



# HERTZ GLOBAL HOLDINGS, INC.

3Q 2019 Earnings Call

November 5, 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 November 5, 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 third quarter 2019 results issued on November 4, 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 third quarter 2019 press release issued on November 4, 2019 and as an exhibit to the Company's Form 8-K filed on November 5, 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.

# Driving Sustainable Revenue and Earnings Growth

## Sustaining Top Line Momentum; Executing Growth Initiatives

- Investing in Brand, Product, Service
- Value-Added Services
- TNC Growth
- Delivery

## Driving Productivity and Operating Efficiency

- Leveraging Scale
- Streamlining Processes
- Centralizing Maintenance
- Optimizing Procurement

## Execution Excellence

- Customer Experience
- Disciplined Fleet Management
- Technology and Innovation
- AI-Enabled Revenue Management





# QUARTERLY OVERVIEW

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



# 3Q:19 Consolidated Results

*\$ in millions, except per share data*

	<b>3Q:19 Results</b>	<b>3Q:18 Results</b>	<b>YoY Inc/(Dec)</b>
<b>GAAP</b>			
Total revenues	\$2,836	\$2,758	3%
Net income attributable to Hertz Global	\$169	\$141	20%
Diluted earnings per share	\$1.26	\$1.47	(14%)
Weighted-average shares outstanding: diluted <sup>1</sup>	134M	96M	
<b>Non-GAAP</b>			
Adjusted Corporate EBITDA	\$392	\$351	12%
Adjusted Corporate EBITDA Margin	14%	13%	110 bps
Adjusted Net Income	\$214	\$180	19%
Adjusted Diluted EPS	\$1.60	\$1.88	(15%)

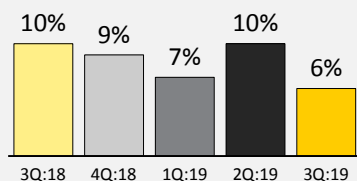
<sup>1</sup>Diluted shares outstanding have been adjusted to give effect to the Company's equity rights offering as shown in the Appendix and as further described in the Company's third quarter 2019 press release issued on November 4, 2019.



