

Scaling for Sustainable Growth

Q1 2025 EARNINGS CONFERENCE CALL

April 22, 2025



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

Q1 2025 Overview

Q1 Operations Review

Q1 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; (10) our significant indebtedness; and (11) our ability to complete the acquisition of H&E Equipment Services, Inc. and our ability to realize the anticipated benefits of the proposed transaction.

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.

Q1 2025: 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

- Executed merger agreement to acquire H&E Equipment Services; 160 locations
- Opened 3 previously planned greenfield locations

Enhance fleet mix

- Focused on specialty fleet 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 by Herc Rentals™

Prioritize Capital and Invest Responsibly

- Continued disciplined investments in fleet
- Declared regular dividend

Lead through continuous improvement with E3OS

- Standardized processes
- Committed to superior customer experiences



Market and Transaction Updates

- Demand Environment
 - Local vs National
- 2025 Tariff Implications
 - Primarily domestic sourced
- H&E Closing Timeline
 - HSR
 - S-4 Registration
 - Tender Offer
- H&E Integration Planning



Operations Review

Aaron Birnbaum

Senior Vice President and
Chief Operating Officer



Focusing on Safety

Continuing focus on Perfect Days

- Q1 25 all branches reported > 96% Perfect Days
- Perfect Days are those with no:
 - OSHA reportable incidents
 - At-fault moving vehicle accidents
 - DOT violations

Total TTM Recordable Incident Rate is 0.93

— favorable to industry standard of 1.0

Proven safety record is a must-have for customers

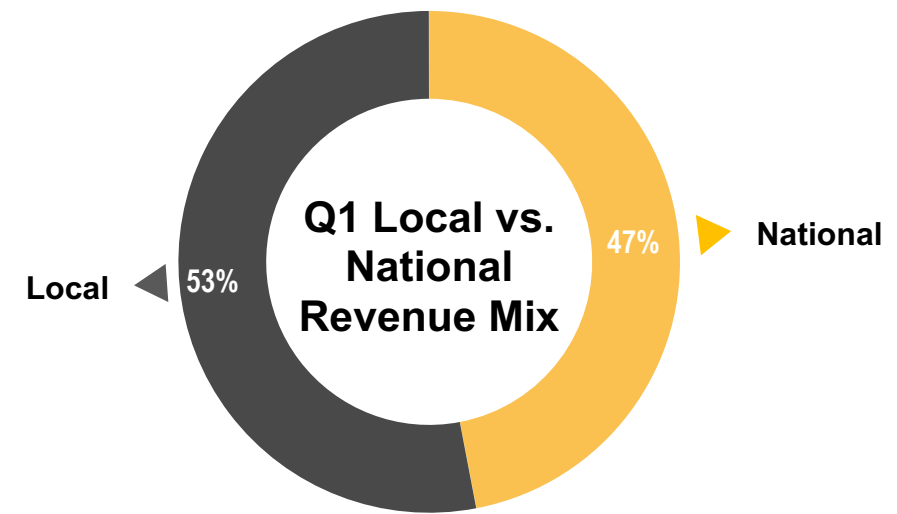
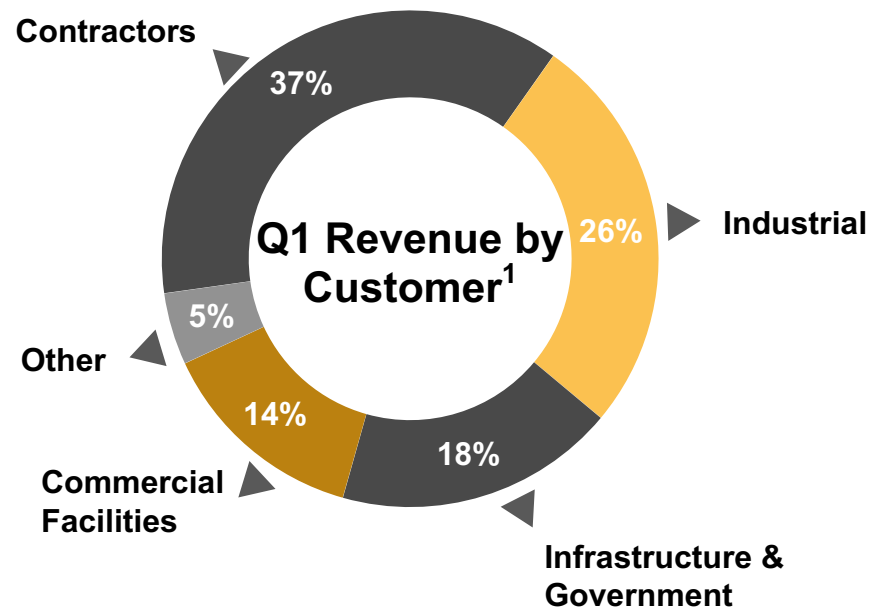
Herc's Safety Program is integrated into all acquisitions



