HercRentals®

Herc Holdings Inc Investor Day 2023

NOVEMBER 2, 2023 | NYSE: HRI



Safe Harbor Statements and Non-GAAP Financial Metrics

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, our growth strategy, including our ability to grow organically and through M&A, anticipated financing needs, business trends, our capital allocation strategy, liquidity and capital management, exploring strategic alternatives for Cinelease, including the timing of the review process, the outcome of the process and the costs and benefits of the process, 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," "looks," 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 EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA flow-through, 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.

The Herc Rentals Team – Today's Speakers



Larry Silber

President &
Chief Executive Officer



Mark Humphrey

Senior Vice President &
Chief Financial Officer



Aaron Birnbaum

Senior Vice President &
Chief Operating Officer



Leslie Hunziker

SVP, Investor Relations,
Communications & Sustainability

Investing for **Scale and Sustainable Growth**



TODAY'S AGENDA

1 **Company Overview and Strategic Briefing**
Larry Silber, President & Chief Executive Officer
Leveraging culture / Benefiting from transformation / Investing for scale

2 **Financial Framework**
Mark Humphrey, Senior Vice President & Chief Financial Officer
Showcasing progress / Introducing 3-year goals / Capitalizing on industry outlook

3 **Delivering Above-Market Growth**
Aaron Birnbaum, Senior Vice President & Chief Operating Officer
Driving revenue / Optimizing efficiencies / Innovating for superior service

4 **Capital Allocation Priorities**
Mark Humphrey, Senior Vice President & Chief Financial Officer

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Company Overview and Strategic Briefing

Larry Silber

President & Chief Executive Officer



Our Purpose, Mission, Vision and Values

Our Vision

We aspire to be the supplier, employer and investment of choice in our industry.

Our Values

We do what's right.
We're in this together.
We take responsibility.
We achieve results.
We prove ourselves every day.



Think Safety!

Our Mission

To ensure that end users of our equipment and services achieve optimal performance safely, efficiently and effectively.

Our Purpose: We equip our customers and communities to build a brighter future

Committed to **Safety**

Think **Safety!**

- **Continued focus on health and safety** of our employees, customers and communities
- **Health & Safety Management System** helps us work more safely and streamlines reviews and audits
- Achieved **97%**[1] **Perfect Days** at our branches
- **Investing** in training and new tools for working safely



[1] YTD through September 2023

Our Key Strengths



A leading equipment rental solutions provider delivering above-market growth



A market consolidator quickly building density, scale, capabilities



A technology-enabled equipment-services provider creating value



Multi-faceted diversification strategy offers growth, resiliency, differentiation



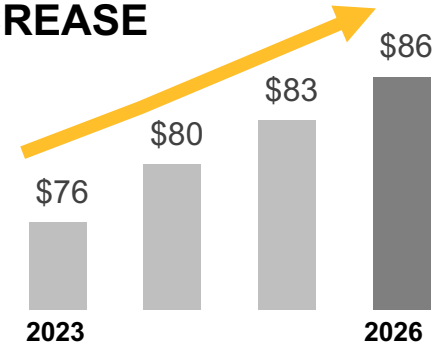
Significant headroom to invest in growth

A Leader in a **Large and Growing Industry**

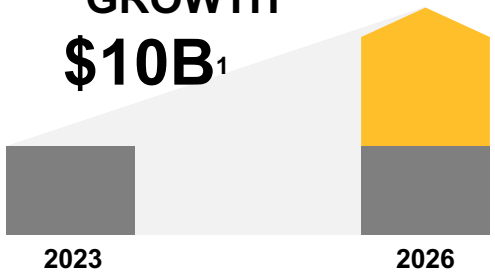
$76B
addressable market

Market to **INCREASE** at a CAGR of

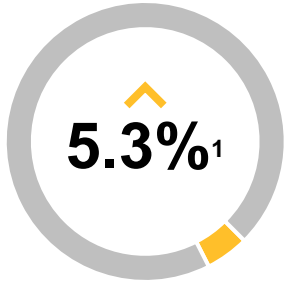
4%[1]



Incremental Industry GROWTH
$10B[1]



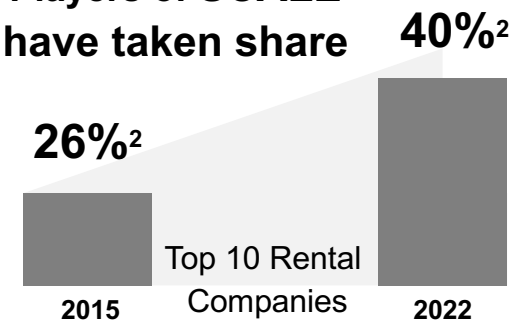
The **year-over-year GROWTH RATE** for 2024 is estimated at





The market is **HIGHLY FRAGMENTED** with only a few players of scale

Players of SCALE have taken share



KEY DRIVERS
Infrastructure
Chip Manufacturing
Data Centers
EV/Battery
Renewables
Energy Grid



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[1] American Rental Association estimates as of September 2023
[2] Rental Equipment Registrar top 10 of top 100 rental companies as of June 2023

Industry Transformation:
Driven by Discipline, Data, Diversification

- **Consolidating market**
- **Professionally managed industry leaders**
- **Technology enabled to capitalize on data-rich industry**
- **Proprietary, modern pricing tools**
- **Availability of industry benchmarking data**
- **Secular shift to rent over buy continues**



Herc Rentals Transformation:
Scaling for Resilient, Profitable Growth

Growing North America presence; recession-resilient urban-market focus

Expanding through greenfield locations and strategic M&A

Shift from equipment provider to rental solutions provider
with diversified offering and capabilities across verticals, project types

Scale with customers through elevated national account capacity
and local market expansion

Scale with suppliers, creating purchasing power

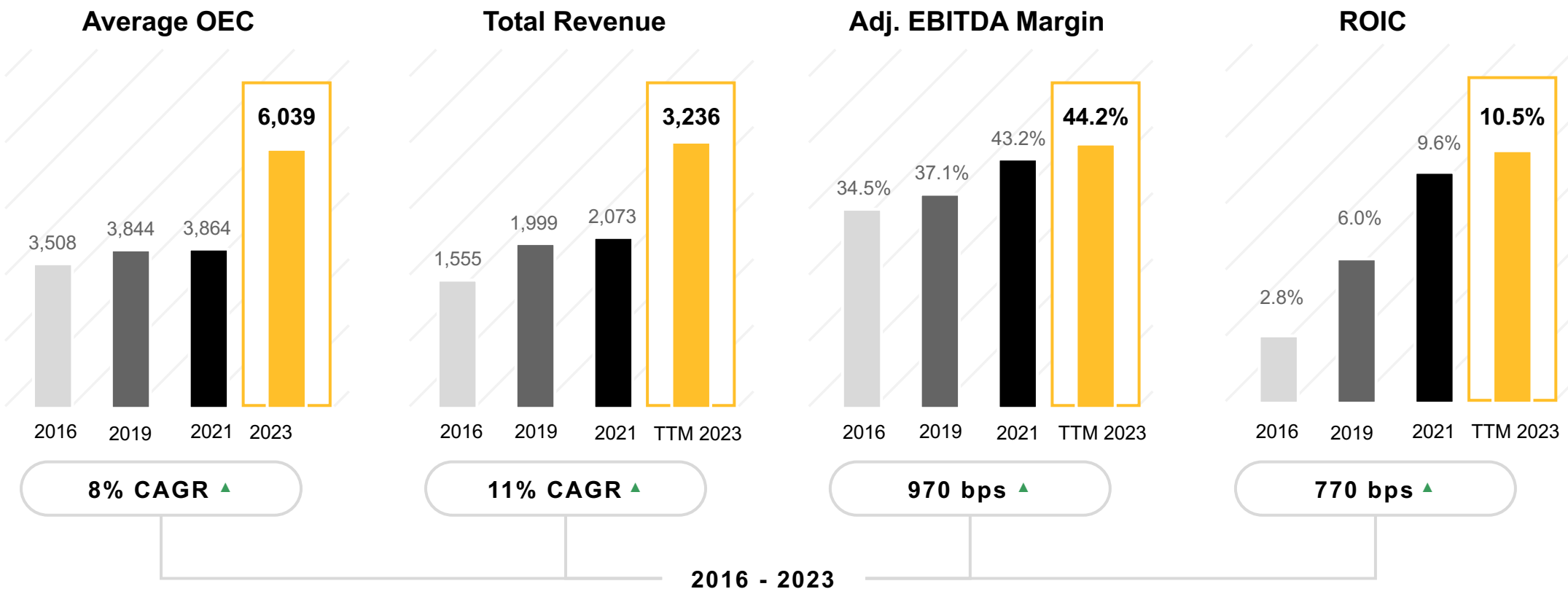
Investments in **innovative customer-facing technology**