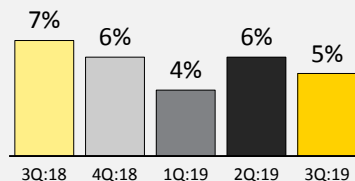
# 3Q:19 U.S. RAC

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

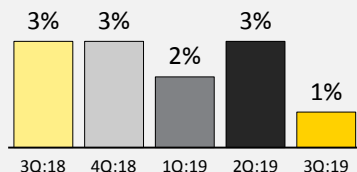
### Total Revenue



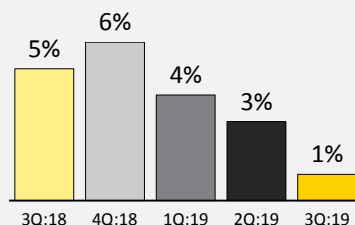
### Transaction Days



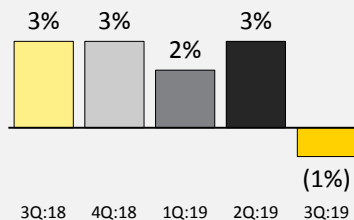
### Total RPD



### T&M Rate



### Total RPU

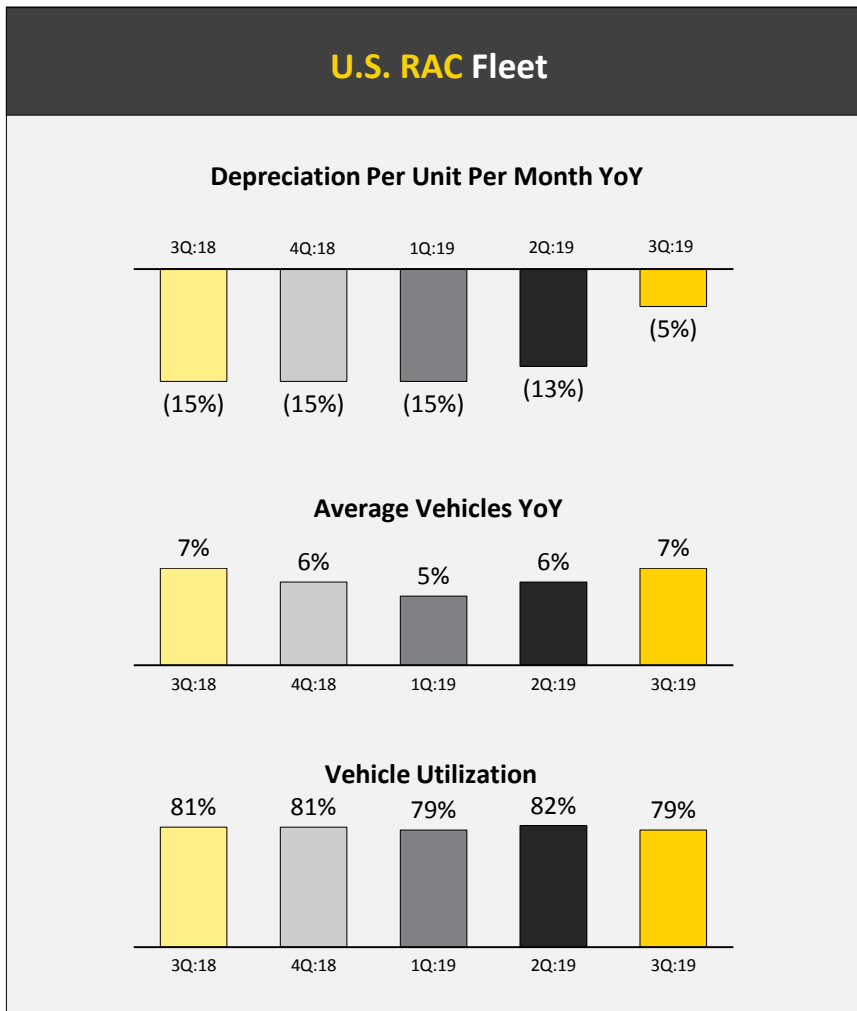


## Performance Overview:

- Revenue +6%, +5% ex-TNC<sup>1</sup>
  - Days +5%, +3% ex-TNC
  - Strong demand:
    - ✓ All brands
    - ✓ Business and leisure
    - ✓ Airport and off-airport
  - RPD +1%, +2% ex-TNC
    - ✓ Airport and off-airport
    - ✓ Value-added services
  - RPU impacted by cargo van in-fleeting for 4Q:19
- Growth Drivers
  - Revenue management capabilities
  - Accelerated growth in TNC and cargo vans
  - Brand-building marketing
  - Great fleet and customer service
- Adjusted EBITDA \$269M, +\$61M YoY



# 3Q:19 U.S. RAC Fleet

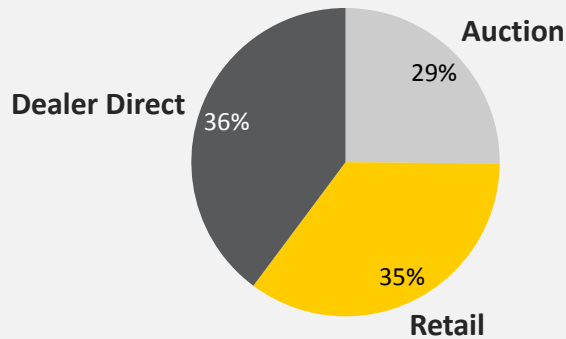


## Fleet Management Execution:

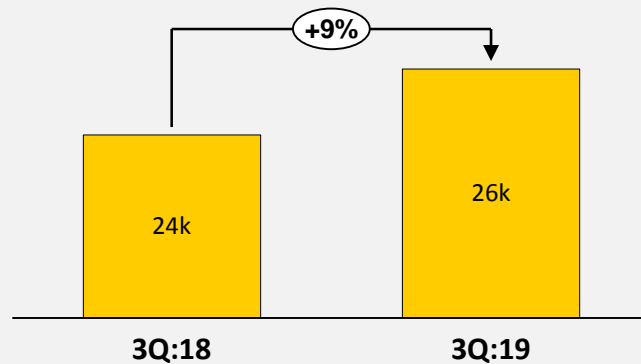
- Depreciation Per Unit Per Month (5%) YoY
  - Fleet procurement strategy
  - Retail car sales channel unit growth
  - Residual value market strength
  - Opportunistic fleet rotations
  - Growth in TNC extends asset life
  
