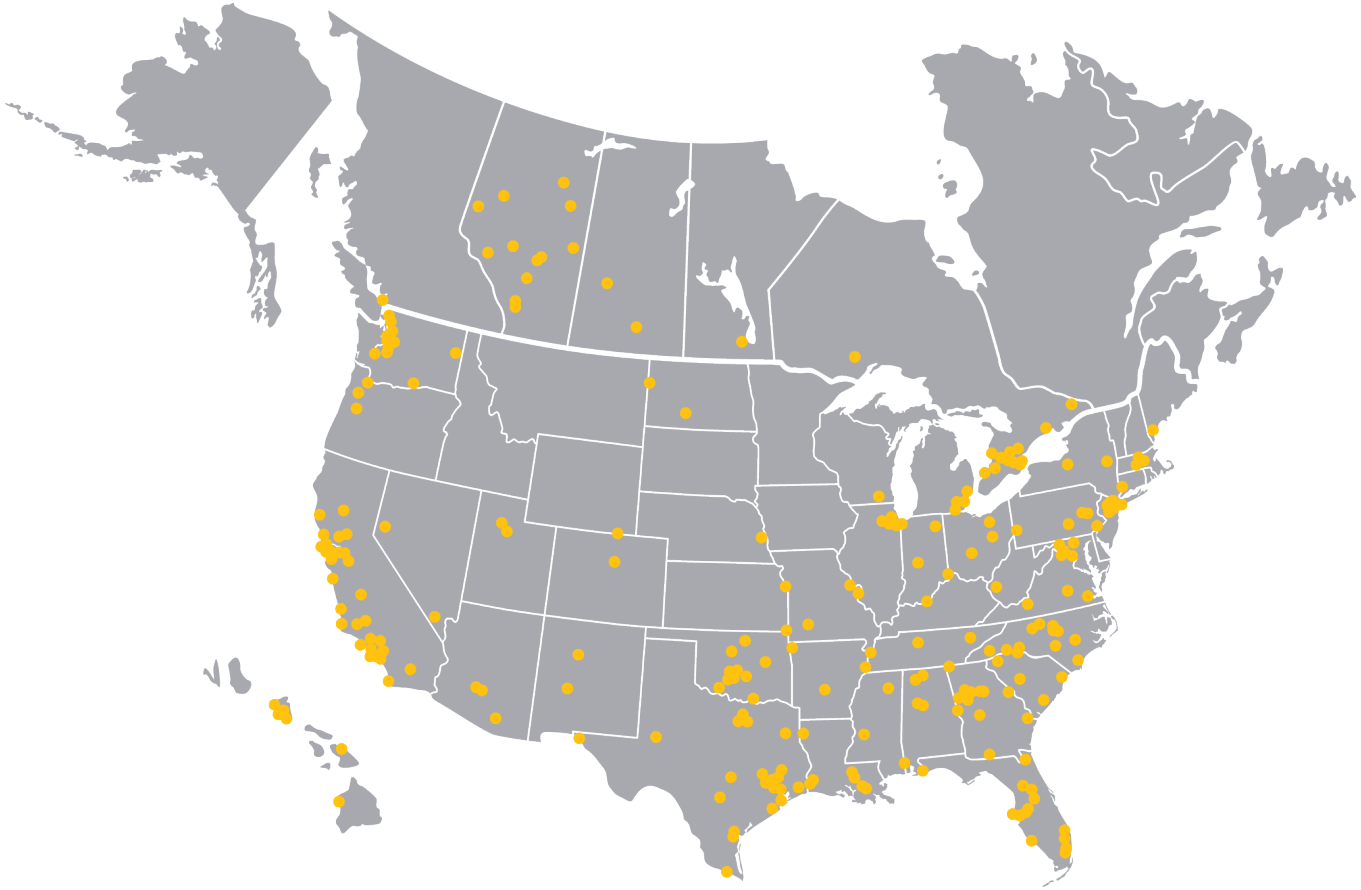
Investing in High Growth Urban Markets



277 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

Four locations acquired in Houston

Targeting 10 to 20 new locations in urban markets annually

Locations as of December 31, 2020

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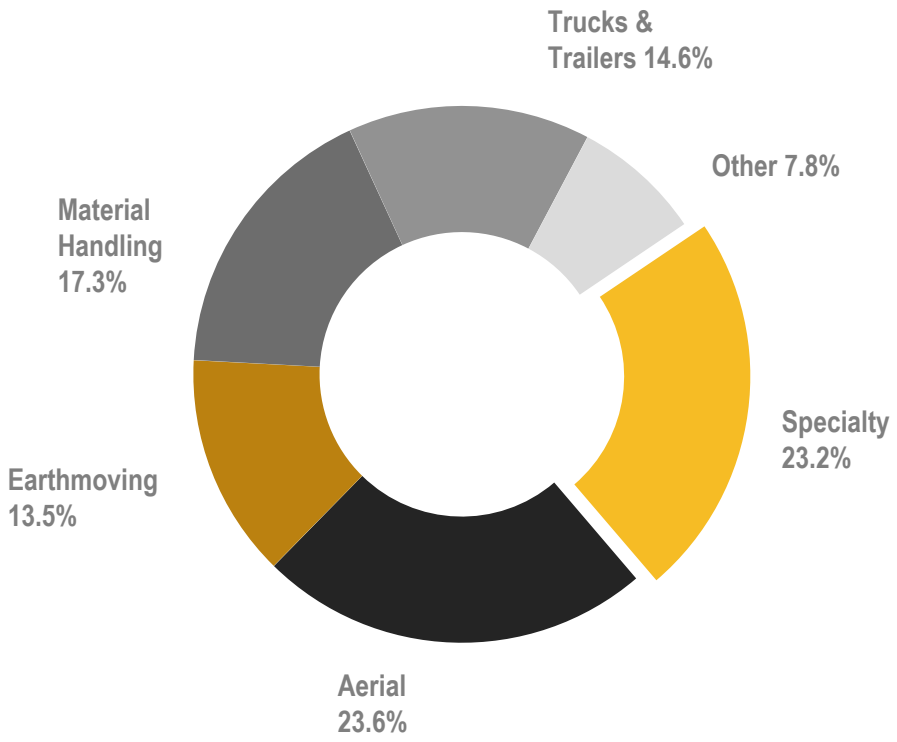
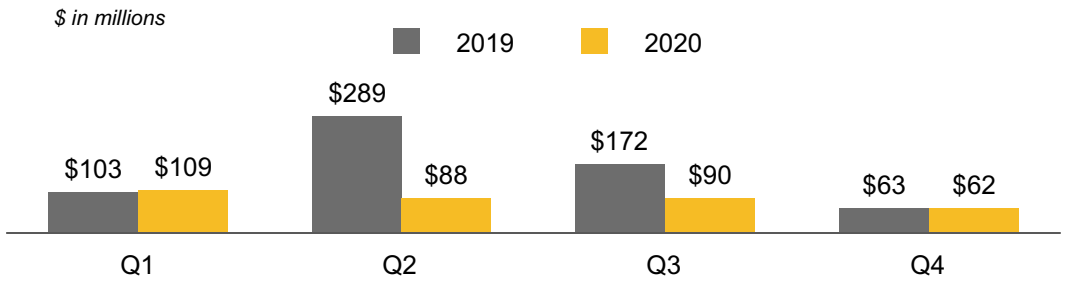
Managing Fleet to Enhance Utilization