Think Safety!



Delivering Growth and Resiliency through Diversification



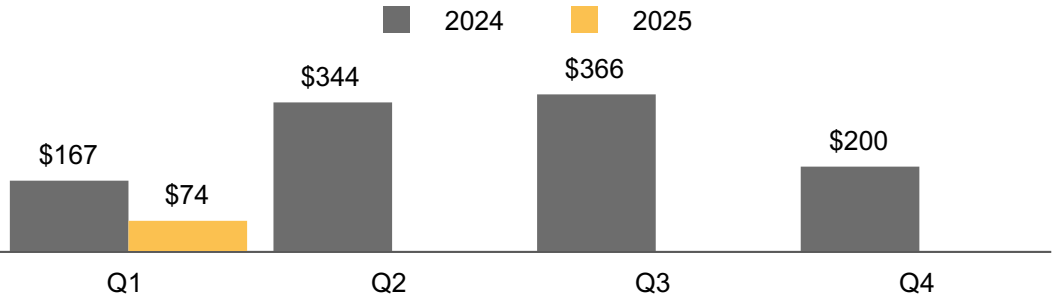
- Local account revenue 53% of total vs 55% in 1Q24; local growth restricted by interest rate environment
 - Infrastructure projects and recent acquisitions help offset slowdown in commercial sector
- National account revenue continues to benefit from general growth and mega project activity
 - Growth from mix of existing projects ramping up and new projects launching in 2025
 - Project pipeline remains strong; supported by private- and 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.

