

HercRentals[®]

Shifting Into High Gear

HERC HOLDINGS INC.

**Baird Global Industrial
Conference**

November 9, 2021



Herc Rentals Team



Larry Silber
President & Chief
Executive Officer



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Vice President,
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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, the impact of and our response to COVID-19, our capital allocation strategy, liquidity and capital management, 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.

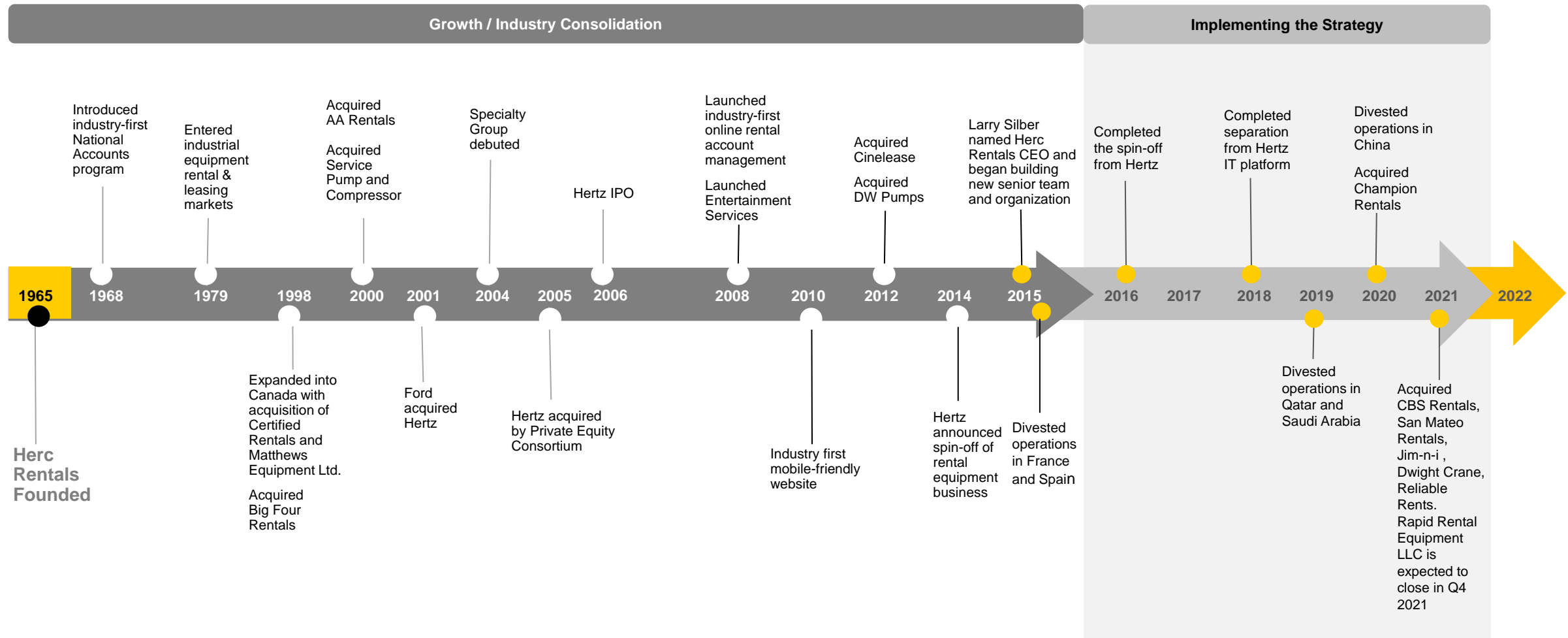
Non-GAAP measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to similarly titled measures of other companies. For the definitions of these terms, further information about management's use 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.

A grayscale photograph of a construction site. A worker is standing on a scissor lift, positioned on a roof or elevated structure. The background shows a large building with a grid of solar panels. The text 'Introduction' is overlaid in the center in a bold, black font.

Introduction

More than 56 Years Serving Customers

Our outstanding legacy is a strong foundation for the next chapter of our journey



We Aspire to be the Supplier, Employer and Investment of Choice in Our Industry

Our Team



Experienced leadership
Culture focused on integrity, intellectual curiosity and “fire in the belly”

Our Customers



Highly focused customer service model
Premium products and services
Network scale serves diversified customer mix of large national accounts and mid-sized and smaller local accounts

Our Communities



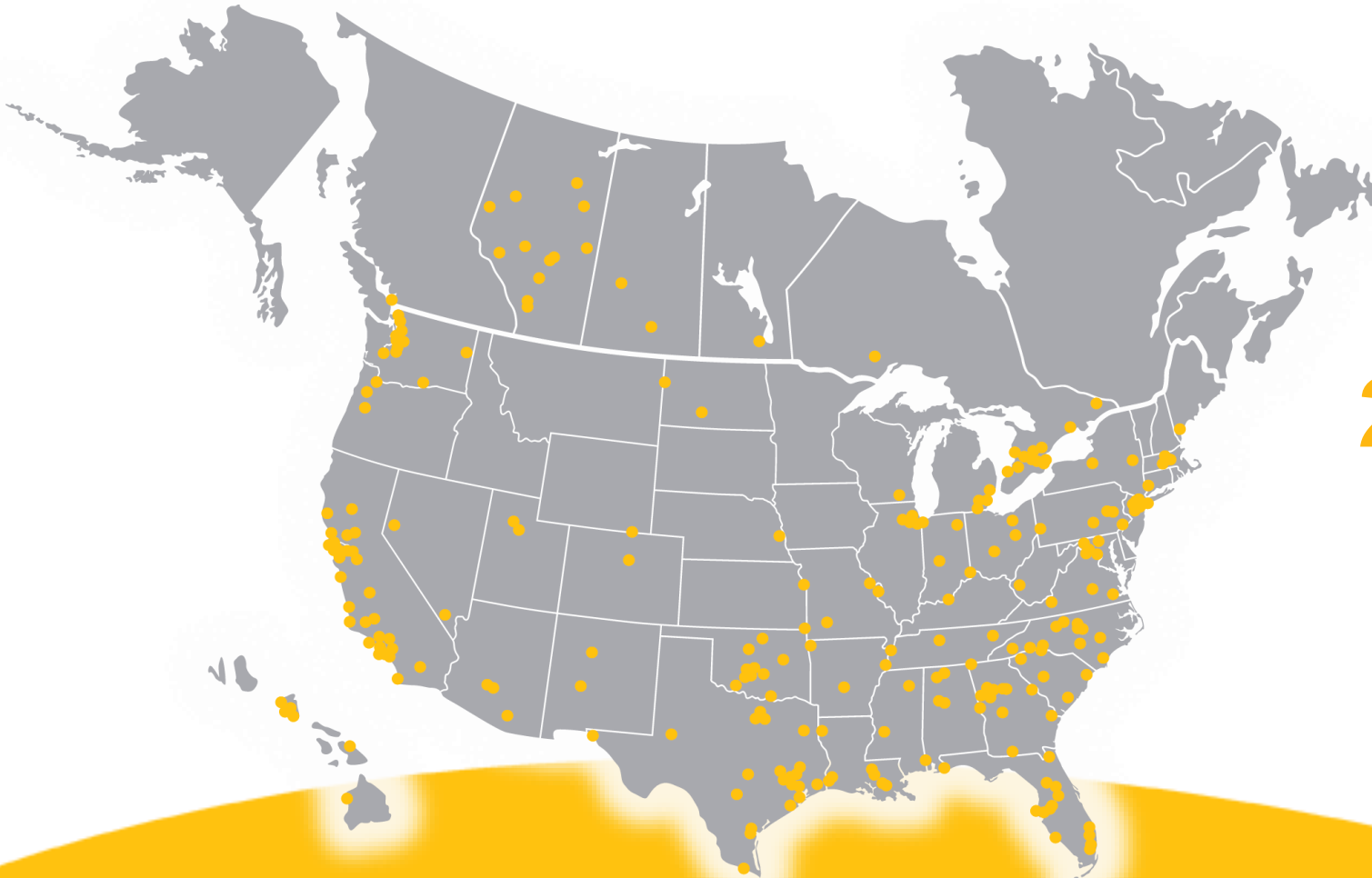
Supporting our communities in times of need
Employing a diverse team, reflecting the communities they serve

Our Investors



Strong balance sheet
Business model generates excellent free cash flow
Increase shareholder returns

Herc Rentals Today



56 Years serving customers

2,000 Equipment categories

295⁽¹⁾ Locations in 39 states and five Canadian provinces

5,100 Employees serving North America

\$52 billion addressable market

(1) Approximate location count as of September 30, 2021

Core Fleet

Aerial



Boom lifts
Electric atrium lifts
Electric scissor lifts
Hybrid lifts
Single person lifts

Material Handling



Carry-deck cranes
Electric forklifts
Industrial forklifts
Specialized lifting gear
Telehandlers

Earthmoving Equipment



Backhoes
Compact utility
Dozers
Excavators
Wheel loaders

Other



Air compressors
Solar light towers
Trucks and trailers
Welders and industrial tools

Specialty Fleet

Climate Control & Remediation



Air quality control
Chillers and heaters
Dehumidification
Drying equipment
Portable climate solutions

Power & Distribution



Electric air compressors
Portable generators
Portable load banks
Power distribution systems
Power generation

Pump



Centrifugal pumps
Self-priming pumps
Stainless steel chemical pumps
Submersible pumps
Vacuum assist pumps

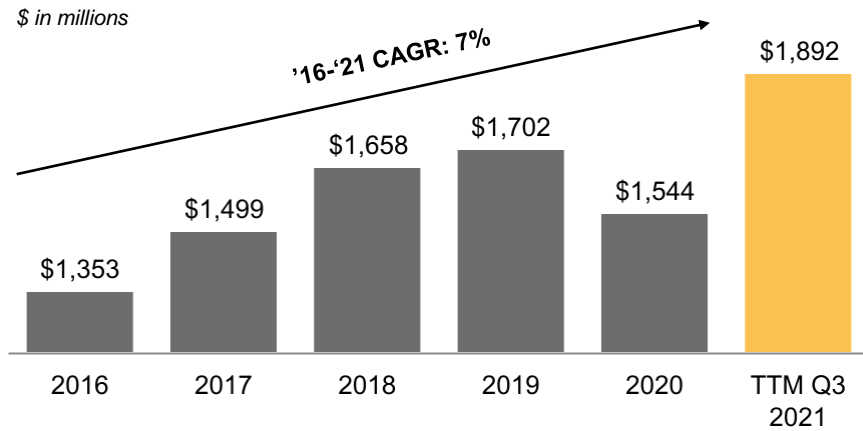
Entertainment Services & Other



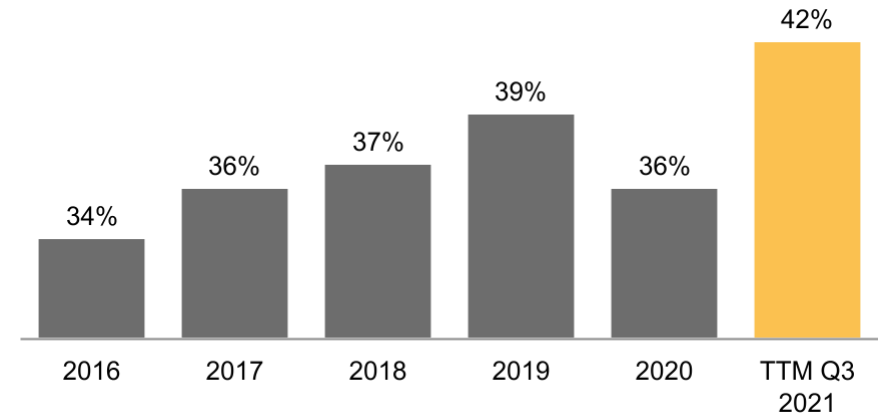
Aerial and lifting equipment
Carts
Climate control
Production lighting
ProContractor tools
Power generation
Utility vehicles

