

# HERTZ GLOBAL HOLDINGS INC. Q2 2024 EARNINGS PRESENTATION

August 1, 2024



**Hertz**  
CAR RENTAL

**dollar.**  
CAR RENTAL

**Thrifty**  
CAR RENTAL

# IMPORTANT DISCLOSURES

## FORWARD-LOOKING STATEMENTS

Certain statements made within this presentation contain forward-looking statements. Forward-looking statements are not guarantees of future performance and by their nature are subject to inherent uncertainties. Actual results may differ materially. Any forward-looking information relayed in this presentation speaks only as of August 1, 2024, and Hertz Global Holdings, Inc. (“Hertz” or the “Company”) undertakes no obligation to update that information to reflect changed circumstances.

Additional information concerning these statements, including factors that could cause our actual results to differ, is contained in the Company’s press release regarding its second quarter 2024 results issued on August 1, 2024, and can also be found in the most recent filings we make with the Securities and Exchange Commission, including our Annual Report on Form 10-K. These filings are made available on the SEC’s website and the Investor Relations section of the Hertz website.

## NON-GAAP MEASURES AND KEY METRICS

The following non-GAAP measures and key metrics are used in the presentation:

- Adjusted Corporate EBITDA
- Adj. Corp. EBITDA Margin
- Adjusted Free Cash Flow
- Available Rental Car Days
- Average Vehicles
- Average Rentable Vehicles
- DOE per Transaction Day
- Depreciation Per Unit (DPU)
- Total Revenue Per Day (RPD)
- Transaction Days
- Vehicle Utilization

See Appendix for definitions of key metrics and reconciliations of non-GAAP measures to the most directly comparable GAAP measure where applicable.

# HERTZ – A GLOBAL LEADER IN CAR RENTAL



**106 years** of operations

**11,400**  
locations

**\$9.4B**  
annual revenue










**550K**  
vehicles

**160**  
countries

**27,000**  
employees










**25M**  
annual rentals

# GLOBAL Q2 RESULTS – YEAR OVER YEAR

	Q2 2023	Q2 2024		COMMENTARY
 <b>REVENUE</b> .....	\$2.4B	<b>\$2.4B</b>	<b>(3)%</b>	Demand was healthy. The Company remained disciplined on capacity and prioritized rate.
 <b>TRANSACTION DAYS</b> .....	39.7M	<b>39.7M</b>	<b>—%</b>	Volume was flat YoY driven by the decision to remain disciplined on capacity and favoring premium RPD business.
 <b>RPD</b> .....	\$61.62	<b>\$59.65</b>	<b>(3)%</b>	Execution of the revenue strategy continued to narrow YoY declines; most recently down 2% in June. Q3 RPD tracking YoY parity.
 <b>AVERAGE FLEET</b> .....	561K	<b>577K</b>	<b>3%</b>	Our disciplined capacity approach resulted in RAC fleet down 1% YoY; overall fleet growth was driven by increased rideshare volume.
 <b>UTILIZATION</b> .....	82%	<b>80%</b>	<b>(180)bps</b>	Decline was driven by prioritization of rate over volume and utilization, and reduction in EV for ICE substitution.
 <b>DPU</b> .....	\$197	<b>\$600</b>	<b>NM</b>	Increase was driven by decline in value of vehicles purchased at height of new car pricing.
 <b>DOE/TRANSACTION DAY</b> ...	\$33.95	<b>\$36.25</b>	<b>7%</b>	~30% of the increase was driven by non-recurring charges in both periods. Remainder driven by insurance, personnel, collision and damage, and general inflationary pressure. Initiatives are underway.
 <b>ADJ. CORP. EBITDA</b> .....	\$347M	<b>\$(460)M</b>	<b>NM</b>	Driven mainly by a ~\$700 million increase in vehicle depreciation.
 <b>ADJ. FREE CASH FLOW</b> ....	\$(423)M	<b>\$(553)M</b>	<b>(31)%</b>	Driven by lower adjusted operating cash flows.

