Scaling for Sustainable Growth

Q4 AND FULL YEAR 2024
EARNINGS CONFERENCE CALL

February 13, 2025

HercRentals®



Herc Rentals Team and Agenda



Larry Silber
President & Chief Executive Officer



Aaron Birnbaum
Senior Vice President & Chief Operating Officer



Mark Humphrey
Senior Vice President & Chief Financial Officer



Leslie Hunziker
Senior Vice President Investor Relations, Communications & Sustainability

Agenda

- Safe Harbor
- FY 2024 Summary
- Q4 Operations Review
- Q4 Financial Review
- 2025 Outlook
- Q&A

Safe Harbor Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act, as amended, and the Private Securities Litigation Reform Act of 1995. 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. You should not place undue reliance on the forward-looking statements. 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. Factors that could cause actual results to differ materially from those projected include, but are not limited to, the following: (1) the cyclical nature of our industry and our dependence on the levels of capital investment and maintenance expenditures by our customers; (2) the competitiveness of our industry, including the potential downward pricing pressures or the inability to increase prices; (3) our dependence on relationships with key suppliers; (4) our heavy reliance on communication networks, centralized information technology systems and third party technology and services and our ability to maintain, upgrade or replace our information technology systems; (5) our ability to respond adequately to changes in technology and customer demands; (6) our ability to attract and retain key management, sales and trades talent; (7) our rental fleet is subject to residual value risk upon disposition; (8) the impact of climate change and the legal and regulatory responses to such change; (9) our ability to execute our strategy to grow through strategic transactions; and (10) our significant indebtedness. 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. Additionally, certain results are presented excluding the Cinelease studio entertainment business. 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.

FY 2024: Delivering on Growth Strategies

Strategies to Accelerate ROIC and Increase Shareholder Returns:

- Grow the Core
- Expand Specialty
- Elevate Technology
- Allocate Capital
- Execute at Highest Level

Optimize branch network for fleet / operating efficiencies at scale
- Completed 9 acquisitions—28 locations; opened 23 greenfield locations

Enhance fleet mix
- Added 15 new specialty locations through acquisitions and greenfields
- Expanded OEC specialty fleet YoY to support mega projects, cross-selling and end-market expansion

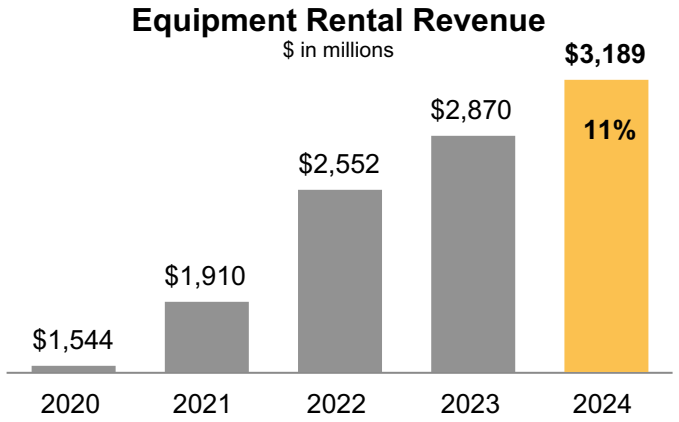
Support customers' efficiency goals through data and telematics
- Advanced our industry leading digital capabilities: ProControl Next Gen™

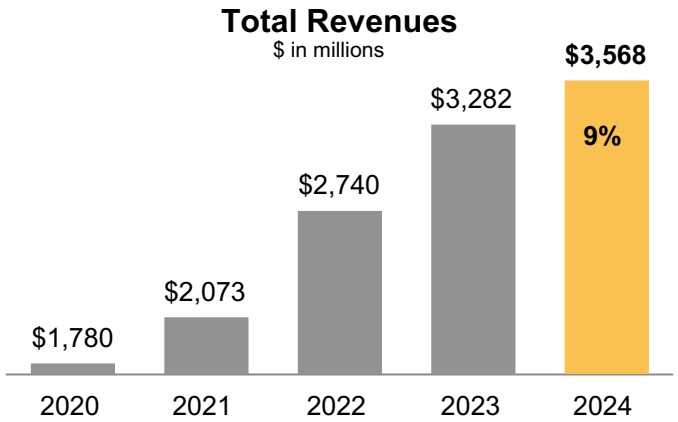
Prioritize Capital and Invest Responsibly
- Continued disciplined investments in fleet and strategic M&A
- Declared regular dividend

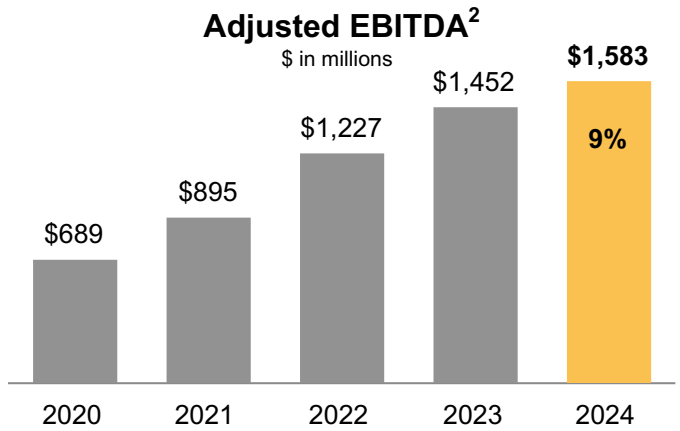
Lead through continuous improvement with E3OS
- Standardized processes
- Committed to superior customer experiences

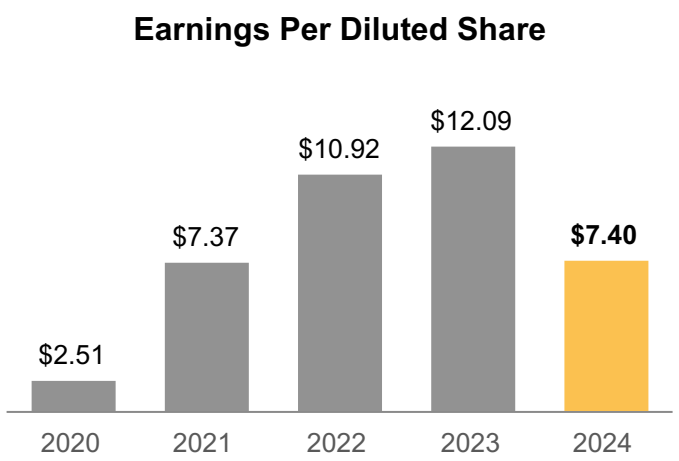


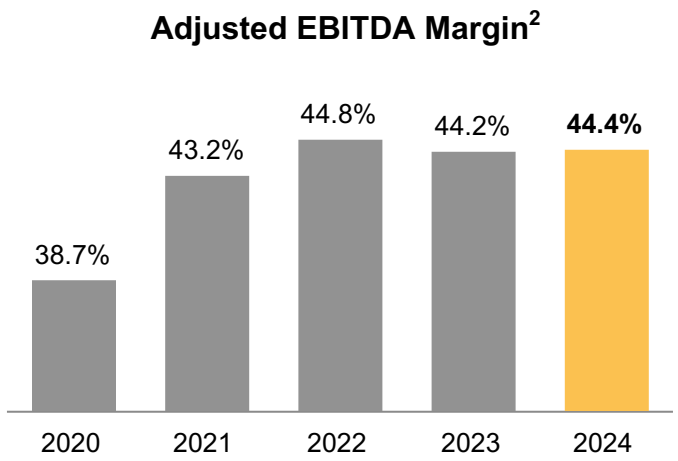
FY 2024: Financial Performance[1]