Optimizing Fleet Mix and Lifecycle Performance

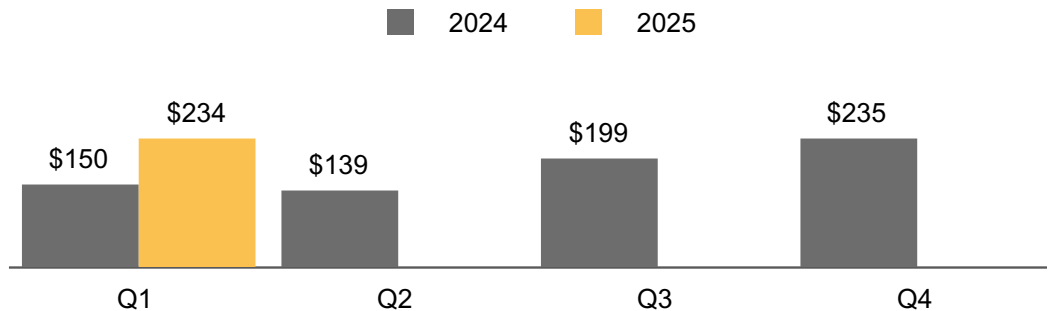
Fleet Expenditures at OEC¹

\$ in millions

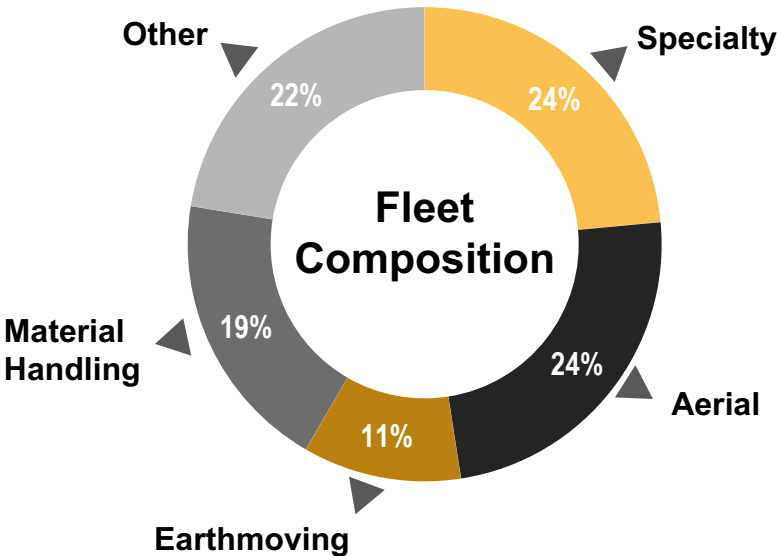


Fleet Disposals at OEC¹

\$ in millions



\$6.9 billion at OEC^{1,2}



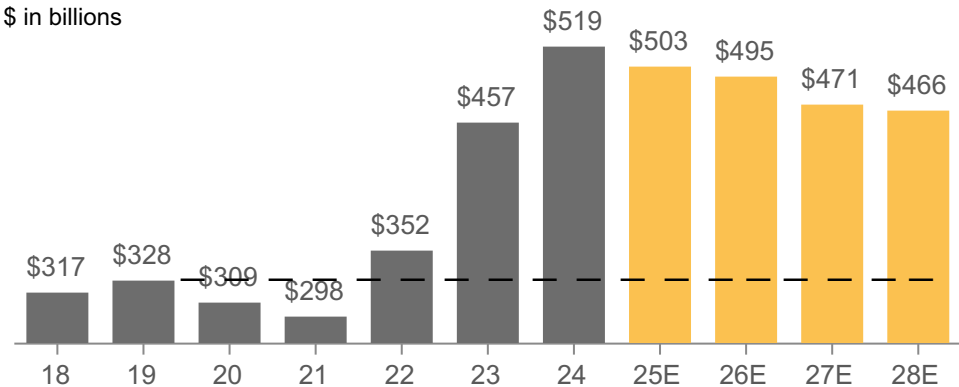
- Focus on fleet efficiency:
 - Disciplined expenditures for rotation, mega projects, specialty equipment
 - Dispositions to align utilization and cull 2024 acquisition fleet
- Q1 25 disposals generated proceeds of ~45% of OEC
 - Strong execution of sales channel-management strategy
 - Average age of fleet disposals in the quarter of 88 months
- Average fleet age of 47 months at March 31, 2025

