HercRentals®

Shifting Into High Gear



Q4 AND FULL YEAR 2023 EARNINGS CONFERENCE CALL

February 13, 2024

Herc Rentals Team & Agenda



Larry Silber
President & Chief Executive Officer



Mark Humphrey
Senior Vice President & Chief Financial Officer



Aaron Birnbaum
Senior Vice President & Chief Operating Officer



Leslie Hunziker
Senior Vice President Investor Relations, Communications & Sustainability

Agenda

- Safe Harbor
- 2023 Overview
- Q4 Operations Review
- Q4 Financial Review
- 2024 Outlook
- Q&A

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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, 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 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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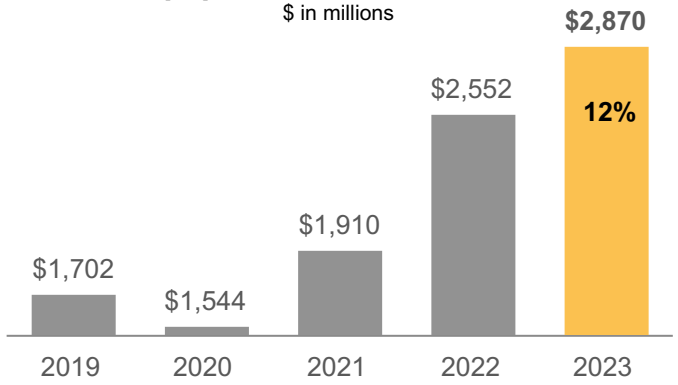
FY 2023: Another Exceptional Year of Growth

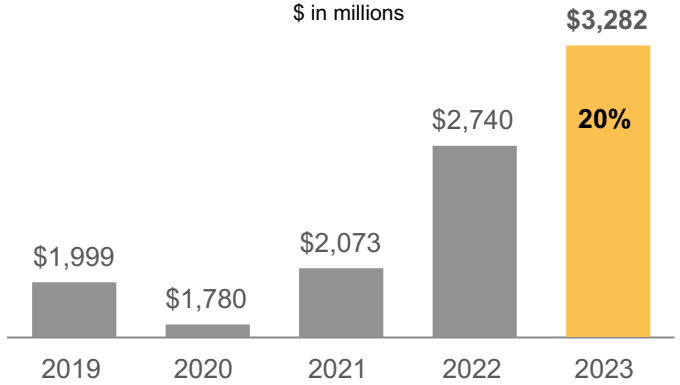
Equipment Rental Revenue

$ in millions



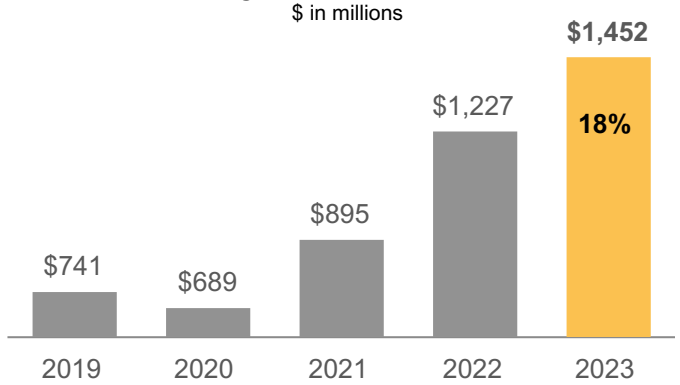
Total Revenues

$ in millions

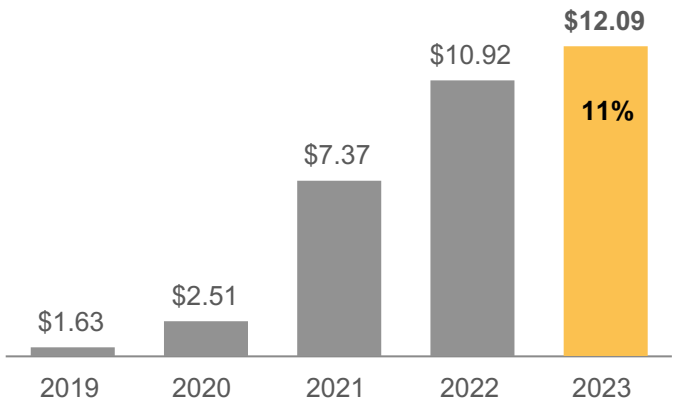


Adjusted EBITDA[1]

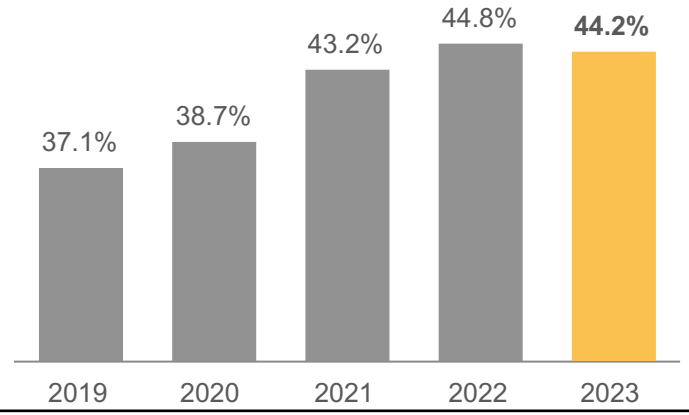
$ in millions



Earnings Per Diluted Share

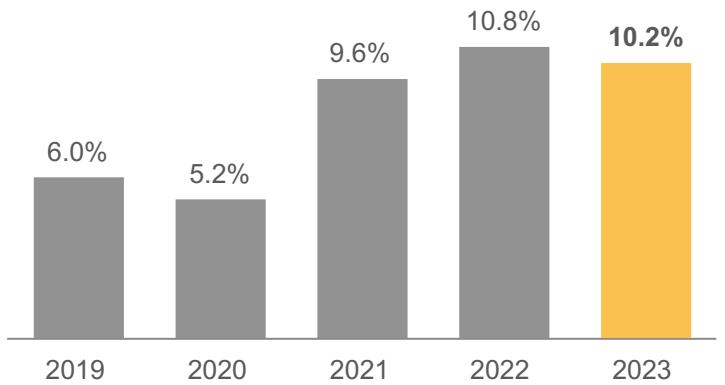


Adjusted EBITDA Margin[1]



2023 margin impacted by studio-entertainment industry shutdown and catch-up sales of used fleet

ROIC[2]



2023 ROIC impacted by studio-entertainment industry shutdown

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 22
2. The company's ROIC metric uses 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.

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FY 2023: Delivering on Growth Strategies

Strategies to Accelerate ROIC and Increase Shareholder Returns:

- Grow the Core
- Expand Specialty
- Elevate Technology
- Integrate ESG
- Allocate Capital

Optimize branch network for fleet / operating efficiencies at scale

- Completed 12 acquisitions - 21 locations; opened 21 greenfield locations

Enhance fleet mix

- Expanded high-margin specialty fleet by 11% at OEC YoY

Support customers' efficiency goals through data and telematics

- Advanced our industry-leading digital capabilities: ProControl Next Gen™

Commit to purposeful Sustainability initiatives

- Employee NPS improves YoY, scoring in benchmark's top tier
- Listed among USA Today's 2023 America's Climate Leaders
- Recognized on the Best and Brightest Companies to Work For list
- Designated a Military Friendly Company for the 8th year in a row

Prioritize Capital and Invest Responsibly

- Disciplined investment in fleet and strategic M&A
- Increased dividend in 2023 to $2.53 p/s; Increased in 2024 to $2.66 p/s
- Repurchased ~1.1 million shares in 2023

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FY 2024 Perspective

Equipment rental market in N.A.