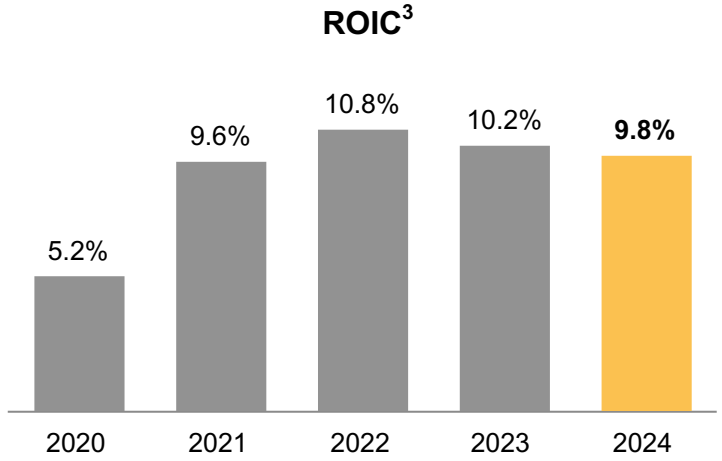












2024 EPS impacted by loss on Cinelease assets held for sale

1. Amounts presented include Cinelease studio entertainment
2. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 21
3. 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.

2025 Perspective



Revenue	• Expect to continue to outpace industry growth rate[1] • Managing the complexities of disparate levels of demand across geographies, end markets and project types ◦ Mega and infrastructure projects ramp up, while interest rates weigh on local markets • Balanced approach to M&A - optimizing recent acquisitions; selectively adding new locations
Adjusted EBITDA	• Aligning costs and balancing fleet with dynamic market trends to sustain margin • Ongoing progress in shift of fleet dispositions to higher-return retail/wholesale channels
Net Fleet Capex	• Continued disciplined investments in fleet to support the long-term growth of the business • Plans reflect asset optimization and support mega project and specialty equipment growth

1. Based on third-party benchmark data

Operations Review

Aaron Birnbaum
Senior Vice President and
Chief Operating Officer



Focusing on Safety

Full Year 2024:

Continuing focus on Perfect Days

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

Total Recordable Incident Rate is 0.87
— favorable to industry standard of 1.0

Proven safety record is a must-have for customers

Herc's Safety Program is integrated into all acquisitions

Think **Safety!**



Scaling for Sustainable Growth

Expanding Through Acquisitions and Greenfields

Adding locations increases density and share in urban markets

- 451 locations at December 31, 2024, +14% YoY

Targeting Top 100 metropolitan markets

- Q4: 1 acquisition - 2 locations; 7 greenfield locations
- FY 24: 9 acquisitions - 28 locations; 23 greenfield locations
  - Invested $600 million through December 31, 2024 on M&A

Disciplined criteria for M&A—targets must fit our strategic, financial and cultural filters

Synergized multiple opportunity 3.5x - 4.5x through cross selling adjacent product lines, fleet efficiencies and rate improvement

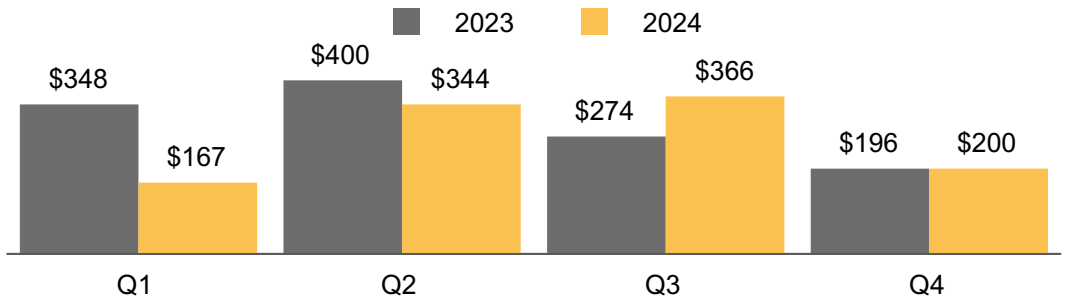


Balanced approach to acquisitions & greenfields in 2025

Optimizing Fleet Mix and Lifecycle Performance

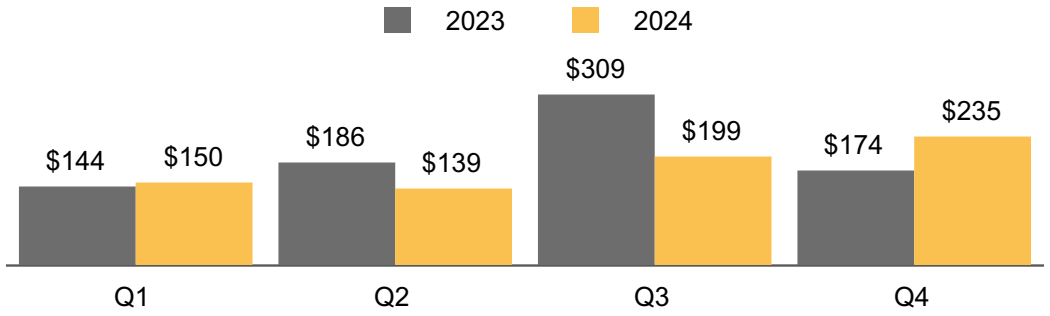
Fleet Expenditures at OEC[1]