Our Strategy is Delivering Results

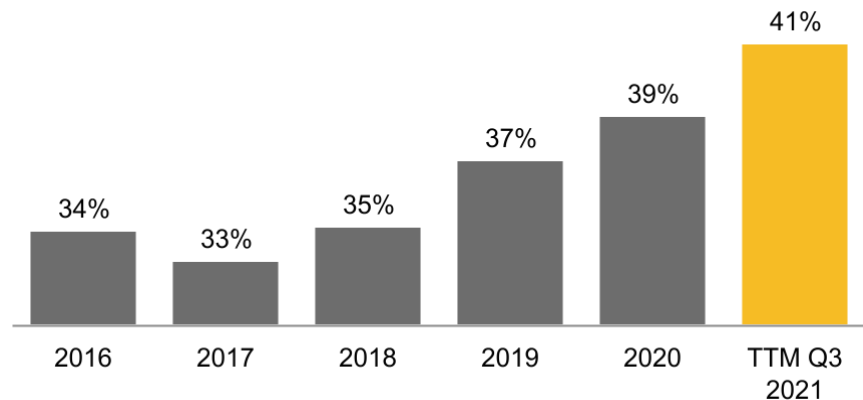
Equipment Rental Revenue



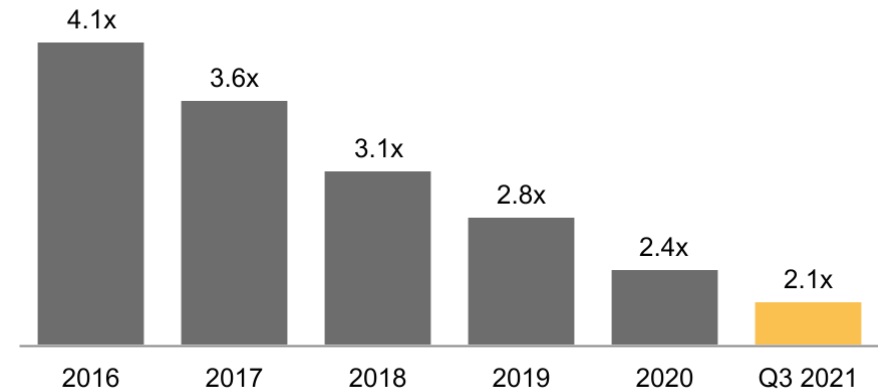
\$ Utilization¹



Adjusted EBITDA Margin²



Net Leverage³



1. For a definition see slide 44

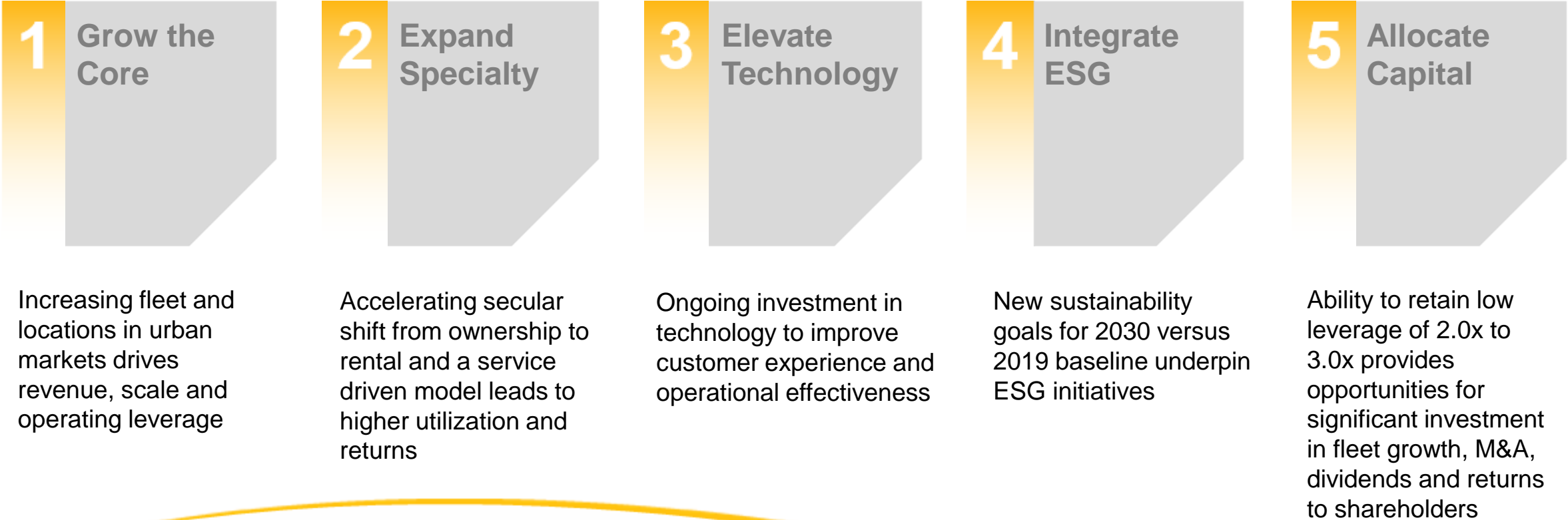
2. For a definition and reconciliation to the most comparable GAAP financial measure, see slides 46 and 47 and previously filed presentations

3. For a definition and calculation, see slide 49



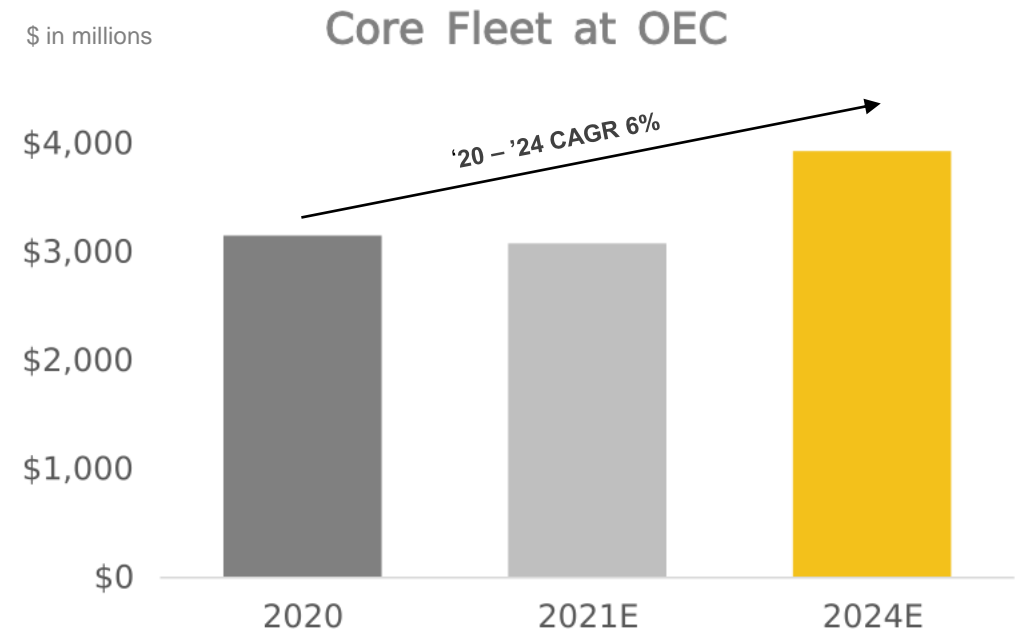
Strategic Overview

Shifting Into High Gear



Invest in More Fleet on Existing Locations

- Core network of ~260 locations that has been purpose-built over the last 50 years
- Capacity to add \$1.0 billion of core fleet growth over the next three years to existing locations
- Operating leverage maximized by adding fleet to existing locations results in flow-through at the high end of our 60% to 70% targeted range



Leverage Scale of Large Urban Markets

Diverse end markets and broad customer base

Diverse fleet provides a range of solutions for a variety of customers

Greenfields and M&A build branch density and create logistics efficiencies

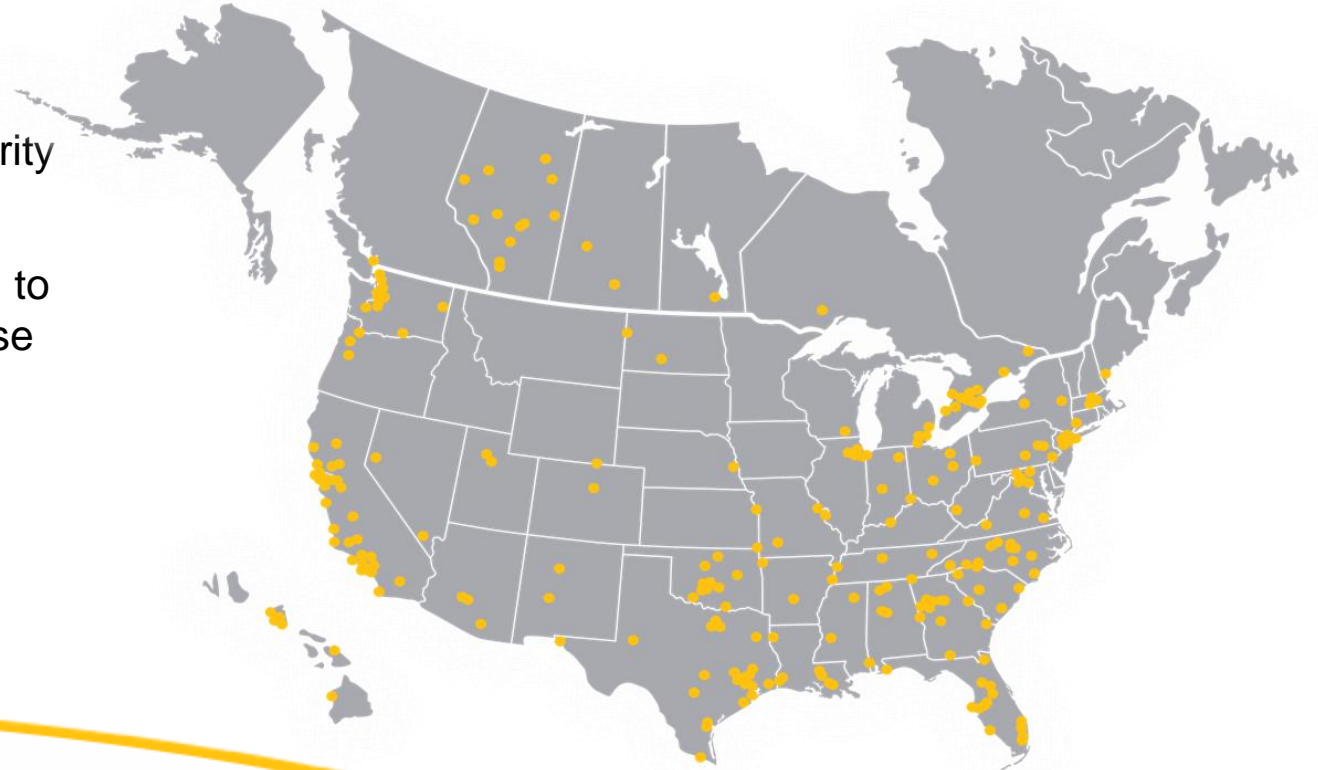
- Aviation
- Warehouses/Distribution
- Utilities
- Facilities
- Government
- Landscaping
- Entertainment
- Infrastructure
- Contractors
- Commercial
- Industrial
- Telecommunications
- Alternative energy
- Mass transit



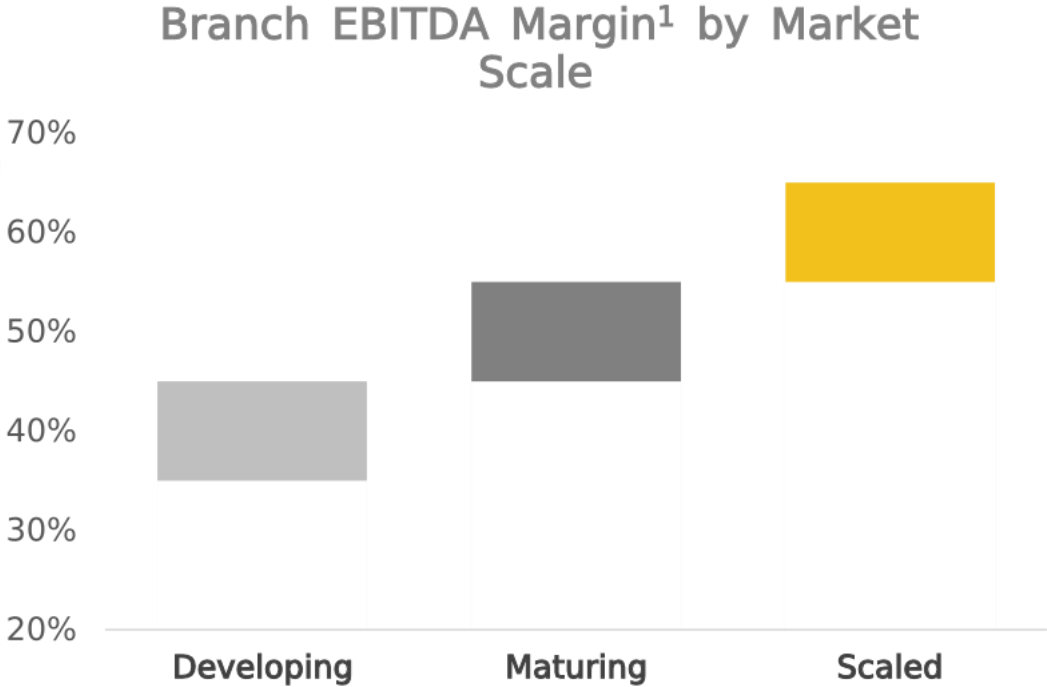
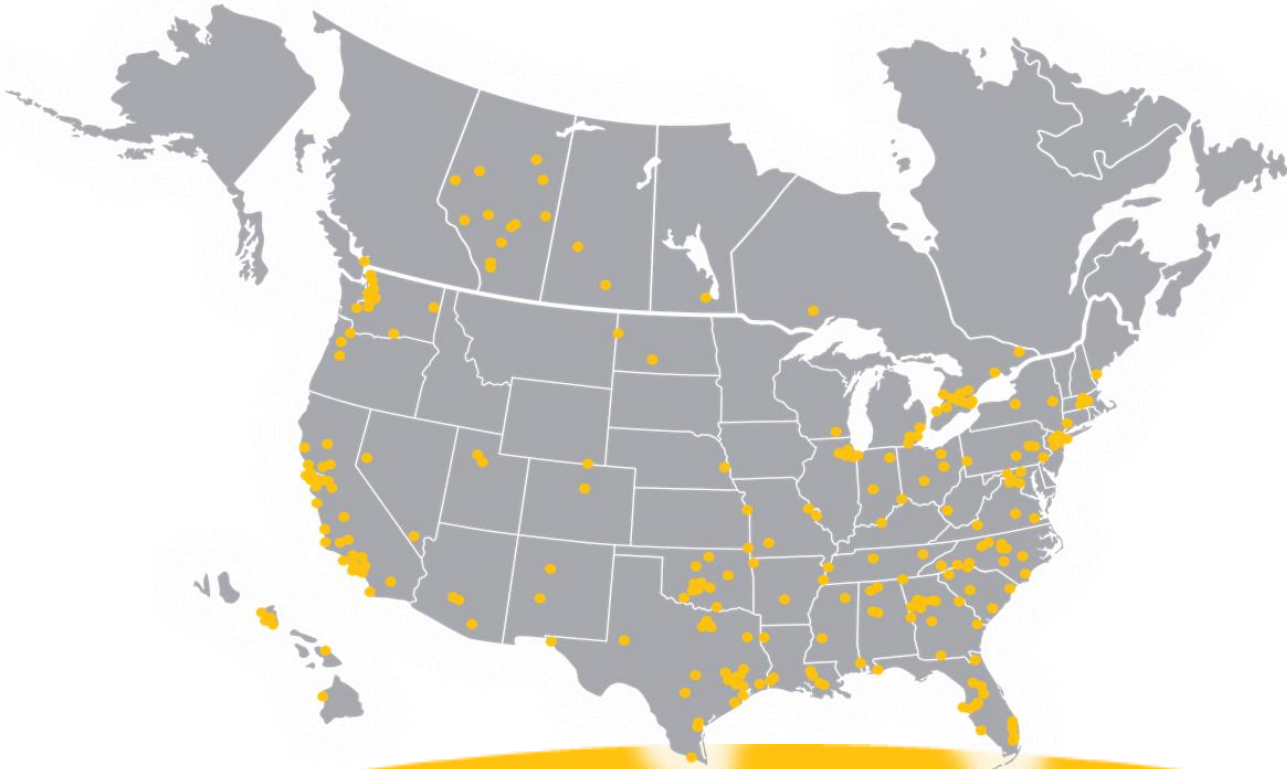
Expand with Greenfields