See Appendix for definitions of key metrics and reconciliations of non-GAAP measures to the most directly comparable GAAP measure where applicable.

# GLOBAL Q2 RESULTS – SEQUENTIAL

	Q1 2024	Q2 2024		COMMENTARY
 <b>REVENUE</b> .....	\$2.1B	<b>\$2.4B</b>	<b>13%</b>	Both RPD and volume increased.
 <b>TRANSACTION DAYS</b> .....	36.9M	<b>39.7M</b>	<b>8%</b>	Growth was led by higher-margin leisure demand.
 <b>RPD</b> .....	\$56.68	<b>\$59.65</b>	<b>5%</b>	Increase was across all leisure segments; supported by revenue strategy to prioritize premium business.
 <b>AVERAGE FLEET</b> .....	547K	<b>577K</b>	<b>5%</b>	Continued discipline around capacity kept growth inside demand and below historic seasonal increase.
 <b>UTILIZATION</b> .....	76%	<b>80%</b>	<b>340 bps</b>	Increase was driven by higher leisure volume and continued discipline around capacity.
 <b>DPU</b> .....	\$592	<b>\$600</b>	<b>1%</b>	Increase was driven by shortened hold periods on a portion of the fleet given the decision to accelerate the fleet rotation.
 <b>DOE/TRANSACTION DAY</b> ...	\$37.08	<b>\$36.25</b>	<b>(2)%</b>	Improvement reflects the continued execution of cost initiatives (supply chain, workforce, maintenance and collision costs), somewhat offset by other headwinds (insurance, vehicle licensing fees).
 <b>ADJ. CORP. EBITDA</b> .....	\$(567)M	<b>\$(460)M</b>	<b>19%</b>	Improvement driven by growth in revenue and a reduction in unit operating costs.
 <b>ADJ. FREE CASH FLOW</b> ....	\$(729)M	<b>\$(553)M</b>	<b>24%</b>	Improvement was driven by an increase in Adj Corp EBITDA.

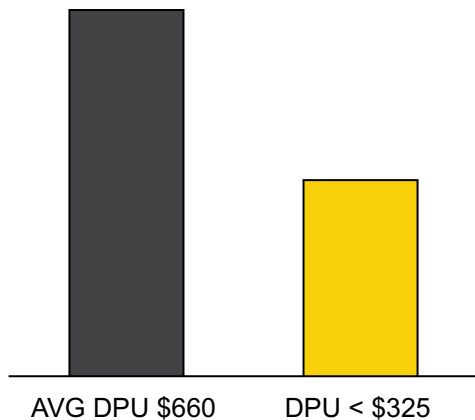
See Appendix for definitions of key metrics and reconciliations of non-GAAP measures to the most directly comparable GAAP measure where applicable.

# BUILDING BLOCKS OF OUR STRATEGY

	METRIC	TARGET	COMMENTARY
<b>FLEET</b>	<i>Depreciation per unit per month (DPU)</i>	<i>Low \$300s</i>	<ul style="list-style-type: none"> <li>• Fleet refresh / rotate out of high priced vehicles in FY24/25</li> <li>• Vehicle prices coming down via increased OEM incentives / availability of desired fleet mix</li> <li>• Current deals support target; &gt;30% of fleet at June 30, 2024 was at \$325 or less</li> </ul>
<b>UNIT REVENUE</b>	<i>Revenue per Transaction Day (RPD)</i>	<i>Low \$60s</i>	<ul style="list-style-type: none"> <li>• Demand creation through loyalty and customer mix</li> <li>• Removal of low yield RPD</li> <li>• Improved technology to bolster collections around damages and reduce bad debt</li> <li>• Dynamic pricing for value added services</li> <li>• Technological and product innovation (RM tools)</li> <li>• Targeting direct bookings</li> </ul>
<b>COST MANAGEMENT</b>	<i>Direct Operating Expense (DOE) per Transaction Day</i>	<i>Low \$30s</i>	<ul style="list-style-type: none"> <li>• Ongoing fleet and operational cost initiatives:               <ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Improved procurement and contract management</li> <li>• Footprint optimization</li> <li>• Workforce management</li> <li>• Technology</li> </ul> </li> </ul>