$ in millions

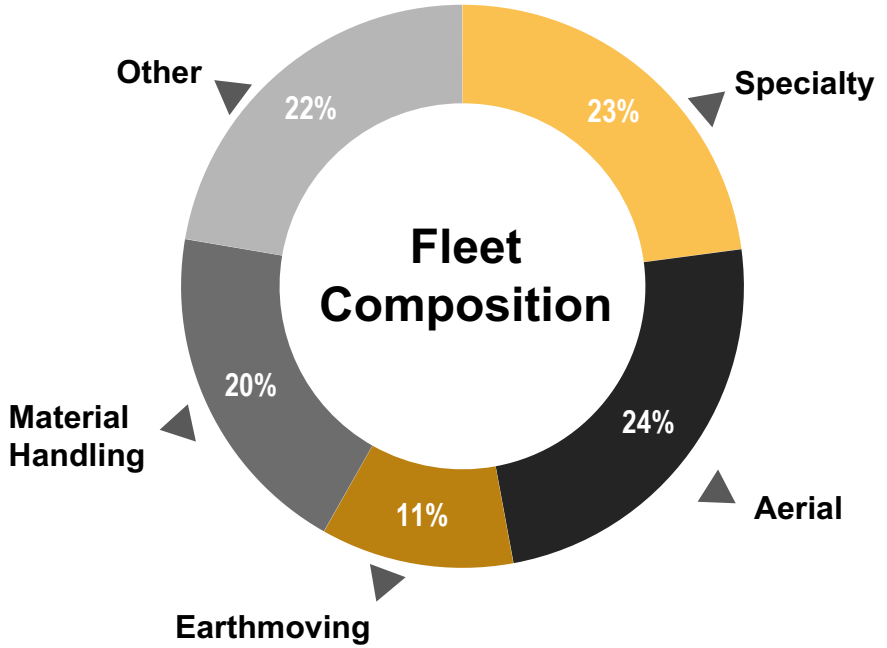


Fleet Disposals at OEC[1]

$ in millions



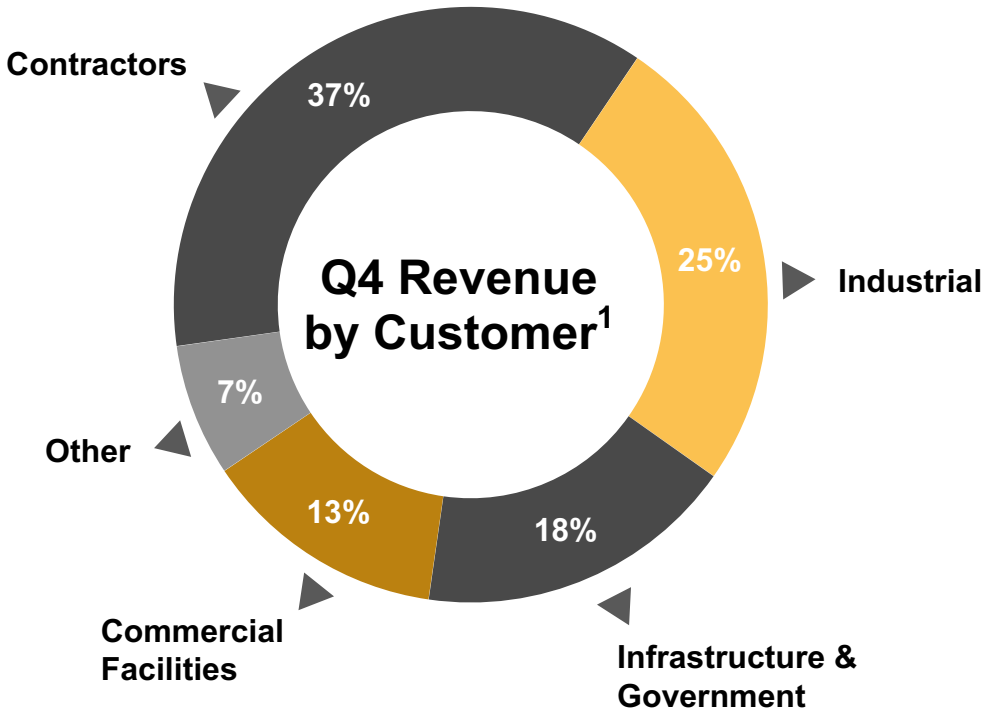
$7.0 billion at OEC[1,2]

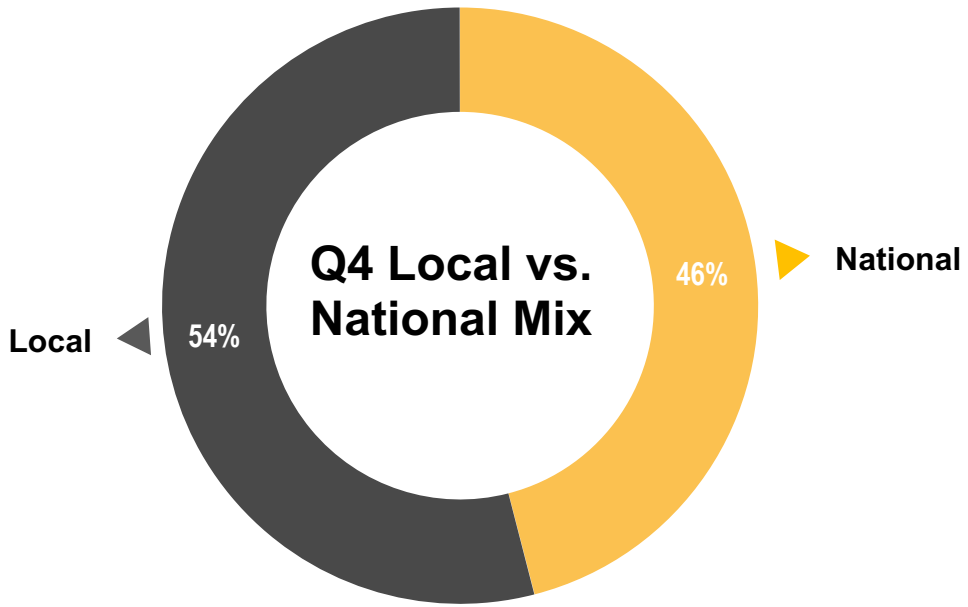


- Q4 24 fleet transactions reflect:
  - Expenditures for rotation, mega projects, specialty equipment, acquisition replacement fleet
  - Dispositions at OEC return to normal seasonality
- Q4 24 disposals generated proceeds of ~42% of OEC
- Average fleet age of 46 months at December 31, 2024

1. Original equipment cost based on ARA guidelines.
2. End fleet as of December 31, 2024, includes Cinelease

Delivering Growth and Resiliency through Diversification





- Local account revenue increased due to acquisitions and greenfields, and a focus on growth markets
- 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; supported by 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.

Capitalizing on Growth Trends Across Diverse Customer and Project Base

Contractors (37%)

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

Industrial (25%)

- 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 (18%)

- 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 (13%)

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

Other (7%)

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

Herc Rentals is Well Positioned with Current Trending Opportunities



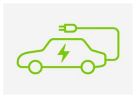
Chip Plants



Data Centers



Renewables



EV/Battery



Utilities



Healthcare



Infrastructure



LNG Plant

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

New verticals since 2016 in **bold**.