Fleet Composition at OEC[1]

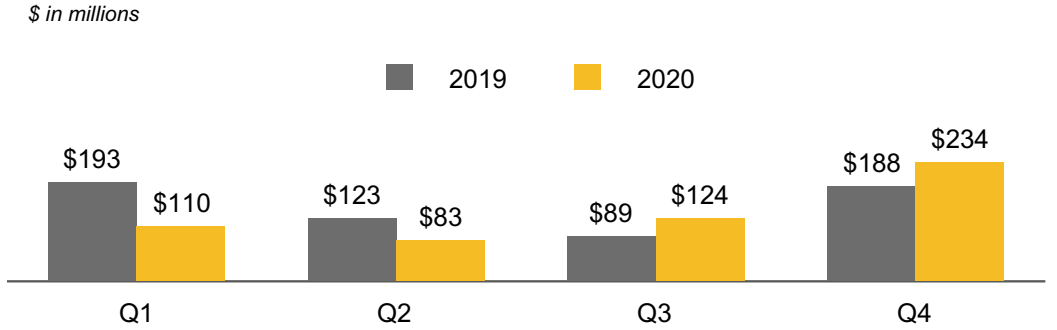
$3.59B at OEC



Fleet Expenditures at OEC[1]



Fleet Disposals at OEC[1]



Fleet disposals at OEC in Q4 2020 were $234 million, generating ~36% proceeds as a percent of OEC

Average age of disposals was 85 months in Q4 2020

Average fleet age of 46 months in Q4 2020

1. Original equipment cost based on ARA guidelines. As of December 31, 2020

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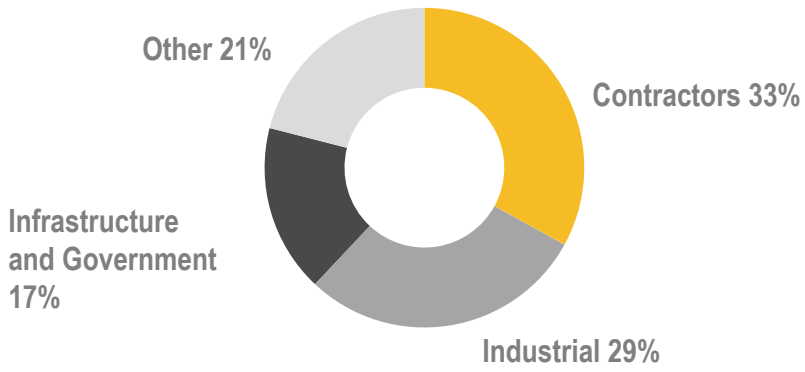
Resilient Business Model Delivers

Q4 Revenue by Customer[1]



Q4 Local vs National Mix



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

Focusing on high growth industry verticals

Customer revenues from the oil & gas sector were less than 8% of rental revenues in Q4

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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Continuing Our Journey







Our team is focused on:

- Enhancing the well-being of our team by investing in training
- Operating a safe environment for our employees, customers and communities
- Expanding in fast-growing urban markets to drive top-line growth
- Improving utilization by driving more fleet through the network
- Continued investment in ProSolutions business
- Delivering a lean cost structure and improved margins
- Providing excellent customer service and premium equipment to our customers

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Q4 FINANCIAL REVIEW

NYSE: HRI

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Q4 and Full Year Financial Summary

$ in millions, except per share data	Three Months Ended December 31,			Years Ended December 31,		
	2020	**2019**	***% Chg.***	**2020**	**2019**	***% Chg.***
Equipment Rental Revenue	$427.3	$457.0	*(6.5)%*	$1,543.7	$1,701.8	*(9.3)%*
Total Revenues	$520.4	$540.1	*(3.6)%*	$1,781.3	$1,999.0	*(10.9)%*
Net Income	$35.5	$35.1	*1.1%*	$73.7	$47.5	*55.2%*
Earnings Per Diluted Share	$1.19	$1.20	*(0.8)%*	$2.51	$1.63	*54.0%*
Adjusted Net Income[1]	$40.2	$38.9	*3.3%*	$88.5	$91.6	*(3.4)%*
Adjusted Earnings Per Diluted Share[1]	$1.35	$1.33	*1.5%*	$3.01	$3.15	*(4.4)%*
Adjusted EBITDA[1]	$195.6	$214.4	*(8.8)%*	$689.4	$741.0	*(7.0)%*
Adjusted EBITDA Margin[1]	37.6 %	39.7 %	*(210) bps*	38.7 %	37.1 %	*+160 bps*
REBITDA Margin[1,2]	45.8 %	46.6 %	*(80) bps*	44.2 %	42.7 %	*+150 bps*
REBITDA YoY Flow-Through[1,2]	59.4%			27.9%		
Average Fleet[3]	(6.0)% YoY			(2.4)% YoY		
Pricing[3]	(0.8)% YoY			+0.1% 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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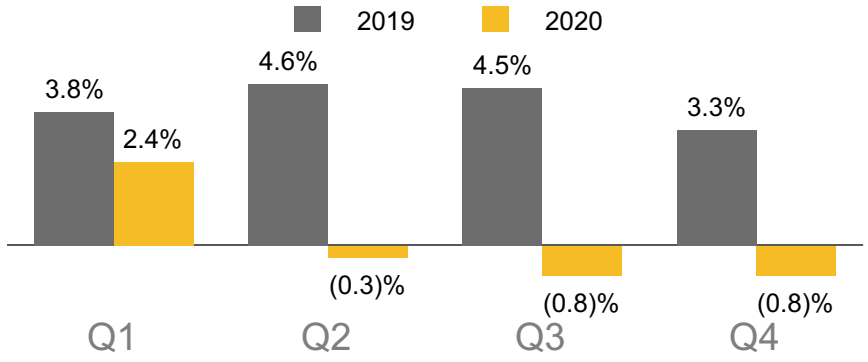
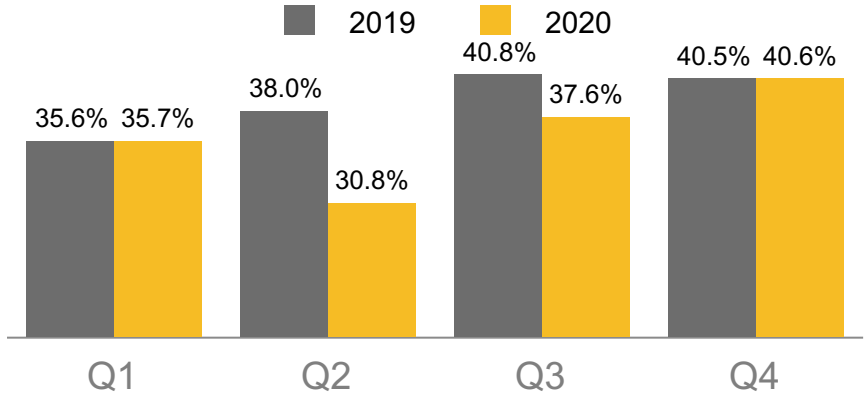
Pricing and Utilization Performance