# REFRESHED FLEET DRIVES IMPROVED RESULTS

**Over 30% of the fleet at or below  
DPU target as of June 30, 2024**

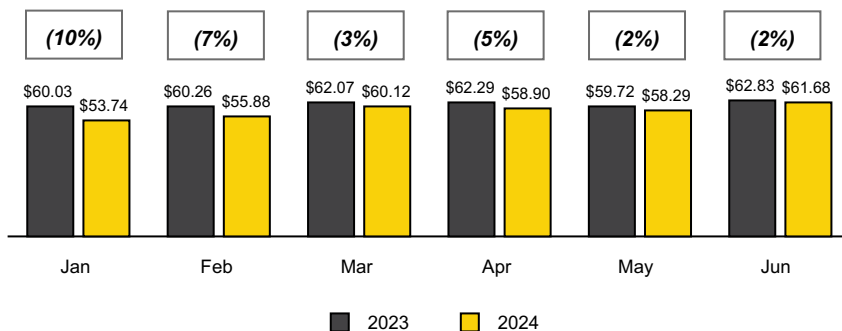


- Refresh is well underway, with a third of the fleet now model year '24 or '25
- Fleet cost composition indicates more than 30% of vehicles are at or below our DPU target
- Average DPU for remaining fleet is approximately \$660

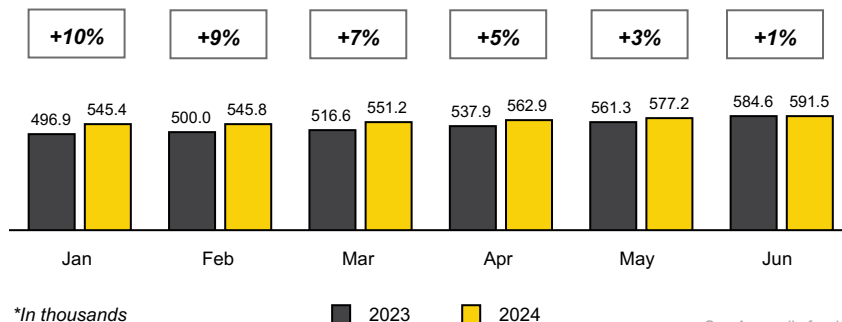
***Accelerated fleet rotation will achieve DPU target of low \$300s sooner***

# CAPACITY DISCIPLINE IMPROVES RATE

## GLOBAL RPD - YOY



## AVERAGE VEHICLES\* YOY



\*In thousands

## Rate per Day Dynamics

- The Company's revenue management and capacity discipline is narrowing year-over-year RPD declines
- The Company expects Q3 2024 RPD to be flat to slightly up versus Q3 2023
- The Company's revenue management strategy focuses on revenue yield
- Other key components impacting RPD:
  - Demand
  - Seasonality
  - Customer channel mix
  - Length of rental
  - Brand
- Core RAC fleet for June down 1%