Targeted greenfield expansion strategy

- Optimizing footprint in existing urban markets
- Leveraging existing infrastructure to accelerate maturity of new locations
- Develop specialty on existing real estate and expand to standalone facilities when ready for next growth phase
- 10 to 20 greenfields targeted per year

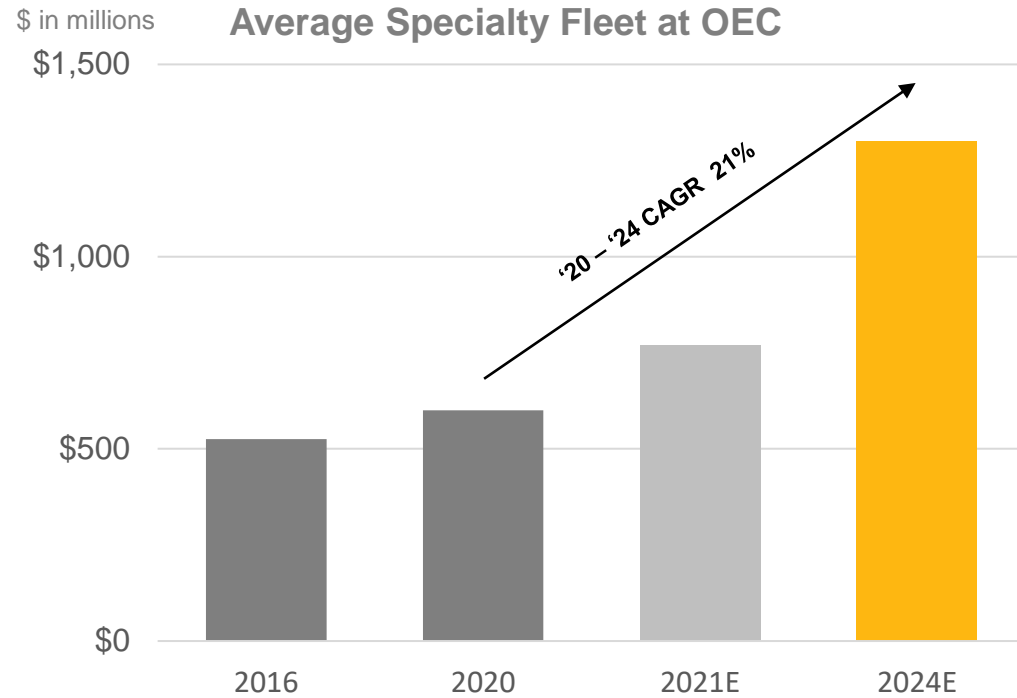


Adding Density to Large, Urban Markets Enhances Scale and Profitability



(1) EBITDA margins exclude corporate overhead

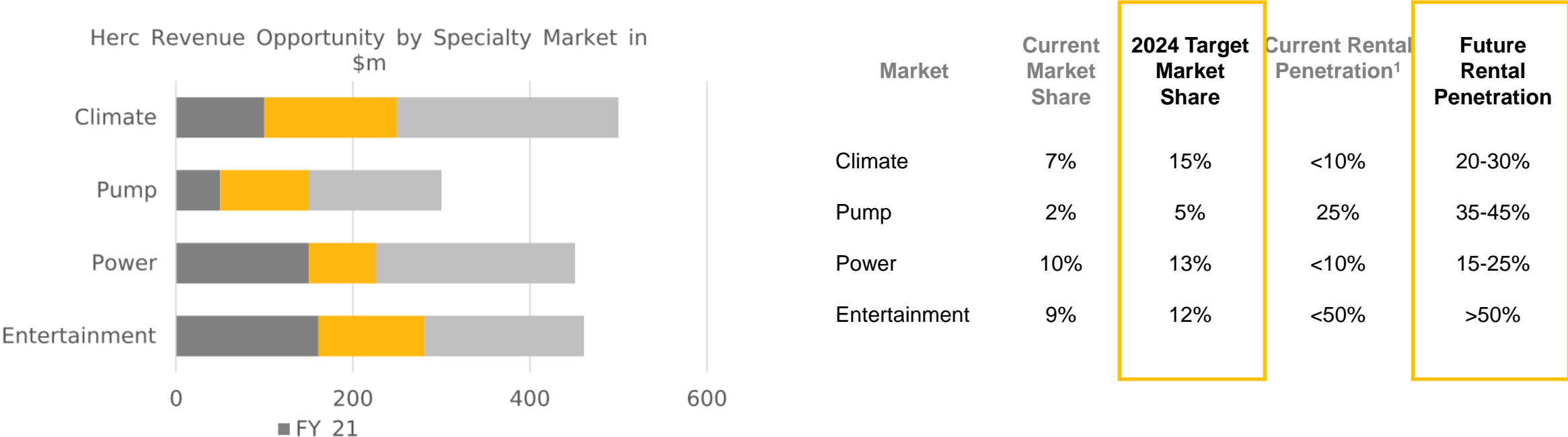
Continue Investment in Specialty



- Specialty equipment typically averages 14% to 16% higher \$ utilization than core equipment
- Growing specialty branch network enables rapid response to meet customer demand
- For urgent response, resources and equipment mobilized to affected market
- Competitive advantage vs. local suppliers
- Cross-selling opportunities abound between customers requiring specialty and core equipment

Expanding Addressable Market and Continuing Shift from Ownership to Rental

Expected increase in market size through rental penetration



Expand with Greenfields and M&A

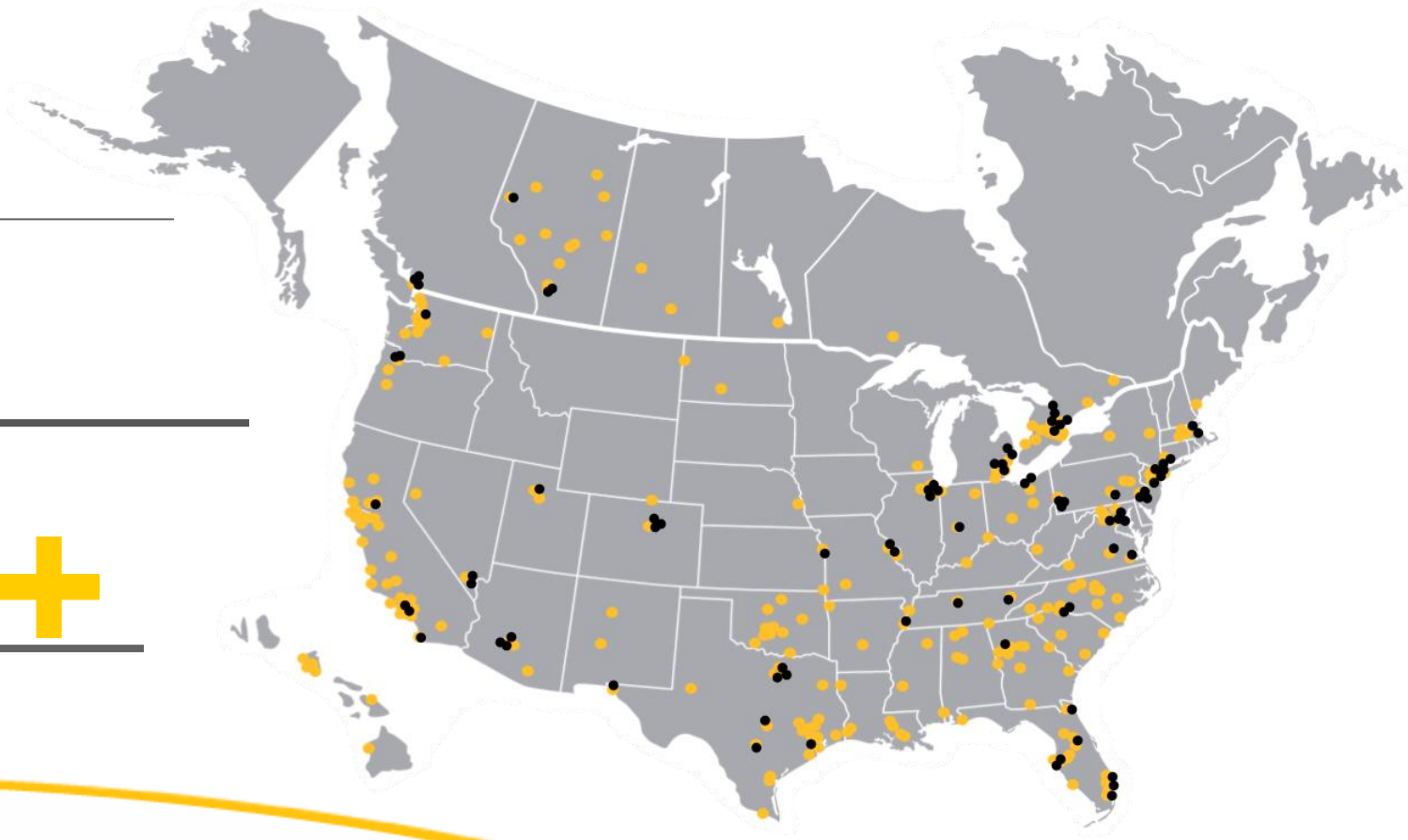
September 2021

295

+ ~105

December 2024

400 +



Take Advantage of Cross Selling Opportunities to Increase Wallet Share



83%

of revenue comes from customers that rent from core and specialty, contractor tools



\$34

spent in our specialty lines for every \$100 in our core business



51%

of revenue comes from customers that rent from our core business and 3 or more specialty lines

