



# HERTZ GLOBAL HOLDINGS, INC.

2Q 2019 Earnings Call

August 7, 2019

8:30 am ET



# Forward Looking Statements

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Certain statements made within this presentation contain forward-looking statements. Forward-looking statements are not guarantees of 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 7, 2019, and Hertz Global Holdings, Inc. (the “Company”) undertakes no obligation to update that information to reflect changed circumstances.

Additional information concerning these statements is contained in the Company’s press release regarding its second quarter 2019 results issued on August 6, 2019, and the Risk Factors and Forward-Looking Statements sections of the Company’s 2018 Annual Report on Form 10-K filed on February 25, 2019. Copies of these filings are available from the SEC, the Hertz website, or the Company’s Investor Relations Department.

# Non-GAAP Measures and Key Metrics

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THE FOLLOWING NON-GAAP MEASURES<sup>1</sup> AND KEY METRICS<sup>1</sup> WILL BE USED IN THE PRESENTATION:

- Adjusted Corporate EBITDA
- Adjusted Corporate EBITDA Margin
- Adjusted Net Income (Loss)
- Adjusted Diluted EPS
- Adjusted Free Cash Flow
- Total RPD
- Total RPU
- T&M Rate
- Depreciation Per Unit Per Month
- Average Vehicles
- Vehicle Utilization
- Transaction Days



<sup>1</sup>Definitions and reconciliations of non-GAAP measures and definitions of key metrics are provided in the Company's second quarter 2019 press release issued on August 6, 2019 and as an exhibit to the Company's Form 8-K filed on August 7, 2019.

# Agenda

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## BUSINESS OVERVIEW

**Kathryn Marinello**

President & Chief Executive Officer

Hertz Global Holdings, Inc.



## FINANCIAL RESULTS OVERVIEW

**Jamere Jackson**

Chief Financial Officer

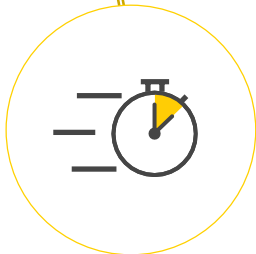
Hertz Global Holdings, Inc.

# Focused on Driving Sustainable Revenue and Earnings Growth



## Sustaining Top Line Momentum; Executing Growth Initiatives

- Record second quarter global revenues
- U.S. 2Q:19 revenues +10%, RPD +3%, Days +6%
- TNC growth
- Value-added services



## Driving Productivity and Operating Efficiency

- Leveraging scale and streamlining processes
- Centralizing maintenance
- Optimizing procurement



## Execution Excellence

- Disciplined fleet management
- Technology and innovation
- AI-enabled revenue management



# QUARTERLY OVERVIEW

**Jamere Jackson**  
Chief Financial Officer  
Hertz Global Holdings, Inc.



# 2Q:19 Consolidated Results

*\$ in millions, except per share data*

	<b>2Q:19 Results</b>	<b>2Q:18 Results</b>	<b>YoY Inc/(Dec)</b>
<b>GAAP</b>			
Total revenues	\$2,511	\$2,389	5%
Net income (loss) attributable to Hertz Global	\$38	\$(63)	NM
Diluted earnings (loss) per share	\$0.40	\$(0.66)	NM
Weighted average shares outstanding: diluted <sup>1</sup>	97M	96M	
<b>Non-GAAP</b>			
Adjusted Corporate EBITDA	\$207	\$93	124%
Adjusted Corporate EBITDA Margin	8%	4%	440bps
Adjusted Net Income (Loss)	\$71	\$(16)	NM
Adjusted Diluted EPS	\$0.74	\$(0.17)	NM

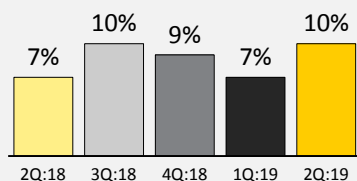
NM – Not Meaningful

<sup>1</sup>Diluted shares outstanding for the second quarter 2018 have been adjusted to give effect to the Company's equity rights offering as further described in the Company's second quarter 2019 press release issued on August 6, 2019.