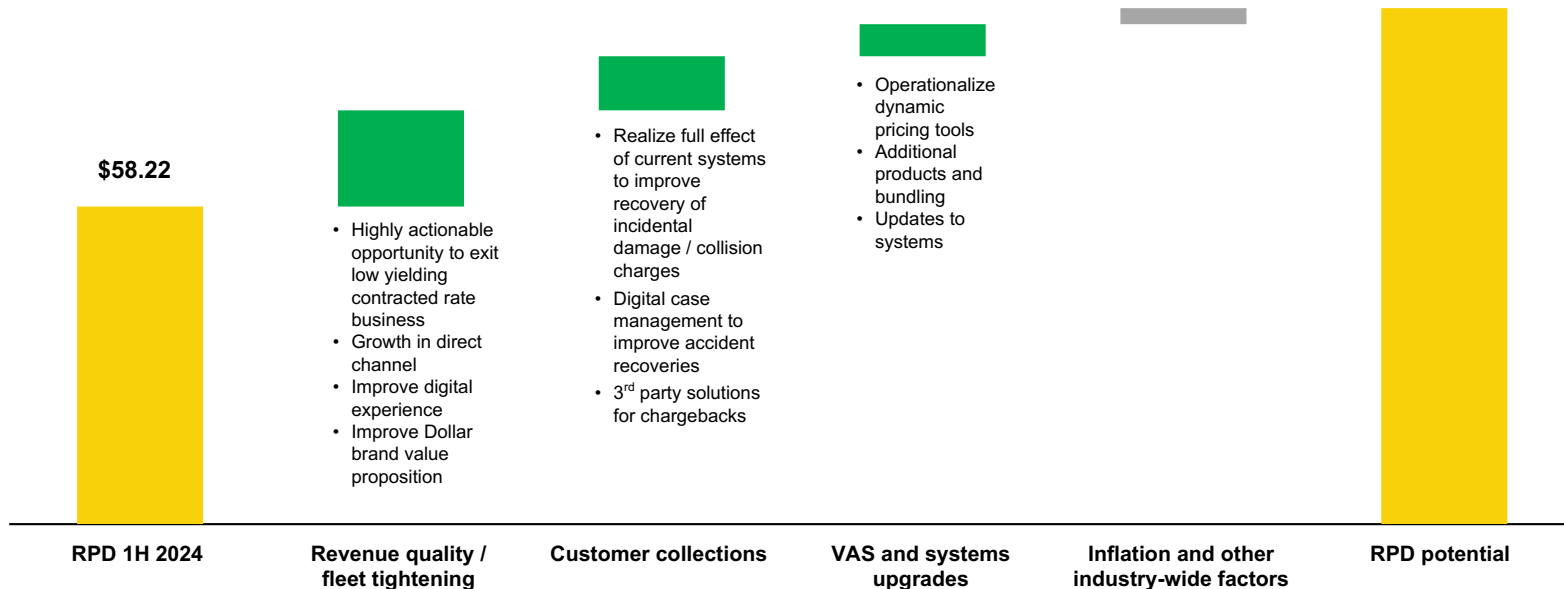
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# SIGNIFICANT RUNWAY TO DRIVE RPD HIGHER