Financial Review

Mark Humphrey
Senior Vice President and
Chief Financial Officer



Q4 and FY 2024 Financial Results

$ in millions, except per share data	Three Months Ended December 31,			Year Ended December 31,		
	2024	**2023**	***2024 vs 2023 % Change***	**2024**	**2023**	***2024 vs 2023 % Change***
Equipment Rental Revenue	$839	$748	*12.2%*	$3,189	$2,870	*11.1%*
Total Revenues	$951	$831	*14.4%*	$3,568	$3,282	*8.7%*
Net Income (Loss)	($46)	$91	*(150.5)%*	$211	$347	*(39.2)%*
Earnings (Loss) Per Diluted Share	$(1.62)	$3.20	*(150.6)%*	$7.40	$12.09	*(38.8)%*
Adjusted Net Income[1]	$102	$92	*10.9%*	$367	$353	*4.0%*
Adjusted Earnings Per Diluted Share[1]	$3.58	$3.24	*10.5%*	$12.88	$12.30	*4.7%*
Adjusted EBITDA[1]	$438	$382	*14.7%*	$1,583	$1,452	*9.0%*
Adjusted EBITDA Margin[1]	46.1%	46.0%	*10 bps*	44.4%	44.2%	*20 bps*
REBITDA[1,2]	$406	$362	*12.2%*	$1,483	$1,345	*10.3%*
REBITDA Margin[1,2]	48.0%	48.0%	*— bps*	46.1%	46.4%	*(30) bps*
REBITDA YoY Flow-Through[1,2]	47.8%	64.7%	*NM*	42.9%	53.0%	*NM*
Average Fleet[3] (YoY)	12.7%	13.5%		10.6%	21.0%	
Pricing[3] (YoY)	2.1%	5.8%		3.2%	6.9%	
Dollar Utilization[3]	40.6%	40.9%	*(30) bps*	40.9%	40.8%	*10 bps*
ROIC				9.8%	10.2%	*(40) bps*

NM - Not Meaningful
1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 21
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies
3. Based on ARA guidelines

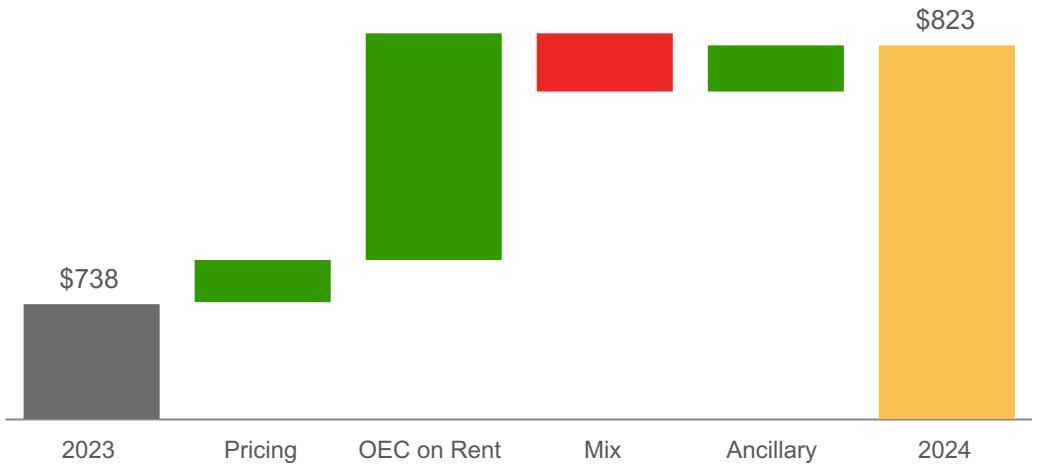
Q4 and FY 2024 Financial Results Excluding Cinelease Studio Entertainment[1]

$ in millions	Three Months Ended December 31,			Year Ended December 31,		
	2024	2023	2024 vs 2023 % Change	2024	2023	2024 vs 2023 % Change
Core Equipment Rental Revenue	$823	$738	*11.5%*	$3,102	$2,820	*10.0%*
Core Total Revenues	$934	$820	*13.9%*	$3,474	$3,226	*7.7%*
Core Net Income	$113	$93	*21.5%*	$359	$376	*(4.5)%*
Core Adjusted EBITDA	$436	$385	*13.2%*	$1,562	$1,462	*6.8%*
Core Adjusted EBITDA Margin	46.7%	47.0%	*(30) bps*	45.0%	45.3%	*(30) bps*
Core REBITDA[2]	$403	$364	*10.7%*	$1,464	$1,355	*8.0%*
Core REBITDA Margin[2]	48.6%	48.9%	*(30) bps*	46.7%	47.6%	*(90) bps*
Core REBITDA YoY Flow-Through[2]	45.3%	60.7%	*NM*	38.0%	57.4%	*NM*
Core Average Fleet[3] (YoY)	13.3%	15.0%		11.3%	22.0%	
Core Dollar Utilization[3]	41.8%	42.6%	*(80) bps*	41.8%	42.4%	*(60) bps*
Core ROIC				10.1%	11.3%	*(120) bps*

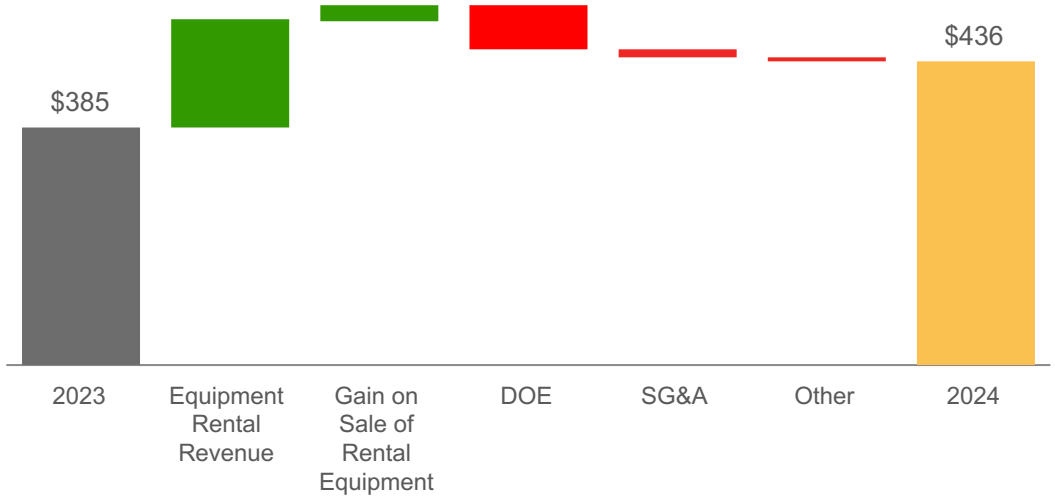
NM - Not Meaningful
1. Results excluding the Cinelease studio entertainment business is referred to as "core" business. For a reconciliation to the most comparable GAAP financial measures, see the Appendix beginning on Slide 21
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies
3. Based on ARA guidelines