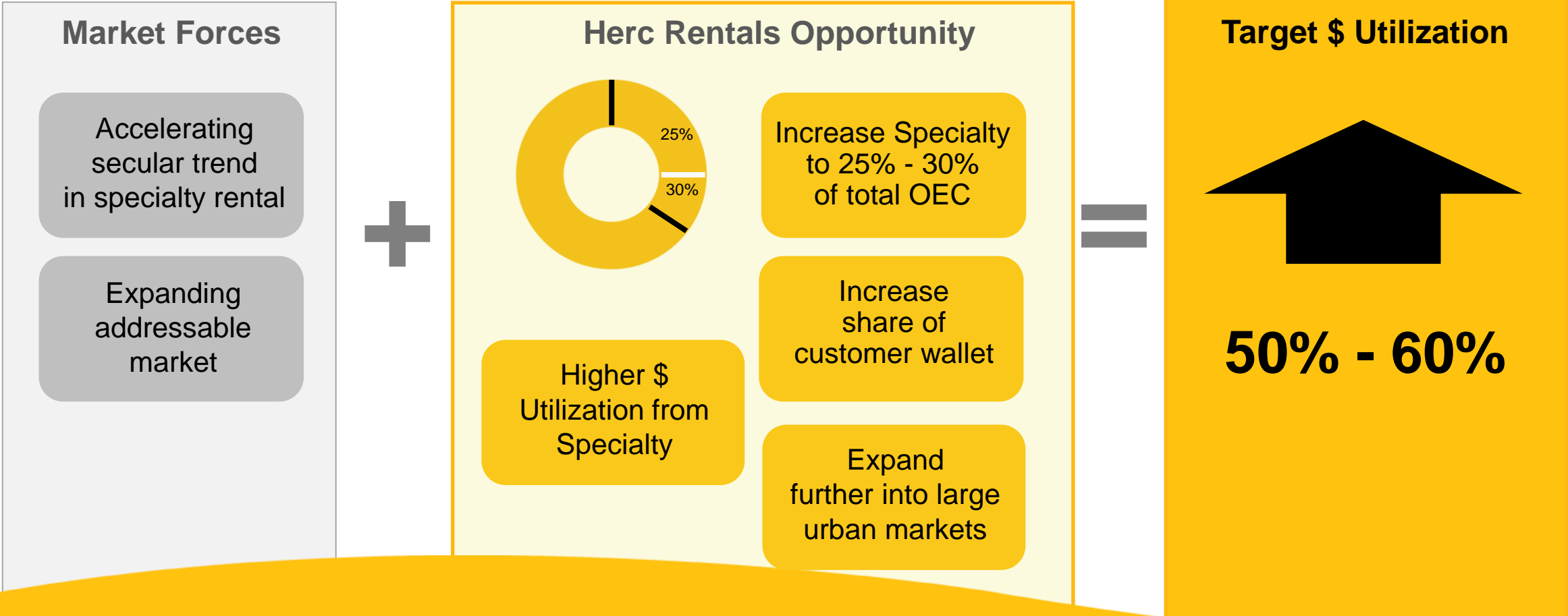


Collaboration

Sales structure set up to leverage all sales channels to support customers

Business processes aligned to incentivize through, with and direct sales and operations

Accelerating Specialty Growth Through 2024



Technology Investments Enhance Customer and Employee Experience






































Every touch point along the rental consumption chain is an opportunity to provide easy, effective, and efficient customer service

Our goal is to execute all of these activities perfectly every time

Innovative technology updates give the customer the controls they desire through the lifecycle of a rental



Continual Investments in the Technology Platform to Enhance the Customer Experience

DIGITAL	SALES & OPERATIONS	ENTERPRISE SYSTEMS	BUSINESS INTELLIGENCE	INFRASTRUCTURE	
    	     	       	   	      	      

Integrating ESG: Focusing on Team Herc

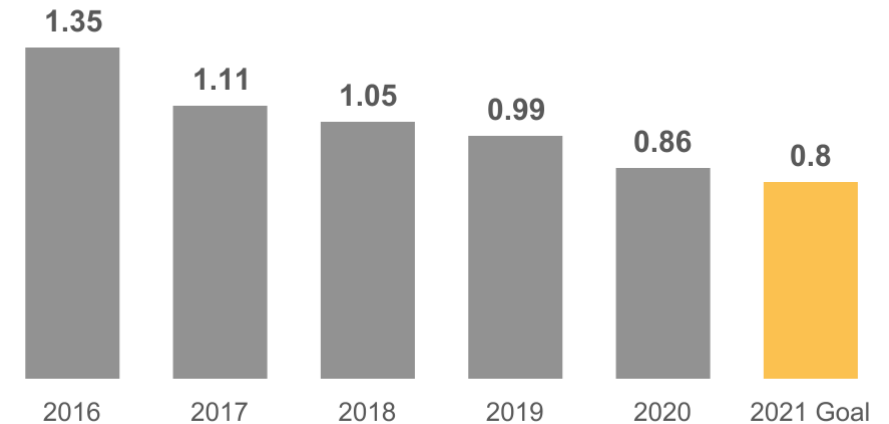
Competitive salaries and benefits enhance retention and attract talent

Integrating new Team Herc members from recent acquisitions - focusing on Herc career development, internal job opportunities and training programs

Supporting Herc families impacted by Hurricane Ida

Offering career related programs, networking, and support by our Women in Action and Veterans Employee Resource Groups

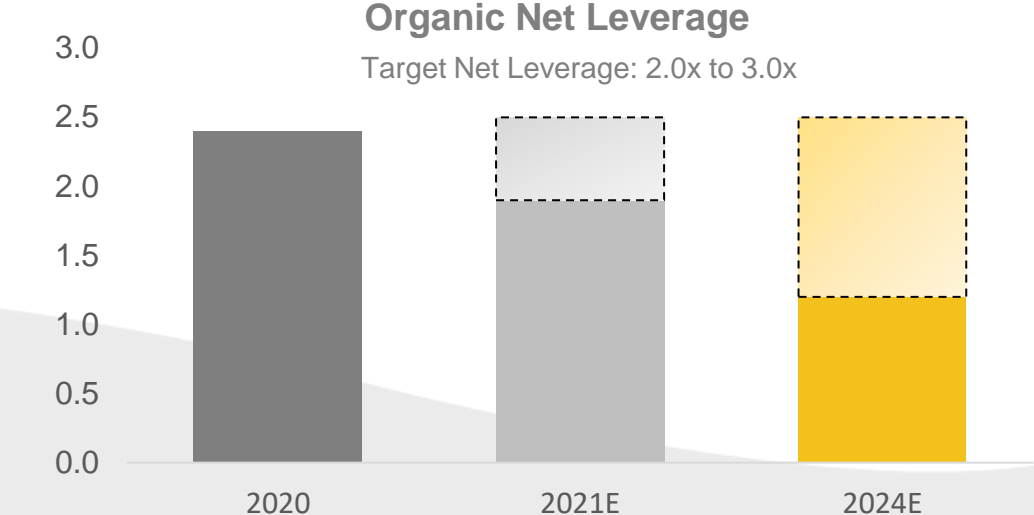
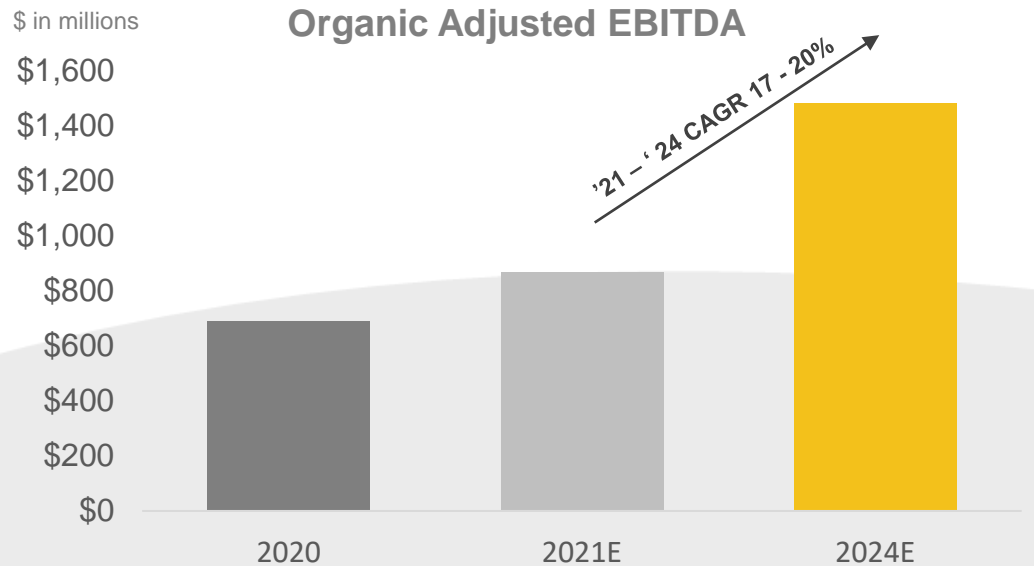
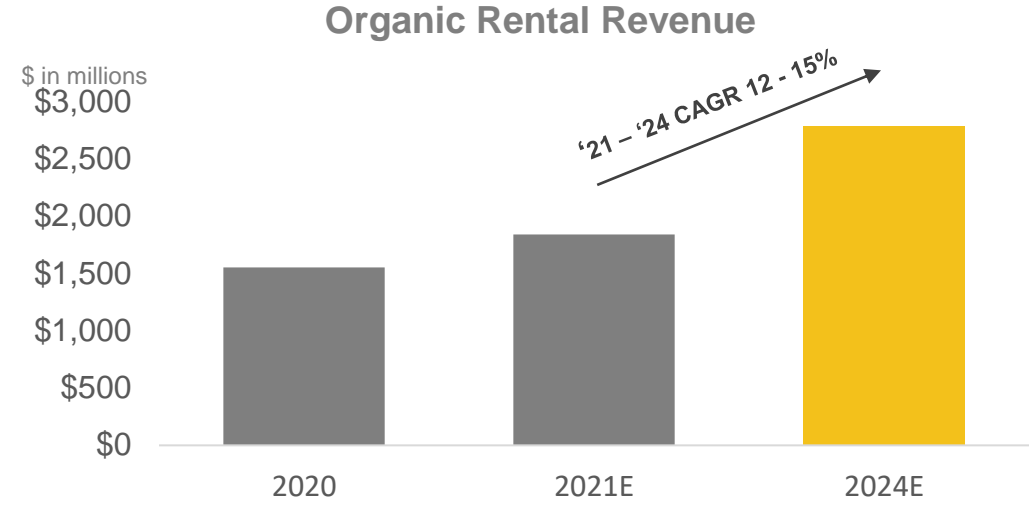
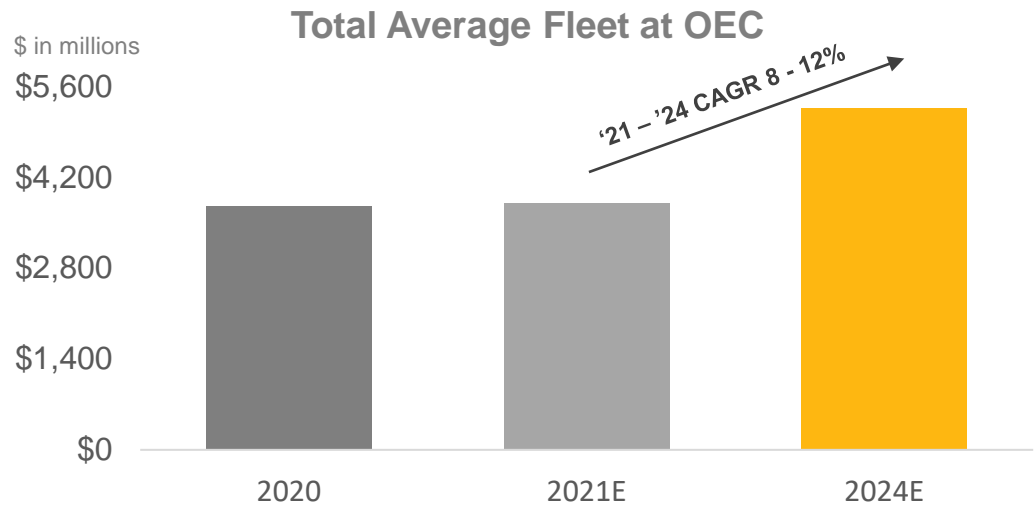
Total Recordable Incident Rate



All of our branches had at least 98% Perfect Days in the YTD ending September, 30 2021