Sophisticated **sales and procurement tools**

Data-driven decision making



Building a Track **Record of Growth**



Herc Rentals Today

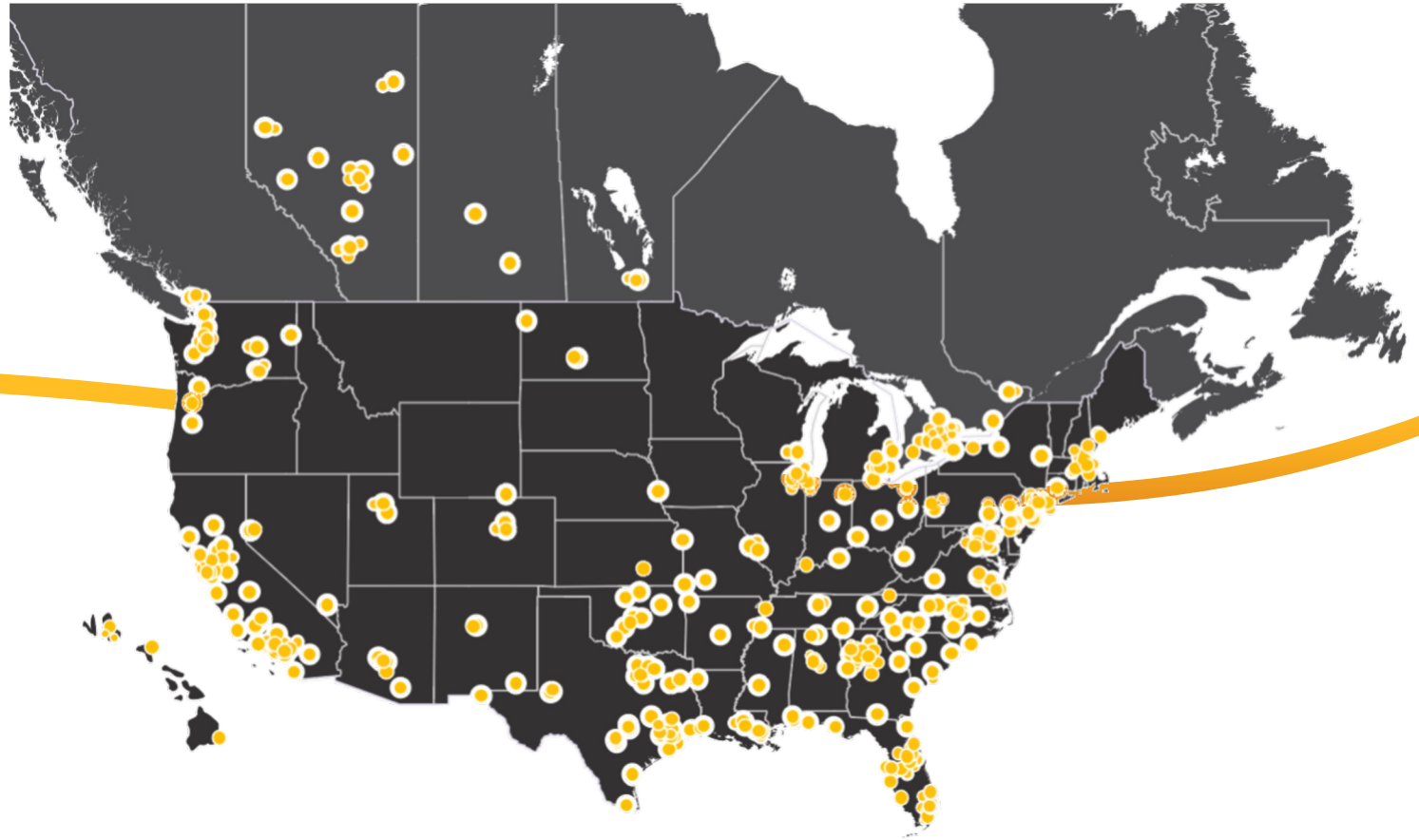
~7,000
Team members

382
Branches

42 States

5 Provinces

58
Years of Business
Founded 1965

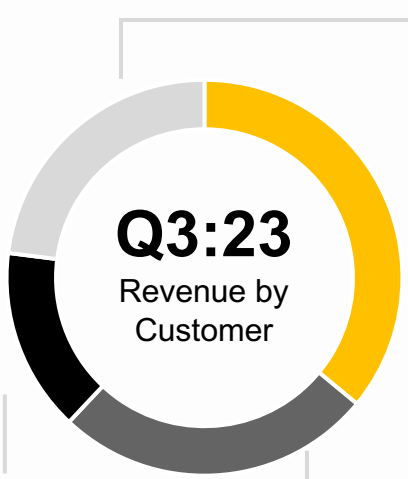


Delivering Value Across Markets and Customers

$3.2+B

Total Revenue[1]

One of the leading equipment rental suppliers in North America



Contractors: **36%**

Industrial: **26%**

Other[2]: **23%**

Infrastructure/ Government: **15%**



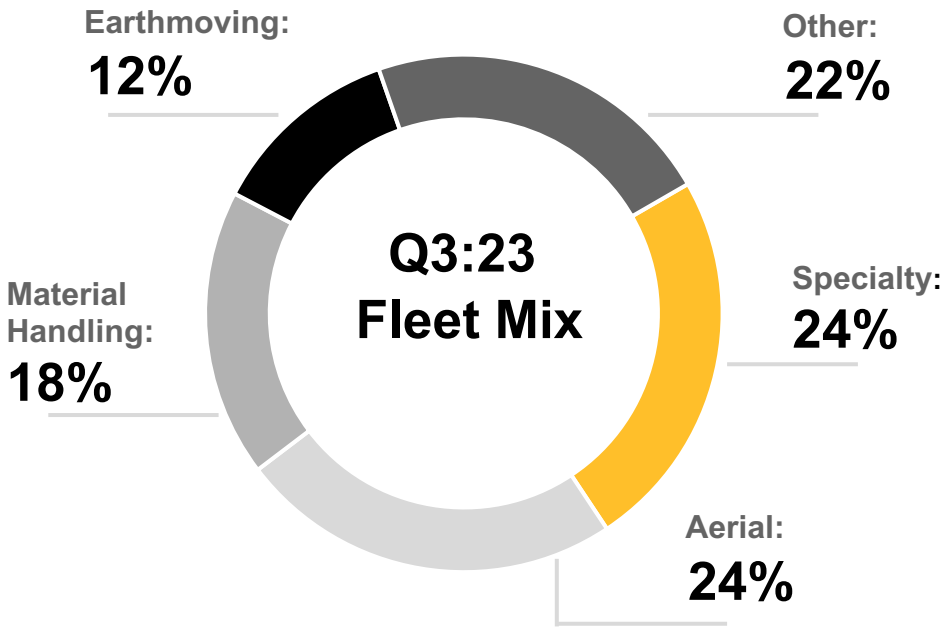
Local: **58%**

National: **42%**

[1] TTM September 30, 2023
[2] Other includes commercial and retail service, hospitality, healthcare, recreation, and entertainment and special events

Driving Customer Engagement with an Expanded Offering

$6.2B **in Fleet (OEC)[1]**



Diversified Mix of Equipment

General Rental:

- Aerial – Elevated Work Platform
- Air Compressors and Tools
- Compaction and Paving
- Concrete and Masonry
- Earthmoving
- Lighting
- Material Handling
- Landscaping

Specialty Rental:

- Pump Solutions
- Trench Shoring
- Power Generation
- Climate Control
- ProContractor Tools
- Floor Care

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[1] Original Equipment Cost based on ARA guidelines, and fleet as of September 30, 2023

How We Win



1 Grow the Core

Increasing fleet and locations in urban markets drives revenue, scale and operating leverage

2 Expand Specialty

Accelerating secular shift from ownership to rental and a service-driven model leads to higher utilization and returns

3 Elevate Technology

Ongoing investment in technology to improve customer experience and operational effectiveness

4 Integrate ESG

Sustainability goals for 2030 underpin broad-based ESG initiatives

5 Allocate Capital

Ability to retain low leverage of 2.0x to 3.0x provides opportunities for investment in fleet growth, M&A, and returns to shareholders

New Operating System Supports **Growth through Continuous Improvement**

Standardized business processes

Continuous improvement

Organizational learning



Easy … to do business with

Expert … at what we do

Efficient … in serving our customers

Launching an interconnected system, efficiently delivering superior customer experiences and consistent, profitable growth

E3OS Will Drive Every Aspect of **Culture and Performance**

Operating Culture

Superior customer experiences powered by a culture of continuous improvement

Operating System

Applies expertise and adopts best practices across the network to achieve consistent, sustainable performance



E3OS is our vehicle to continuously advance:

E3OS
Herc E3 Operating System

- **Branch fitness**
- **Fleet logistics**
- **Fleet availability**
- **Business growth**
- **Customer value**
- **Service excellence**
- **Financial performance**
- **People development**

Macro Trends Driving **Next Decade of Growth**

Federal Stimulus

THE 2022 INFLATION REDUCTION ACT

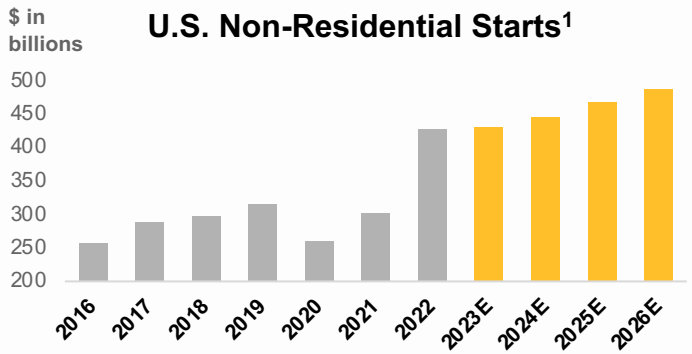
IIJA

Infrastructure Investment and Jobs Act

The CHIPS and Science Act

Reshoring

Reshoring a Boon to Manufacturing Construction



Trend Toward Rental

Top 4 Reasons to **Rent Equipment**

Circular Economy

1. **Avoid a large down payment**, interest rates and monthly payments
2. Rent the **newest and most advanced** technology
3. **No maintenance**, insurance or depreciation costs
4. **No transportation costs** or storage locations needed between jobs

[1] Dodge Analytics U.S. as of Sept 2023

Committed to **Corporate Citizenship**

- **Circular consumption:** Renting instead of buying equipment benefits our customers and ensures maximum utilization of existing resources
- **Light operating footprint:** Reducing energy, carbon, water, and waste intensities
- **Energy efficient equipment:** 38% EV or hybrid fleet with goal of 40% by 2027
- **Worker well-being:** Fostering a positive culture, energizing environment, and job satisfaction for our employees
- **Community support:** Volunteering our time and expertise across a variety of local, non-profit organizations
- **Inclusion & development:** Promoting diversity and career growth through Women in Action and Military Veteran Employee Resource Groups

We equip our customers and communities **to build a brighter future**.

2022: Significant Progress Made and **Being Recognized**

2022 America's
Most Responsible Companies

2022 EcoVadis
Silver Sustainability Rating

Employee satisfaction score
exceeds benchmark

MSCI
'A' Sustainability Rating

Military Friendly
Gold Award 2023

Water intensity
down 17%

12% increase
In average training hours

Non-toxic waste intensity
down 23%

106% increase
in LED lighting installations

Scopes 1 & 2 GHG emissions intensity
down 5%

We are on Track to Meet or Exceed **Our 2030 Goals**

2030 Sustainability Goals

Baseline Year 2019

Reduce Scope 1 & 2 greenhouse gas emissions by 25%

Reduce non-toxic waste to landfill intensity by 25%

Total Recordable Incidence Rate of 0.49 or better





Scale Matters: Playbook for Sustainable Growth

Invest for Scale

Fleet growth

Product line expansion

Network growth (M&A, Greenfield)

Training & Development

Salesforce tools

Leverage Assets and Technology

Purchasing power

Urban market density

Fleet and operational efficiency

Salesforce productivity

Digital transformation

Generate Higher Returns

Reinvest in business

Increase shareholder value

The foundation is set to achieve our **2026 goals….**

Key Takeaways

- **Right people and resources in place**
- **Vision defined by a clear and purposeful strategy**
- **Delivering solutions for customers**
- **Resulting in record levels of net new business**

…while unlocking **future growth.**

Financial Framework

Mark Humphrey

SVP & Chief Financial Officer



2021 Investor Day Targets:
Strong Progress Through Year 2 of 3-Year Plan

Metric	2016 – 2020	2021 – 2024 Organic Targets[1]	2021 – 2023 Organic Results[2]	2021 – 2023 Organic + M&A[2]
Rental Revenue CAGR[3]	3.4%	**12% to 15%**	**17%**	23%
Adjusted EBITDA CAGR	6.5%	**17% to 20%**	**22%**	29%
Adjusted EBITDA Margin Range	33% to 41%	**45% to 50%**	**44%**	45%
Adjusted EBITDA Flow-Through	68%	**60% to 70%**	**46%**	47%
Net Fleet Capital Expenditures	$1.8 billion	**$2.5 to $3.0B**	**$2.1B**	$2.7B
Implied Market Share[4]	3%	**5%**	**4.0%**	4.4%

Key Drivers

- Greenfield locations adding to urban market density
- Fleet growth and mix of equipment to address expanding market
- Broadening end market penetration

[1] 2021 Investor Day Targets
[2] Assumes midpoint of 2023 guidance
[3] Compound annual growth rate
[4] Market share for 2021-2023 periods based on May 2023 ARA forecast

2024-2026 Targets:
Continuing to Drive Growth As We Scale Our Business

Metric	2024 – 2026[1] Organic
Rental Revenue CAGR	**10% to 14%**
Adjusted EBITDA CAGR	**11% to 16%**
Adjusted EBITDA Margin Range	**46% to 49%**
REBITDA Margin Range	**48% to 51%**
REBITDA Flow-through	**55% to 60%**
Net Fleet Capital Expenditures	**$2.8 to $3.7B**
Implied Market Share Growth	**+100 to 200bps**

Increasing scale drives:

- **Revenue growth** that outpaces the market
- **Diversified customer base** reduces cyclicality
- **Purchasing power** with strategic suppliers
- **Market density** resulting in cost absorption and margin improvement

[1] Assumes midpoint of 2023 guidance, excludes Cinelease studio entertainment

Revenue Growth: Outpacing the Market

Base Market Growth

4% ▲

- ARA[1] projects 4% CAGR market forecast for 2024 – 2026[2]
- Herc Rentals' pricing outpaces inflation

+

Share Gain

6 – 10% ▲

- Greenfield openings, 20-30 targeted per year
- Outsized mega project activity
- Retention and expansion of customer base and end markets

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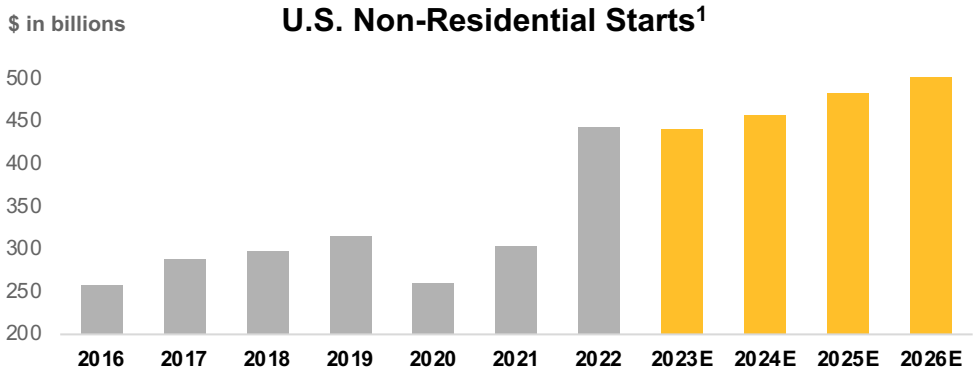
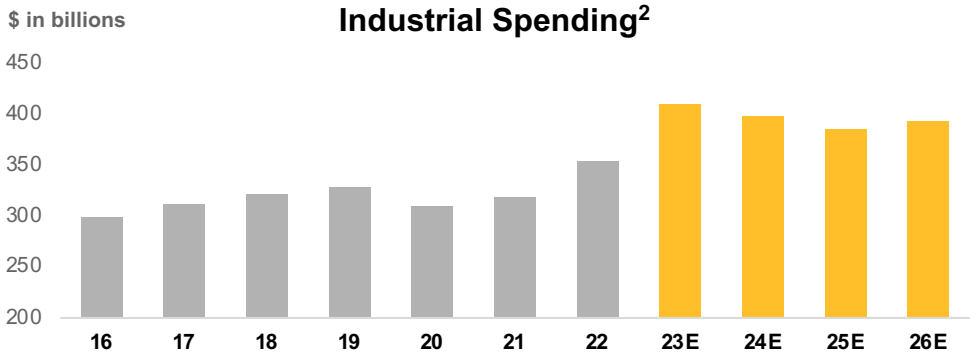
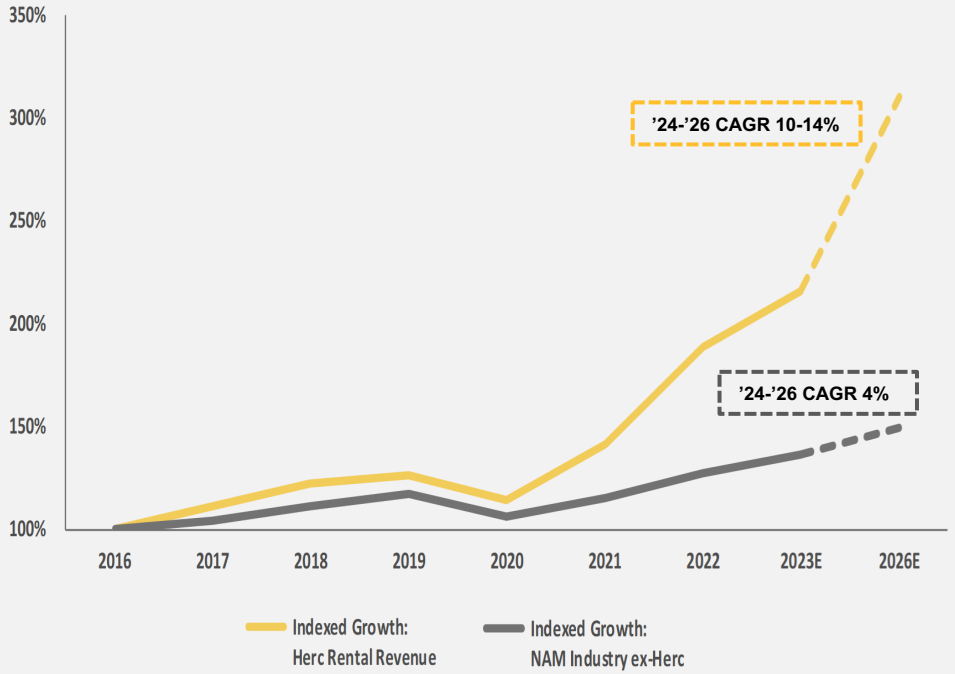
[1] American Rental Association
[2] As of September 30, 2023

Macro Economic Data: Supports Future Base Market Growth





Herc Rentals has grown ~2.6x the Industry Rate[3] and will continue to gain market share



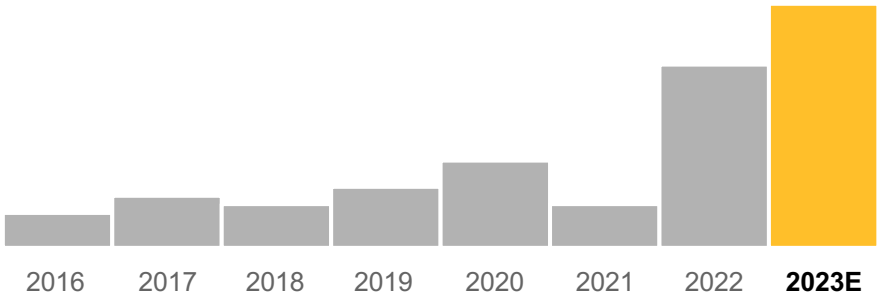
- Non-residential starts and industrial spending bolstered by government stimulus and private investment
- Secular shift continues from ownership to rental
- Mega projects are primarily served by rental companies of scale

[1] Dodge Analytics U.S. as of Sept 2023
[2] Industrial Information Resources U.S. as of October 2023
[3] American Rental Association estimates as of September 2023

Share Gain:
Scaling Through Customer Retention and New Business

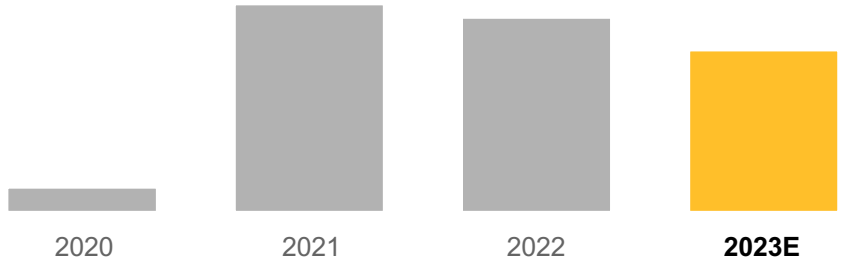
New Greenfield Locations

Targeting 20-30 Openings Per Year



Acquired Branch Locations

Disciplined Approach to a Robust Pipeline



Customer Retention

- National accounts have average tenure of 29 years
- Continued focus on serving local market customers
- Increase in urban market density allows for capture of more customer wallet share with cross selling opportunities

New Business Wins

- Focus on increasing scale in Top 50 markets, and expanding into the Top 100
- Penetration into new end markets
- Mega projects

Mega Project Opportunity:
~$300M Annualized Rental Revenue

Government Stimulus and Private Investment	Equipment Rental Share	Industry Rental Opportunity	✓ Herc Rentals Opportunity
~$350B 2024 estimated project starts greater than $250M	**~2%** of total project spend	**$7B** or ~$2.3B annually over 3-year project life	**~$300M** annualized rental revenue
Government ▪ Infrastructure and Jobs Act ▪ Inflation Reduction Act ▪ Chips and Science Act **Private** ▪ Supply chain relocation to North America ▪ Electrification	**Equipment** ▪ Core fleet supported by specialty offerings ▪ Mix of equipment shifts during each project phase	**Capabilities** ▪ Solutions provider ▪ Safety and sustainability requirements ▪ National footprint ▪ Technology enabled fleet to track productivity and increase capacity	**Capture an average of 10% - 15% of targeted projects** Maintain disciplined approach to ensure equipment availability for local markets and expected high quality Herc Rentals' service 2X-3X our total market share

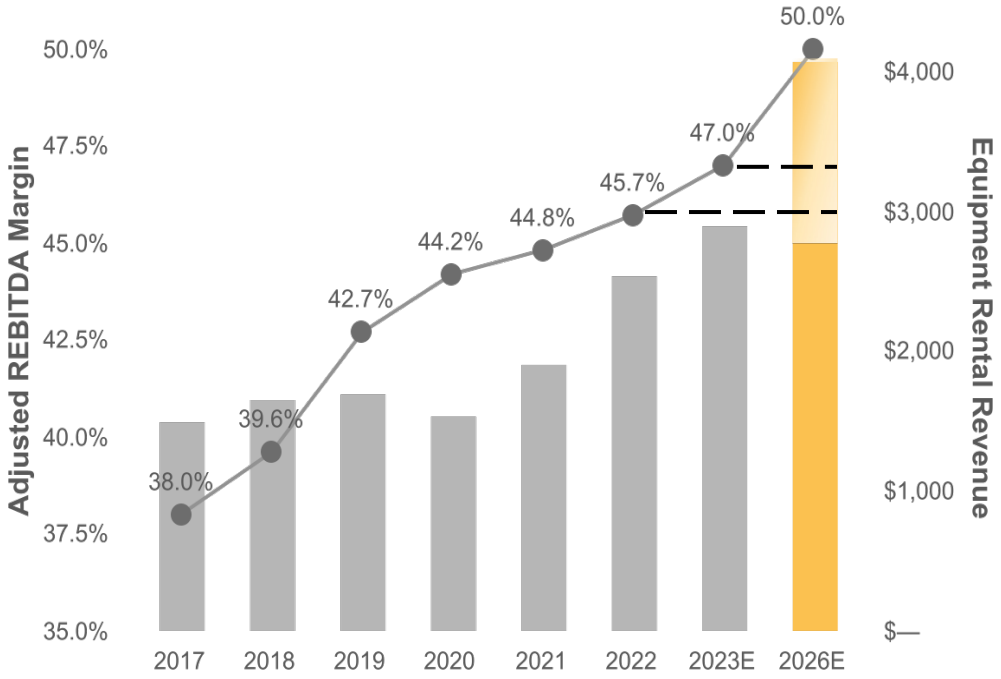
2024-2026:
Focus on Scale and Efficiency for Margin Expansion

Adjusted REBITDA Margin Target 48% to 51%

Operating Leverage	Fleet Mix	Technology	Operational Efficiency	Used Equipment Sales Channel Shift
▪ Benefits of scale ▪ Absorption of fixed costs over higher revenue base	▪ Shift toward higher margin specialty equipment ▪ Diversified end markets	▪ Investment in customer facing technology with ProControl Next Gen ▪ Internal investments to gather, evaluate and deploy data to drive business decisions	▪ Process improvements ▪ Opportunities for ancillary growth	▪ Shifting more sales to higher margin retail and wholesale channels ▪ Technology enabled tools gives sales force better visibility into fleet availability and pricing