- Supply chain recovering, but constraints persist in high-demand AWP categories
- Positive industry trends aided by stimulus, reshoring, data usage and cloud adoption
- Mega projects continue to ramp up
- Shift from equipment ownership to rental continues
- Used equipment market healthy

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

HRI remains focused on building scale for sustainable profit growth

- Stimulus-led demand drivers favor largest, most capable and agile players
- Market consolidation continues with strong pipeline of opportunities in top 100 MSAs
- Targeting ~30 greenfields to drive scale efficiencies, greater access to local customers
- Continue investing in technology to improve customer and operating productivity
- Rolling out new operating system, E3OS, to deliver easy, efficient, effective customer experience, every time
- Channel shifting to increase retail sales of used equipment for higher returns on OEC
- Capitalizing on more stable supply chain to improve fleet efficiency and optimize fleet mix

E3OS Business Operating System

Herc has a strong foundation in place to deliver 2024 financial targets

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Aaron Birnbaum

Senior Vice President and Chief Operating Officer

2023: Focusing on Safety

Think Safety!

Continuing focus on Perfect Days

- All branches reported > 98% Perfect Days
- Perfect Days are those with no:
  - OSHA recordable incidents
  - At-fault motor vehicle accidents
  - DOT violations

Total Recordable Incident Rate of 0.8, below 1.0 industry standard

Proven safety record is a must-have for customers

Herc's Safety Program integrated into all acquisitions



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Delivering on Growth Strategies—Increasing Branch Network Density

Expanding Through Acquisitions and Greenfields

Adding locations increases density and share in urban markets

- Q4:23 - 4 acquisitions - 7 locations; 8 greenfield locations
- FY:23 - 12 acquisitions - 21 locations; 21 greenfield locations
  - Of 42 total new locations, specialty = 11 locations
  - Invested $430 million in 2023 on M&A
- FY:23 - Strategic acquisitions accounted for ~1/3 rental revenue

Synergized Multiple Averaging 3.5x - 4.5x

Strategic M&A Opportunity ~$500 million per year
Pipeline of acquisition opportunities remains strong



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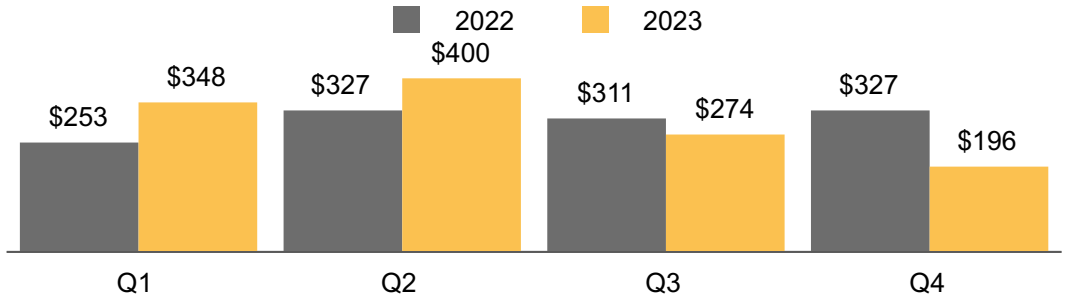
Effectively Managing Fleet Lifecycle and Balancing Equipment Mix

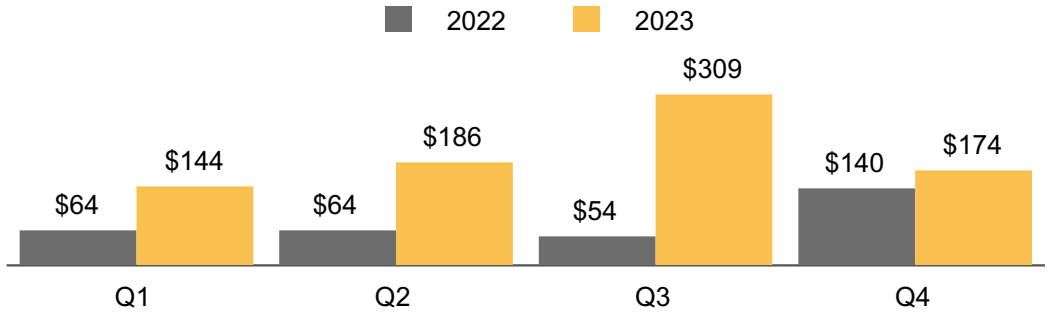
Fleet Expenditures at OEC[1]

$ in millions



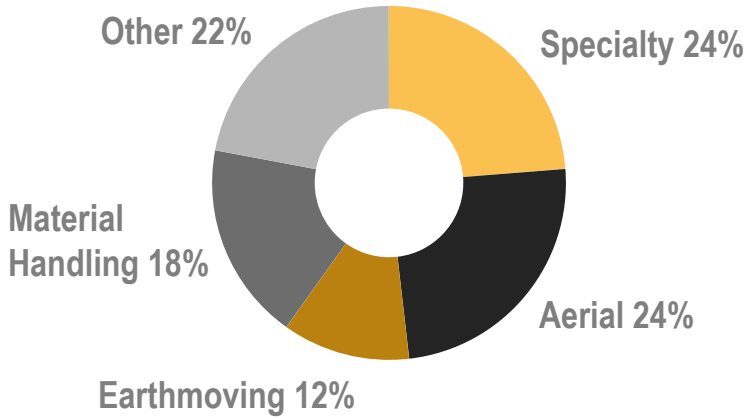
Fleet Disposals at OEC[1]

$ in millions



Fleet Composition

$6.3 billion at OEC[1,2]



- 4Q:23 more normal seasonal purchase and disposition cadence
- 4Q:23 disposals generated proceeds of ~44% of OEC
- Average age of disposals was 84 months in Q4 2023
- Average fleet age of 45 months at December 31, 2023

1. Original equipment cost based on ARA guidelines.
2. End fleet as of December 31, 2023.

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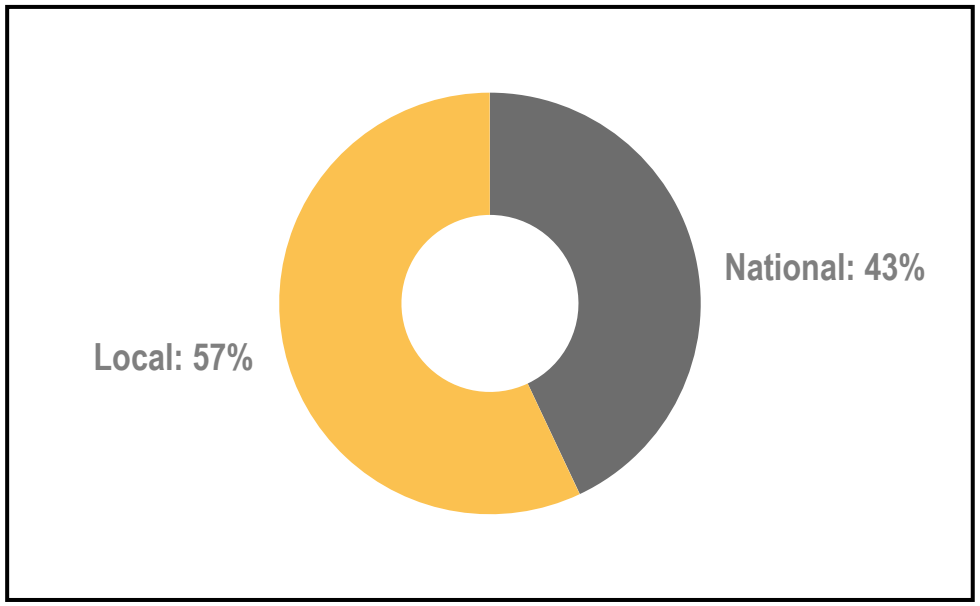
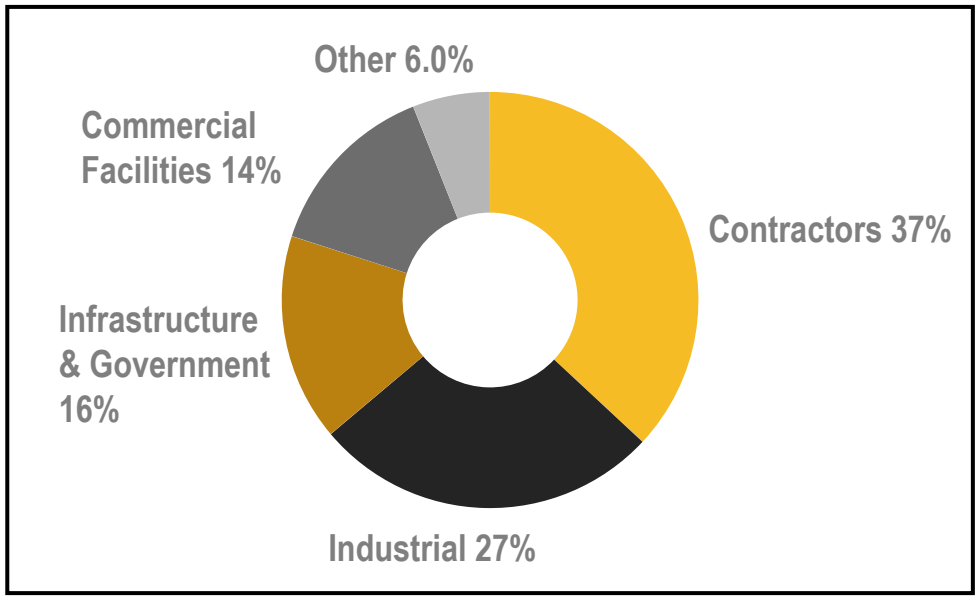
Business Model Driving Growth