## RPD TARGET OF LOW \$60s

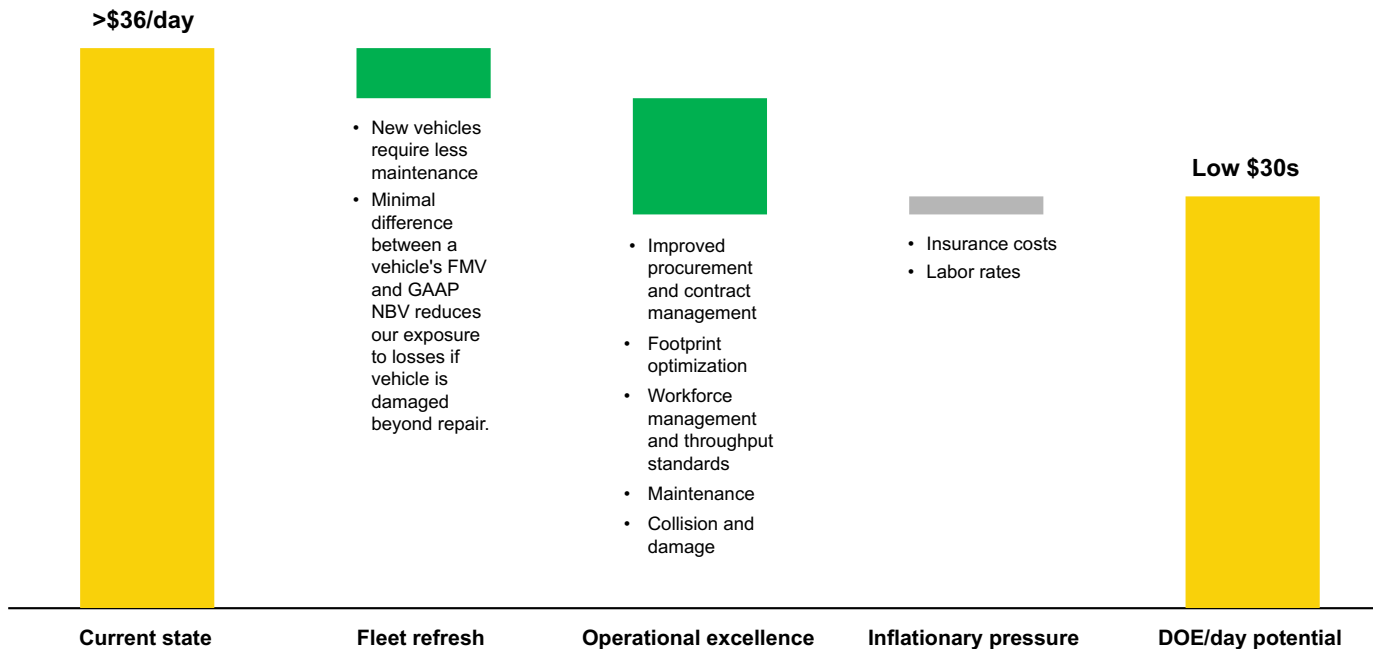
Low \$60s



*Focused on capacity discipline and driving higher quality of revenue*

# COST MANAGEMENT INITIATIVES ARE UNDERWAY

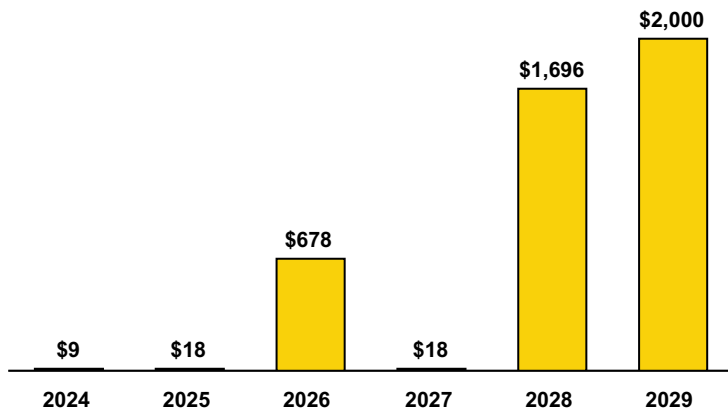
## DOE/DAY TARGET OF LOW \$30s



*Additional actions being identified to address inflationary pressure*

# CORPORATE DEBT AND LIQUIDITY

## NON-VEHICLE DEBT MATURITY PROFILE AT JUNE 30, 2024\*



dollars in millions

\*Excludes \$21 million in other non-vehicle debt. Also excludes \$245 million Term C loan (maturing June 2028) since the cash is restricted to collateralize letters of credit.

## SOLID LIQUIDITY POSITION AT JUNE 30, 2024

- Liquidity of \$1.8B
  - \$568M of unrestricted cash
  - \$1.3B available under First Lien RCF
- Non-vehicle Debt of \$4.6B
  - Issued \$750M of 1L notes due 2029
  - Issued \$250M of 2L exchangeable notes due 2029
- 2L proceeds improve the consolidated first lien leverage ratio

See Appendix for definitions of key metrics and reconciliations of non-GAAP measures to the most directly comparable GAAP measure where applicable.

# CONTACT US

Hertz Global Holdings, Inc.