Q4 24 YoY Results Bridge Excluding Cinelease Studio Entertainment[1]

Core Equipment Rental Revenue



Core Adjusted EBITDA



Q4 24 Core Adjusted EBITDA Margin drivers:

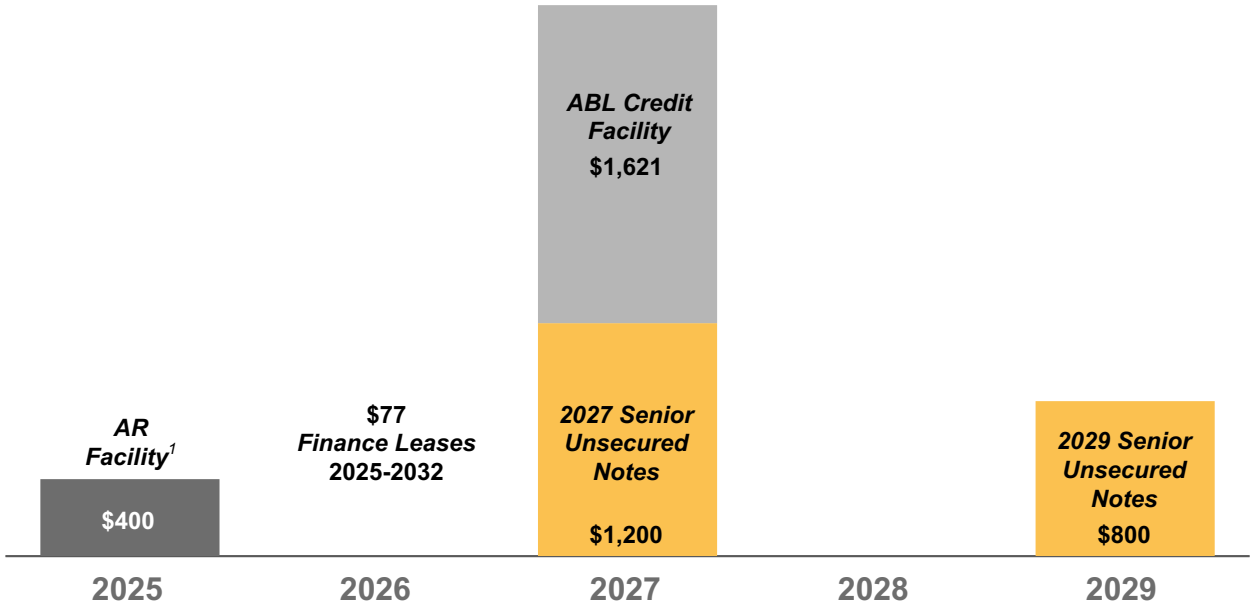
- New acquisition, greenfield revenue at lower incremental margin offset slowdown in higher margin local-account growth
- DOE benefited from swift cost actions taken earlier in the year in response to slowing local-market demand
- SG&A as a % of rental revenue YoY continued to be positive contributor

1. For a reconciliation to the most comparable GAAP financial measures, see the Appendix beginning on Slide 21

Disciplined Capital Management

Maturities

As of December 31, 2024
$ in millions



Ample liquidity[2] of $1.9 billion provides financial flexibility

Net leverage[3] of 2.5x, within target range of 2.0x to 3.0x

Free cash flow of $314 million for full year 2024

Quarterly dividend of $0.665 per share paid on December 27, 2024

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

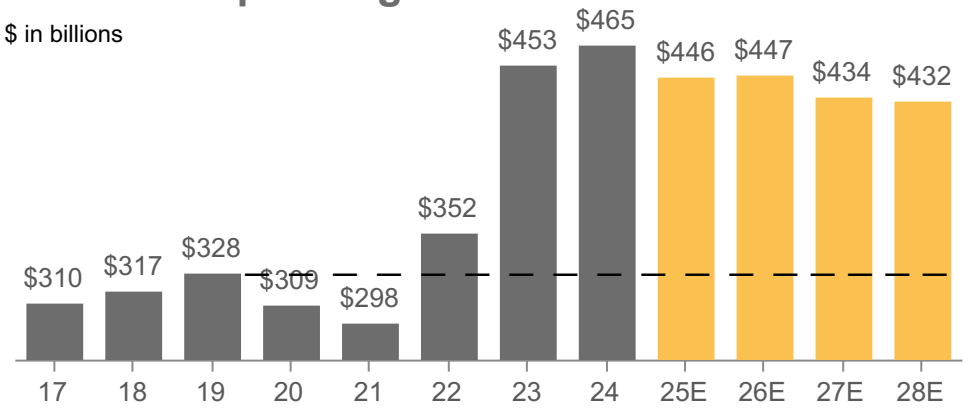
Announced 5% Increase in Annual Dividend to $2.80 per share

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 21

Continued Strength in Key End Markets

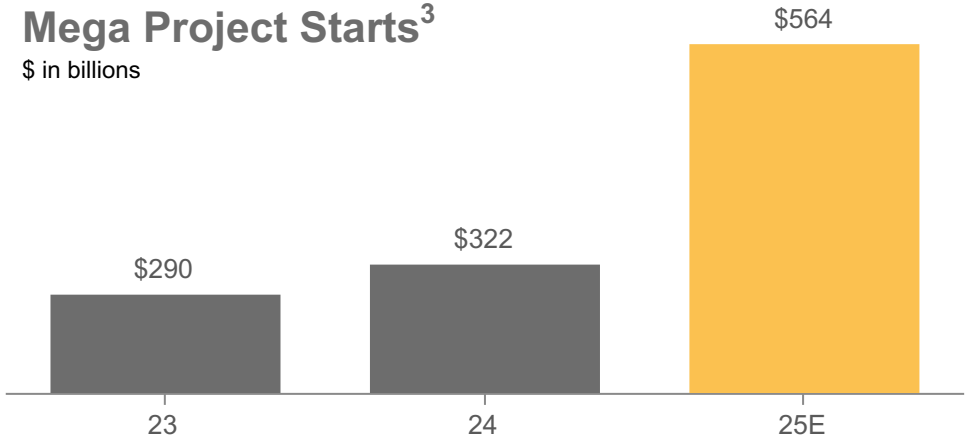
Industrial Spending[1]