1. Original equipment cost based on ARA guidelines.
2. End fleet as of March 31, 2025, includes Cinelease

Continued Strength in Key End Markets

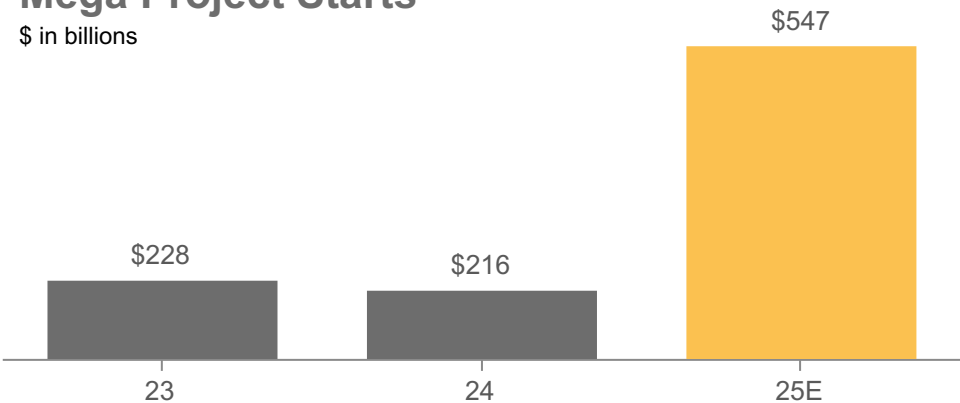
Industrial Spending¹

\$ in billions



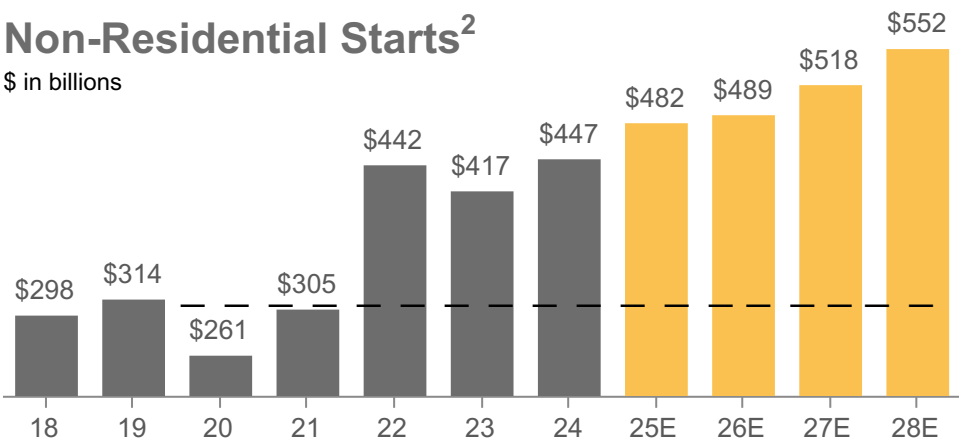
Mega Project Starts³

\$ in billions



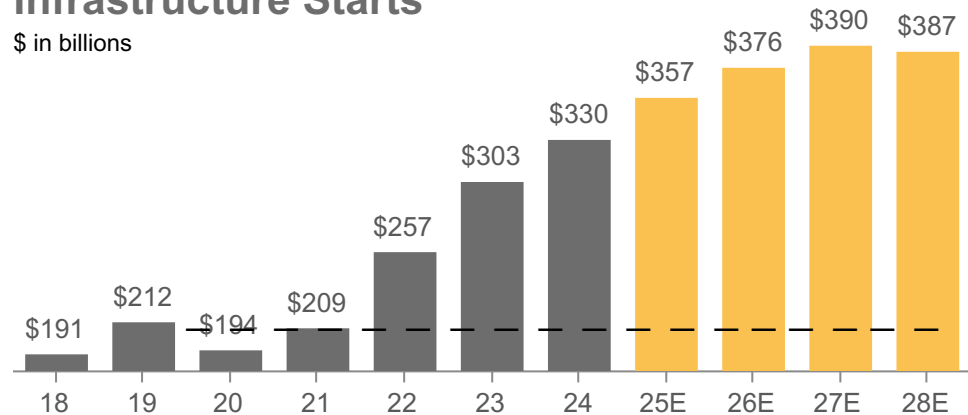
Non-Residential Starts²

\$ in billions



Infrastructure Starts²

\$ in billions



1.Source: IIR as of March 2025

2.Source: Dodge Analytics U.S. as of March 2025

3.Source: Dodge Analytics U.S. as of March 2025; mega project defined as total dollar value exceeding \$250 million

Capitalizing on Growth Trends Across Diverse Customer and Project Base

Contractors (37%)	Industrial (26%)	Infrastructure & Gov. Direct (18%)	Commercial Facilities (14%)	Other (5%)
• Electrical • General Contractors • Mechanical • Remediation & Environmental • Residential • Restoration • Specialty Contractors	• 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	• Airports • Bridge • Federal Government • Local & State Government • Military Base • Prisons • Railroad & Mass Transportation • Streets, Road & Highway • Sewer & Waste Disposal • Water Supply & Distribution • Utilities	• Banks • Casinos • Hospitality (hotel & motel) • Parking Garages • Religious Building • Retail Facilities • Commercial Warehousing • Education • Facility Maintenance • Healthcare • Data Centers	• 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



Q1 2025 Financial Results

	Three Months Ended March 31,		
	2025	2024	2025 vs 2024 % Change
\$ in millions, except per share data			
Equipment Rental Revenue	\$739	\$719	2.8%
Total Revenues	\$861	\$804	7.1%
Net Income (Loss)	\$(18)	\$65	(127.7)%
Earnings Per Diluted Share	\$(0.63)	\$2.29	(127.5)%
Adjusted Net Income ¹	\$37	\$67	(44.8)%
Adjusted Earnings Per Diluted Share ¹	\$1.30	\$2.36	(44.9)%
Adjusted EBITDA ¹	\$339	\$339	—%
Adjusted EBITDA Margin ¹	39.4%	42.2%	(280) bps
REBITDA ^{1,2}	\$307	\$313	(1.9)%
REBITDA Margin ^{1,2}	41.2%	43.1%	(190) bps
REBITDA YoY Flow-Through ^{1,2}	(31.6)%	50.8%	NM*
Average Fleet ³ (YoY)	9.2%	10.1%	
Dollar Utilization ³	37.6%	39.7%	(210) bps
ROIC	9.5%	10.0%	(50) bps