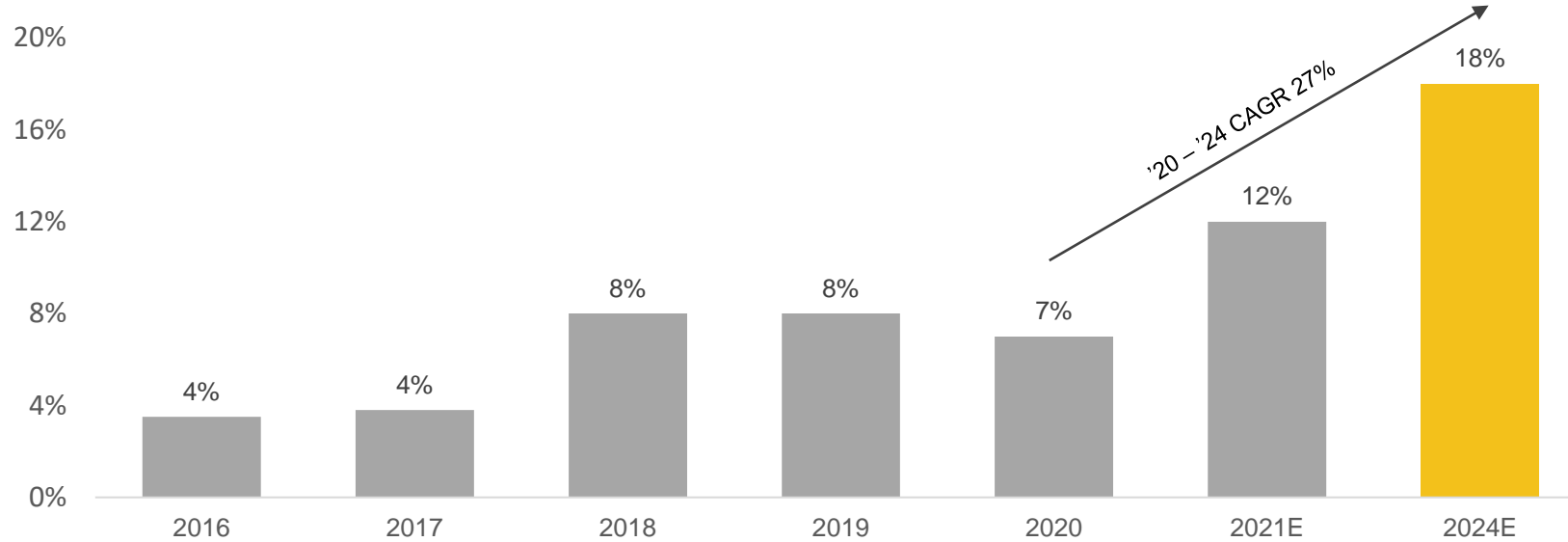


Organic Growth



Growth in Fleet and Revenue Increases ROIC

ROIC¹



- Improving \$ utilization and fleet returns, as well as focus on operating leverage and margin improvement, are accelerating ROIC and support shareholder returns
- Investment in fleet early in the cycle and focus on operating leverage and flow through will improve ROIC

(1) For a definition, see appendix beginning on slide 42

A New Capital Allocation Plan

We are committed to delivering long-term sustainable value for shareholders with a balanced, disciplined and opportunistic approach to capital deployment

1 Invest for Organic Growth

Committed to organic growth with overall EBITDA margin of 45% to 50% from ~42% in 2021

2 Strategic M&A

Pursue strategic opportunities with attractive returns and synergies

Current opportunity estimated at \$500 million per year

3 Dividend

Initiate dividend at \$2/share (annualized) with future growth in line with long-term business performance

4 Surplus Capital

Consider share repurchase as a means to deploy excess cash once first three priorities are met

Underpinned by strong balance sheet

Target leverage range through the cycle of 2.0x to 3.0x (currently 2.1x)¹

Ample liquidity (currently \$1.4 billion)¹

Credit ratings (S&P: BB-/Stable and Moody's: Ba3/Stable)¹

(1) As of September 30, 2021

Expanding through M&A

- Improve \$ utilization through increased density and cross selling
- Acquiring talented workforce and local customer relationships – quicker than greenfields
- Estimated opportunity for \$500+ million of M&A per year



December 2020



April 2021



April 2021



August 2021



September 2021



7 locations serving Toronto
Announced October 2021
and closing in Q4 2021



2 locations/serving New
Hampshire and North Boston
Closed in November 2021

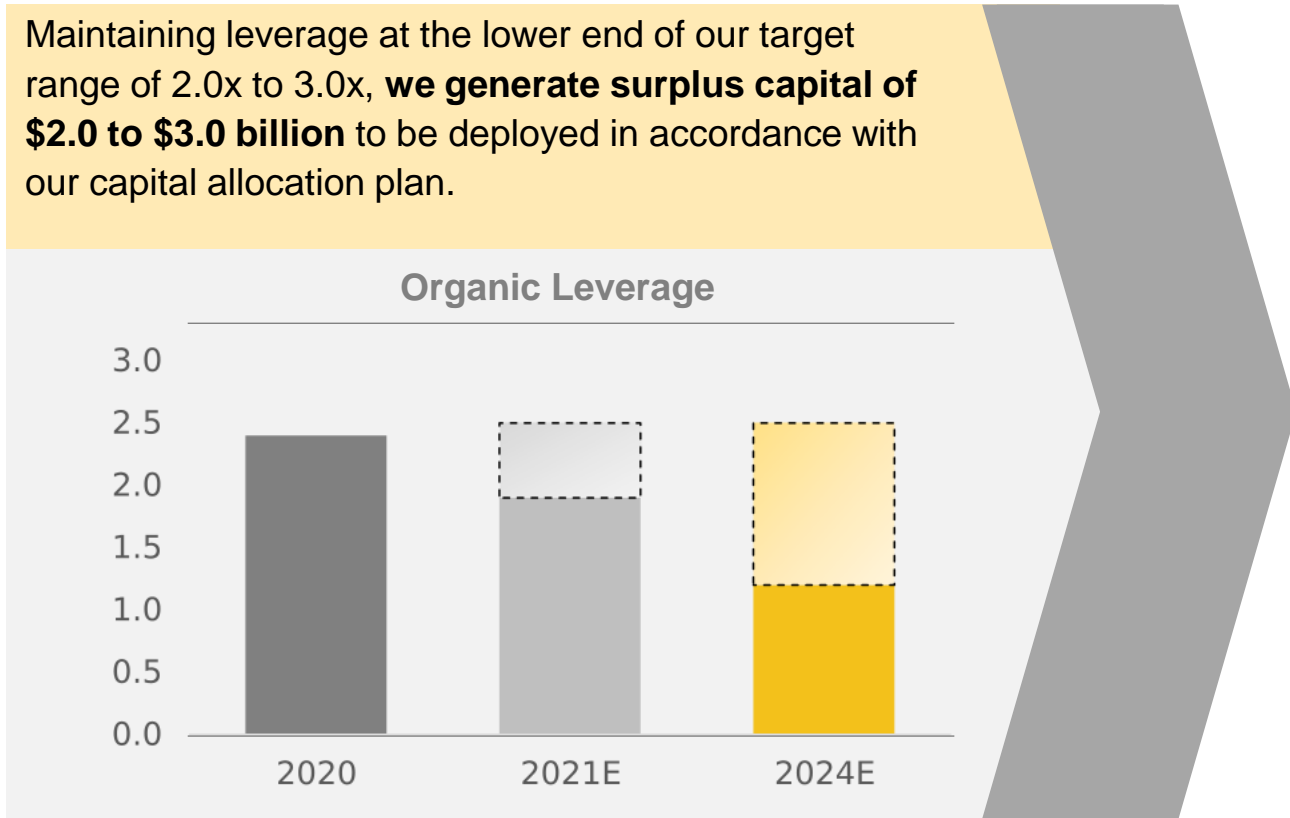
Herc Rentals Acquisitions Through 9/30/21 Cumulative Value

Average fleet:	\$223 million
# of locations	19
States & provinces:	Texas, California, Tennessee, Ontario
Total revenues:	\$117 million ¹
EBITDA:	\$53 million ¹
EBITDA margin:	45%
Total purchase price:	\$280 million
EV/EBITDA multiple:	5.3X ²
Average \$ Utilization:	39% vs HRI's 42% YTD 2021

1. Trailing twelve months at date of closing
2. Excludes synergies

How Do We Invest Surplus Capital?

Maintaining leverage at the lower end of our target range of 2.0x to 3.0x, **we generate surplus capital of \$2.0 to \$3.0 billion** to be deployed in accordance with our capital allocation plan.



For illustrative purposes only, assume:

Invest \$1.5B in M&A

If you assume:

- average transaction values of 5.5x EBITDA

**EBITDA opportunity of \$270M
+ synergy opportunity**

+

Invest \$1.0B in M&A and/or Share Repurchase

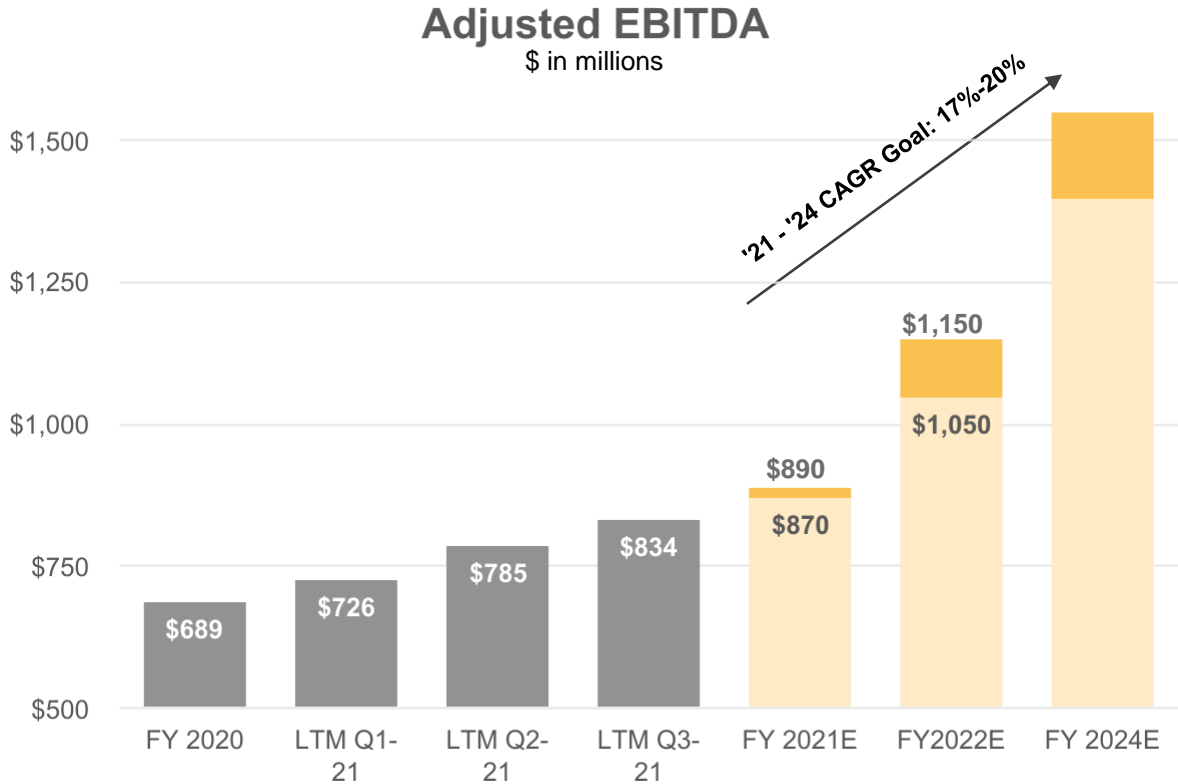
M&A

- EBITDA opportunity of additional \$180M + synergy opportunity

Share Repurchase

- Share price of \$130
- Buyback 7.7 million shares or ~ 26% of shares outstanding

Shifting Into High Gear



We have clear momentum in our results and have raised 2021 guidance three times this year to our current range of \$870 to \$890 million

Our 2021-2024 CAGR growth goal is 17% - 20%

Adjusted EBITDA margin improved from 38.7% in FY 2020 to 41.4% in the LTM Q3 2021

Our goal is for adjusted EBITDA margin to be in the high 40's range by 2024

a. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 42
 b. Adjusted EBITDA for 2021, 2022, and 2024 reflect guidance ranges

Near Term Guidance

- 2021 guidance on track – midpoint of adjusted EBITDA growth up 28% compared with 2020
- Issued 2022 guidance – further increase to adjusted EBITDA of 25% from midpoint of growth over 2021

Metric	2021		2022	
	Current	Growth from prior year ¹	Current	Growth from prior year ¹
Adjusted EBITDA	\$870 to \$890 million	28%	\$1,050 to \$1,150 million	25%
Net Fleet Capital Expenditures	\$500 to \$550 million	NM	\$820 to \$1,120 million	85%