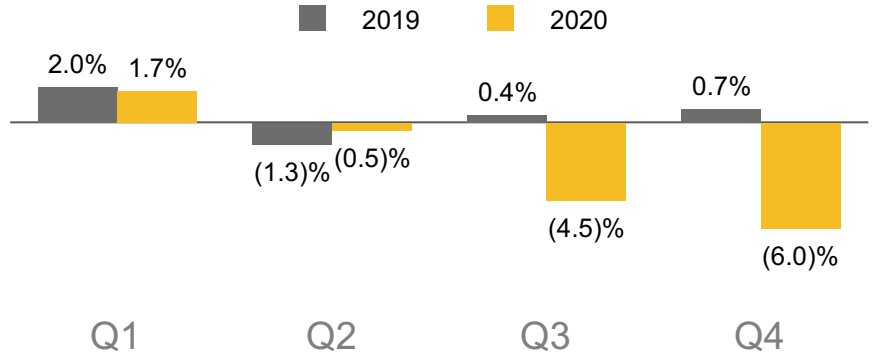
Pricing[1]



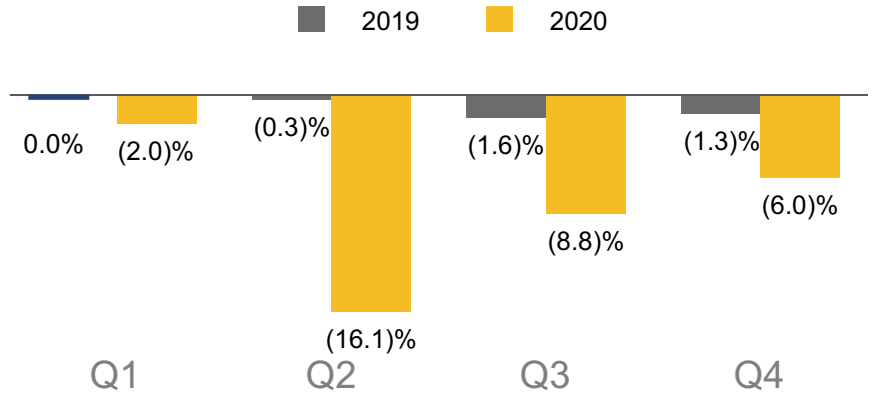
$ Utilization[2]



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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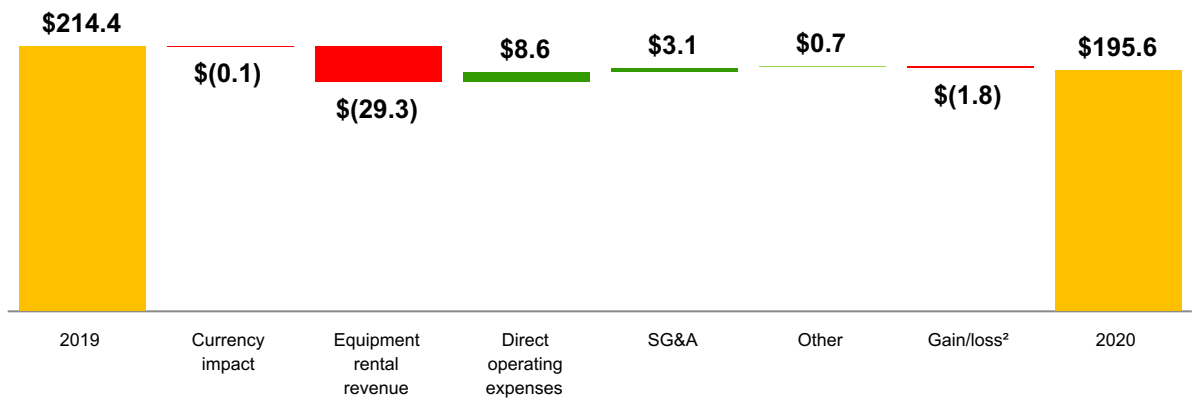
Q4 and Full Year Adjusted EBITDA[1]