* NM - Not Meaningful

1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 19

2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies

3. Based on ARA guidelines

Q1 2025 Financial Results Excluding Cinelease Studio Entertainment¹

\$ in millions	Three Months Ended March 31,		
	2025	2024	2025 vs 2024 % Change
Core Equipment Rental Revenue	\$724	\$690	4.9%
Core Total Revenues	\$844	\$774	9.0%
Core Net Income	(\$18)	\$58	(131.0)%
Core Adjusted EBITDA	\$338	\$329	2.7%
Core Adjusted EBITDA Margin	40.0%	42.5%	(250) bps
Core REBITDA ²	\$307	\$304	1.0%
Core REBITDA Margin ²	42.1%	43.6%	(150) bps
Core REBITDA YoY Flow-Through ²	9.1%	46.4%	NM*
Core Average Fleet ³ (YoY)	9.7%	11.3%	
Core Dollar Utilization ³	38.4%	40.2%	(180) bps
Core ROIC	9.8%	10.9%	(110) 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 19

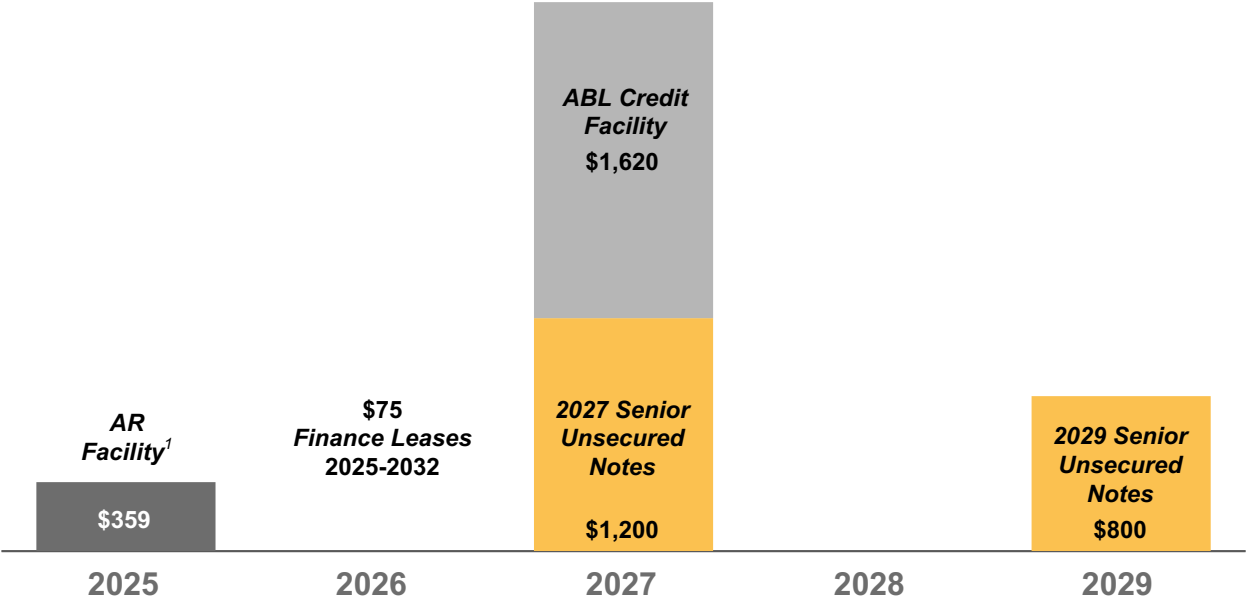
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies

3. Based on ARA guidelines

Disciplined Capital Management

Maturities

As of March 31, 2025
\$ in millions



Ample liquidity² of \$1.9 billion provides financial flexibility

Net leverage³ of 2.5x, within target range of 2.0x to 3.0x

Free cash flow of \$49 million for first quarter 2025

Quarterly dividend increased 5% to \$0.70 per share, paid on March 4, 2025

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

March 2025 Moody's and S&P maintain corporate rating

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 19

Affirming 2025 Outlook (Excluding Cinelease)