$ in billions



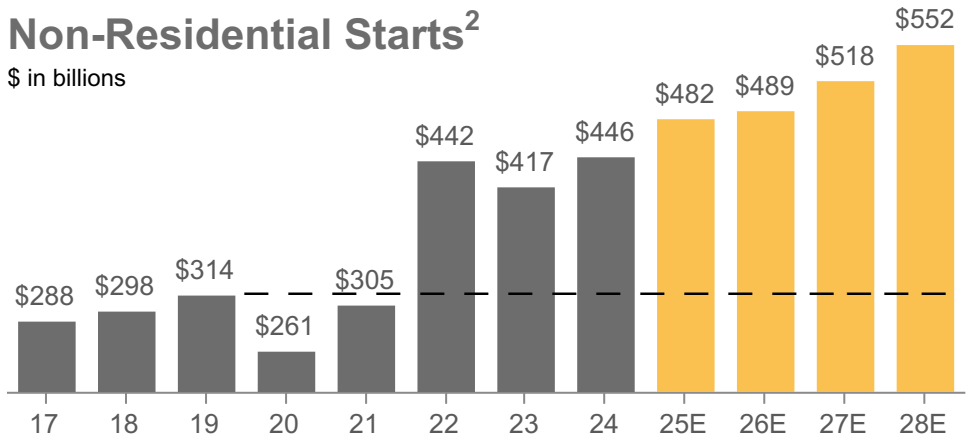
Mega Project Starts[3]

$ in billions



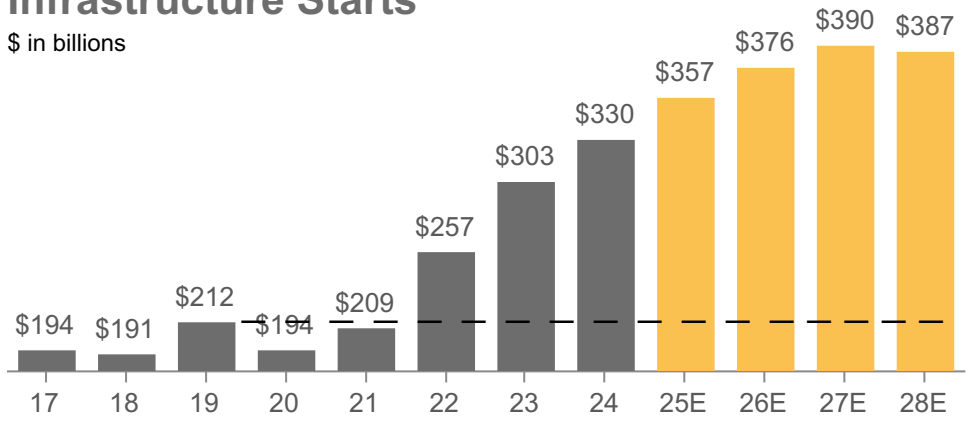
Non-Residential Starts[2]

$ in billions



Infrastructure Starts[2]

$ in billions



1.Source: IIR as of October 2024
2.Source: Dodge Analytics U.S. as of January 2025
3.Source: Dodge Analytics U.S. as of January 2025; mega project defined as total dollar value exceeding $250 million

2025 Outlook excluding Cinelease

Metric	2024 Actual Excluding Cinelease	2025 Guidance
Equipment Rental Revenue	10%	+4% to 6%
Adjusted EBITDA	$1.562 billion	$1.575 billion to $1.650 billion
Net Rental Equipment Expenditures	$760 million	$400 to $600 million
Gross Capex	$1.048 billion	$700 to $900 million

Key Assumptions for Full-Year 2025 excluding Cinelease:

- Local markets remain relatively flat; Infrastructure and mega projects drive growth
- Fleet efficiency remains a priority
- Net fleet capex supports replacement fleet, mega projects, specialty equipment growth, greenfield inventory
- Used equipment market normalizing; continue the shift to higher-margin retail/wholesale sales channels
- Expect to be free cash flow positive
- Ongoing focus on operating leverage to improve margins
- Interest expense roughly flat YoY, dependent on rate actions
- Tax rate ~25%; expect to be first-time cash tax payer

Purpose, Vision, Mission and Values

We equip our customers and communities to build a brighter future



Appendix


JLG ULTRA BOOM
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USDOT 372163
MC-897170

Glossary of Terms Commonly Use 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.

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 ~4% 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

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 26 and 27, each metric has been adjusted to exclude the studio entertainment business due to the intent to sell that business and provides the operating performance of the remaining business.

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, 2024	2023	Year Ended December 31, 2024	2023
Net income (loss)	**($46)**	**$91**	**$211**	**$347**
Income tax provision	3	32	80	100
Interest expense, net	67	62	260	224
Depreciation of rental equipment	180	163	679	643
Non-rental depreciation and amortization	35	29	127	112
EBITDA	**239**	**377**	**1,357**	**1,426**
Non-cash stock-based compensation charges	1	3	17	18
Transaction related costs	2	3	11	8
Loss on assets held for sale	194	—	194	—
Other	2	(1)	4	—
Adjusted EBITDA	**438**	**382**	**1,583**	**1,452**
Less: Gain (loss) on sales of rental equipment	29	17	87	94
Less: Gain (loss) on sales of new equipment, parts and supplies	3	3	13	13
Rental Adjusted EBITDA (REBITDA)	**$406**	**$362**	**$1,483**	**$1,345**
Total revenues	$951	$831	$3,568	$3,282
Less: Sales of rental equipment	96	68	311	346
Less: Sales of new equipment, parts and supplies	9	9	37	38
Equipment rental, service and other revenues	**$846**	**$754**	**$3,220**	**$2,898**
Total revenues	$951	$831	$3,568	$3,282
Adjusted EBITDA	$438	$382	$1,583	$1,452
Adjusted EBITDA Margin	**46.1 %**	**46.0 %**	**44.4 %**	**44.2 %**
Equipment rental, service and other revenues	$846	$754	$3,220	$2,898
REBITDA	$406	$362	$1,483	$1,345
REBITDA Margin	**48.0 %**	**48.0 %**	**46.1 %**	**46.4 %**
YOY Change in REBITDA	$44		$138	
YOY Change in Equipment rental, service and other revenues	$92		$322	
YOY REBITDA Flow-Through	**47.8 %**		**42.9 %**	