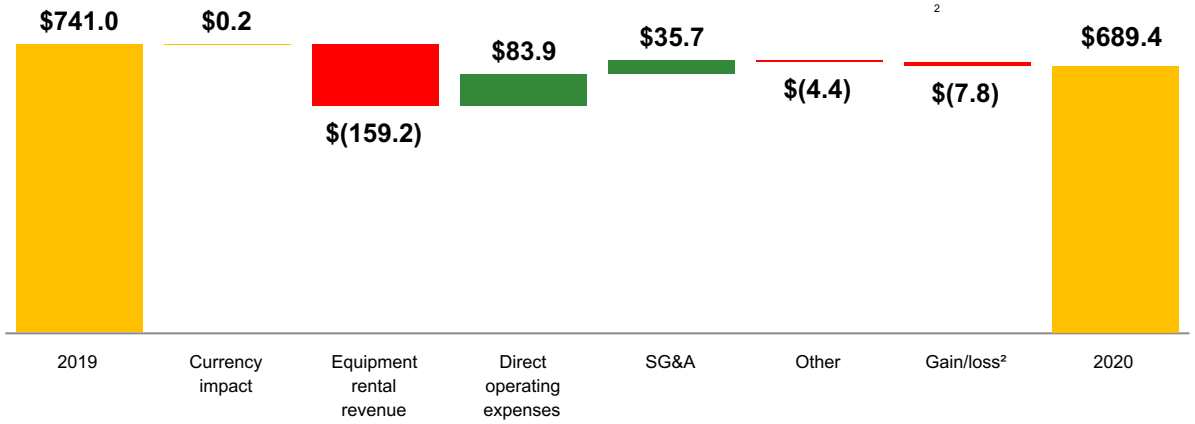
Q4 Adjusted EBITDA Bridge

$ in millions



Full Year Adjusted EBITDA Bridge

$ in millions



Adjusted EBITDA declined 8.8% or $18.8 million in Q4 2020 primarily due to lower volume and rental revenue

DOE was reduced by $8.6 million primarily due to lower re-rent and personnel-related expenses in Q4 2020

SG&A declined $3.1 million in Q4 2020 primarily due to reductions in selling and travel expense

REBITDA margin[1,3] in Q4 2020 declined 80 bps YoY to 45.8%

REBITDA margin flow-through was 59.4% in Q4 2020

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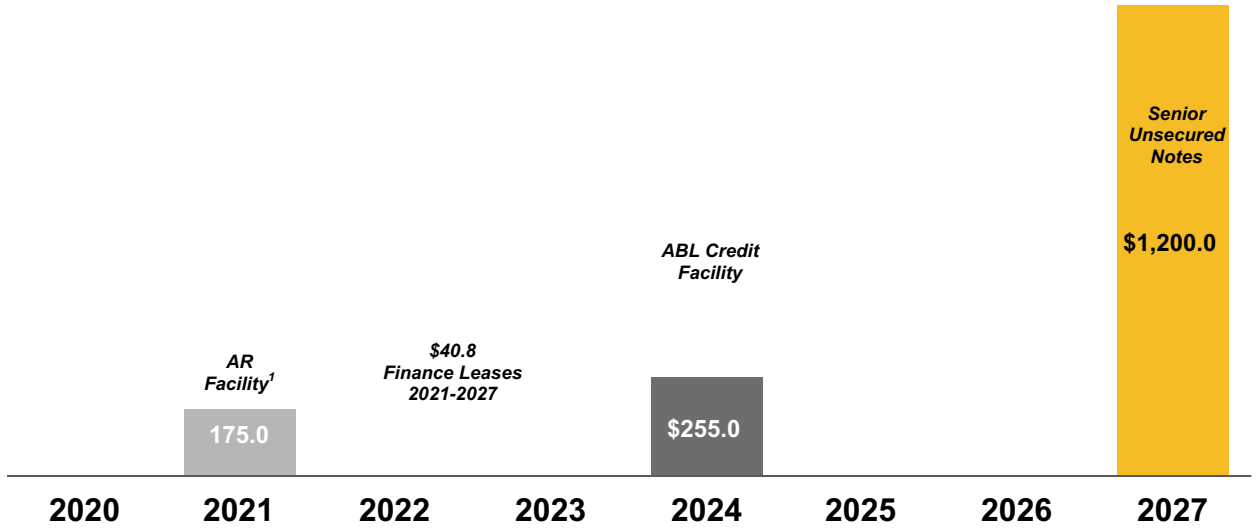
Disciplined Capital Management

Maturities

$ in millions, as of December 31, 2020



Total debt of $1.7 billion as of December 31, 2020, down by approximately $415 million from December 31, 2019

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

$425M

Free cash flow[3] of approximately $425 million for YTD 2020

2.4x

Net leverage[3] of 2.4x compared with 2.8x in December 2019

New net leverage target of 2.0x to 3.0x

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 22

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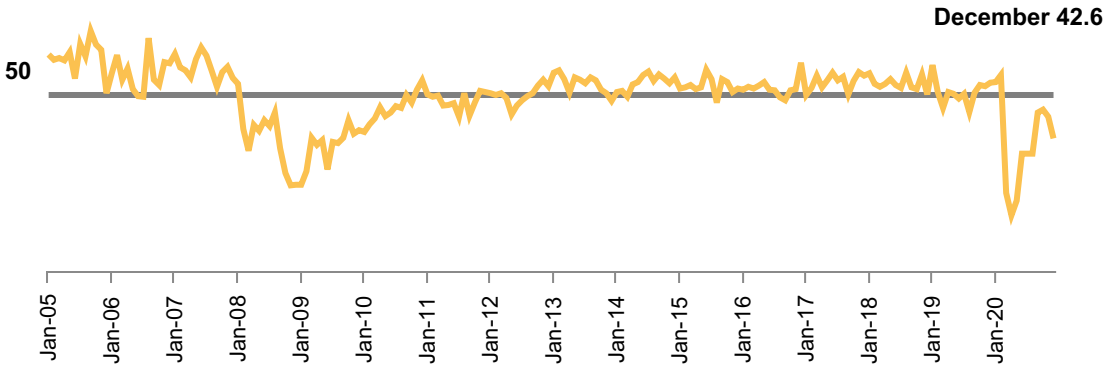
A Resilient Industry

N.A. Equipment Rental Market[1]



Architecture Billings Index[3]

as of January 2021



Select Market Forecasts[2]

U.S. Nonresidental Building Starts

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
YOY Growth	+12%	+4%	+5%	(23)%	+3%	+9%	+7%

Sectors with Tailwinds

	History			Forecast			
	2017	2018	2019	2020	2021	2022	2023
Healthcare	+7%	(3)%	+3%	(9)%	+8%	+9%	+8%
Warehouse	+18%	+2%	+25%	+2%	+8%	+11%	+1%
Infrastructure	+5%	(2)%	+11%	(18)%	+7%	+6%	+3%

Equipment rental market forecast to grow from about $51 billion in 2020 to $62 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 November 2020
2. Source: Dodge Analytics U.S. as of December 2020
3. Source: The American Institute of Architects (AIA)