Metric	2024 Actual	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

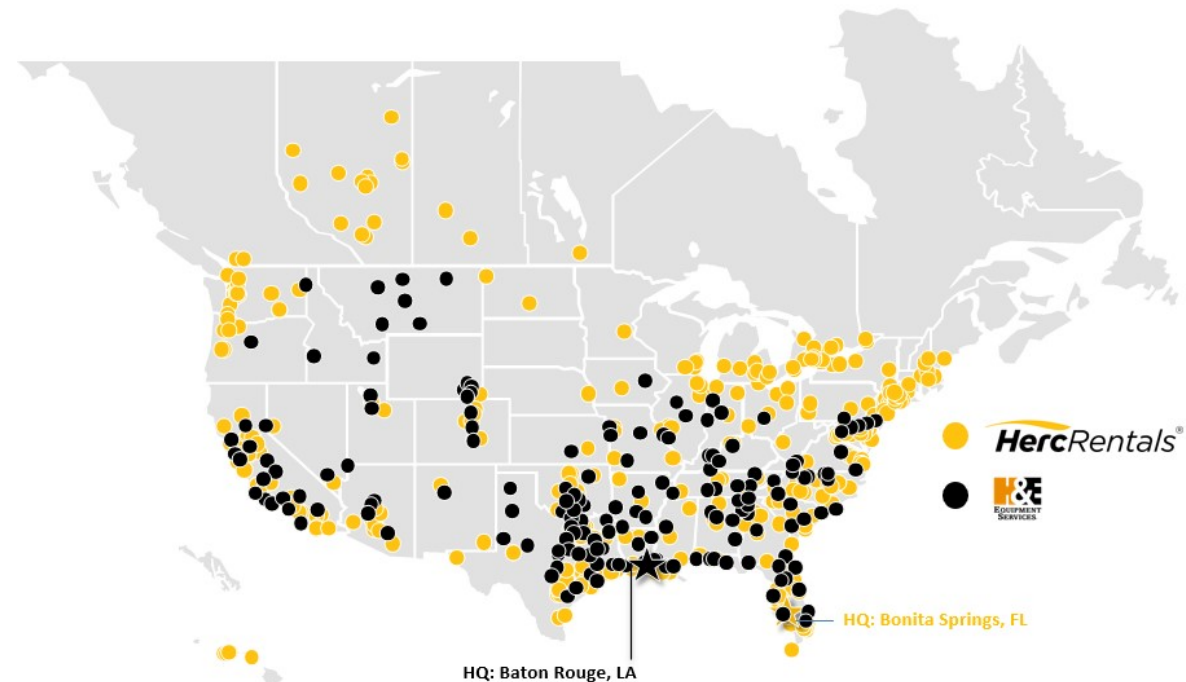
Key Assumptions for Full-Year 2025 excluding Cinelease:

- Local markets remain relatively flat; prior-year acquisitions and mega projects drive growth
- Fleet efficiency remains a priority
- Net fleet capex supports replacement fleet, mega projects, specialty equipment growth
- 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

Scaling Herc's Premier Platform for Superior Value Creation

H&E Transaction Overview

- Immediately accelerates Herc's proven strategy
- Substantial revenue and cost synergies with superior cash flow conversion characteristics
- Capital efficiency through optimization of fleet
- Increase presence in key regions and enhanced geographic diversification
- Leverage Herc's industry leading technologies
- Shared commitment to excellence