Investor Relations

8501 Williams Rd, Estero, FL 33928

[Investorrelations@hertz.com](mailto:Investorrelations@hertz.com)

Johann Rawlinson

Vice President Investor Relations

Krista Carey

Senior Director Investor Relations

# APPENDIX

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# NON-GAAP RECONCILIATION

(In Millions)	Q2 2024	Q1 2024	Q2 2023
<b>Adjusted Corporate EBITDA:</b>			
Net Income (Loss)	\$(865)	\$(186)	\$139
<b>Adjustments:</b>			
Income Tax Provision (Benefit)	392	(395)	19
Non-vehicle Depreciation and Amortization	41	32	32
Non-vehicle Debt Interest, Net of Interest Income	88	75	56
Vehicle Debt-related Charges <sup>(A)</sup>	10	12	10
Restructuring and Restructuring Related Charges <sup>(B)</sup>	12	32	5
Unrealized (Gains) Losses on Financial Instruments <sup>(C)</sup>	2	6	(2)
Non-cash stock-based compensation forfeitures <sup>(D)</sup>	—	(64)	—
Change in Fair Value of Public Warrants	(165)	(86)	100
Other Items <sup>(E)</sup>	25	7	(12)
<b>Adjusted Corporate EBITDA</b>	<b>\$(460)</b>	<b>\$(567)</b>	<b>\$347</b>
Revenues	\$2,353	\$2,080	\$2,437
Adjusted Corporate EBITDA Margin	(20)%	(27)%	14%

- A. Represents debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.
- B. Represents charges incurred under restructuring actions as defined in U.S. GAAP. Also includes restructuring related charges such as incremental costs incurred related to personnel reductions and closure of underperforming locations.
- C. Represents unrealized gains (losses) on derivative financial instruments.
- D. Represents former CEO awards forfeited in March 2024.
- E. Represents miscellaneous items.

## HERTZ GLOBAL HOLDINGS, INC. RECONCILIATION OF GAAP TO NON-GAAP MEASURE – ADJUSTED CORPORATE EBITDA

Adjusted Corporate EBITDA represents income or loss attributable to the Company as adjusted to eliminate the impact of GAAP income tax; non-vehicle depreciation and amortization; non-vehicle debt interest, net; vehicle debt-related charges; restructuring and restructuring related charges; former CEO stock-based compensation award forfeitures; change in fair value of Public Warrants; unrealized (gains) losses on financial instruments; gain on sale of non-vehicle capital assets and certain other miscellaneous items.

Adjusted Corporate EBITDA Margin is calculated as the ratio of Adjusted Corporate EBITDA to Revenues.

Management uses these measures as operating performance metrics for internal monitoring and planning purposes, including the preparation of the Company's annual operating budget and monthly operating reviews, and analysis of investment decisions, profitability and performance trends. These measurements enable management and investors to assess the performance of the entire business on the same basis as its reportable segments. Adjusted Corporate EBITDA is also utilized in the determination of certain executive compensation. When evaluating our operating performance, investors should not consider Adjusted Corporate EBITDA in isolation of, or as a substitute for, measures of our financial performance determined in accordance with U.S. GAAP. The reconciliations to the most comparable consolidated U.S. GAAP measure are presented herein.