Adjusted EBITDA Margin Target 46% to 49%

Raising the Bar on Margin:
Margin Preservation Through Economic Cycle



Downside Scenario Assumptions

- 7% revenue reductions in both 2024 and 2025 years
- Revenue recovery in 2026 market fundamentals
- Investments in 2026 return as industry begins new cycle

REBITDA Margins Preserved Through

- Capex reduced and fleet aged
- Increased fleet disposals
- M&A allocation paused
- Right sizing the organization

Reduction in Variable Spending:

- Outside hauling
- T&E
- Overtime
- Commissions tied to revenue

Margins are **preserved at ~2022/2023 levels** creating a higher trough as new cycle begins

Key Takeaways

The foundation is set to achieve our **2026 goals….**

- **Revenue Growth Outpacing the Market**
- **Increasing Density through Greenfields and M&A**
- **Strategic Mega Project Participation**
- **Scaling to Expand Margins**

…while unlocking **future growth.**

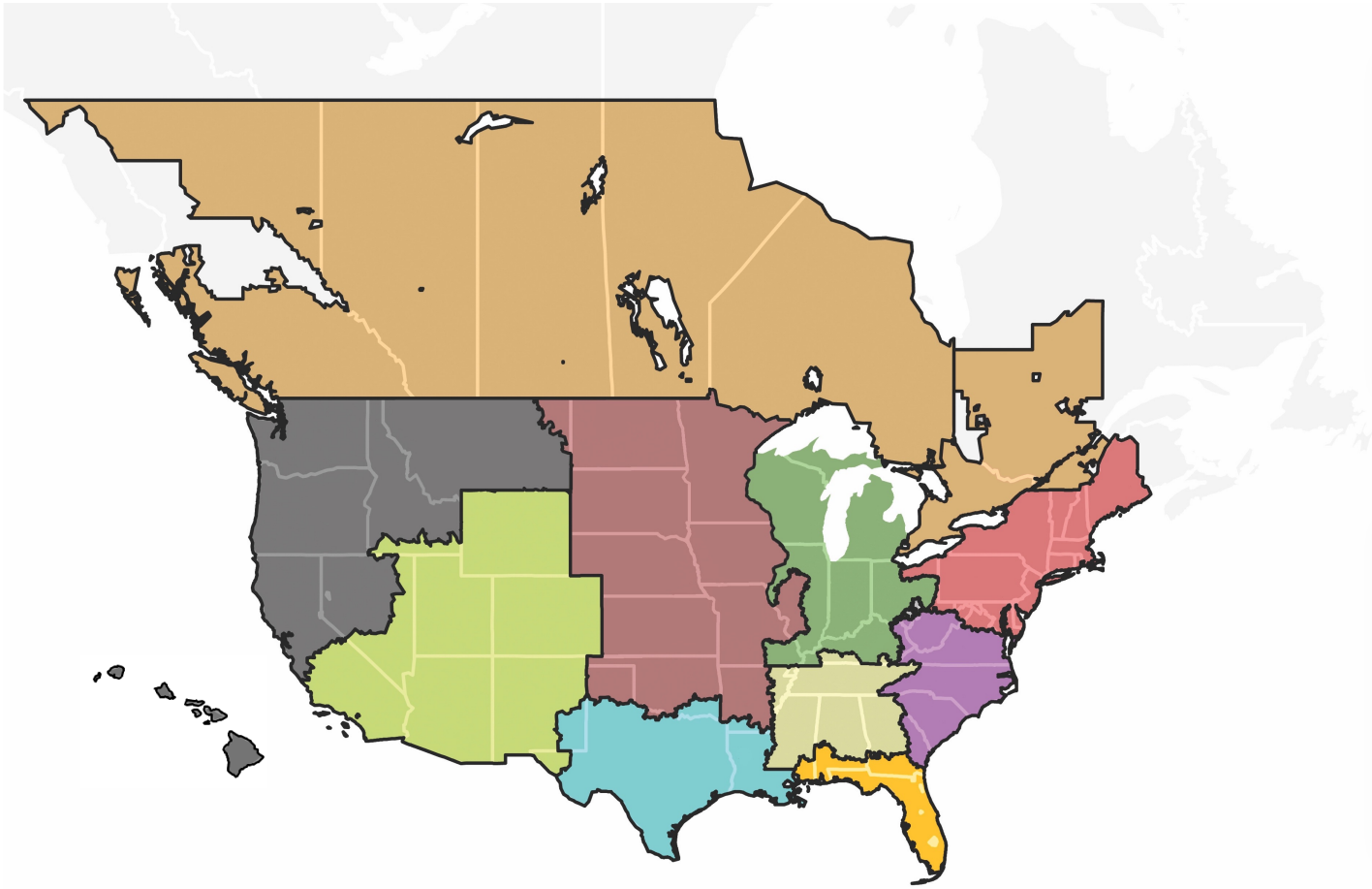
Delivering Above-Market Growth

Aaron Birnbaum

SVP & Chief Operating Officer



Management Team of Industry Veterans



10 Regions

Region Vice Presidents' average experience:

- 26 years within industry
- 23 years with Herc Rentals

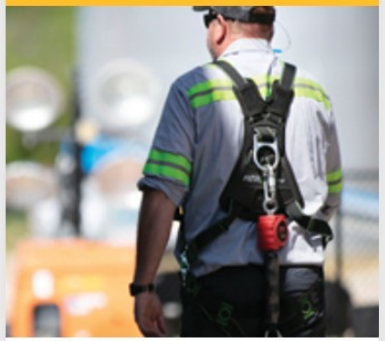
Field Support Center

Senior functional leaders average experience:

- 26 years within industry
- 17 years with Herc Rentals

Herc Rentals' Competitive Advantages

Safety



Leading safety culture with commitment to employees and customers

Fleet



Large broad diversified fleet **providing quality products** from premium vendors

Culture



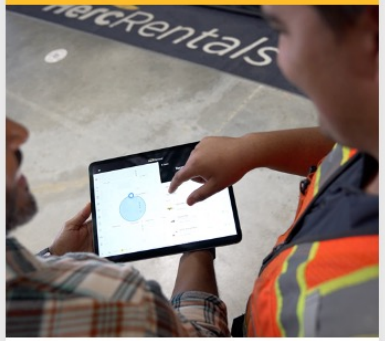
Strong team provides solution, consultation and support

Expertise



Broad & diversified customer base with experience across all customer end markets

Technology



Customer-facing technology enabled fleet management and onsite project expertise

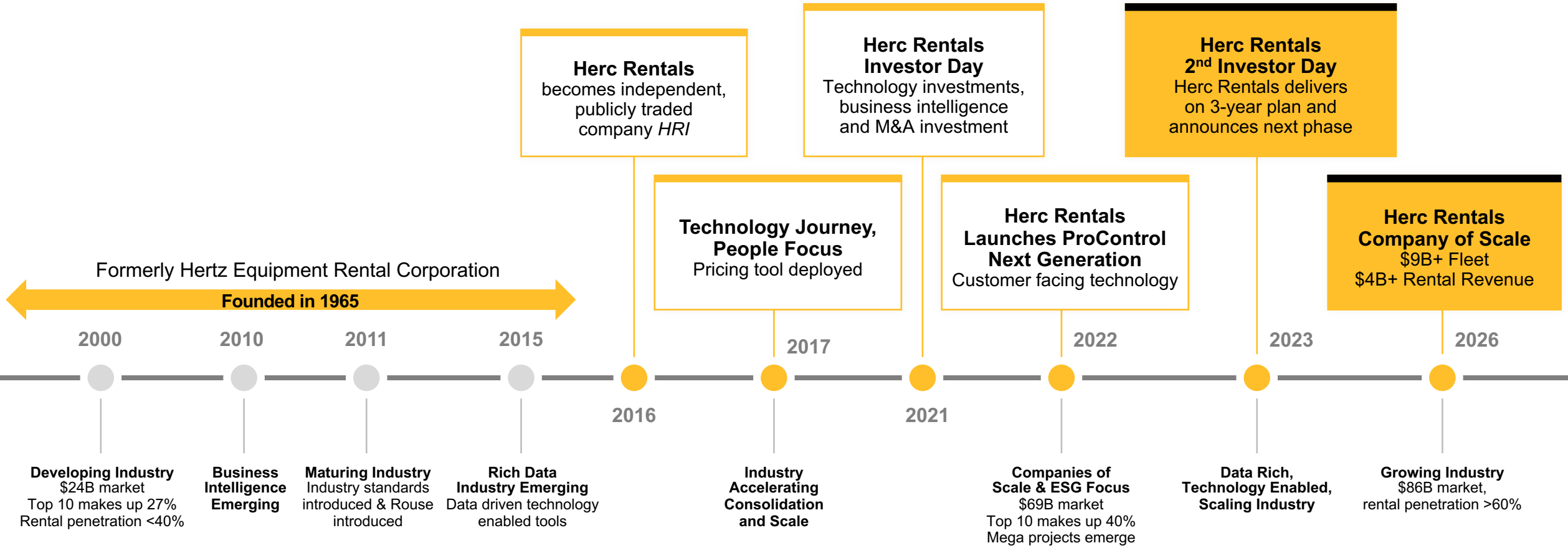
Business Intelligence



Data driven & technology enabled internal tools to **optimize performance**

Large network of locations with operating leverage for growth

Dynamic Industry **Favors Scale**

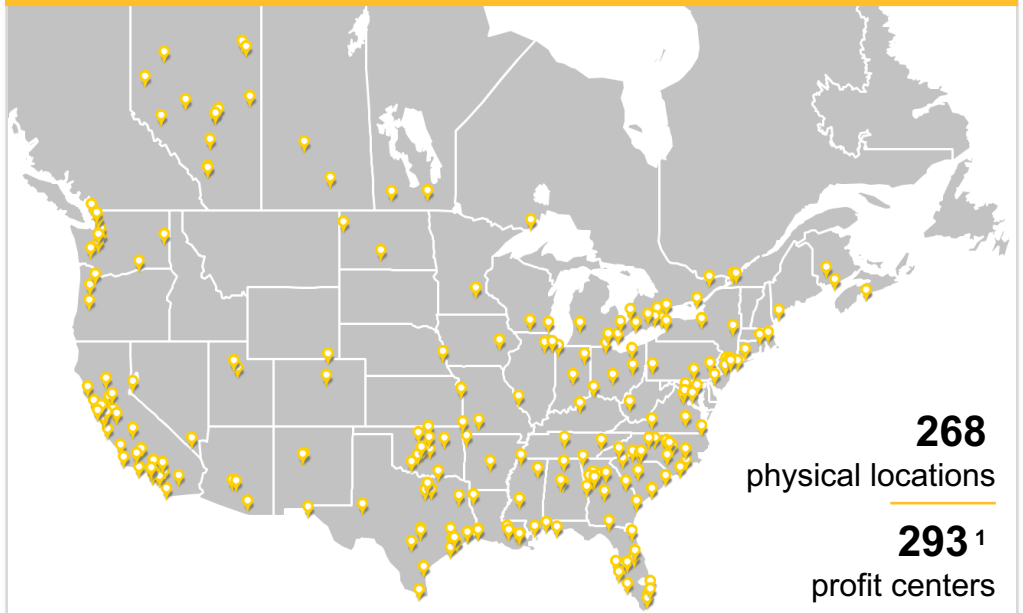


Driving Revenue Through **Strategic Investments**

1. **Branch Network Growth**
2. **Fleet Investments**
3. **Customer Vertical Expansion**
4. **Sales Capabilities**
5. **National Accounts & Mega Projects**
6. **Technology**