Purpose, Vision, Mission and Values



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

Appendix



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

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



Cinelease assets held for sale



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 slide 24, 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 March 31,	
	2025	2024
Net income (loss)	\$ (18)	\$ 65
Income tax provision	10	16
Interest expense, net	62	61
Depreciation of rental equipment	172	160
Non-rental depreciation and amortization	33	29
EBITDA	259	331
Non-cash stock-based compensation charges	6	5
Transaction related costs	74	3
Adjusted EBITDA	339	339
Less: Gain (loss) on sales of rental equipment	29	23
Less: Gain (loss) on sales of new equipment, parts and supplies	3	3
Rental Adjusted EBITDA (REBITDA)	\$ 307	\$ 313
Total revenues	\$ 861	\$ 804
Less: Sales of rental equipment	105	69
Less: Sales of new equipment, parts and supplies	11	9
Equipment rental, service and other revenues	\$ 745	\$ 726
Total revenues	\$ 861	\$ 804
Adjusted EBITDA	\$ 339	\$ 339
Adjusted EBITDA Margin	39.4 %	42.2 %
Equipment rental, service and other revenues	\$ 745	\$ 726
REBITDA	\$ 307	\$ 313
REBITDA Margin	41.2 %	43.1 %
YOY Change in REBITDA	\$ (6)	
YOY Change in Equipment rental, service and other revenues	\$ 19	
YOY REBITDA Flow-Through	(31.6)%	

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 March 31,

\$ in millions	2025			2024		
	Herc	Studio Entertainment	Herc, excl Studio	Herc	Studio Entertainment	Herc, excl Studio
Equipment rental revenue	\$ 739	\$ 15	\$ 724	\$ 719	\$ 29	\$ 690
Total revenues	861	17	844	804	30	774
Total expenses	869	17	852	723	21	702
Income (loss) before income taxes	(8)	—	(8)	81	9	72
Income tax (provision) benefit	(10)	—	(10)	(16)	(2)	(14)
Net income (loss)	(18)	—	(18)	65	7	58
Income tax provision (benefit)	10	—	10	16	2	14
Interest expense, net	62	—	62	61	—	61
Depreciation of rental equipment	172	—	172	160	—	160
Non-rental depreciation and amortization	33	—	33	29	—	29
EBITDA	259	—	259	331	9	322
Non-cash stock-based compensation charges	6	—	6	5	—	5
Transaction related costs	74	1	73	3	1	2
Adjusted EBITDA	339	1	338	339	10	329
Less: Gain (loss) on sales of rental equipment	29	1	28	23	—	23
Less: Gain (loss) on sales of new equipment, parts and supplies	3	—	3	3	1	2
Rental Adjusted EBITDA (REBITDA)	\$ 307	\$ —	\$ 307	\$ 313	\$ 9	\$ 304
Total revenues	\$ 861	\$ 17	\$ 844	\$ 804	\$ 30	\$ 774
Less: Sales of rental equipment	105	1	104	69	—	69
Less: Sales of new equipment, parts and supplies	11	1	10	9	1	8
Equipment rental, service and other revenues	\$ 745	\$ 15	\$ 730	\$ 726	\$ 29	\$ 697
Total revenues	\$ 861	\$ 17	\$ 844	\$ 804	\$ 30	\$ 774
Adjusted EBITDA	\$ 339	\$ 1	\$ 338	\$ 339	\$ 10	\$ 329
Adjusted EBITDA Margin	39.4 %	5.9 %	40.0 %	42.2 %	33.3 %	42.5 %
Equipment rental, service and other revenues	\$ 745	\$ 15	\$ 730	\$ 726	\$ 29	\$ 697
REBITDA	\$ 307	\$ —	\$ 307	\$ 313	\$ 9	\$ 304
REBITDA Margin	41.2 %	— %	42.1 %	43.1 %	31.0 %	43.6 %
YOY Change in REBITDA	\$ (6)	\$ (9)	\$ 3	\$ 33	\$ 7	\$ 26
YOY Change in Equipment rental, service and other revenues	\$ 19	\$ (14)	\$ 33	\$ 65	\$ 9	\$ 56
YOY REBITDA Flow-Through	(31.6)%	64.3 %	9.1 %	50.8 %	77.8 %	46.4 %