1. Growth from prior year is calculated based on the midpoints of each year
 NM – not meaningful

Shifting Into High Gear - Growth Goals Through 2024

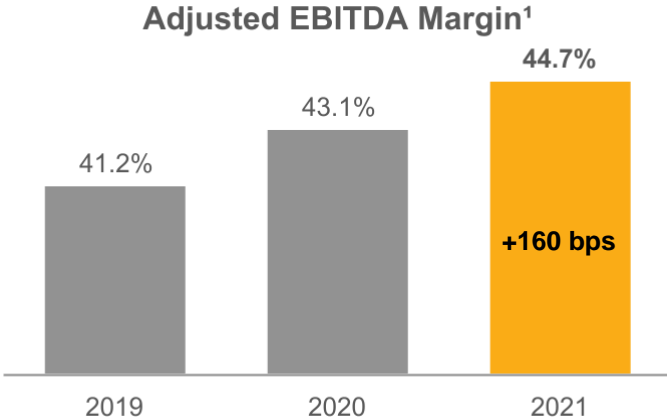
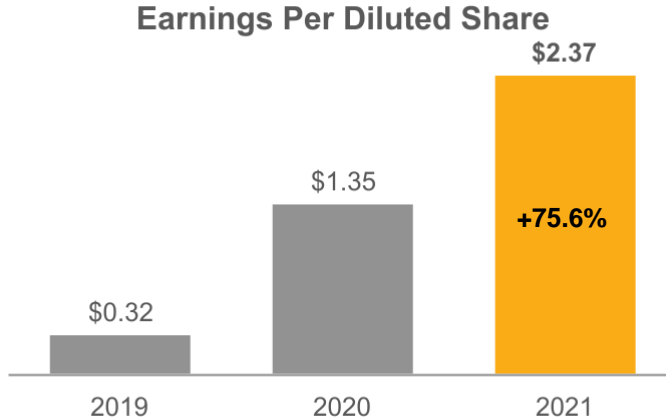
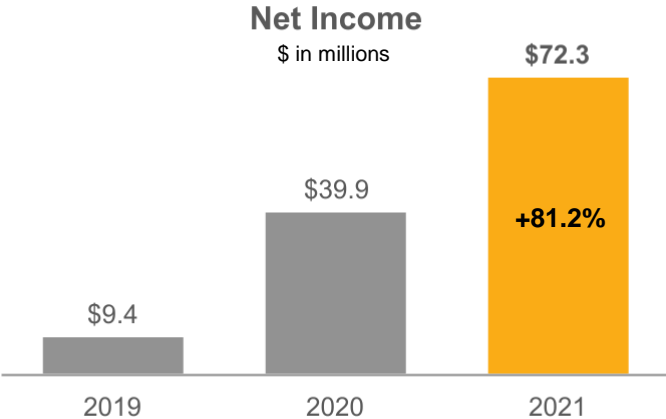
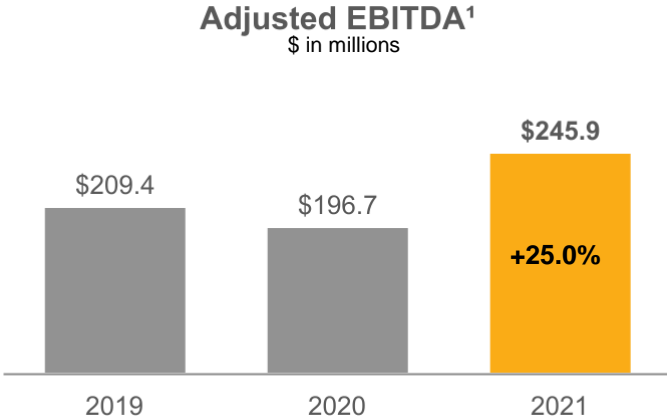
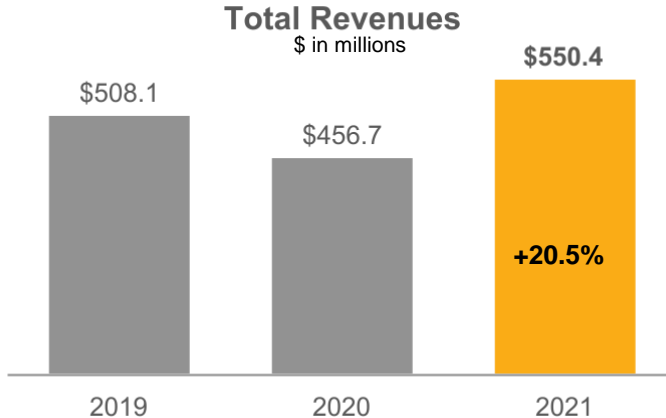
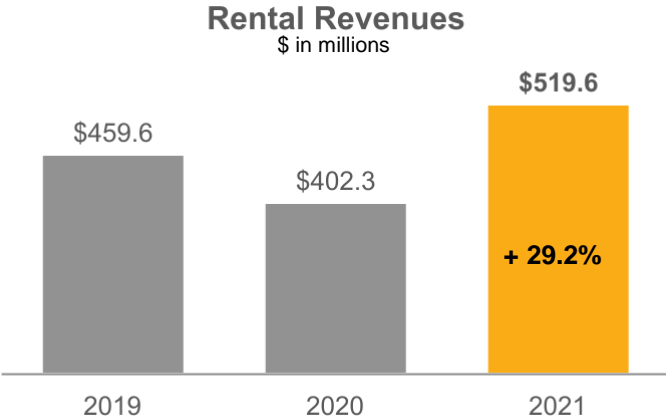
Metric	2016 - 2020	2021 - 2024 ¹
Rental Revenue CAGR	3.4%	🚀 12% to 15%
Adjusted EBITDA CAGR	6.5%	🚀 17% to 20%
Adj. EBITDA Margin Range	33% to 41%	🚀 45% to 50%
Flow-Through	68%	🚀 60% to 70%
Net Fleet Capital Expenditures	\$1.8 billion	🚀 \$2.5 to \$3.0 billion
Implied Market Share - through organic growth	3%	🚀 5%

1. Assumes midpoint of 2021 guidance



Third Quarter Results

Third Quarter Financial Highlights: Record Performance



1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 42

Driving Solid Operational Performance



Q3 equipment rental revenue increased nearly 30% to \$520 million over 2020 and 13% over 2019

Business activity is solid and all of our end markets are showing positive momentum

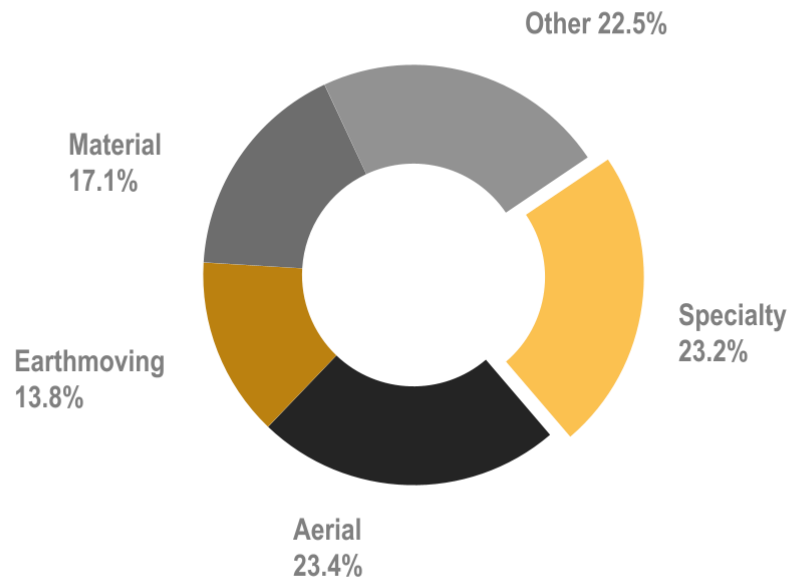
Growth in core equipment rental revenue was enhanced by our specialty business

Integration of acquisitions on track and focused on M&A pipeline

Herc Operating Model continues to drive operational performance

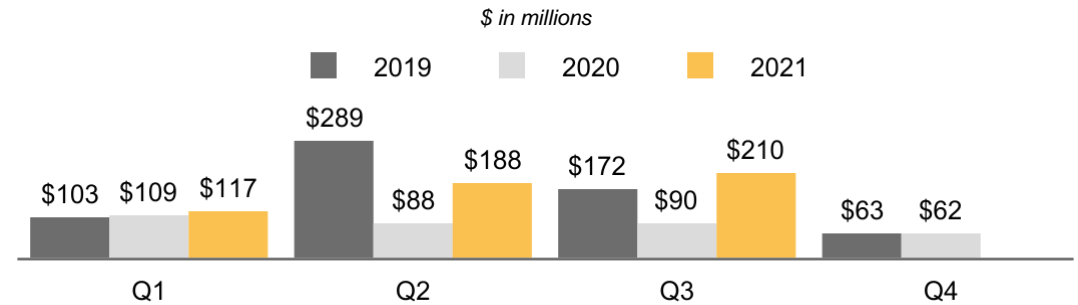
Diversifying Fleet to Enhance Utilization

Fleet Composition at OEC¹
\$4.1 billion at OEC

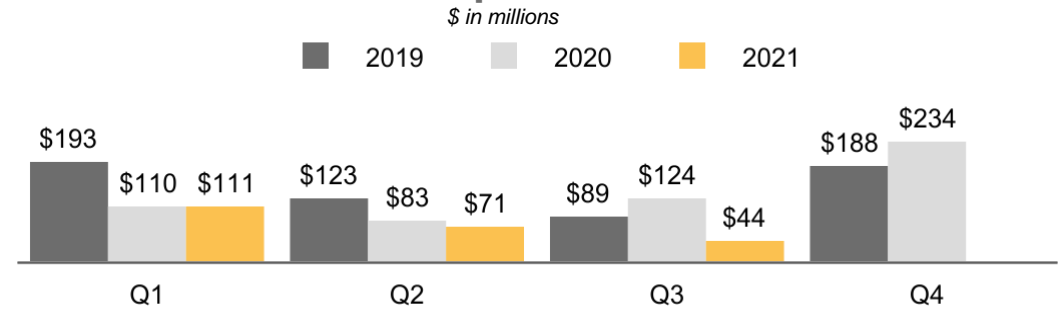


Q3 2021 \$ Utilization increased to 46.0%

Fleet Expenditures at OEC¹



Fleet Disposals at OEC¹



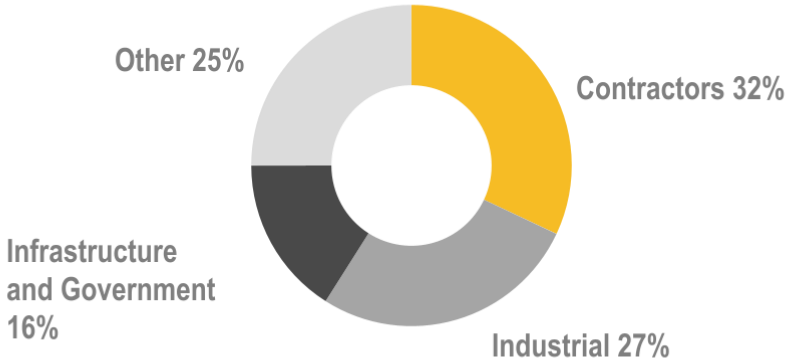
Fleet disposals at OEC in Q3 2021 were \$44 million, generating ~42% proceeds as a percent of OEC

Average age of disposals was 86 months in Q3 2021

Average fleet age of 48 months in Q3 2021

Business Model Driving Growth

Q3 Revenue by Customer¹



Q3 Local vs National Mix



Our diverse customer mix, our base of national customers and expanded specialty business continue to provide growth opportunities

Continuing investment in specialty businesses

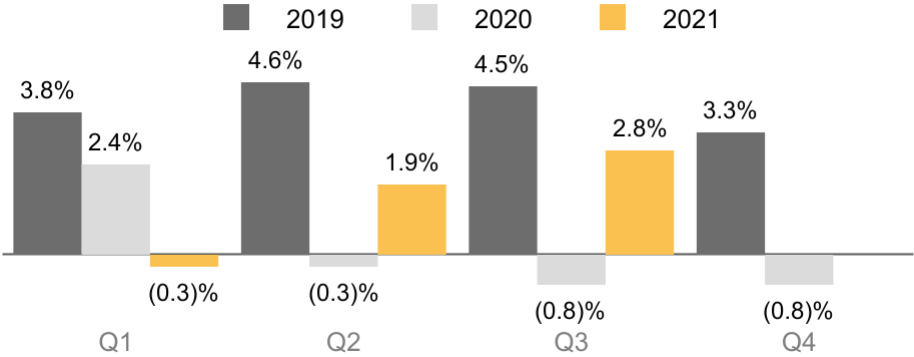
Expanding in fast-growing urban markets to drive top-line growth

Operating a lean cost structure and improving margins

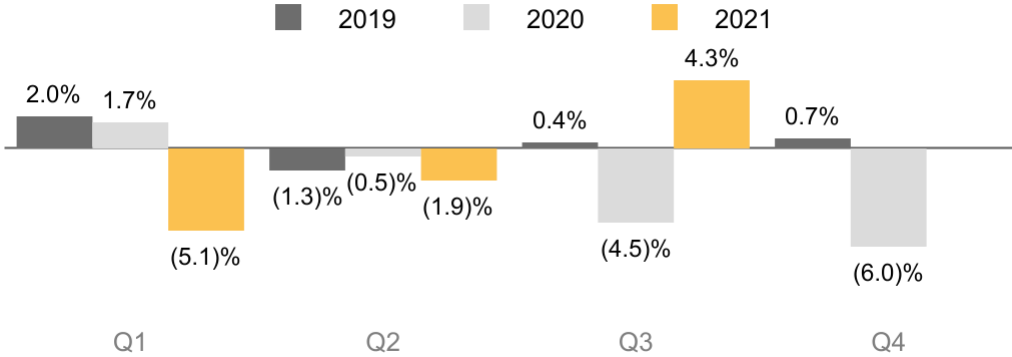
1. Refer to our 10-K for description of industries related to each customer classification. Other includes commercial and retail service, hospitality, healthcare, recreation, and entertainment and special events.