1 Branch Network Growth: Building for Scale

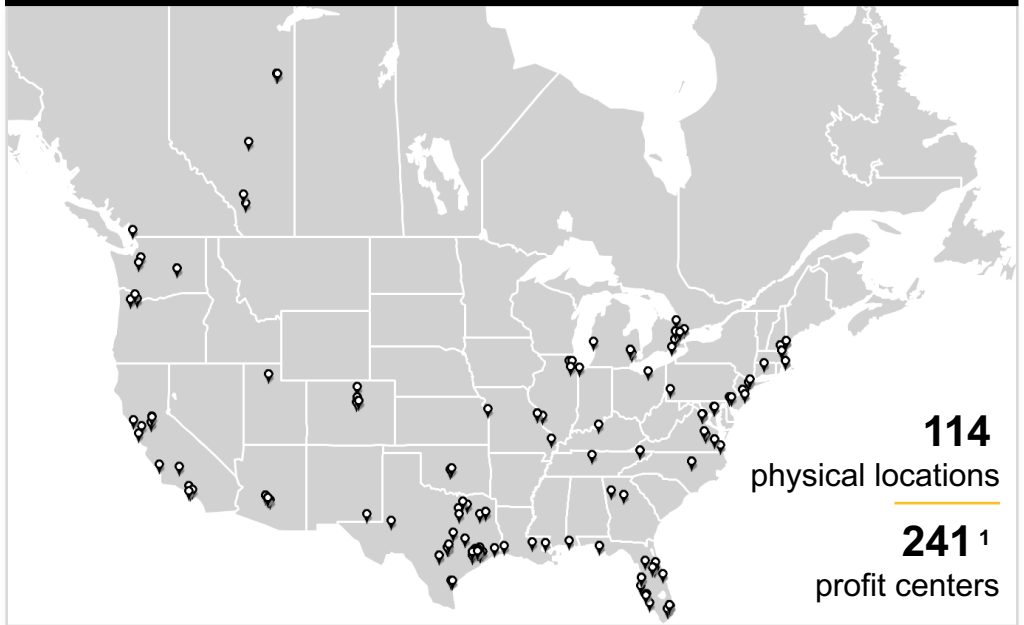
Business At Spin (2016)



268 physical locations

293 [1] profit centers

Expansion Locations Since Spin



114 physical locations

241 [1] profit centers

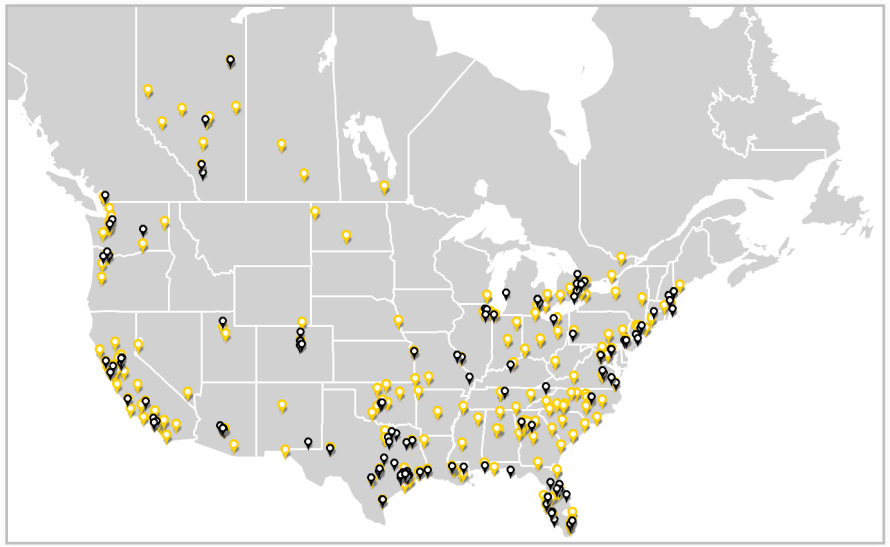
382 Physical Locations with **534 Profit Centers** Highly Concentrated in the **Top 50 Markets**

[1] Profit Centers: Unique business operations; i.e., Classic, ProSolutions, Trench Solutions, Flooring, Truck

1 Branch Network Growth: Expanding Through M&A and Greenfields

Current State 2023

New Locations Legacy Location



382 physical locations | 534 profit centers

	M&A	Greenfields
Strategy	**Target top 100 markets** and be opportunistic to add specialty locations across the network	**Target top 100 markets** and geographies that fill gaps to leverage network affect
Scope	**Target of ~$500M** in capital spend annually	**Target 20-30** per year
Benefit	**Urban Market Growth** to build scale through locations, talent, fleet, and customers **93%** employee retention **85%** are new HRI customers	**Optimally serve market opportunities** by expanding footprint to drive scale
Core Competency	**Proven integration process** around technology, people, fleet, customer, facility and finance	**Robust site identification & development process**

2 Fleet Investments



- Growing the Core
- Specialty
- Greenfield & M&A
- Mega Projects
- Technology

2 Fleet Investments: Life Cycle Management

Business Intelligence Tools Integrated

Fleet Planning	Fleet Acquisition	Fleet Operations	Fleet Distribution	Fleet Disposal
Define **optimal fleet mix**, rotation & incremental adds to drive yield & performance	Acquire **quality products** from premium vendors	**Improve utilization** & minimize operating costs	**Demand based** distribution model "Hot Hand"	**Multi-channel** used equipment strategy

Enhancing Returns By Diversifying Equipment Mix



Walk-Behind Floor Scrubber

OEC[1] = $9,800
Time Ute[1] = 50%
Rental Rate = $1,800
$ Ute[1] = 110%



1-Ton Spot Cooler

OEC[1] = $3,000
Time Ute[1] = 35%
Rental Rate = $950
$ Ute[1] = 133%

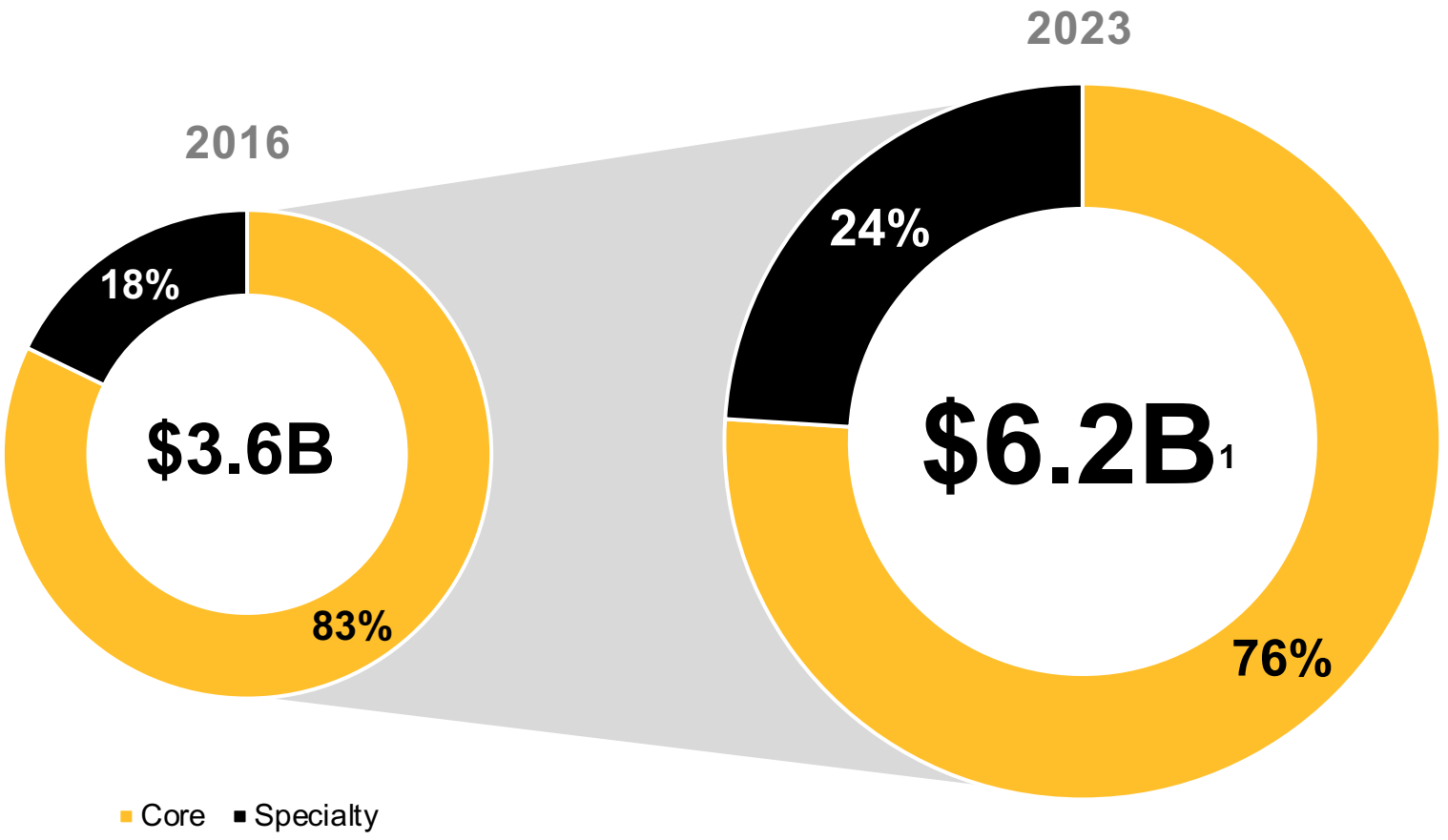


Crawler Loader

OEC[1] = $40,000
Time Ute[1] = 65%
Rental Rate = $2,750
$ Ute[1] = 54%

[1] See definition in appendix

2 Fleet Investments:
Growth Across All Fleet Categories



Rental Revenue Growth of **110%**

On Fleet Growth of **72%**

[1] Original Equipment Cost based on ARA guidelines, and fleet as of September 30, 2023

3 Customer Vertical Expansion: Diversifying for Resilience & Opportunity

Diversified Customer Base to be more Recession Resilient

Herc Rentals' Customer & Project Reach

Construction (36%)

- Electrical
- General Contractors
- Mechanical
- Remediation & Environmental
- Residential
- ***Restoration***
- ***Specialty Contractors***

Industrial Facilities (26%)

- Agriculture
- Chemical Processing
- Industrial Manufacturing
- Metals & Minerals
- Oil & Gas Production
- Oil & Gas Pipeline
- Oil & Gas Refineries
- Pharmaceutical
- Power
- Pulp. Paper & Wood
- Shipbuilding/Yards
- ***Aerospace***
- ***Alternative***
- ***Automotive/EV***
- ***Energy/ Renewables***
- ***Food & Beverage***

Infrastructure & Gov. Direct (15%)

- Airports
- Bridge
- Federal Government
- Local & State Government
- Military Base
- Prisons
- Railroad & Mass Transportation
- Streets, Road &Highway
- Sewer & Waste Disposal
- Water Supply & Distribution
- ***Utilities***

Commercial Facilities (15%)

- Banks
- Casinos
- Hospitality (hotel & motel)
- Parking Garages
- Religious Building
- Retail Facilities
- ***Commercial Warehousing***
- ***Education***
- ***Facility Maintenance***
- ***Healthcare***
- ***Data Centers***