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 December 31,					
	2024			2023		
$ in millions	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$839	$16	$823	$748	$10	$738
Total revenues	951	17	934	831	11	820
Total expenses	994	209	785	708	14	694
Income (loss) before income taxes	(43)	(192)	149	123	(3)	126
Income tax (provision) benefit	(3)	33	(36)	(32)	1	(33)
Net income (loss)	**($46)**	**($159)**	**$113**	**$91**	**($2)**	**$93**
Income tax provision (benefit)	3	(33)	36	32	(1)	33
Interest expense, net	67	—	67	62	—	62
Depreciation of rental equipment	180	—	180	163	—	163
Non-rental depreciation and amortization	35	—	35	29	—	29
EBITDA	**239**	**(192)**	**431**	**377**	**(3)**	**380**
Non-cash stock-based compensation charges	1	—	1	3	—	3
Transaction related costs	2	—	2	3	1	2
Loss on assets held for sale	194	194	—	—	—	—
Other	2	—	2	(1)	(1)	—
Adjusted EBITDA	**438**	**2**	**436**	**382**	**(3)**	**385**
Less: Gain (loss) on sales of rental equipment	29	(1)	30	17	(1)	18
Less: Gain (loss) on sales of new equipment, parts and supplies	3	—	3	3	—	3
Rental Adjusted EBITDA (REBITDA)	**$406**	**$3**	**$403**	**$362**	**($2)**	**$364**
Total revenues	$951	$17	$934	$831	$11	$820
Less: Sales of rental equipment	96	—	96	68	—	68
Less: Sales of new equipment, parts and supplies	9	1	8	9	1	8
Equipment rental, service and other revenues	**$846**	**$16**	**$830**	**$754**	**$10**	**$744**
Total revenues	$951	$17	$934	$831	$11	$820
Adjusted EBITDA	$438	$2	$436	$382	($3)	$385
Adjusted EBITDA Margin	**46.1 %**	**11.8 %**	**46.7 %**	**46.0 %**	**(27.3)%**	**47.0 %**
Equipment rental, service and other revenues	$846	$16	$830	$754	$10	$744
REBITDA	$406	$3	$403	$362	($2)	$364
REBITDA Margin	**48.0 %**	**18.8 %**	**48.6 %**	**48.0 %**	**(20.0)%**	**48.9 %**
YOY Change in REBITDA	$44	$5	$39	$22	($12)	$34
YOY Change in Equipment rental, service and other revenues	$92	$6	$86	$34	($22)	$56
YOY REBITDA Flow-Through	**47.8 %**	**83.3 %**	**45.3 %**	**64.7 %**	**54.5 %**	**60.7 %**

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

	Year Ended December 31,					
	2024			2023		
$ in millions	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	$3,189	$87	$3,102	$2,870	$50	$2,820
Total revenues	3,568	94	3,474	3,282	56	3,226
Total expenses	3,277	268	3,009	2,835	93	2,742
Income (loss) before income taxes	291	(174)	465	447	(37)	484
Income tax (provision) benefit	(80)	26	(106)	(100)	8	(108)
Net income (loss)	**$211**	**($148)**	**$359**	**$347**	**($29)**	**$376**
Income tax provision	80	(26)	106	100	(8)	108
Interest expense, net	260	—	260	224	—	224
Depreciation of rental equipment	679	—	679	643	24	619
Non-rental depreciation and amortization	127	—	127	112	2	110
EBITDA	**1,357**	**(174)**	**1,531**	**1,426**	**(11)**	**1,437**
Non-cash stock-based compensation charges	17	—	17	18	—	18
Transaction related costs	11	1	10	8	2	6
Loss on assets held for sale	194	194	—	—	—	—
Other	4	—	4	—	(1)	1
Adjusted EBITDA	**1,583**	**21**	**1,562**	**1,452**	**(10)**	**1,462**
Less: Gain (loss) on sales of rental equipment	87	—	87	94	(1)	95
Less: Gain (loss) on sales of new equipment, parts and supplies	13	2	11	13	1	12
Rental Adjusted EBITDA (REBITDA)	**$1,483**	**$19**	**$1,464**	**$1,345**	**($10)**	**$1,355**
Total revenues	$3,568	$94	$3,474	$3,282	$56	$3,226
Less: Sales of rental equipment	311	1	310	346	1	345
Less: Sales of new equipment, parts and supplies	37	5	32	38	2	36
Equipment rental, service and other revenues	**$3,220**	**$88**	**$3,132**	**$2,898**	**$53**	**$2,845**
Total revenues	$3,568	$94	$3,474	$3,282	$56	$3,226
Adjusted EBITDA	$1,583	$21	$1,562	$1,452	($10)	$1,462
Adjusted EBITDA Margin	**44.4 %**	**22.3 %**	**45.0 %**	**44.2 %**	**(17.9)%**	**45.3 %**
Equipment rental, service and other revenues	$3,220	$88	$3,132	$2,898	$53	$2,845
REBITDA	$1,483	$19	$1,464	$1,345	($10)	$1,355
REBITDA Margin	**46.1 %**	**21.6 %**	**46.7 %**	**46.4 %**	**(18.9)%**	**47.6 %**
YOY Change in REBITDA	$138	$29	$109	$169	($55)	$224
YOY Change in Equipment rental, service and other revenues	$322	$35	$287	$319	($71)	$390
YOY REBITDA Flow-Through	**42.9 %**	**82.9 %**	**38.0 %**	**53.0 %**	**77.5 %**	**57.4 %**

REBITDA Margin and Flow-Through Quarterly Trend

$ in millions	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Net income (loss)	**$67**	**$76**	**$113**	**$91**	**$347**	**$65**	**$70**	**$122**	**($46)**	**$211**
Income tax provision	8	27	33	32	100	16	23	38	3	80
Interest expense, net	48	54	60	62	224	61	63	69	67	260
Depreciation of rental equipment	152	161	167	163	643	160	165	174	180	679
Non-rental depreciation and amortization	26	28	29	29	112	29	30	33	35	127
EBITDA	**301**	**346**	**402**	**377**	**1,426**	**331**	**351**	**436**	**239**	**1,357**
Non-cash stock-based compensation charges	4	5	6	3	18	5	4	7	1	17
Transaction related costs	2	1	2	3	8	3	3	3	2	11
Loss on assets held for sale	—	—	—	—	—	—	—	—	194	194
Other	1	—	—	(1)	—	—	2	—	2	4
Adjusted EBITDA	**308**	**352**	**410**	**382**	**1,452**	**339**	**360**	**446**	**438**	**1,583**
Less: Gain (loss) on sales of rental equipment	25	27	25	17	94	23	20	15	29	87
Less: Gain (loss) on sales of new equipment, parts and supplies	3	3	4	3	13	3	4	3	3	13
Rental Adjusted EBITDA (REBITDA)	**$280**	**$322**	**$381**	**$362**	**$1,345**	**$313**	**$336**	**$428**	**$406**	**$1,483**
Total revenues	$740	$802	$908	$831	$3,282	$804	$848	$965	$951	$3,568
Less: Sales of rental equipment	71	83	124	68	346	69	65	81	96	311
Less: Sales of new equipment, parts and supplies	8	10	11	9	38	9	10	9	9	37
Equipment rental, service and other revenues	**$661**	**$709**	**$773**	**$754**	**$2,898**	**$726**	**$773**	**$875**	**$846**	**$3,220**
REBITDA Margin	**42.4 %**	**45.4 %**	**49.3 %**	**48.0 %**	**46.4 %**	**43.1 %**	**43.5 %**	**48.9 %**	**48.0 %**	**46.1 %**
YOY REBITDA Flow-Through	**42.6 %**	**48.5 %**	**76.3 %**	**64.7 %**	**53.0 %**	**50.8 %**	**21.9 %**	**46.1 %**	**47.8 %**	**42.9 %**