Pricing and Utilization Performance

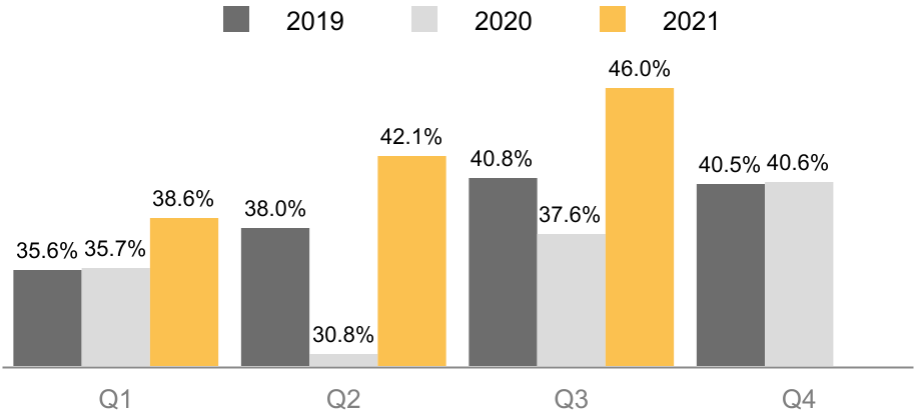
Pricing¹



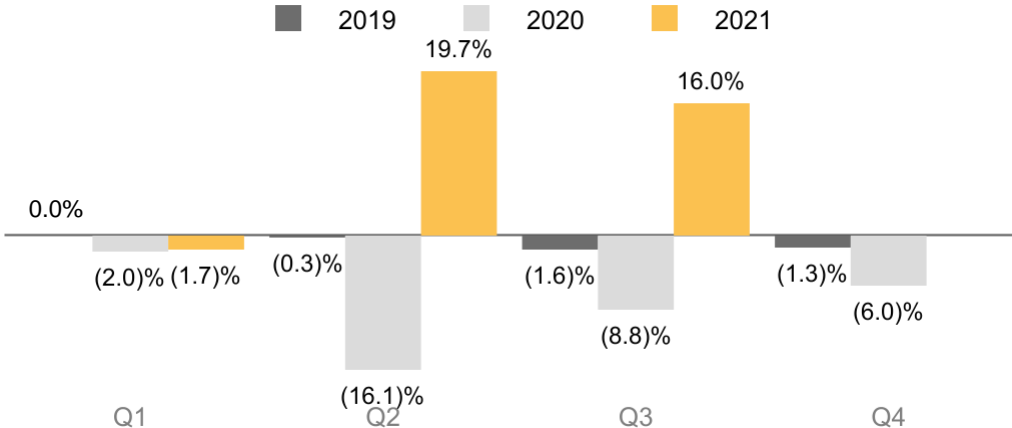
Average Fleet at OEC¹



\$ Utilization²



Average Fleet on Rent at OEC¹

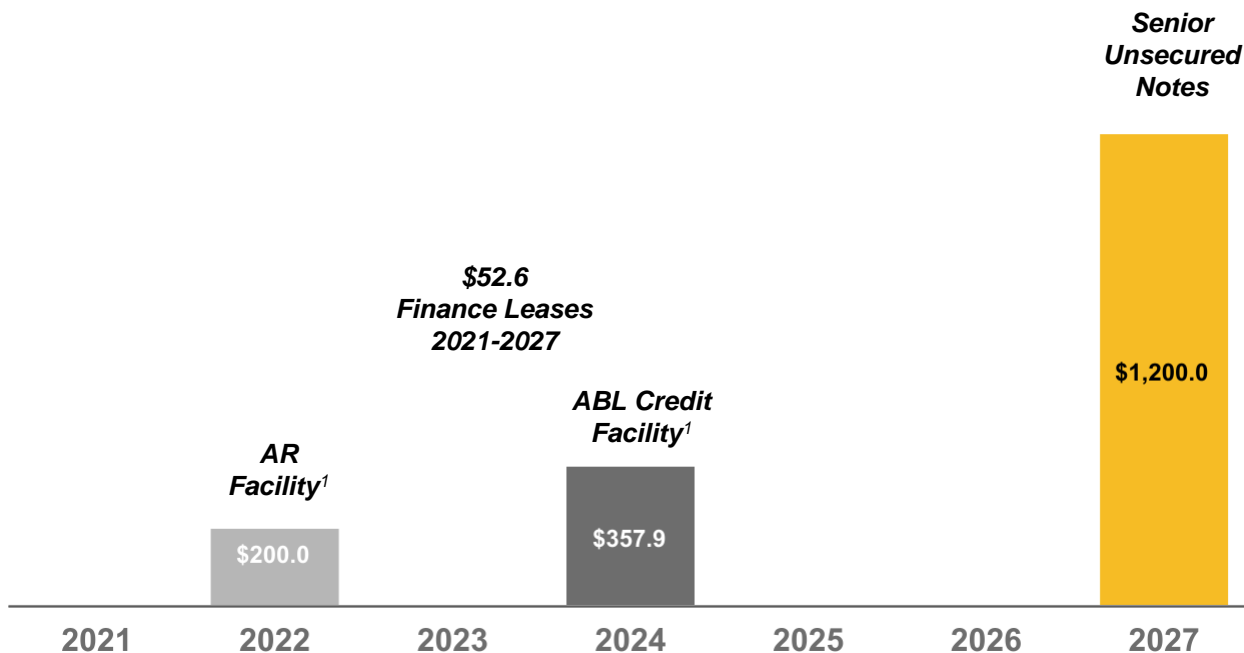


1. YoY Change. Based on ARA guidelines.
 2. Based on ARA guidelines

Disciplined Capital Management

Maturities

\$ in millions



No near-term maturities and ample liquidity of \$1.4 billion provides financial flexibility

Free cash flow³ of approximately \$115 million for YTD 2021

Net debt of \$1.8 billion as of September 30, 2021, was up by approximately \$140 million from December 31, 2020 after funding acquisition activity of \$225.2 million

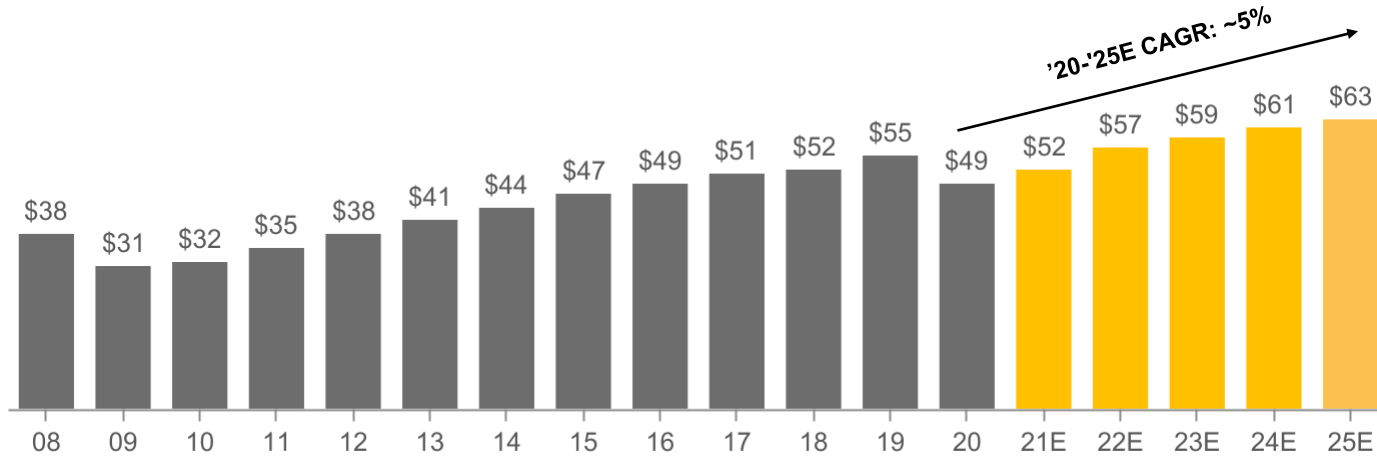
Net leverage³ of 2.1x, compared with 2.5x in September 2020, is currently within **our target range of 2.0x to 3.0x**

Credit Ratings: Moody's CFR Ba3
S&P BB-/Stable

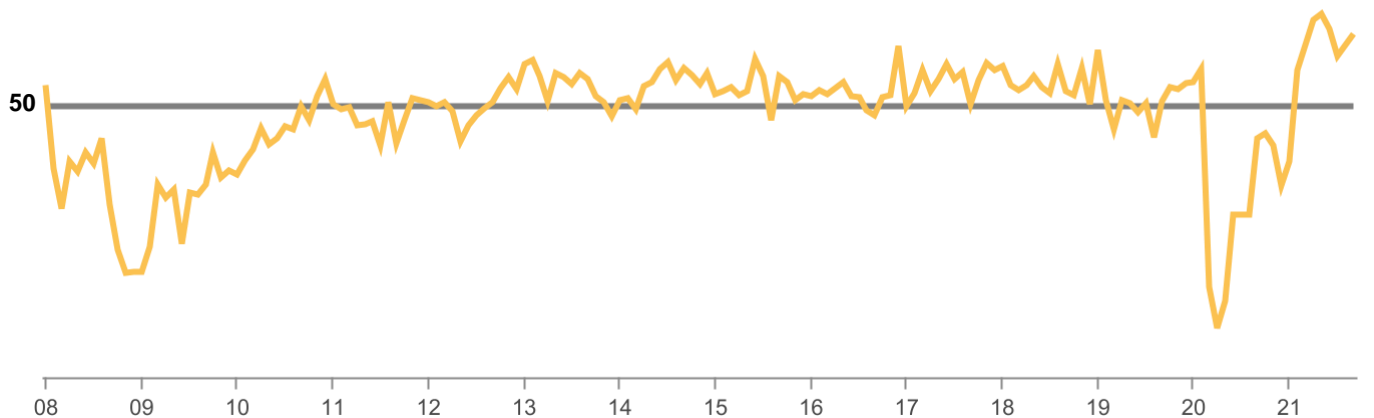
1. The AR Facility is excluded from current maturities of long-term debt as the Company has the intent and ability to consummate refinancing and extend the term of the agreement
2. Total liquidity includes cash and cash equivalents and the unused commitments under the ABL Credit Facility and AR Facility
3. Free cash flow excludes cash paid for acquisitions; for a definition and calculation, see the Appendix beginning on Slide 42

A New Cycle in the Making

N.A. Equipment Rental Market¹



Architecture Billings Index³



Select Market Forecasts²

U.S. Nonresidential Building Starts

	Actual	Forecast			
	2020	2021	2022	2023	2024
YOY Growth	(20)%	+3%	+8%	+10%	+5%

Sectors with Tailwinds

	Actual	Forecast			
	2020	2021	2022	2023	2024
Healthcare	(5)%	+7%	+8%	+14%	+7%
Warehouse	+8%	+14%	+7%	+4%	(1)%
Infrastructure	(11)%	+4%	+8%	+12%	+10%

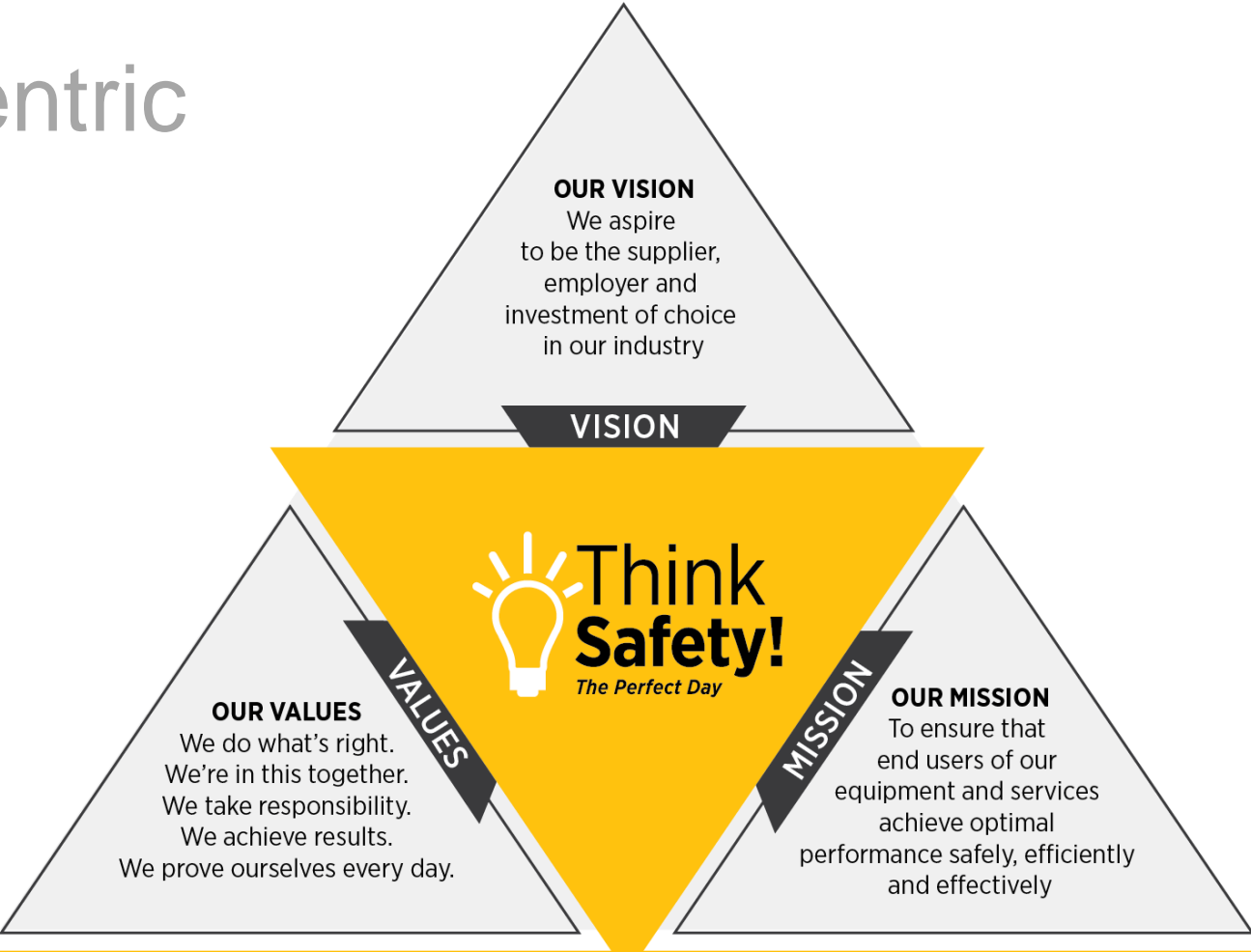
Equipment rental market forecast to grow from about \$49 billion in 2020 to \$63 billion in 2025