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2021 Full Year Guidance

Adjusted EBITDA

$730 to $760 million

increase of 6% to 10% over 2020

Net Rental Equipment Capital Expenditures

$400 to $450 million



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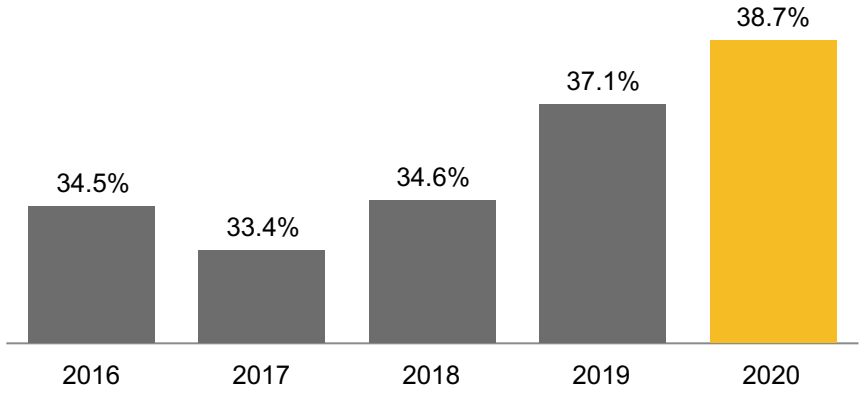
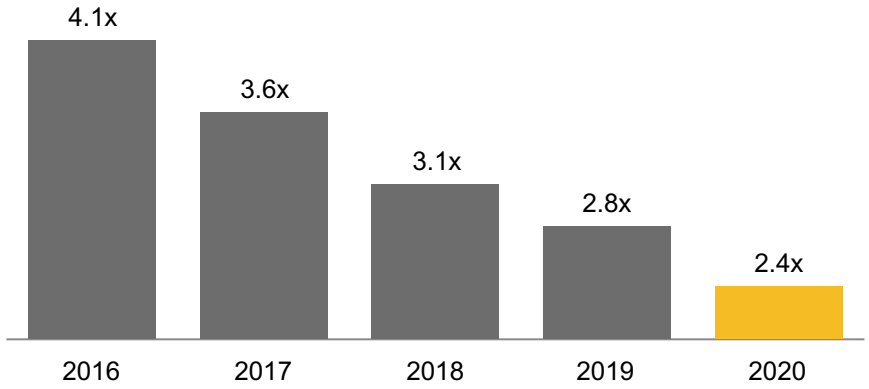
Improving Metrics Position Future Growth

Adjusted EBITDA Margin[1]



Net Leverage[2]



Focus on top line growth and controlling costs to continue to improve margins over time

Strong free cash flow provides flexibility for new growth initiatives

Will continue opening new greenfield locations

Seeking accretive M&A in select geographies, industry verticals and products

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

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APPENDIX

NYSE: HRI

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Our Strategic Initiatives are Delivering Results



Develop Our People and Culture

Attract and retain diverse talent

Align performance to shared purpose

Support a safe and healthy work place culture

Expand continuous learning to all employees



Expand and Diversify Revenues

Broaden customer base

Expand products and services

Grow pricing and ancillary revenues

Seek accretive M&A in selective geographies, verticals and selected products



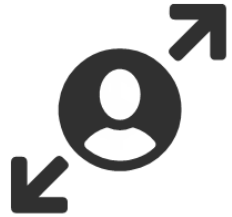
Improve Operating Effectiveness

Improve sales force effectiveness

Improve safety and labor productivity

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 COVID-19 protocols to protect customers and employees



Disciplined Capital Management

Drive EBITDA margin growth

Maximize fleet management and utilization

Operate within new net leverage target range of 2.0x to 3.0x

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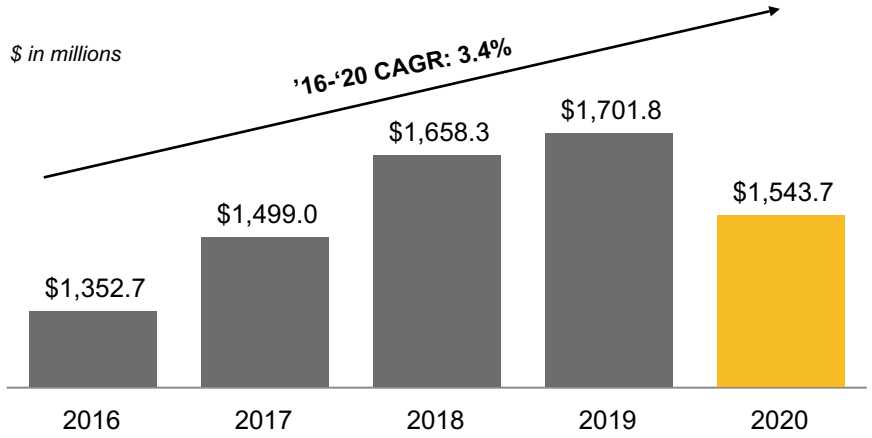
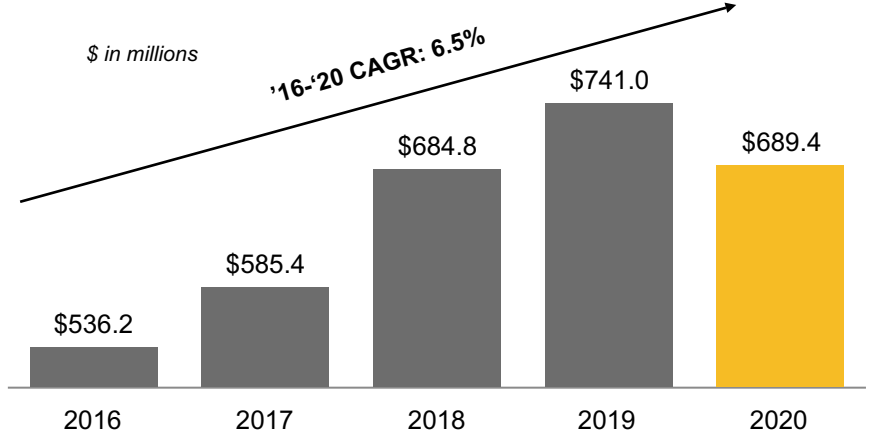
Margin and Net Leverage Improved Since Spin-off