Other (8%)

- Sporting Events
- Theater
- TV, Film & Radio
- Homeowners
- ***Live Events***

Herc Rentals is Well Positioned with Current Trending Opportunities



EV/Battery



Chip Plants



Data Centers



LNG Plant



Renewables



Utilities



Healthcare



Infrastructure

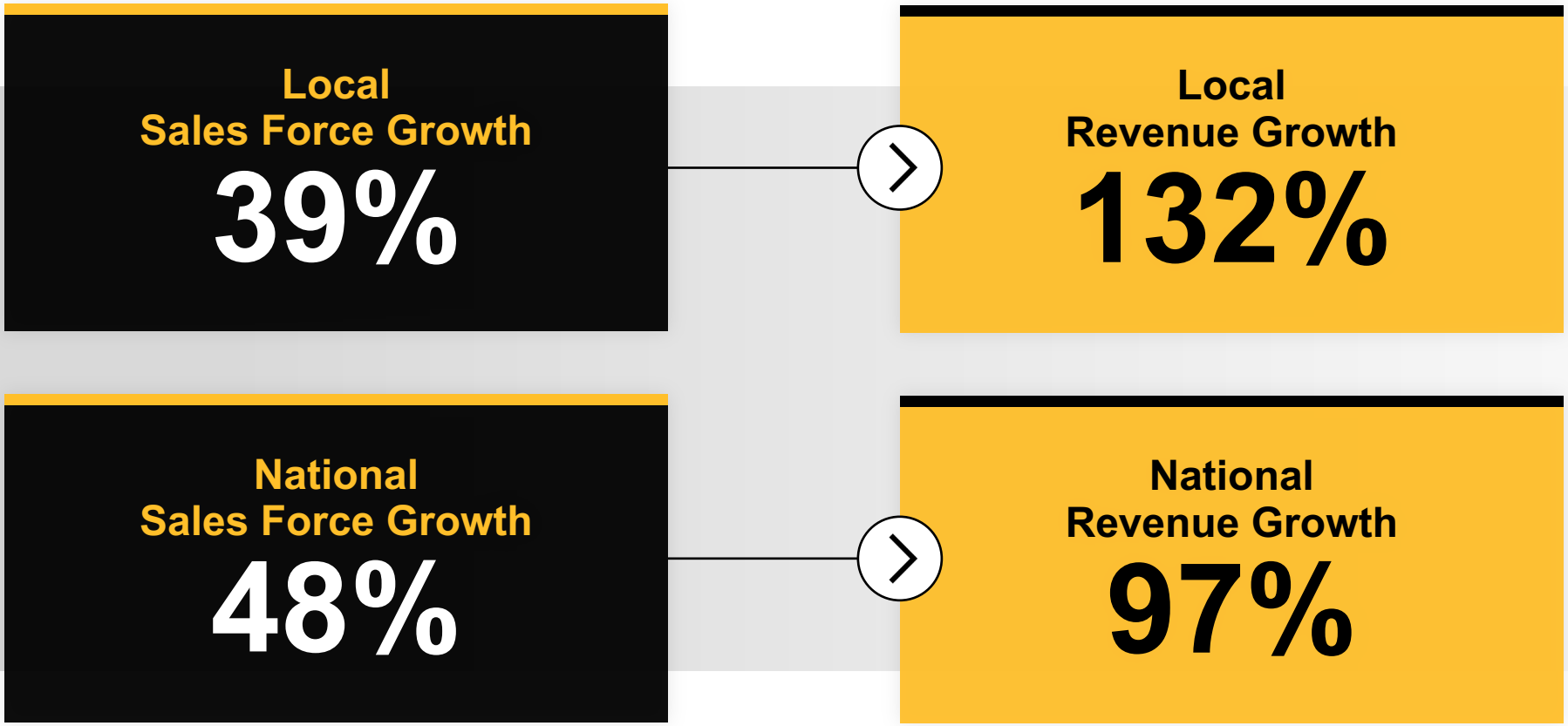
4 Sales Capabilities:

A Well-Equipped Sales Force Enables Us to Build Local Relationships



- **Black & Gold Academy**
- **Professional Sales Training**
- **Go-To-Market Strategy**
- **Territory Optimization**
- **Technology Enabled Tools**

4 Sales Capabilities:
Investments in Teams, Training and Tools Drive Growth



Note: Growth rates for the period from 2016 to 2023E

5 National Accounts & Mega Projects: Capabilities Matter on Large, Complex Projects

29 Average Tenure Years

National Account Service Capabilities



Large, **complex project** management



Mega **project solutions** & fleet management



Customer vertical **focused for expertise**



Professional fleet management & customer facing technology



Customized solutions, ordering, pricing, billing & hyper care support



Customer consultation to **drive customer efficiency**

5 National Accounts & Mega Projects: Well-Positioned Network for Outsized Market Growth

Mega Project Strategy

Strategically managing opportunities while **staying disciplined** to our local market strategies

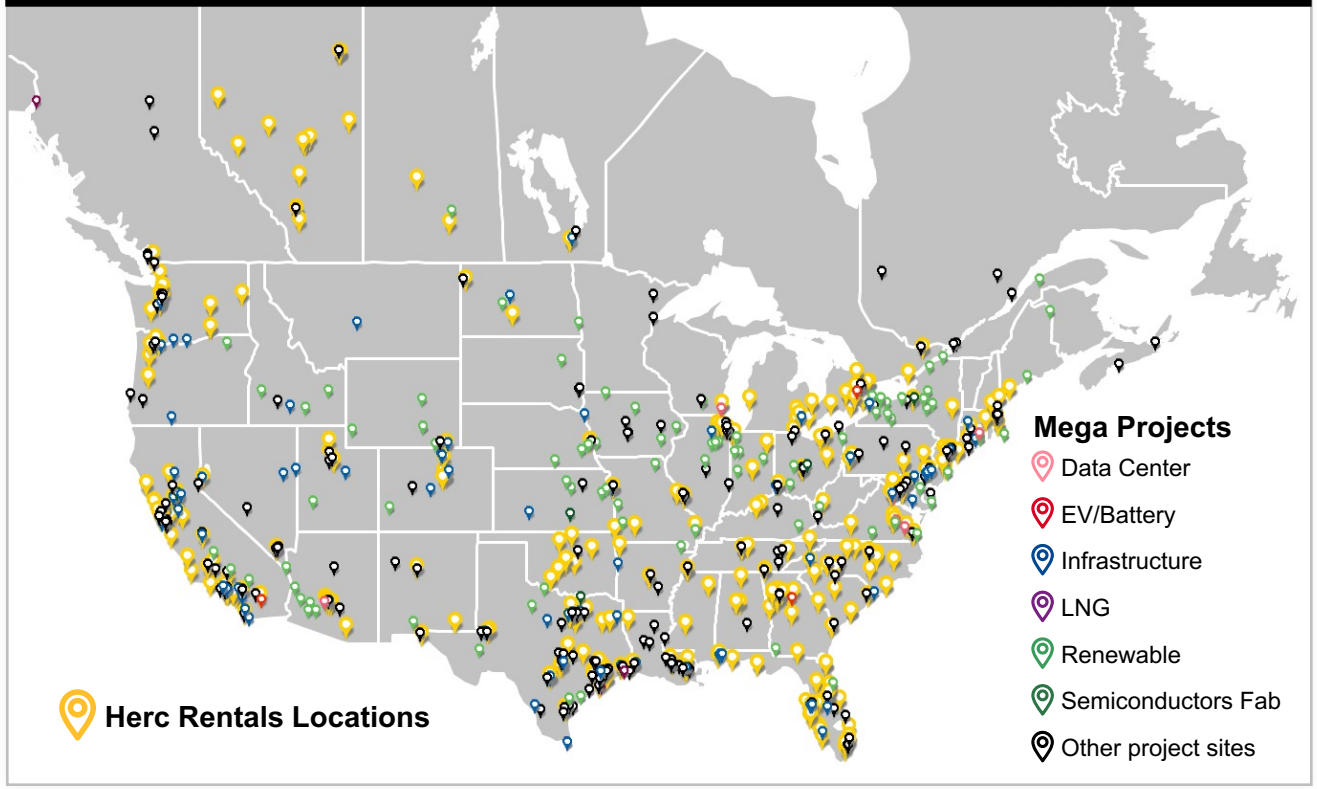
Herc Rentals' branch footprint **well positioned** for mega opportunities

Expecting **2-3x** higher market share in projects where we participate

Strategically targeting a balanced focus on national and local accounts

Primary, secondary and transactional positions **based on contractor sourcing strategy**

2024-2025 Planned Project Starts



5 National Accounts & Mega Projects: A Sampling of Activity



EV OEM & Battery Plant

Project Length:	3 Years
Percent Completed:	15%
Construction Value:	$10B
Expected Total Rental Opportunity:	$200M
Fleet On Rent:	$12M OEC

HRI Position: Transactional — no primary awarded, GC/vendors selected their trusted rental providers
HRI Value Proposition: Local sales relationship, quality and depth of fleet and ability to respond to demand



Data Center

Project Length:	18 months initially + expansion
Percent Completed:	5%
Construction Value:	$500M
Expected Total Rental Opportunity:	$10M
Fleet On Rent:	$1M OEC with $20M reserved for delivery

HRI Position: Awarded primary on-site
HRI Value Proposition: National sales relationship, large fleet and serviceability



LNG Capital Project

Project Length:	5 years
Percent Completed:	20%
Construction Value:	$10B
Expected Total Rental Opportunity:	$200M
Fleet On Rent:	$16M OEC

HRI Position: Transactional — primary awarded (not Herc Rentals)
HRI Value Proposition: Local sales relationship, quality and depth of fleet, specialty solutions acumen and ability to purchase fleet for demand



Chip Manufacturing Plant

Project Length:	3 years initially + expected growth
Percent Completed:	40%
Construction Value:	$15B
Expected Total Rental Opportunity:	$300M
Fleet On Rent:	$18M OEC

HRI Position: Transactional — primary awarded (not Herc Rentals), sub-contractors choose their provider
HRI Value Proposition: Local sales relationship, quality and depth of fleet and specialty solutions acumen. Key relationship with Herc Rentals' M&A purchase

6 Technology: Digital Tools Enhance Sales Effectiveness

Herc Rentals Proprietary Systems

ProControl NextGen™

Optimus

on the go Logistics Version 4.0

Customized Digital Tools

salesforce

TELEMATICS

Qlik

Optimizing **Operational Efficiency**

1. **Market Density Benefits**
2. **Comprehensive Logistics Management**
3. **Strategic Used Equipment Channels**
4. **Technology: ProControl Next Gen**
5. **E3OS Operating Model**

1 Market Density Benefits

Higher REBITDA Margin

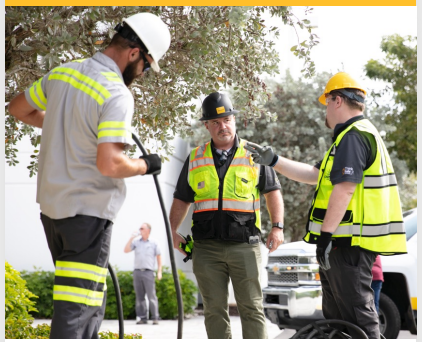
Higher Dollar Utilization

Operational Efficiencies

Specialty Synergies

2 Comprehensive **Logistics Management**

Safe Practices



New vendor partners to **increase safety, efficiency** and sustainability

Recruitment



Recruiting to fill capacity gaps & reduce single day outside hauler costs

Optimization



Centralized large-market logistics optimization

Logistics Tools



Technology enabled on-the-go

Delivery Service Revenue



Integrated delivery rate guidance & business controls

3 Strategic **Used Equipment Channels**



Proprietary Used Equipment Sales Apps

Search Engine Optimization

Targeted Marketing

Organic Go-To-Market Expertise

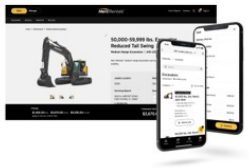
Optimal Life Cycle Management

Channel Mix (Retail / Wholesale / Auction)