Q4 Local vs. National Mix



Q4 Revenue by Customer[1]



- 4Q:23 revenue in local markets up double-digit YoY
- 4Q:23 National account revenue continues to benefit from general growth and mega project activity
  - Vertical sales strategy provides for end-market expertise and creates more diverse revenue mix
  - Project pipeline remains strong; still in early innings of federal-funding opportunities
- Long-term, balanced target of 60% local / 40% national accounts

1. Refer to our 10-K for description of industries related to each customer classification.

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Investing to Capitalize on Growth Trends Across a Diverse Customer and Project Base

Contractors (37%)

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

Industrial (27%)

- 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 (16%)

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

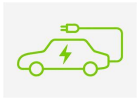
Commercial Facilities (14%)

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

Other (6%)

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

Herc Rentals is Well Positioned with Current Trending Opportunities



EV/Battery



Chip Plants



Data Centers



Renewables



Utilities



Healthcare



Infrastructure



LNG Plant

Pipeline of new construction and maintenance projects offers wide spectrum of growth opportunities

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2024 Key Initiatives

Capturing Mega Project Tailwind

Pricing to Offset Inflation

Managing Fleet Efficiency

Increasing Density Through Greenfields and M&A

Optimizing Customer Experience Through Technology

Improving Processes and Customer Experience Through E3OS

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Mark Humphrey

Senior Vice President and Chief Financial Officer

Q4 and FY 2023 Financial Results

$ in millions, except per share data	Three Months Ended December 31,			Year Ended December 31,		
	2023	2022	*2023 vs 2022 % Change*	2023	2022	*2023 vs 2022 % Change*
Equipment Rental Revenue	$748	$713	*5%*	$2,870	$2,552	*12%*
Total Revenues	$831	$786	*6%*	$3,282	$2,740	*20%*
Net Income	$91	$98	*(7)%*	$347	$330	*5%*
Earnings Per Diluted Share	$3.20	$3.27	*(2)%*	$12.09	$10.92	*11%*
Adjusted Net Income[1]	$92	$103	*(11)%*	$353	$340	*4%*
Adjusted Earnings Per Diluted Share[1]	$3.24	$3.44	*(6)%*	$12.30	$11.26	*9%*
Adjusted EBITDA[1]	$382	$361	*6%*	$1,452	$1,227	*18%*
Adjusted EBITDA Margin[1]	46.0%	46.0%	*— bps*	44.2%	44.8%	*(60) bps*
REBITDA Margin[1,2]	48.0%	47.3%	*70 bps*	46.4%	45.7%	*70 bps*
REBITDA YoY Flow-Through[1,2]	64.7%	53.9%	*1080 bps*	53.0%	48.1%	*490 bps*
Average Fleet[3] **(YoY)**	13.5%	31.1%		21.0%	30.5%	
Pricing[3] **(YoY)**	5.8%	6.6%		6.9%	5.8%	
ROIC				10.2%	10.8%	*(60) bps*

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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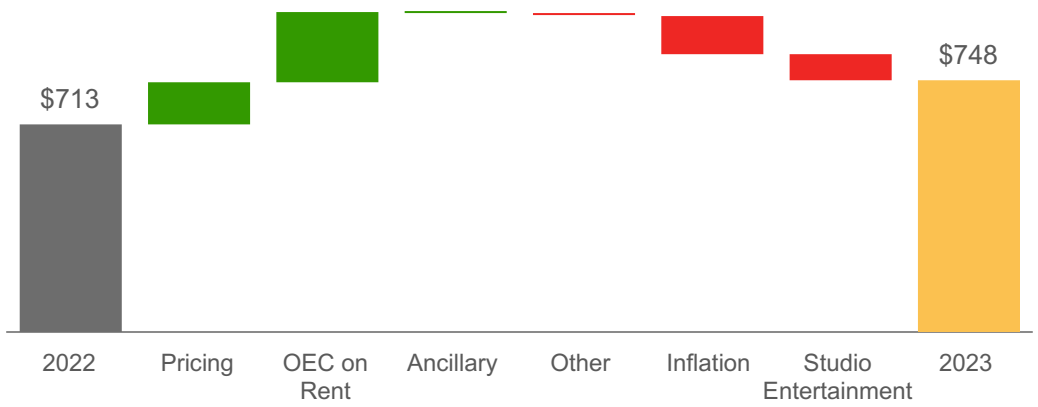
Q4 2023 Adjusted EBITDA and Rental Revenue Bridge

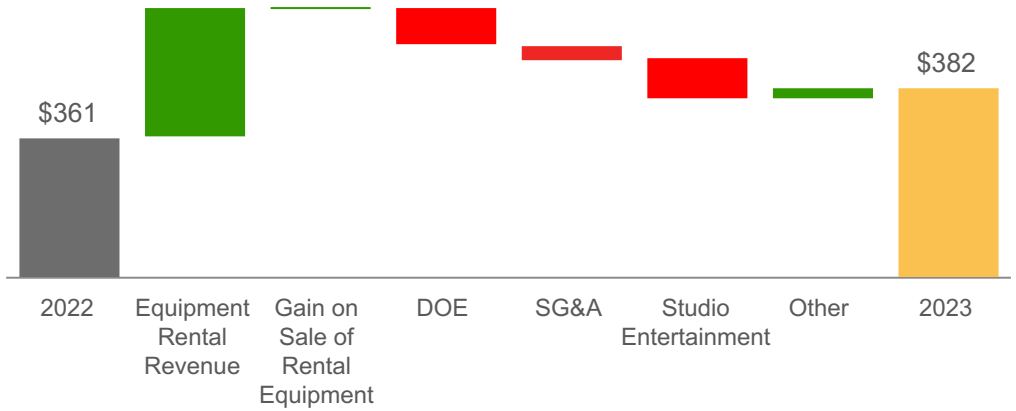
Equipment Rental Revenue

$ in millions



Adjusted EBITDA

$ in millions



Adjusted EBITDA Margin drivers:

- DOE and SG&A were positive contributors as both declined as a percent of rental revenue
- Negative impact from higher sales of used equipment, which has a lower margin than equipment rental
- Studio entertainment industry's shutdown reduced revenue on a fixed cost basis

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Q4 and FY 2023 Financial Results Excluding Studio Entertainment