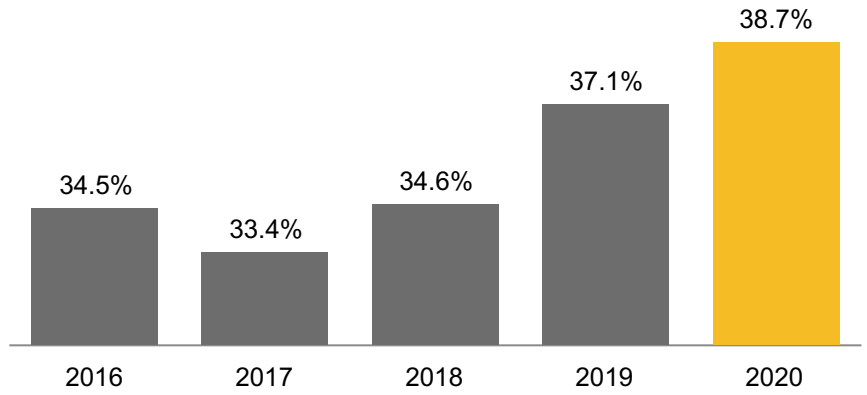
Equipment Rental Revenue



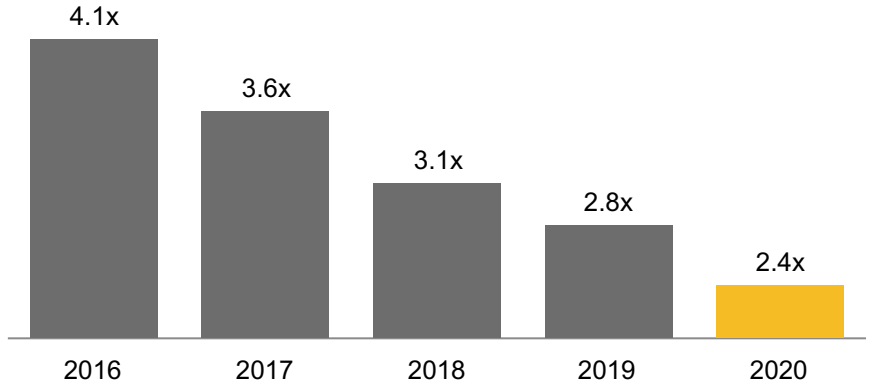
Adjusted EBITDA[1]



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 and previously filed presentations
2. For a definition and calculation, see slide 32

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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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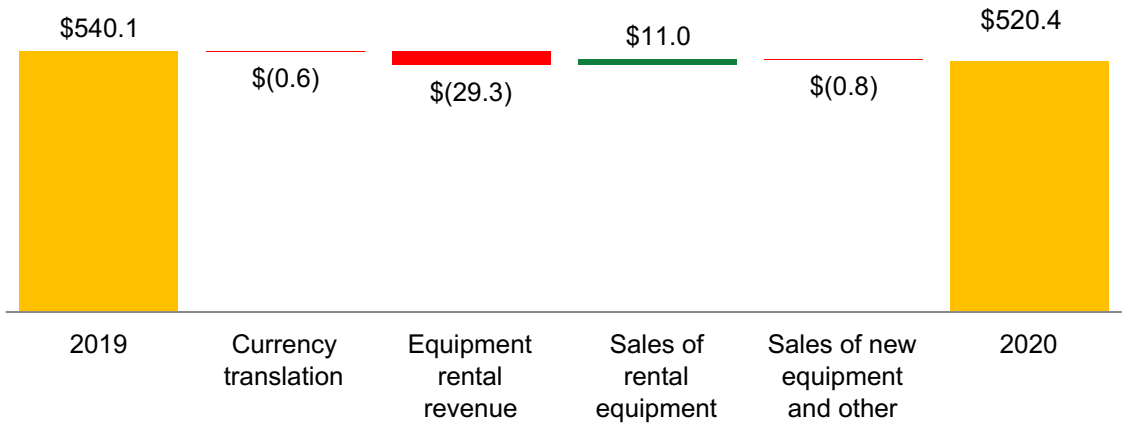
Q4 and Full Year Total Revenues

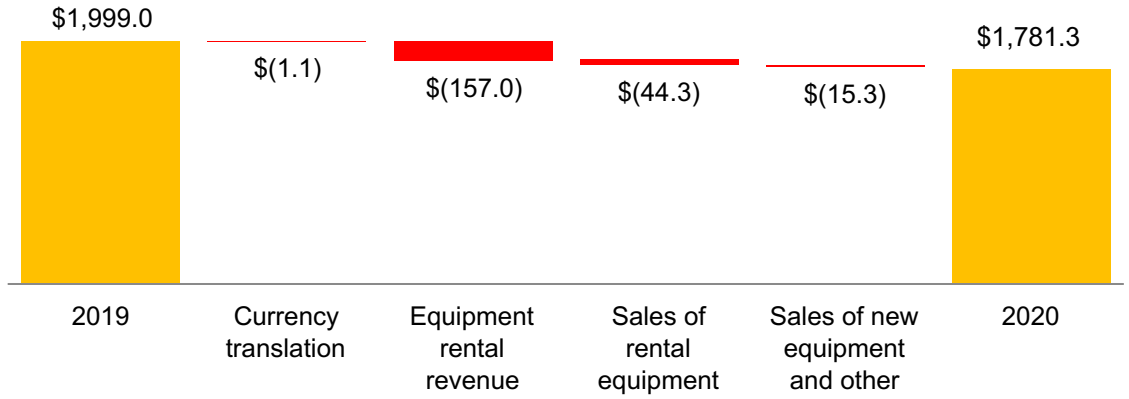
Q4 Revenue Bridge

$ in millions



Full Year Revenue Bridge

$ in millions



Equipment rental revenue decreased 6.5% in Q4 2020 with lower volume as a result of the impact of the COVID-19 pandemic

Sales of rental equipment increased 15.2%, or $10.8 million, in Q4 2020

Total revenues decreased 3.6%, or $19.7 million, in Q4 2020 primarily due to the decline in equipment rental revenue offset by an increase in sales of rental equipment