4 Technology: ProControl NextGen



Critical data insights at your fingertips or scheduled



Browse and rent equipment anytime from anywhere



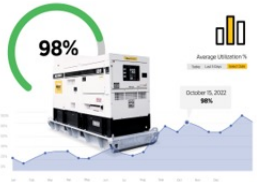
Comprehensive fleet management for equipment and jobs



Remote control access to turn your light towers on and off

ProControl™ NextGen

Real-time utilization and diagnostics to improve efficiency



Live tracking of fleet deliveries and pickups to grant access



Power to log or initiate service calls to reduce downtime and status tracking



Geo-fencing reporting





HercRentals®

5 E3OS Operating Model

EASY
E3
Operating System
EFFICIENT
EXPERT

To ensure **the optimal customer experience** at every potential touch point



Key Takeaways

The foundation is set to achieve our **2026 goals….**

- **Growing Operating Scale**
- **Strategic Fleet Investments**
- **Disciplined Go-to-Market Strategies**
- **Ongoing Investment in People and Tools**

…while unlocking **future growth.**

Capital Allocation Priorities

Mark Humphrey

SVP & Chief Financial Officer



Balanced and Disciplined: Capital Allocation Priorities



Invest for Organic Growth

Invest in growth through the disciplined use of capital to facilitate new business wins and drive results in existing and greenfield locations



Strategic M&A

Pursue strategic opportunities with attractive returns and synergies



Dividend

Committed to quarterly dividend with future growth in line with long-term business performance



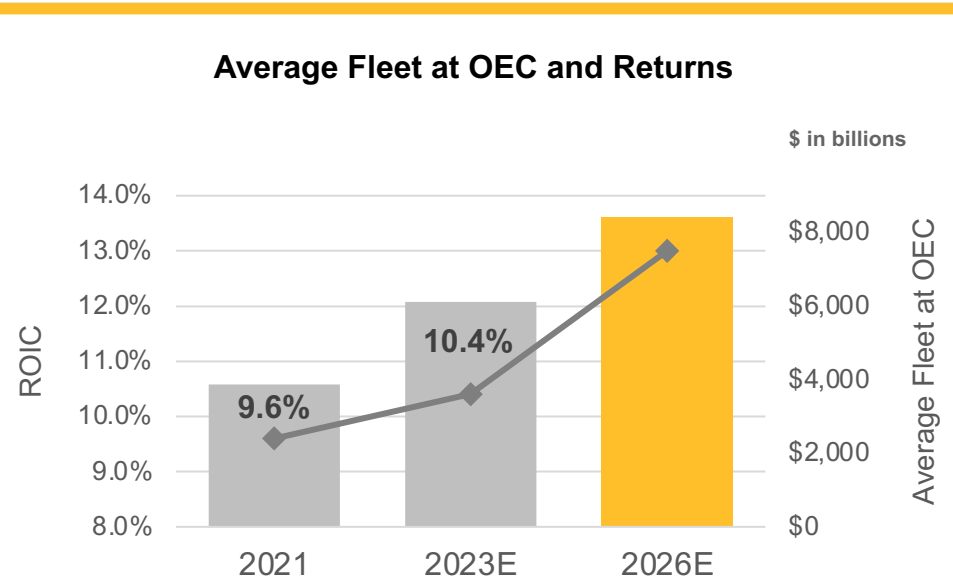
Surplus Capital

Deployed for additional fleet capex investment, M&A activity, greenfield opportunities or share repurchase

Target leverage range through the cycle of **2.0x to 3.0x**

Investing Into the Cycle:
Targeting Ongoing ROIC Expansion

- Focus on growing the core and increasing specialty product lines
- Improve operating leverage through network of existing locations with current capacity to add $1.5 billion of fleet, resulting in improved flow-through
- Return on Invested Capital expands



Investing for growth, improving leverage and driving expanding returns on invested capital

2024 to 2026 Free Cash Flow Scenarios:
FCF Driven By Investment Plans

1 Outsized Market Growth; HRI Target

$2.8 to $3.7B
Net Fleet Cap Ex

10% to 14%
Revenue Growth

Neutral to $500M
Free Cash Flow

2 Double Market Growth[1]

$2.0 to $2.5B
Net Fleet Cap Ex

6% to 8%
Revenue Growth

$900M to $1.2B
Free Cash Flow

3 Pessimistic Scenario

$1.0 to $1.4B
Net Fleet Cap Ex

0% to 2%
Revenue Growth

$1.4 to $1.8B
Free Cash Flow

Scaling for Sustainable Growth

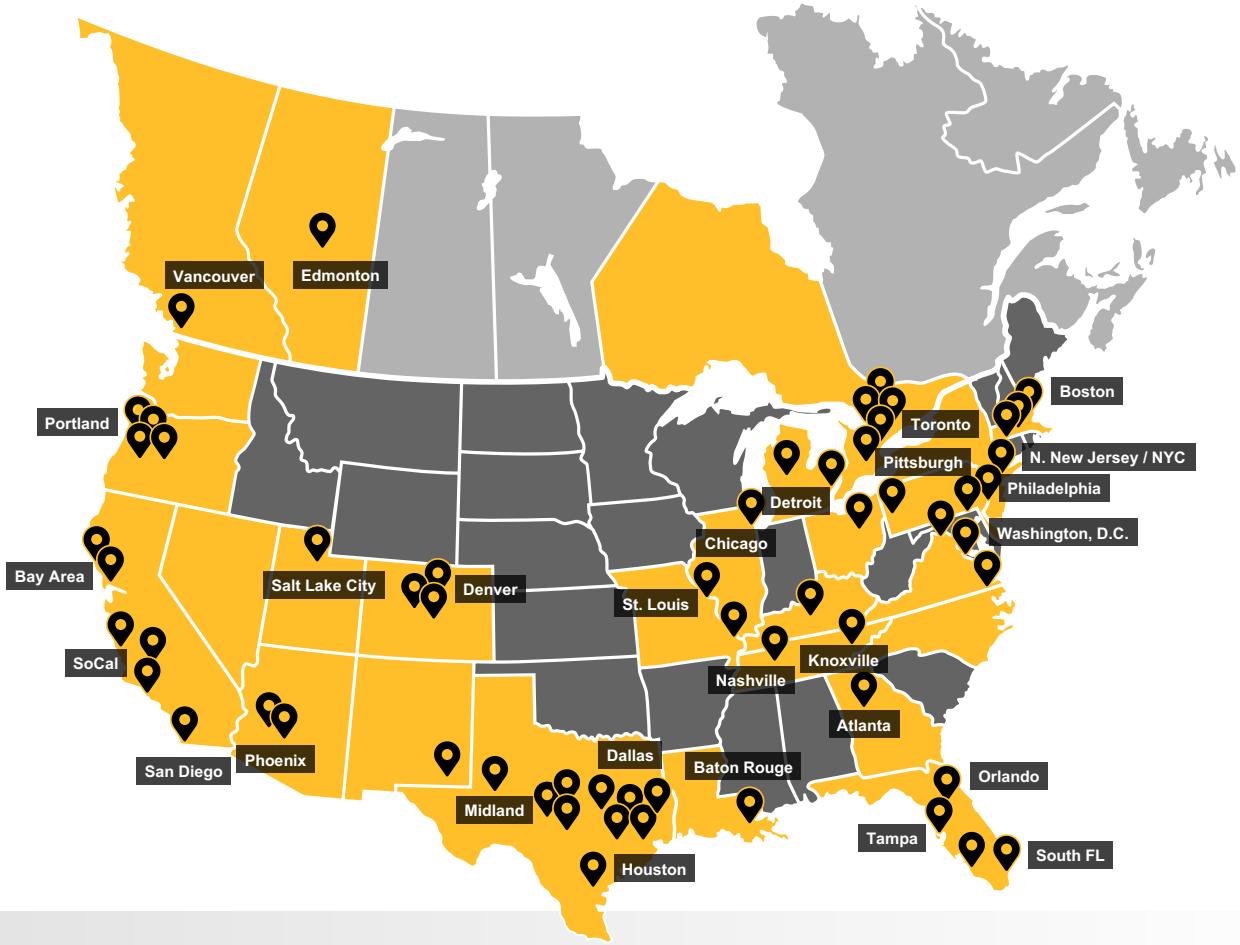
Equipment Rental Industry has a Counter-Cyclical Free Cash Flow Model

[1] Based on ARA forecast as of September 30, 2023

M&A Journey to Date: Consolidating a Fragmented Market

Our Acquisition Strategy

- ☑ Build out footprint in Top 100+ markets
- ☑ Improve $ utilization through increased density and cross selling to a new customer base
- ☑ Acquire real estate, talented workforce, local customer relationships and fleet



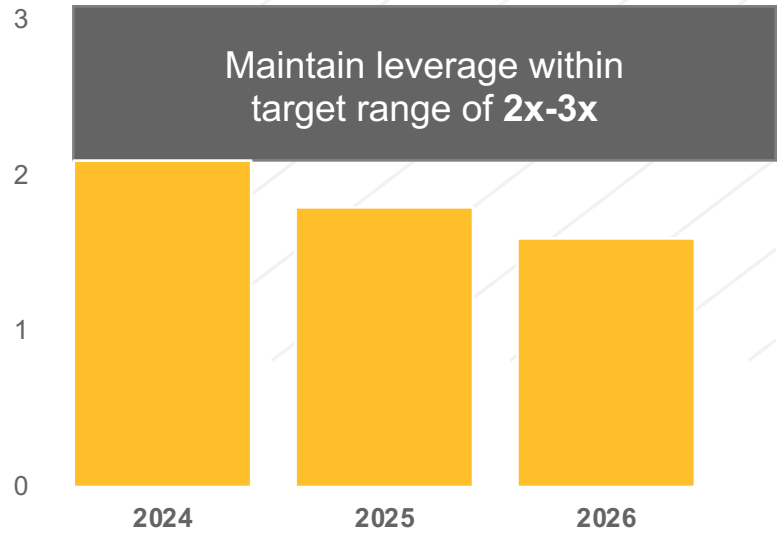
Targeting M&A of ~$500M per year

Our Progress: December 2020 To Date

$1.3B	$990M	81	Acquisition multiple of	Average synergized multiple of
invested	in Fleet at OEC	locations acquired	~5.5x EBITDA	3.5x-4.5x EBITDA

Opportunity to Invest:
Maintaining Leverage and Liquidity

Expected Organic Leverage[1]



Opportunistic Use of Surplus Capital

- **Invest in Fleet**
- **Increase M&A Activity**
- **Additional Greenfield Opportunity**
- **Share Repurchases**

[1] Net leverage ratio is calculated as net debt divided by adjusted EBITDA for the trailing twelve-month period

Key Takeaways

The foundation is set to achieve our **2026 goals….**

- **Investing for Above-Market Growth**
- **Disciplined Leverage**
- **Strategic M&A**
- **Return to Shareholders**