$ in millions	Three Months Ended December 31,			Year Ended December 31,		
	2023	2022	*2023 vs 2022 % Change*	2023	2022	*2023 vs 2022 % Change*
Core Equipment Rental Revenue[1]	$738	$682	*8%*	$2,820	$2,430	*16%*
Core Total Revenues[1]	$820	$753	*9%*	$3,226	$2,610	*24%*
Core Net Income[1]	$93	$98	*(5)%*	$376	$319	*18%*
Core Adjusted EBITDA[1]	$385	$350	*10%*	$1,462	$1,180	*24%*
Core Adjusted EBITDA Margin[1]	47.0%	46.5%	*50 bps*	45.3%	45.2%	*10 bps*
Core REBITDA Margin[1,2]	48.9%	48.0%	*90 bps*	47.6%	46.1%	*150 bps*
Core REBITDA YoY Flow-Through[1,2]	60.7%	54.9%	*580 bps*	57.4%	49.2%	*820 bps*

Core Business (ex-Cinelease) Delivered Double-Digit Profit Growth

- Strong margin and flow-through improvements YoY
  - Record REBITDA margin for FY23
- Dollar utilization of 42.6% for 4Q23 and 42.4% for FY23
- Tough YoY comparison due to extraordinary benefit from Hurricane Ian in 4Q22

HercRentals®

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

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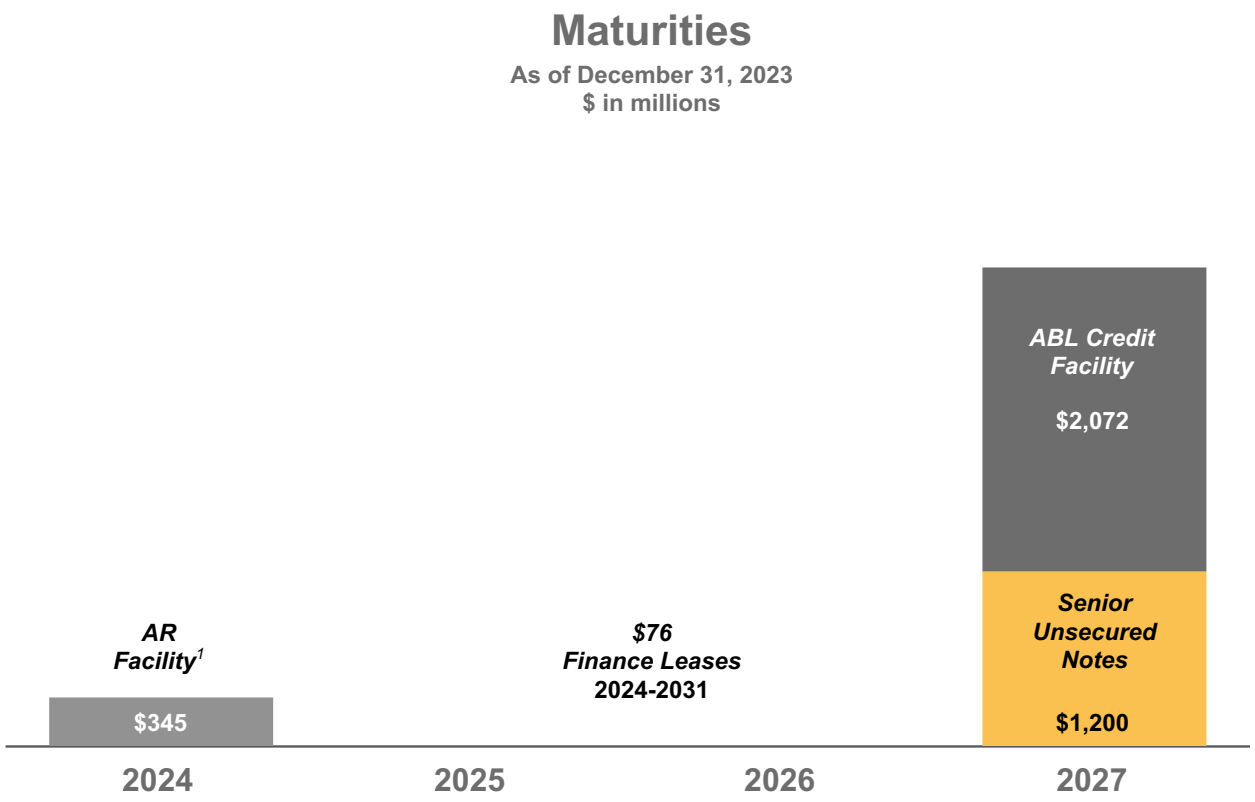
Disciplined Capital Management



Credit Ratings: Moody's CFR Ba2
S&P BB-/Positive

No near-term maturities and ample liquidity[2] of $1.5 billion provide financial flexibility

Net capital expenditures outpaced cash flow from operations due to investments in growth, resulting in free cash outflow of $65 million for the year ended December 31, 2023

Net leverage[3] of 2.5x compared with 2.4x in December 2022, within **target range of 2.0x to 3.0x**

Quarterly dividend of $0.6325 per share, paid on December 26, 2023 to shareholders of record as of December 11, 2023

Q4 Share repurchases of ~119,000 shares for $13 million

FY23 repurchases of ~1.1 million shares for $120 million

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 calculation, see the Appendix beginning on Slide 22

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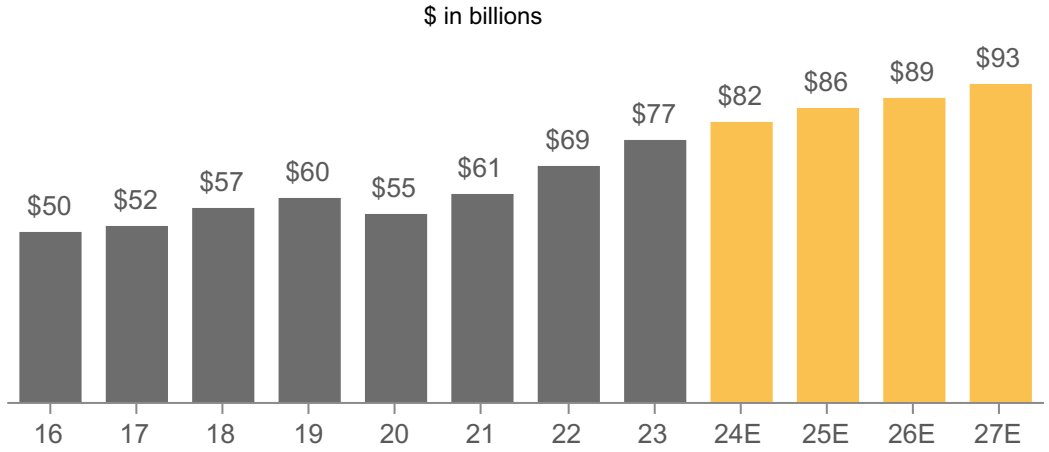
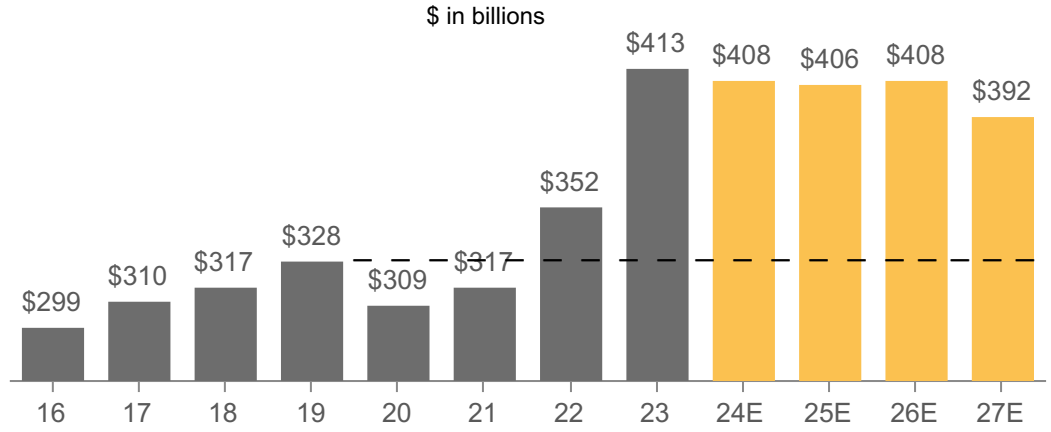
Continued Strength in Key End Markets