- Average vehicle growth to support higher demand
  - Core rental fleet
  - TNC fleet
  - Cargo van and truck in-fleeting for holiday season

# 3Q:19 U.S. RAC Retail Vehicle Sales Initiative

## U.S. RAC Vehicle Disposition Channel



## Highest Return Retail Channel Growing

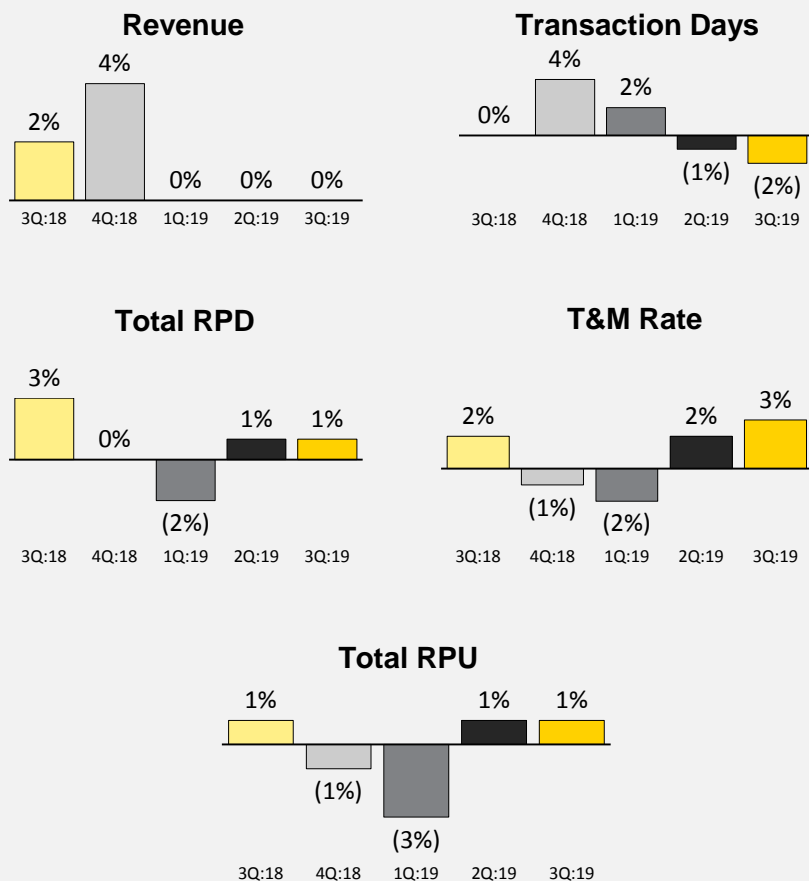


## Top 10 Used-Vehicle Retailer Nationally<sup>1</sup>

- Retail sales volume 3Q +9%; same-store sales +2%
- High-margin ancillary retail sales revenue +11%
- 86 Retail locations in the U.S.
- Preferred fleet mix drives higher residual values
- Investing in web-based customer experience
- World-class sales team and capability
- Opportunity to grow beyond RAC dispositions

# 3Q:19 International RAC

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



## Performance Overview:

- Revenue flat on a constant currency basis
  - RPD +1%, Days (2%)
  - Improved pricing in APAC and Europe
  - Europe market softness
  
- Adjusted EBITDA \$115M
  
- 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.