…while unlocking **future growth.**

Key Takeaways/ Q&A

Larry Silber

President & Chief Executive Officer



2026: Key Takeaways

Focused Business

- Commitment to culture
- Tenured, deep management team
- Track record of execution
- New operating system for agile growth

Multiple Drivers for Growth

- Large and attractive markets
- Significant secular and stimulus demand
- Best-in-class customer experience
- Expansion in urban markets

Enhancing Margins

- Digital focus
- Expansion of specialty equipment
- Pricing excellence
- Operating leverage

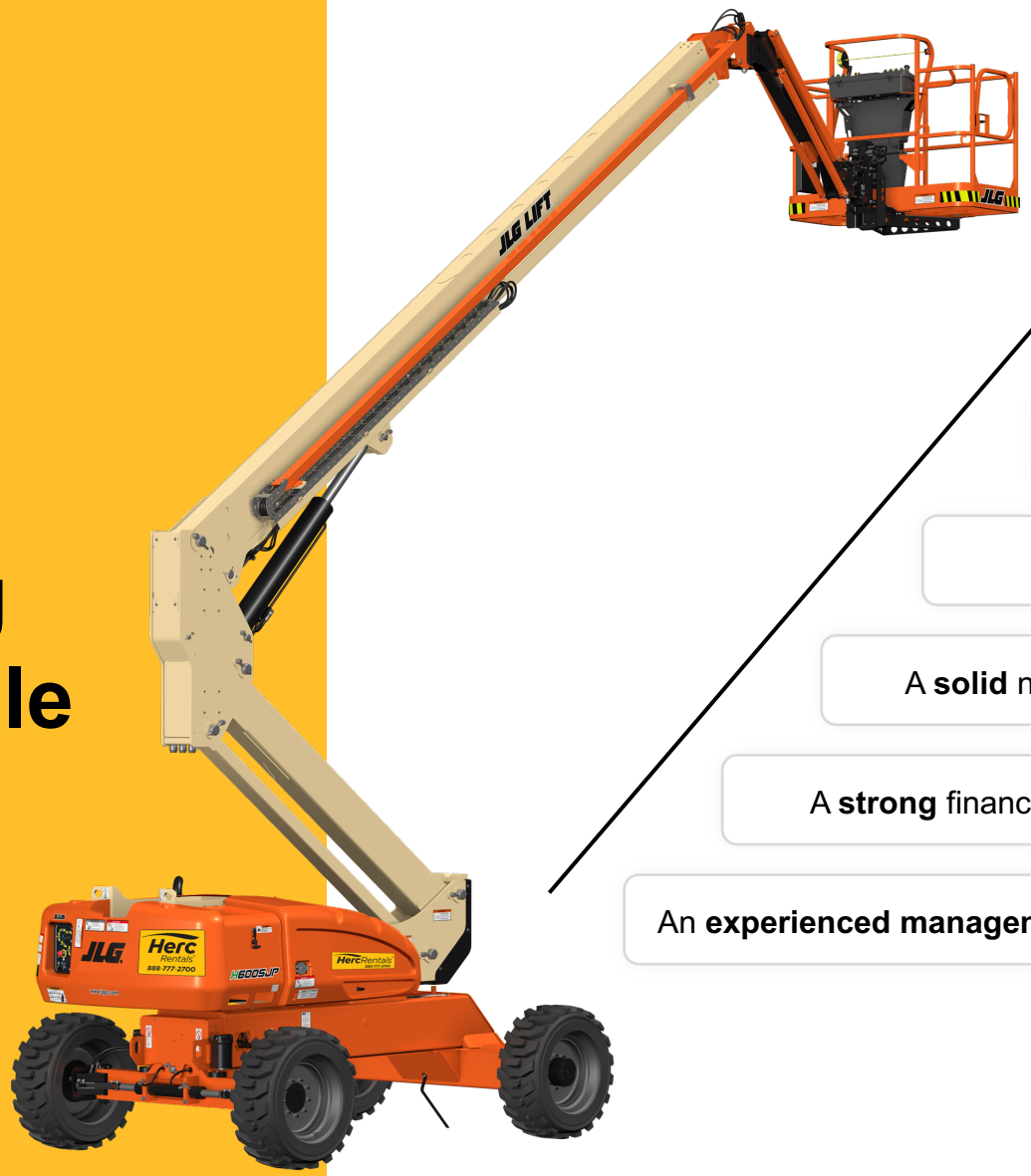
Strategically Deploying Capital

- Strong balance sheet
- Increasing fleet investments
- M&A and greenfield opportunities
- Actively returning capital to shareholders

Q&A

HercRentals®

Unlocking Sustainable Growth



- A **customer focused** approach
- A **diversified** product line
- A **flexible** fleet plan
- An **agile** operating system
- A **clear** business strategy
- A **solid** network infrastructure
- A **strong** financial foundation
- An **experienced management** team

Scale Matters

Appendix

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).

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

Dollar Utilization: Dollar utilization is an operating measure calculated by dividing equipment rental revenue (excluding re-rent, delivery, pick-up and other ancillary revenue) by the average OEC of the equipment fleet for the relevant time period, based on ARA guidelines.

Time Utilization: Time utilization is the time an equipment unit is on-rent divided by the total time available. Fleet-wide time utilization is weighted by OEC and is a measure of fleet efficiency expressed as a percentage of time the fleet is on-rent.

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.

Return on Invested Capital (ROIC): is defined as after-tax operating income for the trailing 12 months divided by average stockholders' equity, debt and deferred taxes, net of average cash. To mitigate the volatility related to fluctuations in the company's tax rate from period to period, the U.S. federal corporate statutory tax rate of 21% was used to calculate after-tax operating income.

Adjusted EBITDA and Adjusted REBITDA Quarterly Trend

$ in millions	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
Total Revenues	**$568**	**$640**	**$745**	**$786**	**$2,740**	**$740**	**$802**	**$908**
Less: Sales of rental equipment	28	19	21	57	125	71	83	124
Less: Sales of new equipment, parts and supplies	8	9	10	9	36	8	10	11
Equipment rental, service and other revenues	**$532**	**$612**	**$714**	**$720**	**$2,579**	**$661**	**$709**	**773**
Net income	**$58**	**$73**	**$101**	**$98**	**$330**	**$67**	**$76**	**$113**
Income tax provision	9	25	34	35	104	8	27	33
Interest expense, net	23	25	33	41	122	48	54	60
Depreciation of rental equipment	119	130	140	147	536	152	161	167
Non-rental depreciation and amortization	21	23	25	26	95	26	28	29
EBITDA	**$230**	**$276**	**$333**	**$347**	**$1,187**	**$301**	**$346**	**$402**
Non-cash stock-based compensation charges	6	5	9	7	27	4	5	6
Merger and acquisition related costs	1	2	3	2	7	2	1	2
Other	—	1	—	5	6	1	—	—
Adjusted EBITDA	**$237**	**$284**	**$345**	**$361**	**$1,227**	**$308**	**$352**	**$410**
Less: Gain on sales of rental equipment	9	5	5	17	36	25	27	25
Less: Gain on sales of new equipment, parts and supplies	3	4	4	4	15	3	3	4
Rental Adjusted EBITDA (REBITDA)	**$225**	**$275**	**$336**	**$340**	**$1,176**	**$280**	**$322**	**$381**
Adjusted EBITDA Margin	**41.7 %**	**44.4 %**	**46.3 %**	**45.9 %**	**44.8 %**	**41.6 %**	**43.9 %**	**45.2 %**
Adjusted REBITDA Margin	**42.3 %**	**45.0 %**	**47.1 %**	**47.3 %**	**45.7 %**	**42.4 %**	**45.4 %**	**49.3 %**
YOY Adjusted REBITDA Flow-Through	**37.6 %**	**47.7 %**	**50.5 %**	**53.9 %**	**48.1 %**	**42.6 %**	**48.5 %**	**76.3 %**

Adjusted EBITDA and Adjusted REBITDA Annual Trend

$ in millions	2016	2017	2018	2019	2020	2021	2022
Total Revenues	**$1,555**	**$1,756**	**$1,978**	**$1,999**	**$1,780**	**$2,073**	**$2,740**
Less: Sales of rental equipment	123	190	256	243	198	113	125
Less: Sales of new equipment, parts and supplies	68	53	49	44	28	31	36
Equipment rental, service and other revenues	**$1,364**	**$1,513**	**$1,673**	**$1,712**	**$1,554**	**$1,929**	**$2,579**
Net income	**($20)**	**$160**	**$69**	**$47**	**$74**	**$224**	**$330**
Income tax provision (benefit)	15	(224)	—	16	20	67	104
Interest expense, net	84	140	137	174	93	86	122
Depreciation of rental equipment	351	378	387	410	403	420	536
Non-rental depreciation and amortization	45	52	58	62	63	68	95
EBITDA	**$475**	**$506**	**$651**	**$709**	**$653**	**$865**	**$1,187**
Restructuring	7	5	5	8	1	—	—
Spin-off costs	49	35	15	—	—	—	—
Non-cash stock-based compensation charges	6	11	14	19	16	23	27
Impairment	—	29	—	4	15	3	3
Merger and acquisition related costs	—	—	—	—	—	4	7
Loss on disposal of business	—	—	—	—	3	—	—
Other	—	(1)	1	1	1	—	3
Adjusted EBITDA	**$537**	**$585**	**$686**	**$741**	**$689**	**$895**	**$1,227**
Less: Gain (loss) on sales of rental equipment	(21)	(2)	12	(1)	(5)	19	36
Less: Gain on sales of new equipment, parts and supplies	15	14	11	11	8	10	15
Rental Adjusted EBITDA (REBITDA)	**$543**	**$573**	**$663**	**$731**	**$686**	**$866**	**$1,176**
Adjusted EBITDA Margin	**34.5 %**	**33.3 %**	**34.7 %**	**37.1 %**	**38.7 %**	**43.2 %**	**44.8 %**
Adjusted REBITDA Margin	**39.8 %**	**38.0 %**	**39.6 %**	**42.7 %**	**44.2 %**	**44.8 %**	**45.7 %**
YOY Adjusted REBITDA Flow-Through		**20.1 %**	**54.8 %**	**169.3 %**	**27.9 %**	**47.5 %**	**48.1 %**

Historical Fleet at OEC[1]

$ in millions	FY 2018	FY 2019	FY 2020	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
Beginning Balance	$3,651	$3,777	$3,822	$3,589	$4,381	$4,593	$5,097	$5,421	$4,381	$5,637	$5,915	$6,211
Expenditures	$774	$627	$348	$725	$253	$327	$311	$327	$1,218	$348	$400	$274
Disposals	($607)	($593)	($552)	($281)	($64)	($64)	($54)	($140)	($322)	($144)	($186)	($309)
Acquisitions	$—	$—	$28	$346	$18	$251	$86	$40	$395	$77	$88	$55
Foreign Currency / Other	($41)	$11	($57)	$2	$5	($10)	($19)	($11)	($35)	($3)	($6)	($14)
Ending Balance	**$3,777**	**$3,822**	**$3,589**	**$4,381**	**$4,593**	**$5,097**	**$5,421**	**$5,637**	**$5,637**	**$5,915**	**$6,211**	**$6,217**
Proceeds as a percent of OEC	**37.8 %**	**40.9 %**	**37.0 %**	**41.8 %**	**45.0 %**	**46.6 %**	**42.5 %**	**44.2 %**	**44.4 %**	**51.5 %**	**47.0 %**	**39.4 %**

[1] Original equipment cost based on ARA guidelines