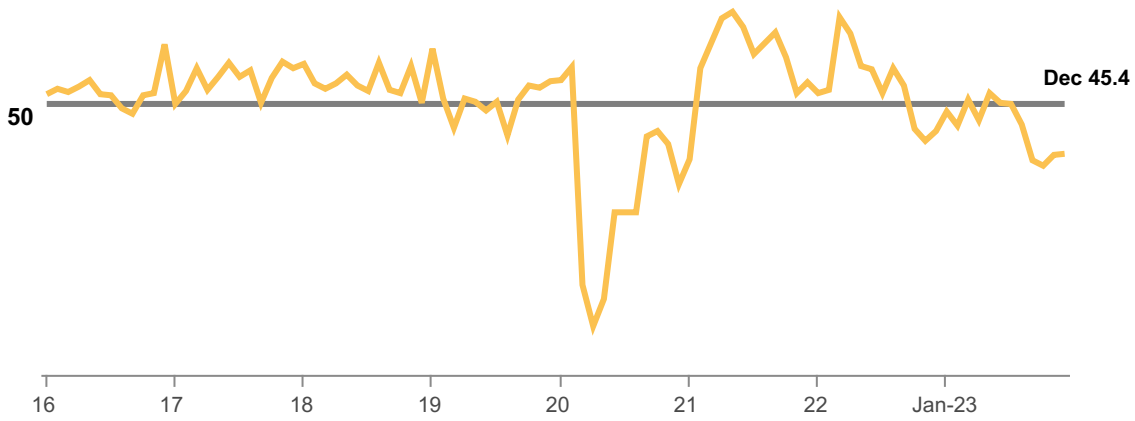
N.A. Equipment Rental Market[1]



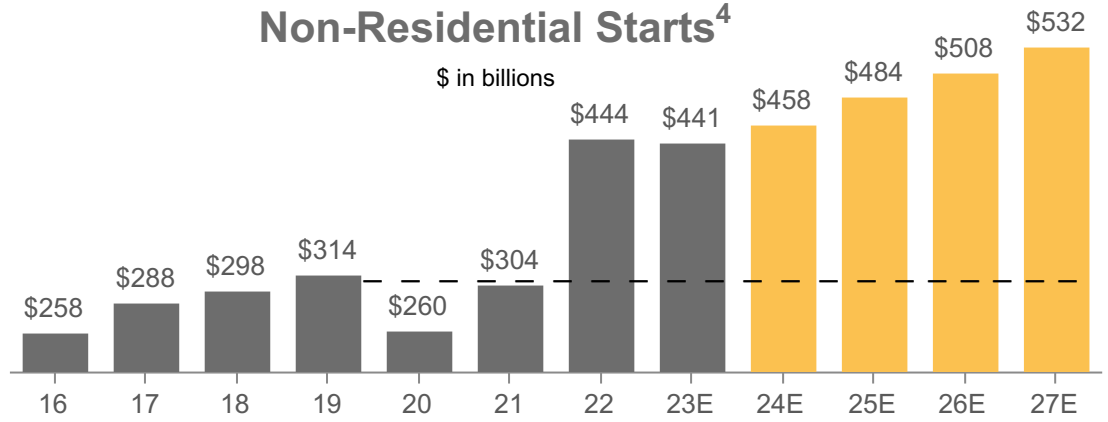
Industrial Spending[2]



Architecture Billings Index[3]



Non-Residential Starts[4]



1. Source: ARA / S&P Global as of November 2023
2. Source: IIR as of January 2024
3. Source: American Institute of Architects (AIA) as of January 2024
4. Source: Dodge Analytics U.S. as of January 2024

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2024 Outlook excluding Cinelease

Metric	2023 Excluding Cinelease[1]	2024 Full Year Guidance
Equipment Rental Revenue	$2,820 million	+7% to 10%
Adjusted EBITDA	$1,462 million	$1.55 billion to $1.60 billion
Net Rental Equipment Expenditures after Gross Capex	$995 million	$500 to $700 million after gross capex of $750 to $1 billion

Key Assumptions Full-Year 2024 excluding Cinelease:

- Adjusted EBITDA assumption includes $550 to $650 million fleet dispositions at OEC; 20-30% less YoY
- Mega projects continue to ramp through year
- Above-market revenue growth on diverse project pipeline, geographic expansion, cross-selling
- Strategic pricing expected to offset equipment inflation of ~5%
- Focusing on fleet efficiency; supply chain improvement affords greater flexibility throughout year
- Beginning fleet of $6.0 billion at OEC
- Used-equipment market remains healthy
- Continued focus on operating leverage to improve margins
- REBITDA Flow Through of mid-50% expected
- Interest expense roughly flat YoY, dependent on rate actions
- Tax rate ~25%

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

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Purpose, Vision, Mission and Values

We equip our customers and communities to build a brighter future



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Appendix

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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 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.

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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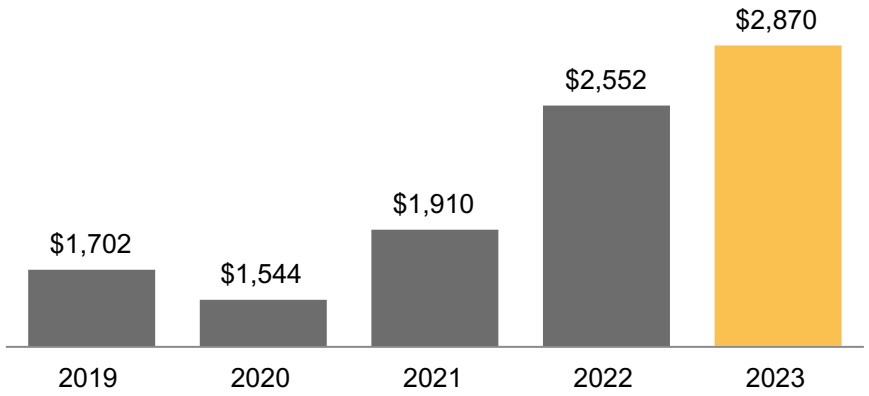
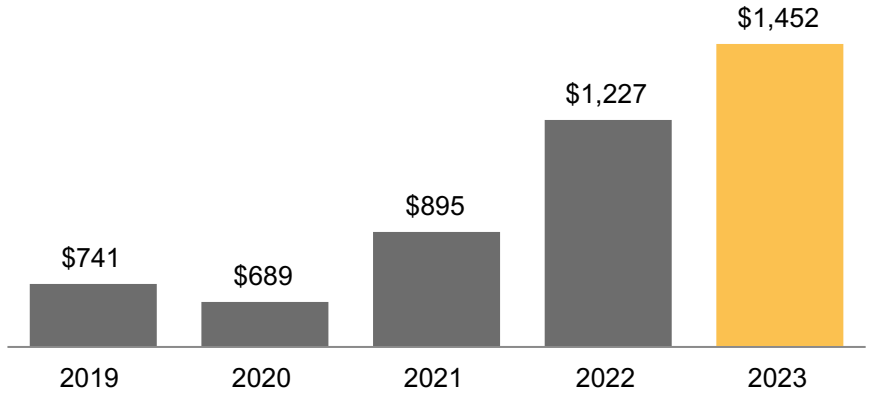
Our Strategy is Delivering Results