REBITDA Margin and Flow-Through Quarterly Trend

\$ in millions	Q1 2024		Q2 2024		Q3 2024		Q4 2024		FY 2024		Q1 2025	
Net income (loss)	\$	65	\$	70	\$	122	\$	(46)	\$	211	\$	(18)
Income tax provision		16		23		38		3		80		10
Interest expense, net		61		63		69		67		260		62
Depreciation of rental equipment		160		165		174		180		679		172
Non-rental depreciation and amortization		29		30		33		35		127		33
EBITDA		331		351		436		239		1,357		259
Non-cash stock-based compensation charges		5		4		7		1		17		6
Transaction related costs		3		3		3		2		11		74
Loss on assets held for sale		—		—		—		194		194		—
Other		—		2		—		2		4		—
Adjusted EBITDA		339		360		446		438		1,583		339
Less: Gain (loss) on sales of rental equipment		23		20		15		29		87		29
Less: Gain (loss) on sales of new equipment, parts and supplies		3		4		3		3		13		3
Rental Adjusted EBITDA (REBITDA)	\$	313	\$	336	\$	428	\$	406	\$	1,483	\$	307
Total revenues	\$	804	\$	848	\$	965	\$	951	\$	3,568	\$	861
Less: Sales of rental equipment		69		65		81		96		311		105
Less: Sales of new equipment, parts and supplies		9		10		9		9		37		11
Equipment rental, service and other revenues	\$	726	\$	773	\$	875	\$	846	\$	3,220	\$	745
REBITDA Margin		43.1 %		43.5 %		48.9 %		48.0 %		46.1 %		41.2 %
YOY REBITDA Flow-Through		50.8 %		21.9 %		46.1 %		47.8 %		42.9 %		(31.6)%

REBITDA Margin and Flow-Through Annual Trend

\$ in millions

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

\$ in millions	Three Months Ended March 31,	
	2025	2024
Net income (loss)	\$ (18)	\$ 65
Transaction related costs	74	3
Tax impact of adjustments ⁽¹⁾	(19)	(1)
Adjusted net income	\$ 37	\$ 67
Diluted common shares	28.5	28.4
Adjusted earnings per diluted share	\$ 1.30	\$ 2.36

(1) 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 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Long-Term Debt, Net	\$ 3,753	\$ 3,864	\$ 4,163	\$ 4,069	\$ 4,026
(Plus) Current maturities of long-term debt	15	15	15	17	17
(Plus) Unamortized debt issuance costs	5	13	13	12	11
(Less) Cash and Cash Equivalents	(63)	(70)	(142)	(83)	(48)
Net Debt	\$ 3,710	\$ 3,822	\$ 4,049	\$ 4,015	\$ 4,006
Trailing Twelve-Month Adjusted EBITDA	1,483	1,491	1,527	1,583	1,583
Net Leverage	2.5 x	2.6 x	2.7 x	2.5 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.

\$ in millions	Three Months Ended March 31,		Year Ended December 31,		
	2025	2024	2024	2023	2022
Net cash provided by operating activities	\$ 171	\$ 240	\$ 1,225	\$ 1,086	\$ 917
Rental equipment expenditures	(187)	(181)	(1,048)	(1,320)	(1,168)
Proceeds from disposal of rental equipment	94	61	288	325	121
Net Fleet Capital Expenditures	(93)	(120)	(760)	(995)	(1,047)
Non-rental capital expenditures	(33)	(30)	(161)	(156)	(104)
Proceeds from disposal of property and equipment	4	2	10	15	7
Other	—	—	—	(15)	(23)
Free Cash Flow	49	92	314	(65)	(250)
Acquisitions, net of cash acquired	(11)	(148)	(600)	(430)	(515)
(Increase) decrease in Net Debt, excluding financing activities	\$ 38	\$ (56)	\$ (286)	\$ (495)	\$ (765)

Historical Fleet at OEC¹

\$ in millions	FY 2020	FY 2021	FY 2022	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Beginning Balance	\$ 3,822	\$ 3,589	\$ 4,381	\$ 5,637	\$ 6,328	\$ 6,416	\$ 6,714	\$ 7,088	\$ 6,328	\$ 7,044
Expenditures	348	725	1,218	1,218	167	344	366	200	1,077	74
Disposals	(552)	(281)	(322)	(813)	(150)	(139)	(199)	(235)	(723)	(234)
Acquisitions	28	346	395	303	76	100	200	19	395	—
Foreign Currency / Other	(57)	2	(35)	(17)	(5)	(7)	7	(28)	(33)	(5)
Ending Balance	\$ 3,589	\$ 4,381	\$ 5,637	\$ 6,328	\$ 6,416	\$ 6,714	\$ 7,088	\$ 7,044	\$ 7,044	\$ 6,879
Proceeds as a percent of OEC	37.0 %	41.8 %	44.4 %	44.2 %	49.5 %	47.9 %	42.4 %	42.4 %	44.9 %	44.8 %

1. Original equipment cost based on ARA guidelines.

**For additional information,
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