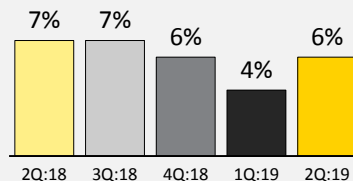
# 2Q:19 U.S. RAC

## U.S. RAC (YoY quarterly results)

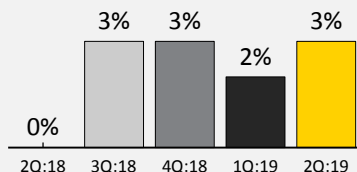
### Total Revenue



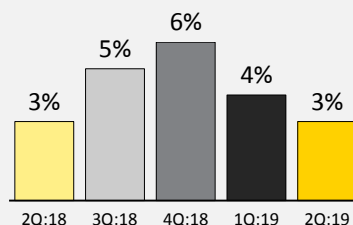
### Transaction Days



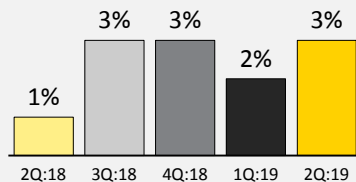
### Total RPD



### T&M Rate



### Total RPU

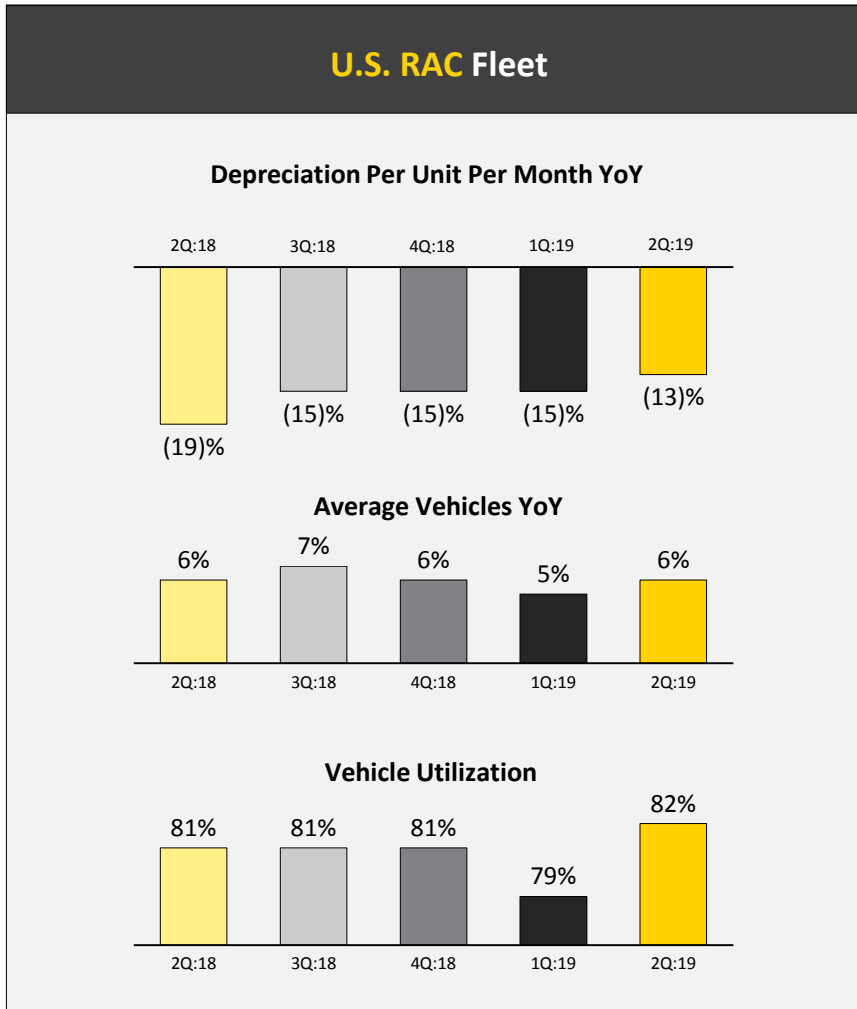


## Performance Overview:

- Revenue +10%, +7% ex-TNC<sup>1</sup>
  - Days +6%, +3% ex-TNC
  - RPD +3%, +4% ex-TNC
  - Days and RPD improve:
    - ✓ All brands
    - ✓ Airport and off-airport
    - ✓ Business and leisure
    - ✓ Value-added services
- Growth Drivers
  - Revenue management capabilities
  - Accelerated growth in TNC
  - Brand-building marketing
  - Great fleet and customer service
- Adjusted EBITDA \$156M, +\$138M YoY