Equipment Rental Revenue

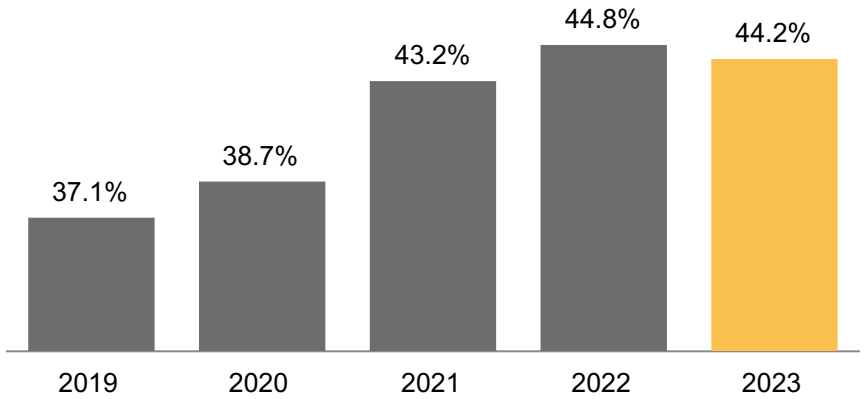
$ in millions



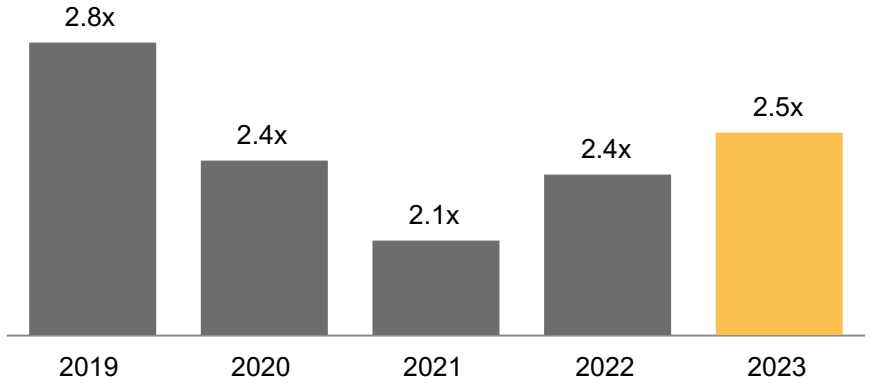
Adjusted EBITDA[1]



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 35

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Cinelease Studio Entertainment Assets Held for Sale

Cinelease is Herc's studio management and lighting and grip business

- Market preference for lighting and grip equipment to be part of studio ownership
- Owning studio real estate does not align with Herc strategy
- Lighting and grip equipment represents ~5% of OEC

Cinelease sale process underway



Cinelease assets held for sale

Herc Entertainment Services (HES) will continue to provide rentals to entertainment industry

Equipment Types

- aerial equipment,
- forklifts,
- carts,
- generators,
- climate solutions

Project Types

- in-studio TV & Film productions
- off-location TV & Film productions
- live entertainment venues



HES to continue to service market

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

EBITDA, Adjusted EBITDA, and REBITDA - EBITDA represents the sum of net income, 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 transaction 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.

EBITDA, Adjusted EBITDA, REBITDA, Adjusted EBITDA Margin, REBITDA Margin and REBITDA Flow-Through Excluding Studio Entertainment - On slides 28 through 31, each metric has been adjusted to exclude the studio entertainment business due to the impact of labor disruptions in the television and film industry and provides the operating performance of the remaining business.

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

$ in millions	Three Months Ended December 31, 2023	2022	Year Ended December 31, 2023	2022
Net income	**$91**	**$98**	**$347**	**$330**
Income tax provision	32	35	100	104
Interest expense, net	62	41	224	122
Depreciation of rental equipment	163	147	643	536
Non-rental depreciation and amortization	29	26	112	95
EBITDA	**377**	**347**	**1,426**	**1,187**
Non-cash stock-based compensation charges	3	7	18	27
Transaction related costs	3	2	8	7
Other	(1)	5	—	6
Adjusted EBITDA	**382**	**361**	**1,452**	**1,227**
Less: Gain (loss) on sales of rental equipment	17	17	94	36
Less: Gain (loss) on sales of new equipment, parts and supplies	3	4	13	15
Rental Adjusted EBITDA (REBITDA)	**$362**	**$340**	**$1,345**	**$1,176**
Total revenues	$831	$786	$3,282	$2,740
Less: Sales of rental equipment	68	57	346	125
Less: Sales of new equipment, parts and supplies	9	9	38	36
Equipment rental, service and other revenues	**$754**	**$720**	**$2,898**	**$2,579**
Total revenues	$831	$786	$3,282	$2,740
Adjusted EBITDA	$382	$361	$1,452	$1,227
Adjusted EBITDA Margin	**46.0 %**	**46.0 %**	**44.2 %**	**44.8 %**
Equipment rental, service and other revenues	$754	$720	$2,898	$2,579
REBITDA	$362	$340	$1,345	$1,176
REBITDA Margin	**48.0 %**	**47.3 %**	**46.4 %**	**45.7 %**
YOY Change in REBITDA	$22		$169	
YOY Change in Equipment rental, service and other revenues	$34		$319	
YOY REBITDA Flow-Through	**64.7 %**		**53.0 %**	

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Q4 2023 and 2022 Reconciliation of Net Income to Adj. EBITDA and Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through, Excluding Studio Entertainment

$ in millions

	Three Months Ended December 31,					
	2023			2022		
	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$748	$10	$738	$713	$31	$682
Total revenues	831	11	820	786	33	753
Total expenses	708	14	694	653	33	620
Income (loss) before income taxes	123	(3)	126	133	—	133
Income tax (provision) benefit	(32)	1	(33)	(35)	—	(35)
Net income	**$91**	**($2)**	**$93**	**$98**	**$—**	**$98**
Income tax provision (benefit)	32	(1)	33	35	—	35
Interest expense, net	62	—	62	41	—	41
Depreciation of rental equipment	163	—	163	147	8	139
Non-rental depreciation and amortization	29	—	29	26	—	26
EBITDA	**377**	**(3)**	**380**	**347**	**8**	**339**
Non-cash stock-based compensation charges	3	—	3	7	—	7
Transaction related costs	3	1	2	2	—	2
Other	(1)	(1)	—	5	3	2
Adjusted EBITDA	**382**	**(3)**	**385**	**361**	**11**	**350**
Less: Gain (loss) on sales of rental equipment	17	(1)	18	17	—	17
Less: Gain (loss) on sales of new equipment, parts and supplies	3	—	3	4	1	3
Rental Adjusted EBITDA (REBITDA)	**$362**	**($2)**	**$364**	**$340**	**$10**	**$330**
Total revenues	$831	$11	$820	$786	$33	$753
Less: Sales of rental equipment	68	—	68	57	—	57
Less: Sales of new equipment, parts and supplies	9	1	8	9	1	8
Equipment rental, service and other revenues	**$754**	**$10**	**$744**	**$720**	**$32**	**$688**
Total revenues	$831	$11	$820	$786	$33	$753
Adjusted EBITDA	$382	($3)	$385	$361	$11	$350
Adjusted EBITDA Margin	**46.0 %**	**(27.3)%**	**47.0 %**	**46.0 %**	**33.3 %**	**46.5 %**
Equipment rental, service and other revenues	$754	$10	$744	$720	$32	$688
REBITDA	$362	($2)	$364	$340	$10	$330
REBITDA Margin	**48.0 %**	**(20.0)%**	**48.9 %**	**47.3 %**	**31.3 %**	**48.0 %**
YOY Change in REBITDA	$22	($12)	$34	$91	($4)	$95
YOY Change in Equipment rental, service and other revenues	$34	($22)	$56	$172	($1)	$173
YOY REBITDA Flow-Through	**64.7 %**	**(54.5)%**	**60.7 %**	**53.9 %**	**(400.0)%**	**54.9 %**

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Full Year 2023 and 2022 Reconciliation of Net Income to Adj. EBITDA and Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through, Excluding Studio Entertainment