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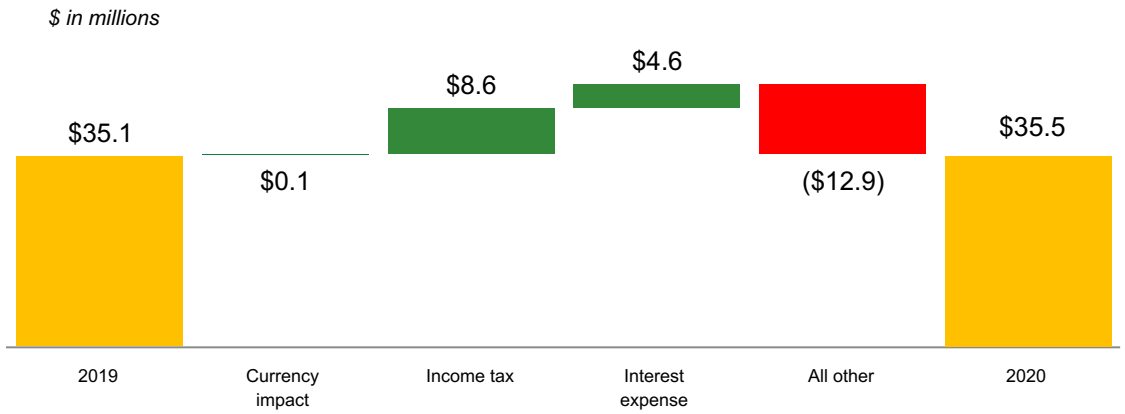
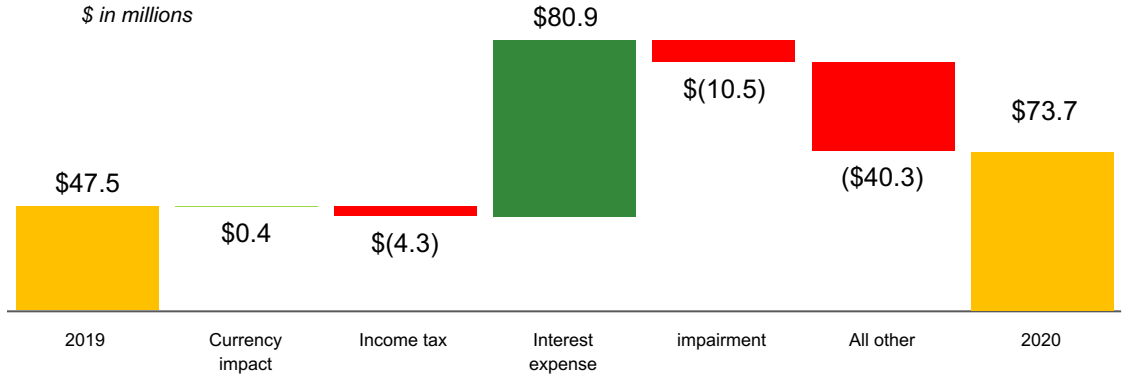
Q4 and Full Year Net Results

Q4 Net Results Bridge



Full Year Net Results Bridge



Net income was $35.5 million in Q4 2019 compared to $35.1 million in the prior year

Interest expense in Q4 2020 declined $4.6 million primarily due to lower average outstanding balances and interest rates on our ABL Credit Facility in 2020

Income tax provision in Q4 2020 was $9.5 million compared with $18.1 million in the same period last year

All other includes the impact of our operating results

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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 December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Net income	$35.5	$35.1	$73.7	$47.5
Loss on extinguishment	—	—	—	53.6
Restructuring	—	(0.1)	0.7	7.7
Impairment	5.9	4.4	15.4	5.1
Loss on disposal of business	—	—	2.8	—
Spin-off costs	0.2	(0.2)	0.6	0.5
Other[(1)]	0.2	1.0	0.4	1.0
Tax impact of adjustments[(2)]	(1.6)	(1.3)	(5.1)	(23.8)
Adjusted net income	$40.2	$38.9	$88.5	$91.6
Diluted common shares	**29.8**	**29.3**	**29.4**	**29.1**
Adjusted earnings per diluted share	**$1.35**	**$1.33**	**$3.01**	**$3.15**

(1) Comprised primarily of a cash separation benefit paid to our former Chief Operating Officer as part of a separation agreement for three months and the year ended December 31, 2019.

(2) 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 during the year ended December 31, 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 December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Net income	**$35.5**	**$35.1**	**$73.7**	**$47.5**
Income tax provision	9.5	18.1	20.4	16.1
Interest expense, net	22.5	27.1	92.6	173.5
Depreciation of rental equipment	100.2	105.5	403.9	409.1
Non-rental depreciation and amortization	15.5	16.5	62.5	61.0
EBITDA	**183.2**	**202.3**	**653.1**	**707.2**
Restructuring	—	(0.1)	0.7	7.7
Spin-off costs	0.2	(0.2)	0.6	0.5
Non-cash stock-based compensation charges	6.1	7.0	16.4	19.5
Loss on disposal of business	—	—	2.8	—
Impairment	5.9	4.4	15.4	5.1
Other	0.2	1.0	0.4	1.0
Adjusted EBITDA	**195.6**	**214.4**	**689.4**	**741.0**
Less: Gain (loss) on sales of rental equipment	(3.5)	(2.0)	(5.1)	(0.4)
Less: Gain (loss) on sales of new equipment, parts and supplies	2.1	2.4	7.7	10.7
Rental Adjusted EBITDA (REBITDA)	**$197.0**	**$214.0**	**$686.8**	**$730.7**
Total Revenues	**$520.4**	**$540.1**	**$1,781.3**	**$1,999.0**
Less: Sales of rental equipment	81.8	71.0	198.5	242.8
Less: Sales of new equipment, parts and supplies	8.0	9.9	28.2	44.0
Equipment rental, service and other revenues	**$430.6**	**$459.2**	**$1,554.6**	**$1,712.2**
Total Revenues	$520.4	$540.1	$1,781.3	$1,999.0
Adjusted EBITDA	$195.6	$214.4	$689.4	$741.0
Adjusted EBITDA Margin	**37.6 %**	**39.7 %**	**38.7 %**	**37.1 %**
Equipment rental, service and other revenues	$430.6	$459.2	$1,554.6	$1,712.2
REBITDA	$197.0	$214.0	$686.8	$730.7
REBITDA Margin	**45.8 %**	**46.6 %**	**44.2 %**	**42.7 %**
YOY Change in REBITDA	($17.0)		($43.9)	
YOY Change in Equipment rental, service and other revenues	($28.6)		($157.6)	
YOY REBITDA Flow-Through	**59.4 %**		**27.9 %**	