# 2Q:19 U.S. RAC Fleet

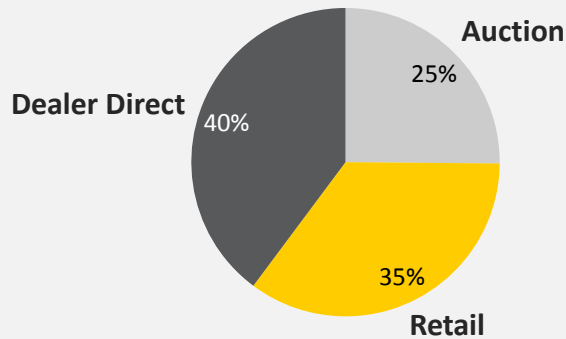


## Fleet Management Execution:

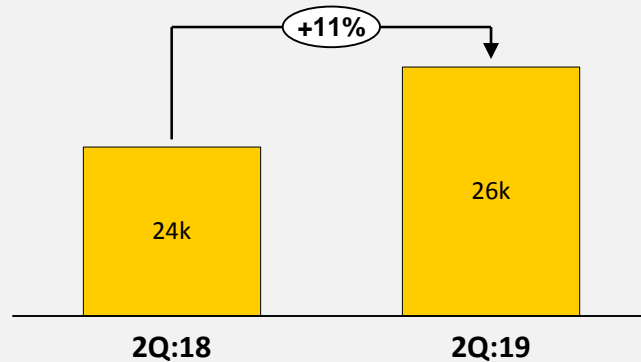
- Depreciation Per Unit Per Month (13)% YoY
  - Fleet procurement strategy
  - Retail car sales channel unit growth
  - Residual value market strength
  - Opportunistic fleet rotations
  - Growth in TNC extends asset life
  
- Average Vehicles +6%, +3% ex-TNC
  - TNC fleet +68% YoY to 46k vehicles
  - Disciplined, data-driven approach

# 2Q:19 U.S. RAC Retail Vehicle Sales Initiative

## U.S. RAC Vehicle Disposition Channel



## Highest Return Retail Channel Growing

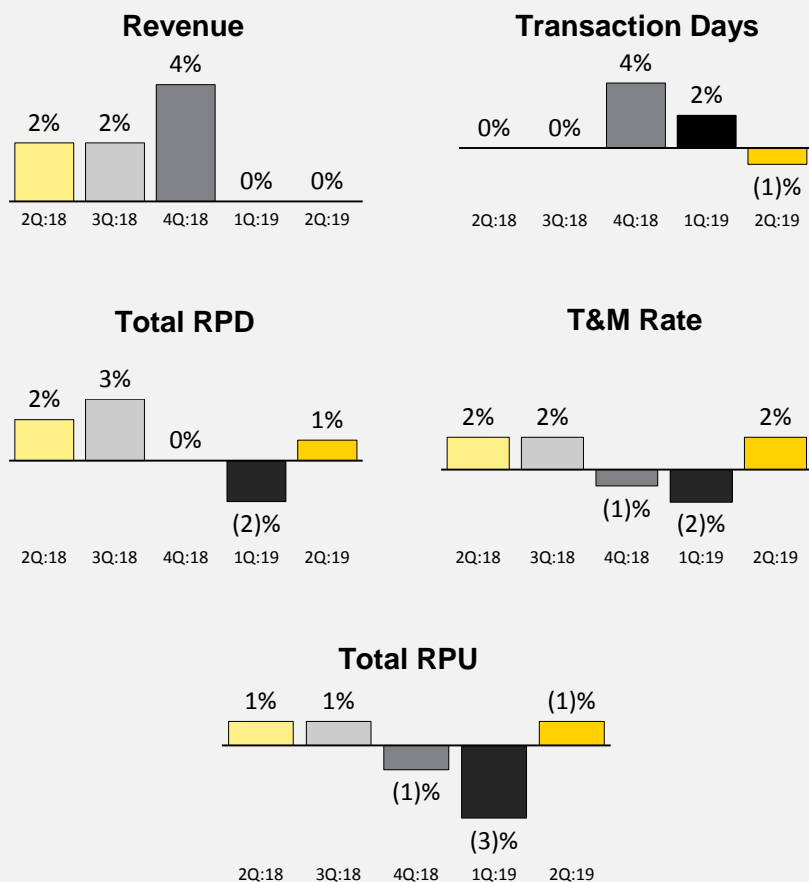


## Focused on Highest-Return Retail Channel

- Retail sales volume 2Q +11%; same-store sales +4%
- High-margin ancillary retail sales revenue +29%
- 84 Retail locations
- Preferred fleet mix drives higher residual values
- Retail location expansion continues
- World-class sales team and capability
- Top 10 used-vehicle retailer nationally<sup>1</sup>

# 2Q:19 International RAC

## International RAC (YoY quarterly results)<sup>1</sup>



## Performance Overview<sup>1</sup>:

- Revenue flat on a constant currency basis
  - Days (1)%, RPD +1%
  - EU leisure pricing up; partially offset by volume softness
  - APAC business and leisure volume growth
  
- Adjusted EBITDA \$56M
  
- Key focus areas:
  - Improving revenue management tools
  - Upgrading fleet mix
  - Investing in brand-building marketing
  - Driving operating productivity

<sup>1</sup>Results shown are in constant currency. Constant currency for 2019 periods are based on December 31, 2018, foreign currency exchange rates. Constant currency for 2018 periods are based on December 31, 2017, foreign currency exchange rates.