$ in millions

	Year Ended December 31,					
	2023[1]			2022		
	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$2,870	$50	$2,820	$2,552	$122	$2,430
Total revenues	3,282	56	3,226	2,740	130	2,610
Total expenses	2,835	93	2,742	2,306	114	2,192
Income (loss) before income taxes	447	(37)	484	434	16	418
Income tax (provision) benefit	(100)	8	(108)	(104)	(5)	(99)
Net income	**$347**	**($29)**	**$376**	**$330**	**$11**	**$319**
Income tax provision (benefit)	100	(8)	108	104	5	99
Interest expense, net	224	—	224	122	—	122
Depreciation of rental equipment	643	24	619	536	26	510
Non-rental depreciation and amortization	112	2	110	95	2	93
EBITDA	**1,426**	**(11)**	**1,437**	**1,187**	**44**	**1,143**
Non-cash stock-based compensation charges	18	—	18	27	—	27
Transaction related costs	8	2	6	7	—	7
Other	—	(1)	1	6	3	3
Adjusted EBITDA	**1,452**	**(10)**	**1,462**	**1,227**	**47**	**1,180**
Less: Gain (loss) on sales of rental equipment	94	(1)	95	36	—	36
Less: Gain (loss) on sales of new equipment, parts and supplies	13	1	12	15	2	13
Rental Adjusted EBITDA (REBITDA)	**$1,345**	**($10)**	**$1,355**	**$1,176**	**$45**	**$1,131**
Total revenues	$3,282	$56	$3,226	$2,740	$130	$2,610
Less: Sales of rental equipment	346	1	345	125	1	124
Less: Sales of new equipment, parts and supplies	38	2	36	36	5	31
Equipment rental, service and other revenues	**$2,898**	**$53**	**$2,845**	**$2,579**	**$124**	**$2,455**
Total revenues	$3,282	$56	$3,226	$2,740	$130	$2,610
Adjusted EBITDA	$1,452	($10)	$1,462	$1,227	$47	$1,180
Adjusted EBITDA Margin	**44.2 %**	**(17.9)%**	**45.3 %**	**44.8 %**	**36.2 %**	**45.2 %**
Equipment rental, service and other revenues	$2,898	$53	$2,845	$2,579	$124	$2,455
REBITDA	$1,345	($10)	$1,355	$1,176	$45	$1,131
REBITDA Margin	**46.4 %**	**(18.9)%**	**47.6 %**	**45.7 %**	**36.3 %**	**46.1 %**
YOY Change in REBITDA	$169	($55)	$224	$310	($13)	$323
YOY Change in Equipment rental, service and other revenues	$319	($71)	$390	$650	($6)	$656
YOY REBITDA Flow-Through	**53.0 %**	**(77.5)%**	**57.4 %**	**48.1 %**	**(216.7)%**	**49.2 %**

1. Sum of the quarters on slides 30 and 31 may not equal the full year due to rounding.

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Q1 and Q2 2023 Reconciliation of Net Income to Adj. EBITDA and Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through, Excluding Studio Entertainment

$ in millions

	Three Months Ended					
	March 31, 2023			June 30, 2023		
	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$654	$19	$635	$702	$16	$686
Total revenues	740	20	720	802	18	784
Total expenses	665	28	637	699	27	672
Income (loss) before income taxes	75	(8)	83	103	(9)	112
Income tax (provision) benefit	(8)	2	(10)	(27)	2	(29)
Net income	**$67**	**($5)**	**$72**	**$76**	**($7)**	**$83**
Income tax provision (benefit)	8	(2)	10	27	(2)	29
Interest expense, net	48	—	48	54	—	54
Depreciation of rental equipment	152	8	144	161	8	153
Non-rental depreciation and amortization	26	1	25	28	1	27
EBITDA	**301**	**2**	**299**	**346**	**—**	**346**
Non-cash stock-based compensation charges	4	—	4	5	—	5
Transaction related costs	2	—	2	1	—	1
Other	1	—	1	—	—	—
Adjusted EBITDA	**308**	**2**	**306**	**352**	**—**	**352**
Less: Gain (loss) on sales of rental equipment	25	—	25	27	—	27
Less: Gain (loss) on sales of new equipment, parts and supplies	3	—	3	3	—	3
Rental Adjusted EBITDA (REBITDA)	**$280**	**$2**	**$278**	**$322**	**$—**	**$322**
Total revenues	$740	$20	$720	$802	$18	$784
Less: Sales of rental equipment	71	—	71	83	—	83
Less: Sales of new equipment, parts and supplies	8	—	8	10	—	10
Equipment rental, service and other revenues	**$661**	**$20**	**$641**	**$709**	**$18**	**$691**
Total revenues	$740	$20	$720	$802	$18	$784
Adjusted EBITDA	$308	$2	$306	$352	$—	$352
Adjusted EBITDA Margin	**41.6 %**	**10.0 %**	**42.5 %**	**43.9 %**	**— %**	**44.9 %**
Equipment rental, service and other revenues	$661	$20	$641	$709	$18	$691
REBITDA	$280	$2	$278	$322	$—	$322
REBITDA Margin	**42.4 %**	**10.0 %**	**43.4 %**	**45.4 %**	**— %**	**46.6 %**
YOY Change in REBITDA	$55	($8)	$63	$47	($12)	$59
YOY Change in Equipment rental, service and other revenues	$129	($3)	$132	$97	($14)	$111
YOY REBITDA Flow-Through	**42.6 %**	**(266.7)%**	**47.7 %**	**48.5 %**	**(85.7)%**	**53.2 %**

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Q3 and Q4 2023 Reconciliation of Net Income to Adj. EBITDA and Adj. EBITDA Margin, Rental Adj. EBITDA (REBITDA), REBITDA Margin and Flow-Through, Excluding Studio Entertainment

	Three Months Ended					
	September 30, 2023			December 31, 2023		
	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$765	$5	$760	$748	$10	$738
Total revenues	908	7	901	831	11	820
Total expenses	762	25	737	708	14	694
Income (loss) before income taxes	146	(18)	164	123	(3)	126
Income tax (provision) benefit	(33)	3	(36)	(32)	1	(33)
Net income	**$113**	**($15)**	**$128**	**$91**	**($2)**	**$93**
Income tax provision (benefit)	33	(3)	36	32	(1)	33
Interest expense, net	60	—	60	62	—	62
Depreciation of rental equipment	167	8	159	163	—	163
Non-rental depreciation and amortization	29	1	28	29	—	29
EBITDA	**402**	**(9)**	**411**	**377**	**(3)**	**380**
Non-cash stock-based compensation charges	6	—	6	3	—	3
Transaction related costs	2	—	2	3	1	2
Other	—	—	—	(1)	(1)	—
Adjusted EBITDA	**410**	**(9)**	**419**	**382**	**(3)**	**385**
Less: Gain (loss) on sales of rental equipment	25	—	25	17	(1)	18
Less: Gain (loss) on sales of new equipment, parts and supplies	4	—	4	3	—	3
Rental Adjusted EBITDA (REBITDA)	**$381**	**($9)**	**$390**	**$362**	**($2)**	**$364**
Total revenues	$908	$7	$901	$831	$11	$820
Less: Sales of rental equipment	124	—	124	68	—	68
Less: Sales of new equipment, parts and supplies	11	—	11	9	1	8
Equipment rental, service and other revenues	**$773**	**$7**	**$766**	**$754**	**$10**	**$744**
Total revenues	$908	$7	$901	$831	$11	$820
Adjusted EBITDA	$410	($9)	$419	$382	($3)	$385
Adjusted EBITDA Margin	**45.2 %**	**(128.6)%**	**46.5 %**	**46.0 %**	**(27.3)%**	**47.0 %**
Equipment rental, service and other revenues	$773	$7	$766	$754	$10	$744
REBITDA	$381	($9)	$390	$362	($2)	$364
REBITDA Margin	**49.3 %**	**(112.5)%**	**50.9 %**	**48.0 %**	**(20.0)%**	**48.9 %**
YOY Change in REBITDA	$45	($21)	$66	$22	($12)	$34
YOY Change in Equipment rental, service and other revenues	$59	($32)	$91	$34	($22)	$56
YOY REBITDA Flow-Through	**76.3 %**	**(67.7)%**	**72.5 %**	**64.7 %**	**(54.5)%**	**60.7 %**