REBITDA Margin and Flow-Through Annual Trend

$ in millions	2019	2020	2021	2022	2023	2024
Net income	**$47**	**$74**	**$224**	**$330**	**$347**	**$211**
Income tax provision	16	20	67	104	100	80
Interest expense, net	174	93	86	122	224	260
Depreciation of rental equipment	410	403	420	536	643	679
Non-rental depreciation and amortization	62	63	68	95	112	127
EBITDA	**709**	**653**	**865**	**1,187**	**1,426**	**1,357**
Non-cash stock-based compensation charges	19	16	23	27	18	17
Restructuring	8	1	—	—	—	—
Impairment	4	15	3	3	—	—
Transaction related costs	—	—	4	7	8	11
Loss on assets held for sale / disposal of business	—	3	—	—	—	194
Other	1	1	—	3	—	4
Adjusted EBITDA	**741**	**689**	**895**	**1,227**	**1,452**	**1,583**
Less: Gain (loss) on sales of rental equipment	(1)	(5)	19	36	94	87
Less: Gain (loss) on sales of new equipment, parts and supplies	11	8	10	15	13	13
Rental Adjusted EBITDA (REBITDA)	**$731**	**$686**	**$866**	**$1,176**	**$1,345**	**$1,483**
Total revenues	$1,999	$1,780	$2,073	$2,740	$3,282	$3,568
Less: Sales of rental equipment	243	198	113	125	346	311
Less: Sales of new equipment, parts and supplies	44	28	31	36	38	37
Equipment rental, service and other revenues	**$1,712**	**$1,554**	**$1,929**	**$2,579**	**$2,898**	**$3,220**
REBITDA Margin	**42.7 %**	**44.2 %**	**44.8 %**	**45.7 %**	**46.4 %**	**46.1 %**
YOY REBITDA Flow-Through	**169.3 %**	**27.9 %**	**47.5 %**	**48.1 %**	**53.0 %**	**42.9 %**

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,	
$ in millions	2024	2023	2024	2023
Net income (loss)	**($46)**	**$91**	**$211**	**$347**
Transaction related costs	2	3	11	8
Loss on assets held for sale	194	—	194	—
Other[(1)]	2	(1)	4	—
Tax impact of adjustments[(2)]	(50)	(1)	(53)	(2)
Adjusted net income	**$102**	**$92**	**$367**	**$353**
Diluted common shares	**28.5**	**28.4**	**28.5**	**28.7**
Adjusted earnings per diluted share	**$3.58**	**$3.24**	**$12.88**	**$12.30**

(1) Other consists of restructuring charges and spin-off costs.
(2) The tax rate applied for adjustments is 25.5% and reflects the statutory rates in the applicable entities.

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 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Long-Term Debt, Net	**$3,215**	**$3,493**	**$3,665**	**$3,673**	**$3,753**	**$3,864**	**$4,163**	**$4,069**
(Plus) Current maturities of long-term debt	12	12	14	15	15	15	15	17
(Plus) Unamortized debt issuance costs	5	5	5	5	5	13	13	12
(Less) Cash and Cash Equivalents	(40)	(37)	(71)	(71)	(63)	(70)	(142)	(83)
Net Debt	**3,192**	**3,473**	**3,613**	**3,622**	**3,710**	**3,822**	**4,049**	**4,015**
Trailing Twelve-Month Adjusted EBITDA	1,298	1,366	1,431	1,452	1,483	1,491	1,527	1,583
Net Leverage	**2.5 x**	**2.5 x**	**2.5 x**	**2.5 x**	**2.5 x**	**2.6 x**	**2.7 x**	**2.5 x**

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.

	Year Ended December 31,				
$ in millions	**2024**	**2023**	**2022**	**2021**	**2020**
Net cash provided by operating activities	**$1,225**	**$1,086**	**$917**	**$743**	**$611**
Rental equipment expenditures	(1,048)	(1,320)	(1,168)	(594)	(345)
Proceeds from disposal of rental equipment	288	325	121	107	192
Net Fleet Capital Expenditures	**(760)**	**(995)**	**(1,047)**	**(487)**	**(153)**
Non-rental capital expenditures	(161)	(156)	(104)	(47)	(41)
Proceeds from disposal of property and equipment	10	15	7	5	7
Other	—	(15)	(23)	—	—
Free Cash Flow	**314**	**(65)**	**(250)**	**214**	**424**
Acquisitions, net of cash acquired	(600)	(430)	(515)	(431)	(45)
Proceeds from disposal of business	—	—	—	—	24
(Increase) decrease in Net Debt, excluding financing activities	**($286)**	**($495)**	**($765)**	**($217)**	**$403**

Historical Fleet at OEC[1]

$ in millions	FY 2019	FY 2020	FY 2021	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Beginning Balance	**$3,777**	**$3,822**	**$3,589**	**$4,381**	**$5,637**	**$5,915**	**$6,211**	**$6,217**	**$5,637**	**$6,328**	**$6,416**	**$6,714**	**$7,088**	**$6,328**
Expenditures	627	348	725	1,218	348	400	274	196	1,218	167	344	366	200	1,077
Disposals	(593)	(552)	(281)	(322)	(144)	(186)	(309)	(174)	(813)	(150)	(139)	(199)	(235)	(723)
Acquisitions	—	28	346	395	77	88	55	83	303	76	100	200	19	395
Foreign Currency / Other	11	(57)	2	(35)	(3)	(6)	(14)	6	(17)	(5)	(7)	7	(28)	(33)
Ending Balance	**$3,822**	**$3,589**	**$4,381**	**$5,637**	**$5,915**	**$6,211**	**$6,217**	**$6,328**	**$6,328**	**$6,416**	**$6,714**	**$7,088**	**$7,044**	**$7,044**
Proceeds as a percent of OEC	**40.9 %**	**37.0 %**	**41.8 %**	**44.4 %**	**51.5 %**	**47.0 %**	**39.4 %**	**44.3 %**	**44.2 %**	**49.5 %**	**47.9 %**	**42.4 %**	**42.4 %**	**44.9 %**

1. Original equipment cost based on ARA guidelines.

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