# NON-GAAP RECONCILIATION

(In Millions)	Q2 2024	Q1 2024	Q2 2023
<b>Adjusted Operating Cash Flow And Adjusted Free Cash Flow:</b>			
Net cash provided by (used in) operating activities	\$546	\$370	\$497
Depreciation and reserves for revenue earning vehicles, net	(1,124)	(1,070)	(418)
Bankruptcy related payments (post emergence) and other payments	2	3	12
Adjusted operating cash flow	(576)	(697)	91
Non-vehicle capital asset proceeds (expenditures), net	(22)	(30)	(77)
Adjusted operating cash flow before vehicle investment	(598)	(727)	14
Net fleet growth after financing	45	(2)	(437)
<b>Adjusted free cash flow</b>	<b>\$(553)</b>	<b>\$(729)</b>	<b>\$(423)</b>
<b>Calculation Of Net Fleet Growth After Financing:</b>			
Revenue earning vehicles expenditures	\$(3,723)	\$(1,904)	\$(3,719)
Proceeds from disposal of revenue earning vehicles	1,669	1,233	1,560
Revenue earning vehicles capital expenditures, net	(2,054)	(671)	(2,159)
Depreciation and reserves for revenue earning vehicles, net	1,124	1,070	418
Financing activity related to vehicles:			
Borrowings	1,149	534	1,960
Payment	(229)	(892)	(682)
Restricted cash changes, vehicles	55	(43)	26
Net financing activity related to vehicles	975	(401)	1,304
<b>Net fleet growth after financing</b>	<b>\$45</b>	<b>\$(2)</b>	<b>\$(437)</b>

## HERTZ GLOBAL HOLDINGS, INC. RECONCILIATION OF GAAP TO NON-GAAP MEASURES – ADJUSTED OPERATING CASH FLOW AND ADJUSTED FREE CASH FLOW

Adjusted operating cash flow represents net cash provided by operating activities net of the non-cash add back for vehicle depreciation and reserves, and exclusive of bankruptcy related payments made post emergence. Adjusted operating cash flow is important to management and investors as it provides useful information about the amount of cash generated from operations when fully burdened by fleet costs.

Adjusted free cash flow represents adjusted operating cash flow plus the impact of net non-vehicle capital expenditures and net fleet growth after financing. Adjusted free cash flow is important to management and investors as it provides useful information about the amount of cash available for, but not limited to, the reduction of non-vehicle debt, share repurchase and acquisition. When evaluating our operating performance, investors should not consider Adjusted Corporate Operating Cash Flow or Adjusted Free Cash Flow in isolation of, or as a substitute for, measures of our financial performance determined in accordance with U.S. GAAP. The most comparable GAAP measure for adjusted operating cash flow and adjusted free cash flow is net cash provided by (used in) operating activities.

# GLOBAL KEY METRICS

(\$ In Millions, Except Where Noted)	Q2 2024	Q1 2024	Q2 2023
<b>Total RPD</b>			
Revenues	\$2,353	\$2,080	\$2,437
Foreign Currency Adjustment <sup>(A)</sup>	16	9	9
Total Revenues – Adjusted for Foreign Currency	\$2,369	\$2,089	\$2,446
Transaction Days (In Thousands)	39,721	36,854	39,705
<b>Total RPD (In Dollars)</b>	<b>\$59.65</b>	<b>\$56.68</b>	<b>\$61.62</b>

(\$ In Millions, Except Where Noted)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2023	Q3 2023	Q4 2023
<b>Total RPD</b>							
Revenues	\$1,953	\$2,344	\$2,664	\$2,147	\$2,047	\$2,703	\$2,184
Foreign Currency Adjustment <sup>(A)</sup>	(10)	(5)	1	1	9	13	2
Total Revenues – Adjusted for Foreign Currency	\$1,943	\$2,339	\$2,665	\$2,148	\$2,056	\$2,716	\$2,186
Transaction Days (In Thousands)	45,709	54,298	57,030	48,961	33,787	43,088	37,602
<b>Total RPD (In Dollars)</b>	<b>\$42.50</b>	<b>\$43.07</b>	<b>\$46.73</b>	<b>\$43.86</b>	<b>\$60.85</b>	<b>\$63.04</b>	<b>\$58.15</b>

Note: Global represents Americas RAC and International RAC segment information on a combined basis and excludes Corporate

(A) Based on December 31, 2023 foreign exchange rates

## **Transaction Days ("Days"; also referred to as "volume")**

Transaction Days represents the total number of 24-hour periods, with any partial period counted as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period. This metric is important to management and investors as it represents the number of revenue-generating days.