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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	Q4 2020	FY 2020
Total Revenues	**$475.7**	**$475.1**	**$508.1**	**$540.1**	**$1,999.0**	**$436.2**	**$368.0**	**$456.7**	**$520.4**	**$1,781.3**
Less: Sales of rental equipment	85.1	51.3	35.4	71.0	242.8	40.0	31.4	45.3	81.8	198.5
Less: Sales of new equipment, parts and supplies	10.9	13.2	10.0	9.9	44.0	7.0	7.0	6.2	8.0	28.2
Equipment rental, service and other revenues	**$379.7**	**$410.6**	**$462.7**	**$459.2**	**$1,712.2**	**$389.2**	**$329.6**	**$405.2**	**$430.6**	**$1,554.6**
Net income (loss)	**($6.7)**	**$9.7**	**$9.4**	**$35.1**	**$47.5**	**($3.7)**	**$2.0**	**$39.9**	**$35.5**	**$73.7**
Income tax provision (benefit)	(3.1)	5.3	(4.2)	18.1	16.1	1.1	(1.9)	11.7	9.5	20.4
Interest expense, net	32.9	31.6	81.9	27.1	173.5	24.4	23.3	22.4	22.5	92.6
Depreciation of rental equipment	100.0	100.9	102.7	105.5	409.1	100.4	101.4	101.9	100.2	403.9
Non-rental depreciation and amortization	15.0	14.6	14.9	16.5	61.0	15.8	15.7	15.5	15.5	62.5
EBITDA	**$138.1**	**$162.1**	**$204.7**	**$202.3**	**$707.2**	**$138.0**	**$140.5**	**$191.4**	**$183.2**	**$653.1**
Restructuring	—	7.8	—	(0.1)	7.7	—	0.7	—	—	0.7
Spin-off costs	—	0.3	0.4	(0.2)	0.5	0.1	0.4	(0.1)	0.2	0.6
Non-cash stock-based compensation charges	3.9	4.3	4.3	7.0	19.5	3.2	1.7	5.4	6.1	16.4
Loss on disposal of business	—	—	—	—	—	—	2.8	—	—	2.8
Impairment	0.3	0.4	—	4.4	5.1	6.3	3.2	—	5.9	15.4
Other	—	—	—	1.0	1.0	0.1	0.1	—	0.2	0.4
Adjusted EBITDA	**$142.3**	**$174.9**	**$209.4**	**$214.4**	**$741.0**	**$147.7**	**$149.4**	**$196.7**	**$195.6**	**$689.4**
Less: Gain (loss) on sales of rental equipment	1.6	1.3	(1.3)	(2.0)	(0.4)	(2.4)	1.8	(1.0)	(3.5)	(5.1)
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	2.1	7.7
Rental Adjusted EBITDA (REBITDA)	**$138.0**	**$170.8**	**$207.9**	**$214.0**	**$730.7**	**$148.2**	**$145.7**	**$195.9**	**$197.0**	**$686.8**
REBITDA Margin	**36.3 %**	**41.6 %**	**44.9 %**	**46.6 %**	**42.7 %**	**38.1 %**	**44.2 %**	**48.3 %**	**45.8 %**	**44.2 %**
YOY REBITDA Flow-Through	**183.1 %**	**168.1 %**	**83.3 %**	**263.3 %**	**169.3 %**	**107.4 %**	**31.0 %**	**20.9 %**	**59.4 %**	**27.9 %**

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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	Q4 2020	Q4 2019
Long-Term Debt, Net	$1,651.5	$2,051.5
(Plus) Current maturities of long-term debt	12.2	27.0
(Plus) Unamortized debt issuance costs	7.1	7.9
(Less) Cash and Cash Equivalents	(33.0)	(33.0)
Net Debt	**$1,637.8**	**$2,053.4**
Trailing Twelve-Month Adjusted EBITDA	$689.4	$741.0
Net Leverage	**2.4 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

	Years Ended December 31,				
	2020	**2019**	**2018**	**2017**	**2016**
Net cash provided by operating activities	**$610.9**	**$635.6**	**$559.1**	**$349.1**	**$433.4**
Rental equipment expenditures	(344.1)	(638.4)	(771.4)	(501.4)	(468.3)
Proceeds from disposal of rental equipment	192.5	224.2	272.3	160.1	115.4
Net Fleet Capital Expenditures	**(151.6)**	**(414.2)**	**(499.1)**	**(341.3)**	**(352.9)**
Non-rental capital expenditures	(41.4)	(56.9)	(77.6)	(74.6)	(47.8)
Proceeds from disposal of property and equipment	6.6	7.7	9.7	5.9	5.7
Other	—	4.0	—	—	—
Free Cash Flow	**$424.5**	**$176.2**	**($7.9)**	**($60.9)**	**$38.4**

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Historical Fleet at OEC[1]

$ in millions	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Beginning Balance	$3,384	$3,556	$3,651	$3,777	$3,822	$3,800	$3,752	$3,726	$3,822
Expenditures	$495	$524	$774	$627	$109	$88	$90	$62	$349
Disposals	($328)	($442)	($607)	($593)	($110)	($83)	($124)	($234)	($551)
Foreign Currency / Other	$5	$13	($41)	$11	($21)	($53)	$8	$35	($31)
Ending Balance	**$3,556**	**$3,651**	**$3,777**	**$3,822**	**$3,800**	**$3,752**	**$3,726**	**$3,589**	**$3,589**
Proceeds as a percent of OEC	**41.7 %**	**39.8 %**	**37.8 %**	**40.9 %**	**37.1 %**	**40.7 %**	**37.4 %**	**35.7 %**	**37.0 %**

1. Original equipment cost based on ARA guidelines

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Fleet Mix

	December 31, 2020	December 31, 2019
Aerial - Booms	16.4 %	17.1 %
Aerial - Scissors & Other	7.2 %	7.3 %
Earthmoving - Compact	8.0 %	8.3 %
Earthmoving - Heavy	5.5 %	5.6 %
Material Handling - Telehandlers	13.3 %	13.6 %
Material Handling - Industrial	4.0 %	4.1 %
Trucks and Trailers	14.6 %	14.0 %
ProSolutions®	17.4 %	15.9 %
ProContractor	5.8 %	6.0 %
Air Compressors	2.3 %	2.4 %
Other	2.3 %	2.5 %
Lighting	1.9 %	1.8 %
Compaction	1.3 %	1.4 %
Total	**100.0 %**	**100.0 %**
OEC[1]	**$3.59B**	**$3.82B**

1. Original equipment cost based on ARA guidelines

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