Secular trends favor rental versus ownership

Healthcare, warehouse and infrastructure sectors reflect strong growth

Vision, Mission and Values

We are a customer-centric organization focused on safety, efficiency and profitable growth





Appendix

Q3 & Nine Months 2021 Results

	Three Months Ended September 30,					Nine Months Ended September 30,				
	2021	2020	2019	2021 vs 2020 % Change	2021 vs 2019 % Change	2021	2020	2019	2021 vs 2020 % Change	2021 vs 2019 % Change
<i>\$ in millions, except per share data</i>										
Equipment Rental Revenue	\$519.6	\$402.3	\$459.6	29.2%	13.1%	\$1,368.0	\$1,116.4	\$1,244.8	22.5%	9.9%
Total Revenues	\$550.4	\$456.7	\$508.1	20.5%	8.3%	\$1,495.1	\$1,260.9	\$1,458.9	18.6%	2.5%
Net Income (Loss)	\$72.3	\$39.9	\$9.4	81.2%	NM	\$152.3	\$38.2	\$12.4	NM	NM
Earnings (Loss) Per Diluted Share	\$2.37	\$1.35	\$0.32	75.6%	NM	\$5.01	\$1.30	\$0.43	NM	NM
Adjusted Net Income (Loss)¹	\$72.7	\$39.8	\$43.2	82.7%	68.3%	\$153.6	\$48.2	\$52.8	NM	NM
Adjusted Earnings Per Diluted Share¹	\$2.38	\$1.35	\$1.48	76.3%	60.8%	\$5.05	\$1.65	\$1.82	NM	NM
Adjusted EBITDA¹	\$245.9	\$196.7	\$209.4	25.0%	17.4%	\$638.2	\$493.7	\$526.6	29.3%	21.2%
Adjusted EBITDA Margin¹	44.7 %	43.1 %	41.2 %	160 bps	350 bps	42.7 %	39.2 %	36.1 %	350 bps	660 bps
REBITDA Margin^{1,2}	45.9 %	48.3 %	44.9 %	(240) bps	100 bps	44.7 %	43.6 %	41.2 %	110 bps	350 bps
REBITDA YoY Flow-Through^{1,2}				37.5%	52.8%				49.4%	78.1%
Average Fleet³ (YoY)	4.3 %	(4.5)%	0.4 %			(0.9)%	(1.1)%	0.3 %		
Pricing³ (YoY)	2.8 %	(0.8)%	4.5 %			1.6 %	0.4 %	4.3 %		

NM - Not meaningful



1. For a reconciliation to the most comparable GAAP financial measure, see the Appendix beginning on Slide 23
2. REBITDA measures contribution from our core rental business without impact of sales of equipment, parts and supplies
3. Based on ARA guidelines

NYSE: HRI

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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.

Return on Invested Capital (ROIC): is defined as adjusted earnings before interest divided by net assets. Adjusted earnings before interest is the sum of earnings before interest plus the sum of merger and acquisition related costs, restructuring and restructuring related charges, spin-off costs, non-cash stock-based compensation charges, loss on extinguishment of debt and impairment charges. Net assets is total assets less intangible assets, current liabilities and deferred taxes.

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 (loss), 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 September 30,			Nine Months Ended September 30,		
	2021	2020	2019	2021	2020	2019
Net income	\$72.3	\$39.9	\$9.4	\$152.3	\$38.2	\$12.4
Loss on extinguishment	—	—	53.6	—	—	53.6
Restructuring	—	—	—	—	0.7	7.8
Impairment	—	—	—	0.4	9.5	—
Loss on disposal of business	—	—	—	—	2.8	—
Other(1)	0.5	(0.1)	0.4	1.4	0.5	1.4
Tax impact of adjustments(2)	(0.1)	—	(20.2)	(0.5)	(3.5)	(22.4)
Adjusted net income	\$72.7	\$39.8	\$43.2	\$153.6	\$48.2	\$52.8
Diluted common shares	30.5	29.5	29.1	30.4	29.3	29.0
Adjusted earnings per diluted share	\$2.38	\$1.35	\$1.48	\$5.05	\$1.65	\$1.82

(1) Merger and acquisition related and spin-off costs are included in Other

(2) The tax rate applied for adjustments is 25.7% and reflects the statutory rates in the applicable entities

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 (loss), 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 merger and acquisition 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.

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$72.3	\$39.9	\$152.3	\$38.2
Income tax provision	23.8	11.7	46.7	10.9
Interest expense, net	21.4	22.4	63.8	70.1
Depreciation of rental equipment	105.4	101.9	306.9	303.7
Non-rental depreciation and amortization	17.0	15.5	48.8	47.0
EBITDA	239.9	191.4	618.5	469.9
Non-cash stock-based compensation charges	5.5	5.4	17.9	10.3
Impairment	—	—	0.4	9.5
Loss on disposal of business	—	—	—	2.8
Other(1)	0.5	(0.1)	1.4	1.2
Adjusted EBITDA	245.9	196.7	638.2	493.7
Less: Gain (loss) on sales of rental equipment	2.9	(1.0)	14.3	(1.6)
Less: Gain (loss) on sales of new equipment, parts and supplies	2.1	1.8	6.9	5.6
Rental Adjusted EBITDA (REBITDA)	\$240.9	\$195.9	\$617.0	\$489.7
Total Revenues	\$550.4	\$456.7	\$1,495.1	\$1,260.9
Less: Sales of rental equipment	16.6	45.3	91.1	116.7
Less: Sales of new equipment, parts and supplies	8.6	6.2	22.5	20.2
Equipment rental, service and other revenues	\$525.2	\$405.2	\$1,381.5	\$1,124.0
Total Revenues	\$550.4	\$456.7	\$1,495.1	\$1,260.9
Adjusted EBITDA	\$245.9	\$196.7	\$638.2	\$493.7
Adjusted EBITDA Margin	44.7 %	43.1 %	42.7 %	39.2 %
Equipment rental, service and other revenues	\$525.2	\$405.2	\$1,381.5	\$1,124.0
REBITDA	\$240.9	\$195.9	\$617.0	\$489.7
REBITDA Margin	45.9 %	48.3 %	44.7 %	43.6 %
YOY Change in REBITDA	\$45.0		\$127.3	
YOY Change in Equipment rental, service and other revenues	\$120.0		\$257.5	
YOY REBITDA Flow-Through	37.5 %		49.4 %	

REBITDA Margin Trend

<i>\$ in millions</i>	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Total Revenues	\$436.2	\$368.0	\$456.7	\$520.4	\$1,781.3	\$453.8	\$490.9	\$550.4
Less: Sales of rental equipment	40.0	31.4	45.3	81.8	198.5	44.2	30.3	16.6
Less: Sales of new equipment, parts and supplies	7.0	7.0	6.2	8.0	28.2	6.1	7.8	8.6
Equipment rental, service and other revenues	\$389.2	\$329.6	\$405.2	\$430.6	\$1,554.6	\$403.5	\$452.8	\$525.2
Net income (loss)	(\$3.7)	\$2.0	\$39.9	\$35.5	\$73.7	\$32.9	\$47.1	\$72.3
Income tax provision (benefit)	1.1	(1.9)	11.7	9.5	20.4	8.2	14.7	23.8
Interest expense, net	24.4	23.3	22.4	22.5	92.6	21.4	21.0	21.4
Depreciation of rental equipment	100.4	101.4	101.9	100.2	403.9	100.4	101.1	105.4
Non-rental depreciation and amortization	15.8	15.7	15.5	15.5	62.5	15.8	16.0	17.0
EBITDA	\$138.0	\$140.5	\$191.4	\$183.2	\$653.1	\$178.7	\$199.9	\$239.9
Restructuring	—	0.7	—	—	0.7	—	—	—
Non-cash stock-based compensation charges	3.2	1.7	5.4	6.1	16.4	5.3	7.1	5.5
Impairment	6.3	3.2	—	5.9	15.4	—	0.4	—
Loss on disposal of business	—	2.8	—	—	2.8	—	—	—
Other ⁽¹⁾	0.2	0.5	(0.1)	0.4	1.0	0.6	0.3	0.5
Adjusted EBITDA	\$147.7	\$149.4	\$196.7	\$195.6	\$689.4	\$184.6	\$207.7	\$245.9
Less: Gain (loss) on sales of rental equipment	(2.4)	1.8	(1.0)	(3.5)	(5.1)	5.8	5.6	2.9
Less: Gain on sales of new equipment, parts and supplies	1.9	1.9	1.8	2.1	7.7	1.9	2.9	2.1
Rental Adjusted EBITDA (REBITDA)	\$148.2	\$145.7	\$195.9	\$197.0	\$686.8	\$176.9	\$199.2	\$240.9
REBITDA Margin	38.1 %	44.2 %	48.3 %	45.8 %	44.2 %	43.8 %	44.0 %	45.9 %
YOY REBITDA Flow-Through	107.4 %	31.0 %	20.9 %	59.4 %	27.9 %	200.7 %	43.4 %	37.5 %

(1) Merger and acquisition related and spin-off costs are included in Other.

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.

<i>\$ in millions</i>	Q3 2021	Q4 2020	Q3 2020
Long-Term Debt, Net	\$1,792.0	\$1,651.5	\$1,827.9
(Plus) Current maturities of long-term debt	12.1	12.2	14.2
(Plus) Unamortized debt issuance costs	6.4	7.1	7.2
(Less) Cash and Cash Equivalents	(35.2)	(33.0)	(53.8)
Net Debt	\$1,775.3	\$1,637.8	\$1,795.5
Trailing Twelve-Month Adjusted EBITDA	\$833.8	\$689.4	\$708.2
Net Leverage	2.1x	2.4x	2.5x

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

	Nine Months Ended September 30,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Net cash provided by operating activities	\$503.2	\$424.0	\$610.9	\$635.6	\$559.1
Rental equipment expenditures	(447.0)	(273.2)	(344.1)	(638.4)	(771.4)
Proceeds from disposal of rental equipment	86.1	114.1	192.5	224.2	272.3
Net Fleet Capital Expenditures	(360.9)	(159.1)	(151.6)	(414.2)	(499.1)
Non-rental capital expenditures	(31.1)	(32.0)	(41.4)	(56.9)	(77.6)
Proceeds from disposal of property and equipment	3.4	4.2	6.6	7.7	9.7
Other	—	—	—	4.0	—
Free Cash Flow	114.6	237.1	424.5	176.2	(7.9)
Acquisitions, net of cash acquired	(225.2)	—	(45.6)	(4.2)	—
Proceeds from disposal of business	—	15.3	24.5	—	—
(Increase) decrease in Net Debt	(\$110.6)	\$252.4	\$403.4	\$172.0	(\$7.9)

Historical Fleet at OEC¹

<i>\$ in millions</i>	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021
Beginning Balance	\$3,384	\$3,556	\$3,651	\$3,777	\$3,822	\$3,589	\$3,626	\$3,763
Expenditures	\$495	\$524	\$774	\$627	\$349	\$117	\$188	\$210
Disposals	(\$328)	(\$442)	(\$607)	(\$593)	(\$551)	(\$111)	(\$71)	(\$44)
Foreign Currency / Other	\$5	\$13	(\$41)	\$11	(\$31)	\$31	\$20	\$146
Ending Balance	\$3,556	\$3,651	\$3,777	\$3,822	\$3,589	\$3,626	\$3,763	\$4,075
Proceeds as a percent of OEC	41.7 %	39.8 %	37.8 %	40.9 %	37.0 %	40.1 %	41.3 %	42.2 %

(1) Original equipment cost based on ARA guidelines

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