## **Total Revenue Per Transaction Day ("Total RPD" or "RPD"; also referred to as "pricing")**

Total RPD represents revenue generated per transaction day, excluding the impact of foreign currency exchange rates so as not to affect the comparability of underlying trends. This metric is important to management and investors as it represents a measure of changes in the underlying pricing in the vehicle rental business and encompasses the elements in vehicle rental pricing that management has the ability to control.



# GLOBAL KEY METRICS



(\$ In Millions, Except Where Noted)	Q2 2024	Q1 2024	Q2 2023
<b>Vehicle Utilization</b>			
Transaction Days (In Thousands)	39,721	36,854	39,705
Average Rentable Vehicles (In Whole Units)	546,187	529,232	533,813
Number of Days in Period (In Whole Units)	91	91	91
Available Car Days (In Thousands)	49,701	48,181	48,576
<b>Vehicle Utilization<sup>(B)</sup></b>	<b>80%</b>	<b>76%</b>	<b>82%</b>
<b>Depreciation Per Unit Per Month</b>			
Depreciation of Revenue Earning Vehicles and Lease Charges, Net	\$1,035	\$969	\$329
Foreign Currency Adjustment <sup>(A)</sup>	5	3	2
Adjusted Depreciation of Revenue Earning Vehicles and Lease Charges, Net	\$1,040	\$972	\$331
Average Vehicles (In Whole Units)	577,224	547,492	561,277
Adjusted Depreciation of Revenue Earning Vehicles and Lease Charges Divided by Average Vehicles (In Whole Dollars)	\$1,801	\$1,775	\$590
Number of Months in Period (In Whole Units)	3	3	3
<b>Depreciation Per Unit Per Month (In Whole Dollars)</b>	<b>\$600</b>	<b>\$592</b>	<b>\$197</b>

## Available Rental Car Days

Available Rental Car Days represents Average Rentable Vehicles multiplied by the number of days in a given period.

## Average Vehicles ("Fleet Capacity" or "Capacity")

Average Vehicles is determined using a simple average of the number of vehicles in the fleet whether owned or leased by the Company at the beginning and end of a given period.

## Average Rentable Vehicles

Average Rentable Vehicles reflects Average Vehicles excluding vehicles for sale on the Company's retail lots or actively in the process of being sold through other disposition channels.

## Vehicle Utilization ("Utilization")

Vehicle Utilization represents the ratio of Transaction Days to Available Rental Car Days. This metric is important to management and investors as it is the measurement of the proportion of vehicles that are being used to generate revenues relative to rentable fleet capacity.

## Depreciation Per Unit Per Month ("Depreciation Per Unit" or "DPU")

Depreciation Per Unit Per Month represents the amount of average depreciation expense and lease charges per vehicle per month, exclusive of the impacts of foreign currency exchange rates so as not to affect the comparability of underlying trends. This metric is important to management and investors as it reflects how effectively the Company is managing the costs of its vehicles and facilitates comparisons with other participants in the vehicle rental industry.

Note: Global represents Americas RAC and International RAC segment information on a combined basis and excludes Corporate

(A) Based on December 31, 2023 foreign exchange rates

(B) Calculated as Transaction Days divided by Available Car Days

# DOE PER DAY

(\$ In Millions, Except Where Noted)	Q2 2024	Q1 2024	Q2 2023
<b>DOE per Transaction Day – as reported</b>			
Direct Operating Expense (DOE) – as reported	\$1,440	\$1,366	\$1,347
Transaction Days (In Thousands)	39,721	36,854	39,705
<b>DOE per Transaction Day</b>	<b>\$36.25</b>	<b>\$37.08</b>	<b>\$33.95</b>

## ***Direct Operating Expense per Transaction Day (“DOE per Day”)***

DOE per Day is calculated as Direct Operating Expenses divided by the number of Transaction Days during the period. DOE per Day is important to management and investors as it measures the Company’s cost efficiency on a per unit basis excluding the impact of variable direct operating expense fluctuations attributable to changes in volume, so as not to affect the comparability of underlying trends.