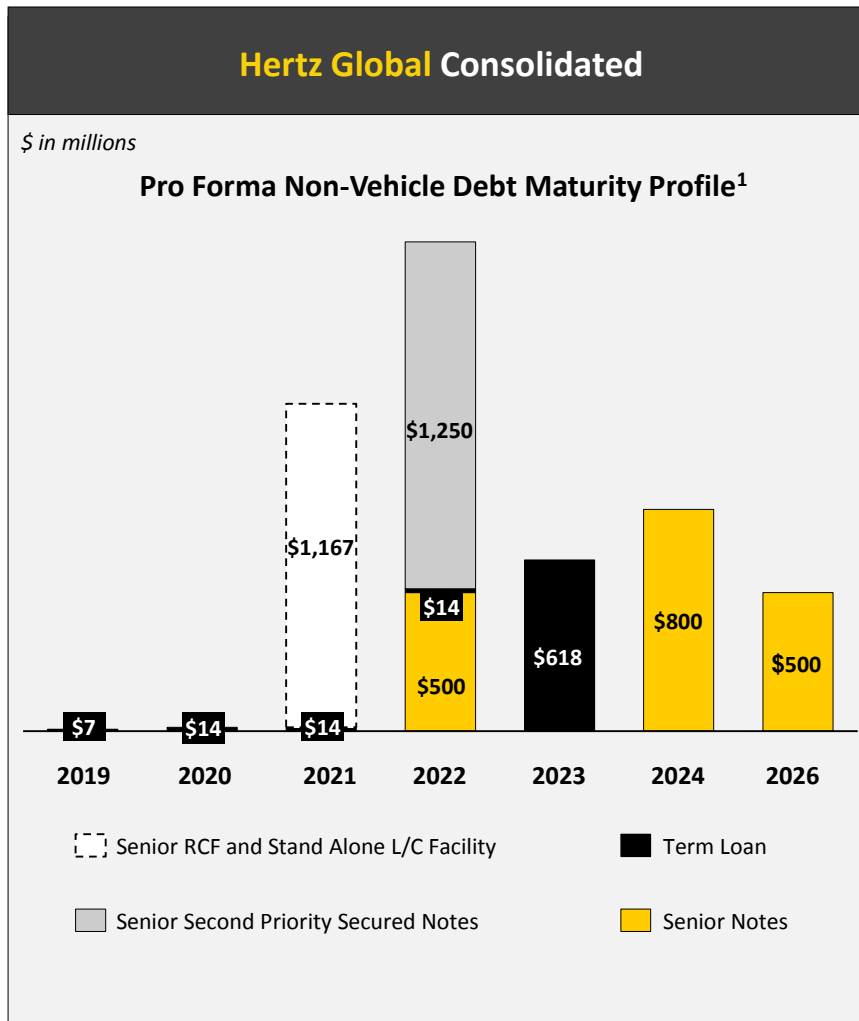


# DEBT, LIQUIDITY & CASH FLOW OVERVIEW

Jamere Jackson  
Chief Financial Officer  
Hertz Global Holdings, Inc.



# 2Q:19 Debt, Liquidity and Cash Flow



## Overview:

- Liquidity of \$812M at June 30, 2019
- De-lever balance sheet by ~\$700M post 2Q:19:
  - \$750M equity rights offering
  - Pay off 2020 senior notes; ~\$700M
  - Refinance \$500M of unsecured senior notes to 2026
  - Pro Forma Net Corporate Leverage 5.5x<sup>2</sup>
- 2019 Adjusted Free Cash Flow dynamics
  - + Operating cash flow
  - Technology investments
  - Vehicle interest
  - + Residual values

<sup>1</sup> As of June 30, 2019, pro forma for the issuance of \$500 million in 7.125% Senior Notes due 2026 which closed in early August 2019. Also, pro forma for the redemptions of ~\$700 million aggregate principal amount outstanding 5.875% Senior Notes due 2020 and ~\$500 million aggregate principal amount outstanding 7.375% Senior Notes due 2021 which are expected to occur in mid-August 2019. Excludes \$27M of promissory notes due 2028 and \$13M of other non-vehicle debt.

<sup>2</sup> Pro Forma Net Corporate Leverage represents the ratio of Adjusted Corporate EBITDA for the twelve months ended June 30, 2019 to Net Non-vehicle Debt at June 30, 2019 as presented in the Company's second quarter 2019 press release, pro forma for the transactions in 1 above and the \$750 million rights offering.

# Key Areas of Focus

Revenue Growth



Asset Efficiency



Productivity



Innovation



## ■ Sustaining top line momentum; executing growth initiatives

- Right cars, right place, right time, right price
- Disciplined fleet management
- Service excellence
- Brand-building marketing
- Innovation

## ■ Driving productivity and operating efficiency

- Procurement
- Asset utilization
- SG&A

## ■ Executing technology transformation

- Simplifying infrastructure
- Seamless end-to-end digital
- Enabling new business models

## ■ Improving free cash flow outlook



# Q&A