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REBITDA Margin Quarterly Trend

$ in millions	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022[2]	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023[2]
Total Revenues	**$568**	**$640**	**$745**	**$786**	**$2,740**	**$740**	**$802**	**$908**	**$831**	**$3,282**
Less: Sales of rental equipment	28	19	21	57	125	71	83	124	68	346
Less: Sales of new equipment, parts and supplies	8	9	10	9	36	8	10	11	9	38
Equipment rental, service and other revenues	**$532**	**$612**	**$714**	**$720**	**$2,579**	**$661**	**$709**	**773**	**$754**	**$2,898**
Net income	**$58**	**$73**	**$101**	**$98**	**$330**	**$67**	**$76**	**$113**	**$91**	**$347**
Income tax provision	9	25	34	35	104	8	27	33	32	100
Interest expense, net	23	25	33	41	122	48	54	60	62	224
Depreciation of rental equipment	119	130	140	147	536	152	161	167	163	643
Non-rental depreciation and amortization	21	23	25	26	95	26	28	29	29	112
EBITDA	**$230**	**$276**	**$333**	**$347**	**$1,187**	**$301**	**$346**	**$402**	**$377**	**$1,426**
Non-cash stock-based compensation charges	6	5	9	7	27	4	5	6	3	18
Transaction related costs	1	2	3	2	7	2	1	2	3	8
Other[1]	—	1	—	5	6	1	—	—	(1)	—
Adjusted EBITDA	**$237**	**$284**	**$345**	**$361**	**$1,227**	**$308**	**$352**	**$410**	**$382**	**$1,452**
Less: Gain on sales of rental equipment	9	5	5	17	36	25	27	25	17	94
Less: Gain on sales of new equipment, parts and supplies	3	4	4	4	15	3	3	4	3	13
Rental Adjusted EBITDA (REBITDA)	**$225**	**$275**	**$336**	**$340**	**$1,176**	**$280**	**$322**	**$381**	**$362**	**$1,345**
REBITDA Margin	**42.3 %**	**45.0 %**	**47.1 %**	**47.3 %**	**45.7 %**	**42.4 %**	**45.4 %**	**49.3 %**	**48.0 %**	**46.4 %**
YOY REBITDA Flow-Through	**37.6 %**	**47.7 %**	**50.5 %**	**53.9 %**	**48.1 %**	**42.6 %**	**48.5 %**	**76.3 %**	**64.7 %**	**53.0 %**

1. Pension settlement, impairment, and spin-off costs are included in Other.
2. The sum of the quarters may not equal the full year due to rounding.

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REBITDA Margin Annual Trend

$ in millions	2018	2019	2020	2021	2022	2023
Total Revenues	**$1,978**	**$1,999**	**$1,780**	**$2,073**	**$2,740**	**$3,282**
Less: Sales of rental equipment	256	243	198	113	125	346
Less: Sales of new equipment, parts and supplies	49	44	28	31	36	38
Equipment rental, service and other revenues	**$1,673**	**$1,712**	**$1,554**	**$1,929**	**$2,579**	**$2,898**
Net income	**$69**	**$47**	**$74**	**$224**	**$330**	**$347**
Income tax provision (benefit)	—	16	20	67	104	100
Interest expense, net	137	174	93	86	122	224
Depreciation of rental equipment	387	410	403	420	536	643
Non-rental depreciation and amortization	58	62	63	68	95	112
EBITDA	**$651**	**$709**	**$653**	**$865**	**$1,187**	**$1,426**
Restructuring	5	8	1	—	—	—
Spin-off costs	15	—	—	—	—	—
Non-cash stock-based compensation charges	14	19	16	23	27	18
Impairment	—	4	15	3	3	—
Transaction related costs	—	—	—	4	7	8
Loss on disposal of business	—	—	3	—	—	—
Other	1	1	1	—	3	—
Adjusted EBITDA	**$686**	**$741**	**$689**	**$895**	**$1,227**	**$1,452**
Less: Gain (loss) on sales of rental equipment	12	(1)	(5)	19	36	94
Less: Gain on sales of new equipment, parts and supplies	11	11	8	10	15	13
Rental Adjusted EBITDA (REBITDA)	**$663**	**$731**	**$686**	**$866**	**$1,176**	**$1,345**
REBITDA Margin	**39.6 %**	**42.7 %**	**44.2 %**	**44.8 %**	**45.7 %**	**46.4 %**
YOY REBITDA Flow-Through	**54.8 %**	**169.3 %**	**27.9 %**	**47.5 %**	**48.1 %**	**53.0 %**

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Reconciliation of 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, transaction related costs, 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,		Year Ended December 31,	
	2023	**2022**	**2023**	**2022**
Net income	$91	$98	$347	$330
Transaction related costs	3	2	8	7
Other	(1)	5	—	6
Tax impact of adjustments[(1)]	(1)	(2)	(2)	(3)
Adjusted net income	**$92**	**$103**	**$353**	**$340**
Diluted common shares	**28.4**	**29.9**	**28.7**	**30.2**
Adjusted earnings per diluted share	**$3.24**	**$3.44**	**$12.30**	**$11.26**

(1) The tax rate applied for adjustments is 25.5% in the three months and year ended December 31, 2023 and 25.7% in the three months and year ended December 31, 2022 and reflects the statutory rates in the applicable entities.

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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	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Long-Term Debt, Net	$2,142	$2,503	$2,762	$2,922	$3,215	$3,493	$3,665	$3,673
(Plus) Current maturities of long-term debt	11	11	11	12	12	12	14	15
(Plus) Unamortized debt issuance costs	6	6	5	5	5	5	5	5
(Less) Cash and Cash Equivalents	(23)	(52)	(57)	(54)	(40)	(37)	(71)	(71)
Net Debt	**$2,136**	**$2,468**	**$2,721**	**$2,885**	**$3,192**	**$3,473**	**$3,613**	**$3,622**
Trailing Twelve-Month Adjusted EBITDA	$947	$1,024	$1,123	$1,227	$1,298	$1,366	$1,431	$1,452
Net Leverage	**2.3x**	**2.4x**	**2.4x**	**2.4x**	**2.5x**	**2.5x**	**2.5x**	**2.5x**

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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, fund potential acquisitions 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

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Net cash provided by operating activities	**$1,086**	**$917**	**$743**	**$611**	**$636**
Rental equipment expenditures	(1,320)	(1,168)	(594)	(345)	(640)
Proceeds from disposal of rental equipment	325	121	107	192	224
Net Fleet Capital Expenditures	**(995)**	**(1,047)**	**(487)**	**(153)**	**(416)**
Non-rental capital expenditures	(156)	(104)	(47)	(41)	(56)
Proceeds from disposal of property and equipment	15	7	5	7	8
Other	(15)	(23)	—	—	4
Free Cash Flow	**(65)**	**(250)**	**214**	**424**	**176**
Acquisitions, net of cash acquired	(430)	(515)	(431)	(45)	(4)
Proceeds from disposal of business	—	—	—	24	—
(Increase) decrease in Net Debt, excluding financing activities	**($495)**	**($765)**	**($217)**	**$403**	**$172**

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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	Q4 2023	FY 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	$6,217	$5,637
Expenditures	$774	$627	$348	$725	$253	$327	$311	$327	$1,218	$348	$400	$274	$196	$1,218
Disposals	($607)	($593)	($552)	($281)	($64)	($64)	($54)	($140)	($322)	($144)	($186)	($309)	($174)	($813)
Acquisitions	$—	$—	$28	$346	$18	$251	$86	$40	$395	$77	$88	$55	$83	$303
Foreign Currency / Other	($41)	$11	($57)	$2	$5	($10)	($19)	($11)	($35)	($3)	($6)	($14)	$6	($17)
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**	**$6,328**	**$6,328**
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 %**	**44.3 %**	**44.2 %**

1. Original equipment cost based on ARA guidelines

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