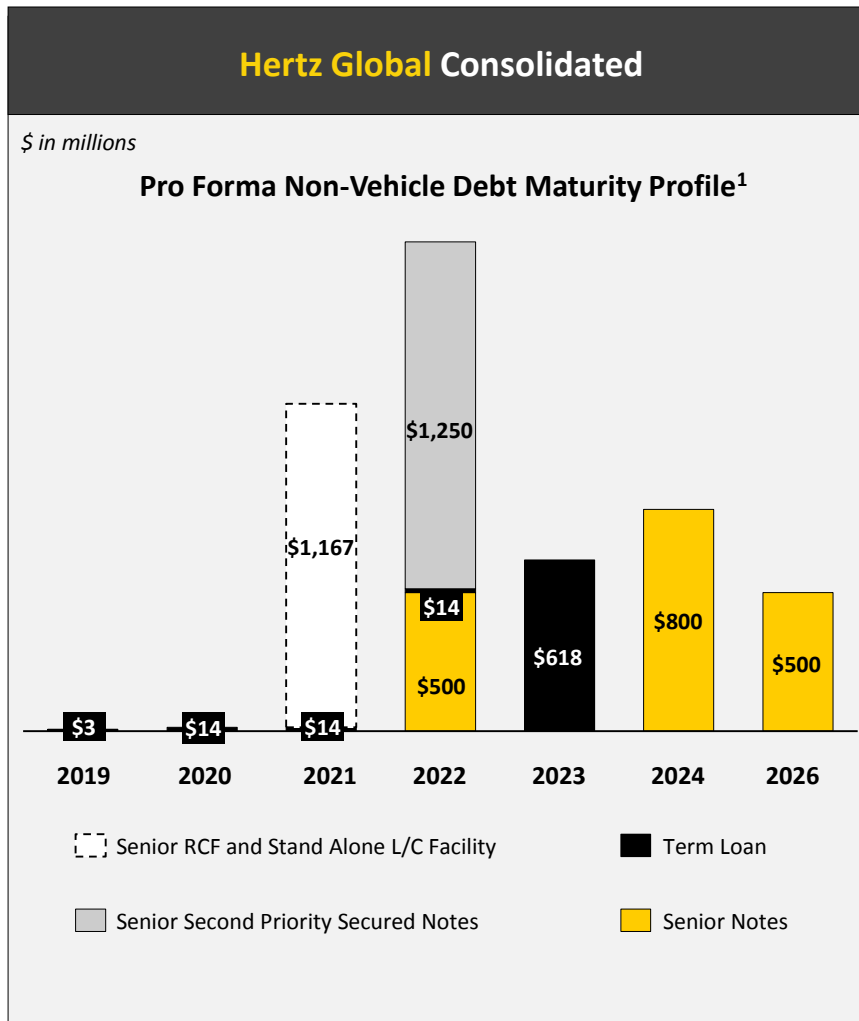


# DEBT, LIQUIDITY & CASH FLOW OVERVIEW

Jamere Jackson  
Chief Financial Officer  
Hertz Global Holdings, Inc.



# 3Q:19 Debt, Liquidity and Cash Flow



## Overview:

- Liquidity of \$860M at September 30, 2019
- De-levered balance sheet by \$700M in Q3:19:
  - \$750M equity rights offering
  - Paid off 2020 senior notes; \$700M
  - Refinanced 2021 unsecured sr. notes to 2026; \$500M
- Net Corporate Leverage 5.1x
  - Down 4 turns LTM
- Expect 2019 positive Adjusted Free Cash Flow
  - Operating cash flow
  - Residual values

<sup>1</sup> As of September 30, 2019. Excludes \$27M of promissory notes due 2028 and \$18M of other non-vehicle debt.

# Heading Into 2020



## Sustaining Top Line Momentum

- Investing in Brand, Product, Service
- Customer Experience
- Value-Added Services
- TNC Growth
- Delivery Service Providers



## Expanding Margins & Operational Efficiency

- Productivity / Cost Out
- SG&A
- Disciplined Fleet Management
- Asset Efficiency



## Innovating For The Future

- Connected Cars
- Digital Customer Experience
- Enabling New Business Models
- Retail Car Sales Opportunities



# Q&A



# Appendix

Shares in millions

<b>Weighted-Average Shares Outstanding</b>	<b>3Q:19</b>	<b>3Q:18</b>
Basic weighted-average shares outstanding (excluding the impact of the equity rights offering)	84	84
Equity rights offering adjustment <sup>(1)</sup>	2	12
New shares issued under the equity rights offering <sup>(2)</sup>	47	-
Basic weighted-average shares outstanding	133	96
Dilutive stock options, RSU's and PSU's	1	-
Diluted weighted-average shares outstanding	134	96

<sup>1</sup> Reflects the impact of the equity rights offering subscription period, weighted in 2019 for July 1 through consummation of the rights offering on July 18.

<sup>2</sup> Reflects the weighted-average impact of the issuance of 57.9 million shares from the equity rights offering on July 18, 2019.